CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Licking County Aging Program, Inc. and Subsidiary

dba Licking County Aging Partners

Consolidated Financial Statements

December 31, 2022

with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Licking County Aging Program, Inc. and Subsidiary
dba Licking County Aging Partners
Newark, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Licking County Aging Program, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Licking County Aging Program, Inc. and Subsidiary as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Licking County Aging Program, Inc. and Subsidiary and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Restatement of Beginning Net Assets

As discussed in Note 17 to the consolidated financial statements, the net assets without donor restrictions as of January 1, 2022 have been restated as a result of establishing an allowance for doubtful accounts against the loan and interest receivable and correcting the balance of the investment in limited partnership. Our opinion is not modified with respect to those matters.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Licking County Aging Program, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Licking County Aging Program, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Licking County Aging Program, Inc. and Subsidiary'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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 28, 2023, on our consideration of Licking County Aging Program, Inc. and Subsidiary'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. and Subsidiary'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. and Subsidiary's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 28, 2023

Assets		
Current assets:		
Cash and cash equivalents	$	3,086,939
Certificate of deposits		543,729
Accounts receivable		41,322
Food inventory		41,027
Prepaid expenses		96,772
		3,809,789
Other assets:		
Interest in assets held by community foundation		1,019,970
Operating lease right-of-use asset		108,523
Loan and interest receivable-related party, net		500,000
		1,628,493
Property and equipment, net		2,131,859
Total assets	$	7,570,141
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	70,923
Accrued payroll and associated liabilities		179,138
Operating lease liability, current portion		35,666
Deferred revenue		932
		286,659
Long-term liabilities:		
Housing loans payable and accrued interest		1,399,644
Operating lease liability, long-term portion		73,650
		1,473,294
Total liabilities		1,759,953
Net assets:		
Without donor restrictions		5,800,734
With donor restrictions		9,454
Total net assets		5,810,188
Total liabilities and net assets	$	7,570,141

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Senior services levy	$ 4,100,000	-	4,100,000
Federal and state funding	752,041	-	752,041
Community grants	59,610	-	59,610
Program contributions	163,014	-	163,014
Other agency reimbursements	156,621	-	156,621
General donations and sponsorships	34,514	-	34,514
Miscellaneous revenue	75,491	5,246	80,737
In-kind contributions	49,518	-	49,518
Unrelated income	2,895	-	2,895
Net assets released from restrictions	32,570	(32,570)	-
Total revenues	5,426,274	(27,324)	5,398,950
Program expenses:			
Congregate	217,543	-	217,543
Home Delivered Meals	2,007,598	-	2,007,598
Medical Transportation	440,999	-	440,999
Homemaking	575,433	-	575,433
Personal Care	535,658	-	535,658
Chore	123,521	-	123,521
Activities	235,837	-	235,837
Outreach	190,984	-	190,984
Center for Visual Improvement	147,737	-	147,737
Social Services	198,869	-	198,869
Caregiver Support	62,526	-	62,526
Adult Day Center	160,187	-	160,187
Developmental Disabilities	27,092	-	27,092
Total program expenses	4,923,984	-	4,923,984
Support services:			
Management and general	902,458	-	902,458
Total expenses	5,826,442	-	5,826,442
Change in net assets from operations	(400,168)	(27,324)	(427,492)
Other income (expenses):			
Investment returns, net	(172,763)	-	(172,763)
Interest expense on housing loans payable	(35,000)	-	(35,000)
Loss on disposal of property and equipment	(27,571)	-	(27,571)
Total other income (expenses)	(235,334)	-	(235,334)
Change in net assets	(635,502)	(27,324)	(662,826)
Net assets, beginning of year	6,436,236	36,778	6,473,014
Net assets, end of year	$ 5,800,734	9,454	5,810,188

See accompanying notes to the consolidated financial statements.

		Program	Management and General	Total
Salaries	$	2,494,877	452,169	2,947,046
Payroll taxes		224,955	38,109	263,064
Employee benefits and other related costs		427,642	73,960	501,602
Contracts and consultants		41,846	19,421	61,267
Professional fees		-	33,293	33,293
Vehicle expenses		260,692	2,088	262,780
Office supplies, printing and postage		25,202	11,700	36,902
Building and utilities		151,971	70,534	222,505
Other supplies		6,260	1,994	8,254
Equipment		27,273	12,658	39,931
Marketing		-	76,352	76,352
Dues and training		12,551	7,080	19,631
Food and kitchen supplies		855,451	-	855,451
Other program expenses		155,172	-	155,172
In-kind expenses		-	49,518	49,518
Other miscellaneous expenses		27,683	23,470	51,153
Depreciation		212,409	30,112	242,521
Total expenses	$	4,923,984	902,458	5,826,442

Cash from operating activities:		
Change in net assets	$	(662,826)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation		242,521
Amortization of operating lease right-of-use asset		35,649
Net change of interest in assets held by community foundation		203,847
Interest earned on certificate of deposits		(9,593)
Loss on disposal of property and equipment		27,571
Interest expense on housing loans payable		35,000
Effects of changes in operating assets and liabilities:		
Accounts receivable		(8,255)
Food inventory		(4,613)
Prepaid expenses		(49,910)
Operating lease liabilities		(34,856)
Accounts payable		(10,580)
Accrued payroll and related expenses		52,657
Deferred revenue		(4,568)
Net cash from operating activities		(187,956)
Net change in cash and cash equivalents		(187,956)
Cash and cash equivalents, beginning of year		3,274,895
Cash and cash equivalents, end of year	$	3,086,939
Supplemental disclosure of cash flow information:		
Non-cash disposal of property and equipment:		
Original cost of disposed property and equipment	$	39,930
Accumulated depreciation of disposed property and equipment	$	(12,359)
Right-of-use assets obtained with operating lease liabilities	$	144,172

See accompanying notes to the consolidated financial statements.

1. ORGANIZATION:

Licking County Aging Program, Inc. dba Licking County Aging Partners (LCAP) is a comprehensive aging services provider in Licking County, Ohio. LCAP is a nonprofit 501(c)(3) organization that is mainly funded by a countywide property tax levy, federal and state agencies, as well as community grants and private contributions.

LCAP aims to improve the quality of life for Licking County seniors, by contributing to their independence and health lifestyles. LCAP provides in-home care services, including Meals on Wheels, personal care, medical transportation, and more which help county residents ages 60 and older live safely and independently at home. LCAP also provides community programs for seniors and family caregivers, both on-site at its enrichment center and off-site at locations throughout the county.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation
The consolidated financial statements include the accounts of LCAP's majority owned subsidiary. All significant intercompany transactions and balances have been eliminated in the consolidation. The consolidated financial statements include the accounts of the following subsidiary at December 31, 2022:

LCAP Senior Housing, Inc. (the Corporation) was formed in 2014, under the laws of the State of Ohio, as a for-profit corporation for the purpose of owning low-income tax credit housing projects. LCAP is the sole member of this corporation. The corporation has a 49.995% limited partner ownership in Stratford Housing Limited Partnership (the Limited Partnership).

Basis of accounting
The consolidated financial statements of Licking County Aging Program, Inc. and Subsidiary (the Organization) are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Basis of presentation
The consolidated financial statements of the Organization have been prepared in accordance with GAAP, which requires 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 and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to 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. There were no funds required to be maintained in perpetuity at December 31, 2022.

Adoption of new accounting standards
In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the consolidated statement of financial position.

The Organization elected to adopt the ASU effective January 1, 2022. The Organization also elected multiple practical expedients. These included transition elections that permitted the Organization to not reassess prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases, as well as not assessing existing land easements under the new standard. In addition, the Organization adopted ongoing accounting policies to not recognize right-of-use ("ROU") assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets other than transportation equipment. The adoption had a material impact on the Organization's consolidated statement of financial position but did not have a material impact on the consolidated statement of activities. The lease standard resulted in the recognition of a right-of-use asset and related lease liability of $144,172 as of the date of implementation.

The Organization also adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit (NFP) Entities for Contributed Nonfinancial Assets*, to increase the transparency of the presentation and disclosure of contributed nonfinancial assets. The Organization adopted this guidance on January 1, 2022. The adoption of this standard did not have an impact on the Organization's results of activities or financial position.

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

Income taxes
Licking County Aging Program, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the LCAP's tax-exempt purpose is subject to taxation as unrelated business income. The LCAP's reporting returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the consolidated financial statements.

LCAP Senior Housing, Inc. is a corporation that is subject to income taxes. The activity of the corporation is reported separately for tax purposes.

Revenue recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicitly identified barrier, which is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barriers to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

In-kind contributions are recorded at fair value and represent donated materials and services that create or enhance nonfinancial assets or require specialized skills.

Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and Accounting Standards Codification (ASC) Topic 605. Revenue is recognized in the accounting period when the related expenses are incurred or conditions are met. Amounts received or receivable in excess of expenses are reflected as deferred revenue.

Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization has no grant awards that are exchange transactions.

Contracts with Customers

The Organization recognizes revenue from exchange transactions from contracts with customers which includes program contributions. The Organization considers the performance obligation to be providing the results of the service or activity provided to the client and the performance obligation is satisfied when these services are provided. The Organization recognizes revenue at a point in time when the service is completed.

Cash and cash equivalents

Cash and cash equivalents consist of cash in operating bank accounts and money market investment accounts for consolidated statement of cash flow purposes.

Investment in limited partnership
The investment in the Limited Partnership is recorded using the equity method and the investment is adjusted for the Organization's proportionate share of undistributed earnings or losses as of the fiscal year end of the limited partnership which is December 31. The Organization is liable for its proportionate share of any losses in the limited partnership. The equity method of accounting is suspended if the investment is reduced to zero unless the Organization has guaranteed obligations of the investee or is otherwise committed to provide further financial support of the investee.

Accounts receivable
Accounts receivable consist primarily of amounts billed under contracts with customers. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. The Organization considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

Food inventory
Food inventory is stated at the lower of cost, determined by the first-in, first-out (FIFO) method, or net realizable value.

Loan and interest receivable – related parties
The Organization has received a HOME loan from the State of Ohio for housing development. The Organization has loaned these funds to an affiliated limited partnership (see Note 5). The Organization assesses the collectability of the loan based on the financial condition of the affiliate. As of January 1 2022, the Organization has elected to record an allowance for uncollectible accounts of $864,644 due to the uncertain collectability of these balances. During 2022, management elected to place the loan receivable on nonaccrual status.

Property and equipment
Property and equipment are capitalized at cost when purchased and at fair value when donated. Depreciation is provided using the straight-line method over the estimated useful life of the asset. The Organization considers property and equipment to be items with a cost of $2,500 or more and a useful life of over one year.

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as the ownership of any related proceeds, is subject to funding source regulations.

Functional expense allocation and joint costs
The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Occupancy is allocated on a square footage basis. Food expense is allocated based on the number of meals provided by department. Vehicle expense is allocated based on direct costs as each vehicle is tied directly to a specific department. Expenses allocated on a time and effort basis include salaries, payroll taxes and fringe benefits. All other allocable expenses are allocated on a full-time equivalents basis.

Leases

The Organization leases office spaces and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. the Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised.

Subsequent events

The Organization evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through August 28, 2023, the date which the consolidated financial statements were available to be issued.

3. CERTIFICATES OF DEPOSIT:

The Organization has certificates of deposit with initial maturities greater than three months. These investments are readily convertible to cash, but may be subject to a penalty upon conversion. The certificates bear interest ranging from 0.90% to 2.62%. Certificates of deposit are valued at amortized cost plus accrued interest.

4. ACCOUNTS RECEIVABLE:

The accounts receivable balance as of December 31, 2022, represents amounts due from various funding sources as follows:

Title III	$ 6,435
Passport	15,276
Licking County Board of Developmental Disabilities	11,682
Other receivables	7,929
	$ 41,322

5. LOAN AND INTEREST RECEIVABLE – RELATED PARTY, NET:

As of December 31, 2022, the Organization had the following outstanding loan receivable balance with a related party:

Stratford Housing Limited Partnership, interest computed at 6.9% compounded annually, due December 2024.	$	500,000

Management has elected to place the loan receivable on nonaccrual status due to the uncertainty of collection. Therefore, no accrued interest is recorded during the year December 31, 2022. The cumulative interest earned but not paid related to the above loan receivable as of December 31, 2022 was $864,644.

6. PROPERTY AND EQUIPMENT:

A summary of property and equipment as of December 31, 2022, is as follows:

Land and improvements	$	379,037
Building - Heritage Hall		1,922,986
Kitchen equipment		323,998
Banquet equipment		22,698
Office equipment		192,949
Transportation vehicles		1,158,901
Furniture and fixtures		75,410
Subtotal		4,075,979
Accumulated depreciation		(1,944,120)
Property and equipment, net	$	2,131,859

7. INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION:

The Organization invests funds with the Licking County Foundation (the “Foundation”). The fair value of the funds held by the Foundation at December 31, 2022, was $1,019,970. Funds invested at the Foundation consist of marketable securities in mutual funds and are reported at fair value on the consolidated statement of financial position. Realized and unrealized gains and losses are included in investment income in the consolidated statement of activities. The Organization recognizes the change in fair value of the interest in assets held by foundation within investment returns on the consolidated statement of activities for the year ended December 31, 2022.

8. HOUSING LOANS PAYABLE AND ACCRUED INTEREST:

	Note Payable	Accrued Interest
Housing loan payble to Ohio Department of Development under the HOME loan program, with principal and interest based on cash flows and due from Stratford Housing Limited Partnership. Final maturity is December 2024.	$ 500,000	899,644

The HOME loan with the state of Ohio can only be repaid from funds received from Stratford Housing Limited Partnership when it has “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.

9. INVESTMENT IN LIMITED PARTNERSHIP:

At December 31, 2022, the equity method of accounting has been suspended as the Organization’s investment in Stratford Housing Limited Partnership has been reduced to zero. The accumulated losses in excess of the original investment in Stratford Housing Limited Partnership is $463,474 at December 31, 2022.

The financial status and activities in the limited partnership as of and for the year ended December 31, 2022 are as follows:

Assets	$ 580,139
Liabilities	2,166,389
Equity	$ (1,586,250)
Net loss	$ (100,936)

10. LEASES:

The Organization leases certain office spaces and equipment at various terms under long-term noncancelable operating lease agreements. The leases expire at various dates through 2027. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Certain leases provide for increases in future minimum annual rental payments.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis. There were no short-term leases for the year ended December 31, 2022.

Total lease costs for the year ended December 31, 2022 was $35,868.

10. LEASES (CONTINUED):

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-Average Remaining Lease Term (years)	3.03
Weighted-Average Discount Rate	0.22%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2022:

2023	$	35,869
2024		36,403
2025		36,385
2026		828
2027		276
Total lease payments		109,761
Less: present value discount		(445)
	$	109,316

11. RETIREMENT PLAN:

The Organization participates in a defined contribution pension plan. All employees over 21 years of age who work 1,000 hours in a year are considered to have obtained one year of service and are eligible to participate in the Plan. The Organization contributes 6% of each eligible employee's salary to the Plan. The Organization's contribution to the plan totaled $134,791 in 2022.

12. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes as of December 31, 2022:

Subject to expenditure for specific purpose:		
STP vehicle grants	$	4,208
Employee care fund		5,246
Total net assets with donor restrictions	$	9,454

The Organization 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 Organization.

The STP vehicle grants are restricted for the purchase of specialty vehicles for the transportation department. The Ohio Department of Transportation can recover the vehicles at any time if the Organization does not keep up with the stipulations listed on the grant. The employee care fund represent monies received that have yet to be spent on the donor's specified purpose.

13. CONTRIBUTED NONFINANCIAL ASSETS:

The Organization recognized the following contributed nonfinancial assets within the consolidated statement of activities for the year ended December 31, 2022:

Volunteer services	$ 45,534
Donated advertising and supplies	3,984
Total	$ 49,518

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributed services are recognized at the lesser of the fair value for similar services or $12 per hour.

The Organization advertises program services on local radio stations which is received free of charge. The value of the donated airtime is recognized based the value of similar advertisements at the similar dates and times. The fair value of supplies is determined using a value if similar items were sold in a retail market. Contributed services, advertising and supplies were received without donor restrictions.

14. CONCENTRATION OF RISK:

The Organization is reliant on tax levy funds and grants and contracts with governmental entities and pass-through agencies. Revenue from levy and government funds represented 96% of total revenue for the year ended December 31, 2022.

15. FAIR VALUE MEASUREMENTS:

Investments are measured at fair value. GAAP establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the assets or liability.
- Level 3 inputs are significant unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position:

Interest in assets held by community foundation: Valued at the interest in assets held at the fair value of the Organization's share of the investment pool as of the measurement date. The investment pool is based on quoted net asset values of underlying investments held by the investment pool adjusted by an asset charge.

15. FAIR VALUE MEASUREMENTS (CONTINUED):

The following summarizes the fair value of assets at December 31, 2022:

		Fair Value Measurements at Reporting Date Using		
Description	12/31/2022	(Level 1)	(Level 2)	(Level 3)
Recurring fair value measurements:				
Assets:				
Interest in assets held				
by community foundation	$ 1,019,970	-	1,019,970	-

16. AVAILABILITY OF FINANCIAL ASSETS:

The Organization is substantially supported by federal, state and local grant and program contributions generated from the Organization’s programs. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in certificates of deposit and a community foundation as deemed appropriate.

Financial assets:	
Cash and cash equivalents	$ 3,086,939
Certificates of deposit	543,729
Accounts receivable	41,322
Interest in assets held by community foundation	1,019,970
Financial assets available at year-end	4,691,960
Less those unavailable for general expenditures within one year due to donor imposed restrictions:	
Assets subject to expenditure for specific purpose	9,454
Financial assets available to meet cash needs for general expenditures within one year	$ 4,682,506

17. RESTATEMENT OF BEGINNING NET ASSETS:

The net assets as of January 1, 2022 have been restated to correct an error. The Organization established an allowance for uncollectible accounts against the interest receivable described in Note 5. The result of the correction reduced net assets without donor restrictions at January 1, 2022 by $864,644. Additionally, the Organization adjusted the investment in partnership to zero as the equity method of accounting should have been suspended when accumulated losses in excess of the original investment in the partnership falls below zero (Note 9). The result of the correction increased net assets without donor restrictions at January 1, 2022 by $445,673. The cumulative adjustment to net assets without donor restrictions at January 1, 2022 was a net reduction of $418,971.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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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*

Board of Directors
Licking County Aging Program, Inc. and Subsidiary
Newark, Ohio

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 consolidated financial statements of Licking County Aging Program, Inc. and Subsidiary (a not-for-profit organization) which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Licking County Aging Program, Inc. and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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.

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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Licking County Aging Program, Inc. and Subsidiary's consolidated 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 consolidated 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*.

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 Licking County Aging Program, Inc. and Subsidiary'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 Licking County Aging Program, Inc. and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 28, 2023