

CONNECTIONS AREA AGENCY ON AGING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

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CONNECTIONS AREA AGENCY ON AGING, INC.

OFFICIALS

Year Ended June 30, 2020

Name

Title

State:

Honorable Kim Reynolds

Governor

Linda Miller

Director, Iowa Department on Aging

Board of Directors:

Thomas Hoogestraat

Chair

Bonnie Godden

Vice-Chair

Kari Livermore

Secretary

George Gillespie

Treasurer

Barbara Redmond

Member

Mark Monson

Member

Cathay Pringnitz

Member

Lori Harvey

Member

Agency:

Kelly Butts-Elston

CEO

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Connections Area Agency on Aging, Inc.
Council Bluffs, Iowa

Report on the Financial Statement

We have audited the accompanying consolidated financial statements of Connections Area Agency on Aging, Inc. which comprise the consolidated statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We did not audit the financial statements of Riverside Gardens, Inc., Fairmount Park Senior Housing, Inc., or Diamond Heights, Inc., controlled subsidiaries, which statements reflect total assets constituting 67 percent of consolidated total assets at June 30, 2020, and total revenues constituting 8 percent of consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Riverside Gardens, Inc., Fairmount Park Senior Housing, Inc., or Diamond Heights, Inc., is based solely on the reports of the other auditors. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements referred to above presents fairly, in all material respects, the financial position of Connections Area Agency on Aging, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position, the consolidating statement of activities, and the Schedule of Expenditures of Federal Awards as required by title 2 U.S. Code of Federal Regulations (CFR) part 200, uniform administrative requirements, cost principles, and audit requirements for federal awards are presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying cumulative expenditure report is presented for purposes of additional analysis as required by the Iowa Department of Aging and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. We did not perform procedures on the information in the Schedule of Expenditures of Federal Awards for Riverside Gardens, Inc., Fairmount Park Senior Housing, Inc., or Diamond Heights, Inc., controlled subsidiaries, whose separate statements reflect all of the expenditures for CFDA numbers 14.157 and 14.195 presented in Connections Area Agency on Aging Inc.'s Schedule of Expenditures of Federal Awards. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CFDA numbers 14.157 and 14.195, is based solely on the reports of the other auditors. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020, on our consideration of Connections Area Agency on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connections Area Agency on Aging, Inc.'s internal control over financial reporting and compliance.

Hamilton Associates, P.C.

Council Bluffs, Iowa
December 3, 2020

CONNECTIONS AREA AGENCY ON AGING, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,074,796
Accounts receivable	187,247
Prepaid expense	57,812
Total current assets	<u>\$ 1,319,855</u>

CAPITAL ASSETS

Property and equipment, at cost	\$ 7,791,218
Less accumulated depreciation	<u>(3,990,143)</u>
Total capital assets	<u>\$ 3,801,075</u>

OTHER ASSETS

Restricted cash	<u>\$ 329,439</u>
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Total assets	<u><u>\$ 5,450,369</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 192,997
Current portion of long-term debt	26,151
Accrued payroll expenses	34,783
Accrued vacation	112,185
Other accrued expenses	38,072
Prepaid rent	330
Refundable advances	419,876
Total current liabilities	<u>\$ 824,394</u>

OTHER LIABILITIES

Long-term debt	\$ 6,140,208
Tenant deposits	36,955
Total other liabilities	<u>\$ 6,177,163</u>

NET ASSETS

Net assets without donor restrictions	
Aging services	<u>\$ (1,551,188)</u>
Total liabilities and net assets	<u><u>\$ 5,450,369</u></u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues and support	
Federal funds	
Title III B	\$ 578,244
Title III C-1 & 2	1,223,255
Title IIID	41,071
Title IIIE	253,755
Nutrition services incentive program	130,336
Medicare improvement grant	6,711
Other federal programs	182,704
Total federal revenues	<u>\$ 2,416,076</u>
State funds	1,433,941
Nutrition contributions	319,271
Matching funds	12,090
Rent	457,078
Local and other income funds	986,682
Interest	2,764
Total revenues and support	<u>\$ 5,627,902</u>
Expenses	
Program services:	
Nutrition services	\$ 2,106,658
Case Management and care transitions	360,888
Housing	600,295
Transportation	467,645
Information	388,482
Home and community based services	281,773
Other Services	586,157
	<u>\$ 4,791,898</u>
Supporting services	
General and administrative	\$ 1,261,599
Total expenses	<u>\$ 6,053,497</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (425,595)
NET ASSETS, BEGINNING OF YEAR	<u>(1,125,593)</u>
NET ASSETS, END OF YEAR	<u>\$ (1,551,188)</u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Nutrition Services	Case Management and Care Transitions	Housing	Transportation	Information
Salaries	\$ 545,528	\$ 235,904	\$ 52,767	\$ 8,287	\$ 246,218
Employee health and retirement benefits	90,670	55,957	2,736	960	71,288
Payroll taxes and insurance	50,902	21,375	2,956	517	19,958
Total salaries and related expenses	<u>\$ 687,100</u>	<u>\$ 313,236</u>	<u>\$ 58,459</u>	<u>\$ 9,764</u>	<u>\$ 337,464</u>
Contract services	-	14,591	8,548	455,887	-
Volunteer expenses	-	-	-	-	-
Advertising	614	142	2,663	-	10,580
Bad debt	1,450	-	-	-	125
Cleaning	2,739	1,195	188	58	1,685
Dues and subscriptions	7,285	196	-	-	876
Employee Training	1,545	810	78	-	2,465
Food	1,235,389	-	-	-	-
Insurance	11,476	2,111	34,072	150	3,038
Interest	-	-	-	-	-
Occupancy	71,948	9,476	103,784	187	15,900
Postage	3,552	898	249	1,010	901
Printing	895	-	-	-	1,094
Professional fees	105	150	75,234	18	195
Repairs and maintenance	12,578	976	119,655	102	847
Supplies	14,559	5,141	27,833	382	2,689
Telephone and internet	18,175	4,862	390	87	6,841
Travel	28,569	4,932	930	-	2,019
Miscellaneous	8,679	2,172	13,977	-	1,763
Total operating expenses before depreciation	<u>\$ 2,106,658</u>	<u>\$ 360,888</u>	<u>\$ 446,060</u>	<u>\$ 467,645</u>	<u>\$ 388,482</u>
Depreciation	<u>-</u>	<u>-</u>	<u>154,235</u>	<u>-</u>	<u>-</u>
Total expenses	<u><u>\$ 2,106,658</u></u>	<u><u>\$ 360,888</u></u>	<u><u>\$ 600,295</u></u>	<u><u>\$ 467,645</u></u>	<u><u>\$ 388,482</u></u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Home and Community Based Services	Other Services	Total Program Services	General and Administrative	Total
Salaries	\$ 3,305	\$ 327,249	\$ 1,419,258	\$ 598,935	\$ 2,018,193
Employee health and retirement benefits	1,051	90,136	312,798	138,093	450,891
Payroll taxes and insurance	250	25,817	121,775	49,505	171,280
Total salaries and related expenses	<u>\$ 4,606</u>	<u>\$ 443,202</u>	<u>\$ 1,853,831</u>	<u>\$ 786,533</u>	<u>\$ 2,640,364</u>
Contract services	274,204	44,655	797,885	-	797,885
Volunteer expenses	-	1,248	1,248	-	1,248
Advertising	-	8,838	22,837	382	23,219
Bad debt	1,649	-	3,224	-	3,224
Cleaning	16	1,113	6,994	4,788	11,782
Dues and subscriptions	-	1,051	9,408	29,580	38,988
Employee Training	-	17,331	22,229	10,903	33,132
Food	-	-	1,235,389	21,793	1,257,182
Insurance	18	3,808	54,673	17,870	72,543
Interest	-	-	-	10,197	10,197
Occupancy	188	14,978	216,461	44,123	260,584
Postage	5	1,103	7,718	7,241	14,959
Printing	-	2,644	4,633	553	5,186
Professional fees	-	105	75,807	23,894	99,701
Repairs and maintenance	-	14,416	148,574	153,517	302,091
Supplies	62	8,988	59,654	31,166	90,820
Telephone and internet	25	4,517	34,897	17,886	52,783
Travel	-	6,478	42,928	6,802	49,730
Miscellaneous	1,000	11,682	39,273	26,492	65,765
Total operating expenses before depreciation	<u>\$ 281,773</u>	<u>\$ 586,157</u>	<u>\$ 4,637,663</u>	<u>\$ 1,193,720</u>	<u>\$ 5,831,383</u>
Depreciation	<u>-</u>	<u>-</u>	<u>154,235</u>	<u>67,879</u>	<u>222,114</u>
Total expenses	<u><u>\$ 281,773</u></u>	<u><u>\$ 586,157</u></u>	<u><u>\$ 4,791,898</u></u>	<u><u>\$ 1,261,599</u></u>	<u><u>\$ 6,053,497</u></u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (425,595)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	222,114
Changes in operating assets and liabilities	
(Increase)/Decrease in Accounts receivable	156,485
(Increase)/Decrease in Prepaid expense	3,503
Increase/(Decrease) in Accounts payable	(280,949)
Increase/(Decrease) in Accrued payroll expenses	9,096
Increase/(Decrease) in Accrued vacation	12,406
Increase/(Decrease) in Other accrued expenses	18,056
Increase/(Decrease) in Prepaid rent	(1,058)
Increase/(Decrease) in Refundable advances	349,162
Increase/(Decrease) in Tenant deposits	(1,743)
Net cash flows from operating activities	<u>\$ 61,477</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of capital assets	<u>\$ (45,524)</u>
Net cash flows used in investing activities	<u>\$ (45,524)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt	<u>\$ (24,544)</u>
Net cash flows used in financing activities	<u>\$ (24,544)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS \$ (8,591)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,412,826

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,404,235

CASH PRESENTED ON STATEMENT OF FINANCIAL POSITION AS:

Cash and cash equivalents	\$ 1,074,796
Restricted cash	329,439
	<u>\$ 1,404,235</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid	\$ 10,197
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See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2020

1. Nature of Activities and Summary of Significant Accounting Policies

Organization:

Connections Area Agency on Aging, Inc. (the Organization), was formed and incorporated in the State of Iowa on July 1, 2013, as the result of a merger of Southwest 8 Senior Services, and Siouxland Aging Services. The State of Iowa mandated that the 13 area agencies on aging in the state be consolidated into 6 area agencies effective July 1, 2013. In November, 2012, Southwest 8 Senior Services was designated by the Commission on Aging as the new area agency for Planning and Service Area 6. This designation necessitated the merging of Southwest 8 Senior Services with Siouxland Aging Services.

Connections Area Agency on Aging, Inc., is a nonprofit organization granted corporate status under the Iowa Nonprofit Corporation Act. The Organization is dedicated to cooperating with government officials, providers of services and senior citizens in establishing educational, legislative, scientific research, safety, charitable and action programs to improve the quality of life for the older citizens in the area served by the Organization and further, to promote social service programs which allow senior adults to live with independence, dignity and pride.

The planning and services area for the Organization is comprised of Adair, Adams, Cass, Cherokee, Clark, Decatur, Fremont, Harrison, Ida, Mills, Monona, Montgomery, Page, Plymouth, Pottawattamie, Ringgold, Shelby, Taylor, Union and Woodbury counties in Iowa.

The Organization is funded primarily by the Federal Older Americans Act (Titles III-B, III-C, III-D and III-E,) Nutritional Services Incentive Program, State funding and local funding. The Organization qualifies as a nonprofit corporation under the provisions of Section 501 (c)(3) of the Internal Revenue Code.

The Organization's subsidiaries are Riverside Gardens, Inc., Fairmount Park Senior Housing, Inc., and Diamond Heights, Inc. They provide housing under Section 202 of the National Housing Act. Siouxland Aging Services Holding Co., L.L.C. is a wholly owned subsidiary which holds title to real estate for the Organization.

Financial Statement Presentation:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions– Net assets that are not subject to grant or donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

CONNECTIONS AREA AGENCY ON AGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2020

1. Nature of Activities and Summary of Significant Accounting Policies – Continued

Change in Accounting Principle:

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash (“ASU 2016-18”) to address diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as “restricted cash” herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the statement of financial position and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended June 30, 2020.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Principles of Consolidation:

The consolidated financial statements include the accounts and transactions of Connections Area Agency on Aging, Inc., Siouxland Aging Services Holding Co., L.L.C., Riverside Gardens, Inc., Fairmount Park Senior Housing, Inc., and Diamond Heights, Inc. All significant intercompany transactions and balances have been eliminated upon consolidation.

Revenue Recognition:

Program revenues are recognized only when persuasive evidence of arrangements exist through contracts or agreements, an exchange of goods or services has occurred, the price for goods or services have been fixed through contracts or agreements, and collectability is reasonably assured.

Pledges and contributions are generally recognized as earned in the reporting period received or pledged. All pledges and contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support and increase that net asset class.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received cost reimbursable grants of \$419,876 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred.

CONNECTIONS AREA AGENCY ON AGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2020

1. Nature of Activities and Summary of Significant Accounting Policies – Continued

Revenue Recognition - Continued:

The Organization recognizes revenue for certain donated services received in the period they are received at the fair value of those services. Those services include donated time and services and funding received by service contractors from other agencies or individuals acquired to fulfill service contract requirements. These revenues are classified as matching funds and other local funds on the statement of activities and the cumulative expenditure report.

Rent revenue from the leasing of apartments is recognized on the operating method under which aggregate rentals are reported as revenue over the life of the leases.

Use of Estimates:

The preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash on hand and in bank deposit accounts.

Accounts Receivable:

Accounts receivable consist primarily of earned grants and program service reimbursements and are stated at amounts the Organization expects to collect.

Property and Equipment:

Property and equipment are valued at cost at the date of acquisition. Depreciation is provided on a straight-line method over the estimated useful lives of the property, normally 5 to 40 years.

Income Taxes:

The Organization qualifies as a nonprofit corporation under the provisions of Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization accounts for uncertainties in accounting for income tax assets and liabilities using the guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes. There are no uncertainties that are reflected in the consolidated financial statements and, with few exceptions, the organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2017.

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2020

1. Nature of Activities and Summary of Significant Accounting Policies – Continued

Functional Allocation of Expenses:

The costs of providing the program and support services have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited. Facility expenses including insurance, facilities salaries, rent and facility supplies are allocated on the basis of estimates of square footage. The administrative expenses allocated include salaries, employee benefits, copier lease, depreciation, insurance, miscellaneous expenses, professional fees, supplies, postage, advertising, dues and subscriptions, printing, and telephone, which are allocated on the basis of modified total direct costs.

Risks and Uncertainties:

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. As of June 30, 2020, cash deposits were fully insured by FDIC. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash or cash equivalents.

On March 11, 2020 the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, forced closures for certain types of public places and businesses, and cancellation of in-person events. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States of America, and more specifically, the State of Iowa. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization is experiencing an increase in need of support. During fiscal year 2020, the Organization received \$458,024 of CARES Act funding.

Subsequent Events:

The Organization has evaluated subsequent events through December 3, 2020, the date on which the financial statements were available to be issued.

2. Liquidity and Availability

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

Cash	\$	1,074,796
Accounts receivable		187,247
		<u>1,262,043</u>

The Organization has a goal to maintain cash on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1,500,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

CONNECTIONS AREA AGENCY ON AGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2020

3. Restricted Cash

Restricted cash consists of replacement reserves as required by HUD, residual receipts, and tenant security deposits. The breakdown of these amounts as of June 30, 2020 are as follows:

Replacement reserves	\$ 261,594
Escrow deposits	15,941
Residual receipts	13,925
Tenant security deposits	<u>37,979</u>
	<u>\$ 329,439</u>

4. Property and Equipment

Property and equipment consists of the following groups of depreciable assets at June 30, 2020:

Equipment	5-15 years	\$ 586,281
Leasehold Improvements	15-40 years	84,257
Land and land improvements	15 years (improvements)	649,194
Buildings and fixed equipment	10-40 years	6,394,809
Furnishings	5 years	<u>76,677</u>
		\$ 7,791,218
Less accumulated depreciation		<u>(3,990,143)</u>
		<u>\$ 3,801,075</u>

Depreciation expense for the year ending June 30, 2020 was \$222,114.

5. Long Term Debt

Long term debt consisted of a promissory note and HUD Housing Project mortgages as follows:

Promissory note	\$ 161,259
HUD Housing Projects	<u>6,005,100</u>
	\$ 6,166,359
Less current portion	<u>(26,151)</u>
	<u>\$ 6,140,208</u>

The promissory note is payable in monthly installments of \$2,895 at an interest rate of 5.75%. The note matures on November 15, 2025 and is secured by real estate.

The HUD Housing Project mortgages are Section 202 capital advances. The mortgages bear no interest, and repayment is not required as long as the housing remains available for low-income elderly persons for 40 years.

Future maturities of long term debt are as follows:

	Year ending June 30,
2021	\$ 26,151
2022	27,695
2023	29,330
2024	31,062
2025	32,896
Thereafter	<u>6,019,224</u>
	<u>\$ 6,166,359</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2020

6. Pension and Retirement Benefits

The Organization contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the State statute to plan members and beneficiaries.

Plan members are required to contribute 6.29% of their annual salary and the Organization is required to contribute 9.44% of annual covered payroll. Contribution requirements are established by State statute. The Organization's contributions to IPERS for the year ended June 30, 2020 were \$185,994, which met the required contributions for the year.

7. Commitments and Contingencies

The Organization receives funds under various federal grant programs to be expended in accordance with the provisions of the grants. Compliance with grant provisions is subject to audit by various governmental agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and results of adjustment, if any, relating to such audits would not have any material impact.

8. Lease Commitments

The Organization leases office space and equipment under non-cancelable operating leases. The leases expire at various dates through June 2024 and provide for renewal options ranging from no renewal option to 3 years. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties. The scheduled future minimum lease payments are as follows:

Year ending June 30:

2021	79,251
2022	81,751
2023	81,361
2024	74,770
	<u>\$ 317,133</u>

The Organization leases a building for office space from its subsidiary Siouxland Aging Services Holding Co., L.L.C. The lease is a month to month basis. \$3,300 per month during the year ending June 30, 2020. Siouxland Aging Services Holding Co., L.L.C. records the receipt of lease payments as rent revenue, and the Organization records them as occupancy expense. The related revenues and expenses are eliminated during consolidation.

9. Residual Receipts – Fairmount Park

On June 19, 2015, a memorandum was issued that required HUD to recapture residual receipt balances that are in excess of \$250 per unit. These funds are to be remitted to HUD at the termination of the PRAC (Project Rental Assistance Contract. As of June 30, 2020, the Organization's subsidiary, Fairmount Park Senior Housing, Inc., had \$12,093 in the residual receipts account, which is \$594 greater than the \$250 per unit maximum. Fairmount Park's PRAC expired August 31, 2020. The residual receipt recapture of \$594 is included as a liability at June 30, 2020.

CONNECTIONS AREA AGENCY ON AGING, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2020

	Connections Area Agency on Aging	Siouxland LLC	Riverside Gardens Inc.
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 887,255	\$ 183,813	\$ 403
Accounts receivable	185,646	-	340
Prepaid expense	43,714	-	7,283
Total current assets	<u>\$ 1,116,615</u>	<u>\$ 183,813</u>	<u>\$ 8,026</u>
CAPITAL ASSETS			
Property and equipment, at cost	\$ 572,762	\$ 668,791	\$ 2,461,052
Less accumulated depreciation	(474,495)	(291,039)	(1,255,518)
Total capital assets	<u>\$ 98,267</u>	<u>\$ 377,752</u>	<u>\$ 1,205,534</u>
OTHER ASSETS			
Investment in subsidiaries	\$ (1,992,521)	\$ -	\$ -
Restricted cash	-	-	165,563
Total other assets	<u>\$ (1,992,521)</u>	<u>\$ -</u>	<u>\$ 165,563</u>
Total assets	<u>\$ (777,639)</u>	<u>\$ 561,565</u>	<u>\$ 1,379,123</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 170,269	\$ -	\$ 12,642
Current portion of long-term debt	-	26,151	-
Accrued payroll expenses	34,783	-	-
Accrued vacation	112,185	-	-
Other accrued expenses	37,478	-	-
Prepaid rent	-	-	330
Refundable advances	418,834	-	-
Total current liabilities	<u>\$ 773,549</u>	<u>\$ 26,151</u>	<u>\$ 12,972</u>
OTHER LIABILITIES			
Long-term debt	\$ -	\$ 135,108	\$ 2,206,900
Tenant deposits	-	-	14,533
Total other liabilities	<u>\$ -</u>	<u>\$ 135,108</u>	<u>\$ 2,221,433</u>
NET ASSETS			
Member capital	\$ -	\$ 1,000	\$ -
Retained earnings	-	399,306	-
Net assets without donor restrictions:			
Aging services	(1,551,188)	-	-
Housing projects	-	-	(855,282)
Total net assets	<u>\$ (1,551,188)</u>	<u>\$ 400,306</u>	<u>\$ (855,282)</u>
Total liabilities and net assets	<u>\$ (777,639)</u>	<u>\$ 561,565</u>	<u>\$ 1,379,123</u>

CONNECTIONS AREA AGENCY ON AGING, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2020

Fairmount Park Senior Housing Inc.	Diamond Heights Inc.	Eliminations	Total
\$ 2,086	\$ 1,239	\$ -	\$ 1,074,796
1,260	1	-	187,247
1,164	5,651	-	57,812
<u>\$ 4,510</u>	<u>\$ 6,891</u>	<u>\$ -</u>	<u>\$ 1,319,855</u>
\$ 2,915,075	\$ 1,173,538	\$ -	\$ 7,791,218
(1,417,747)	(551,344)	-	(3,990,143)
<u>\$ 1,497,328</u>	<u>\$ 622,194</u>	<u>\$ -</u>	<u>\$ 3,801,075</u>
\$ -	\$ -	\$ 1,992,521	\$ -
117,875	46,001	-	329,439
<u>\$ 117,875</u>	<u>\$ 46,001</u>	<u>\$ 1,992,521</u>	<u>\$ 329,439</u>
<u>\$ 1,619,713</u>	<u>\$ 675,086</u>	<u>\$ 1,992,521</u>	<u>\$ 5,450,369</u>
\$ 6,345	\$ 3,741	\$ -	\$ 192,997
-	-	-	26,151
-	-	-	34,783
-	-	-	112,185
594	-	-	38,072
-	-	-	330
-	1,042	-	419,876
<u>\$ 6,939</u>	<u>\$ 4,783</u>	<u>\$ -</u>	<u>\$ 824,394</u>
\$ 2,668,600	\$ 1,129,600	\$ -	\$ 6,140,208
17,403	5,019	-	36,955
<u>\$ 2,686,003</u>	<u>\$ 1,134,619</u>	<u>\$ -</u>	<u>\$ 6,177,163</u>
\$ -	\$ -	\$ (1,000)	\$ -
-	-	(399,306)	-
-	-	-	(1,551,188)
(1,073,229)	(464,316)	2,392,827	-
<u>\$ (1,073,229)</u>	<u>\$ (464,316)</u>	<u>\$ 1,992,521</u>	<u>\$ (1,551,188)</u>
<u>\$ 1,619,713</u>	<u>\$ 675,086</u>	<u>\$ 1,992,521</u>	<u>\$ 5,450,369</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Connections Area Agency on Aging	Siouxland LLC	Riverside Gardens Inc.
	<u> </u>	<u> </u>	<u> </u>
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenues and support			
Federal funds			
Title III B	\$ 578,244	\$ -	\$ -
Title III C-1 & 2	1,223,255	-	-
Title IIID	41,071	-	-
Title IIIE	253,755	-	-
Nutrition services incentive program	130,336	-	-
Medicare improvement grant	6,711	-	-
Other federal programs	182,704	-	-
Total federal revenues	<u>\$ 2,416,076</u>	<u>\$ -</u>	<u>\$ -</u>
State funds	1,433,941	-	-
Nutrition contributions	319,271	-	-
Matching funds	12,090	-	-
Rent	-	39,600	198,302
Local and other income funds	1,005,536	-	2,904
Net income (loss) from subsidiaries	(116,926)	-	-
Interest	1,310	-	1,110
Total revenues and support	<u>\$ 5,071,298</u>	<u>\$ 39,600</u>	<u>\$ 202,316</u>
Expenses			
Program services:			
Nutrition services	\$ 2,118,480	\$ -	\$ -
Case Management and care transitions	366,550	-	-
Housing	42,389	-	220,061
Transportation	468,205	-	-
Information	394,244	-	-
Home and community based services	281,782	-	-
Other Services	588,764	-	-
	<u>\$ 4,260,414</u>	<u>\$ -</u>	<u>\$ 220,061</u>
Supporting services			
General and administrative	1,236,479	36,356	-
Total expenses	<u>\$ 5,496,893</u>	<u>\$ 36,356</u>	<u>\$ 220,061</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (425,595)</u>	<u>\$ 3,244</u>	<u>\$ (17,745)</u>
NET ASSETS, BEGINNING OF YEAR	<u>(1,125,593)</u>	<u>397,062</u>	<u>(837,537)</u>
NET ASSETS, END OF YEAR	<u><u>\$ (1,551,188)</u></u>	<u><u>\$ 400,306</u></u>	<u><u>\$ (855,282)</u></u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Fairmount Park Senior Housing Inc.	Diamond Heights Inc.	Eliminations	Total
\$ -	\$ -	\$ -	\$ 578,244
-	-	-	1,223,255
-	-	-	41,071
-	-	-	253,755
-	-	-	130,336
-	-	-	6,711
-	-	-	182,704
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,416,076</u>
-	-	-	1,433,941
-	-	-	319,271
-	-	-	12,090
172,118	86,658	(39,600)	457,078
3,290	2,340	(27,388)	986,682
-	-	116,926	-
212	132	-	2,764
<u>\$ 175,620</u>	<u>\$ 89,130</u>	<u>\$ 49,938</u>	<u>\$ 5,627,902</u>
\$ -	\$ -	\$ (11,822)	\$ 2,106,658
-	-	(5,662)	360,888
242,992	123,625	(28,772)	600,295
-	-	(560)	467,645
-	-	(5,762)	388,482
-	-	(9)	281,773
-	-	(2,607)	586,157
<u>\$ 242,992</u>	<u>\$ 123,625</u>	<u>\$ (55,194)</u>	<u>\$ 4,791,898</u>
558	-	(11,794)	1,261,599
<u>\$ 243,550</u>	<u>\$ 123,625</u>	<u>\$ (66,988)</u>	<u>\$ 6,053,497</u>
\$ (67,930)	\$ (34,495)	\$ 116,926	\$ (425,595)
<u>(1,005,299)</u>	<u>(429,821)</u>	<u>1,875,595</u>	<u>(1,125,593)</u>
<u>\$ (1,073,229)</u>	<u>\$ (464,316)</u>	<u>\$ 1,992,521</u>	<u>\$ (1,551,188)</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2020

Funds/Service Category	Area Plan <u>Budget</u>	Beginning <u>Balance</u>	Total <u>Revenue</u>	Total <u>Expense</u>
Iowa Department of Elder Affairs				
Elderly Services	1,076,380	-	1,076,380	1,076,380
LifeLong Links	130,471	-	130,471	130,471
Elder Abuse Prev & Awareness	77,090	-	77,090	77,090
Older Americans Act				
Title III-B	468,670	-	468,670	468,670
Title III-B - CARES	109,573	-	109,573	109,573
Title III-C1	560,440	-	560,440	560,440
Title III-C2	314,363	-	314,363	314,363
Title III-C2 - FFCRA	214,177	-	214,177	214,177
Title III-C2 - CARES	134,274	-	134,274	134,274
Title III-E	253,755	-	253,755	253,755
Title III-D	41,071	-	41,071	41,071
Nutrition Services Incentive Program	130,337	-	130,337	130,337
Other Funds				
State Non-IDEA	218,258	-	218,258	218,258
Local public funds	103,630	-	103,630	103,630
Other local cash	88,730	-	88,730	88,730
Elderly Services Contributions	4,339	-	4,339	4,339
Program Income			-	
Title III-B	53,120	-	53,120	53,120
Title III-C1	119,705	-	119,705	119,705
Title III-C2	168,874	-	168,874	168,874
Title III-E	10,914	-	10,914	10,914
Title III-D	210	-	210	210
Other		-	-	-
Total	<u>\$ 4,278,381</u>	<u>\$ -</u>	<u>\$ 4,278,381</u>	<u>\$ 4,278,381</u>
Non-Cash: In-kind Match	<u>286,977</u>	<u>-</u>	<u>286,977</u>	<u>286,977</u>
Totals per Cost Sharing Report	<u>\$ 4,565,358</u>	<u>\$ -</u>	<u>\$ 4,565,358</u>	<u>\$ 4,565,358</u>
Reconciling Items				
Depreciation			-	42,084
Other local cash			19,777	19,777
Medicare Improvement			6,711	8,036
Iowa Return to Community Program			200,000	239,723
Employment Specialist Program			88,986	104,492
Nongovernmental Programs			527,707	726,761
RSVP Program			60,679	71,658
From subsidiaries			439,680	556,604
Non-Cash: In-Kind Match			<u>(280,996)</u>	<u>(280,996)</u>
Per statement of activities			<u>\$ 5,627,902</u>	<u>\$ 6,053,497</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT
Year Ended June 30, 2020

<u>AAA</u> <u>Administration</u>	<u>Homemaker</u>	<u>Chore</u>	<u>Home</u> <u>Delivered</u> <u>Meals</u>	<u>Case</u> <u>Management</u>	<u>Congregate</u> <u>Meals</u>	<u>Assisted</u> <u>Transportation</u>
80,637	18,858	50,770	273,695	184,245	190,950	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,831	31,629	4,697	-	78,098	-	20,787
8,222	420	243	-	34,480	-	197
47,443	-	-	23,599	-	481,759	-
10,948	-	-	303,415	-	-	-
-	-	-	214,177	-	-	-
-	-	-	134,274	-	-	-
29,798	-	-	25,650	-	-	-
-	-	-	-	-	-	-
-	-	-	130,337	-	-	-
-	-	-	1,935	-	-	-
-	-	-	19,943	-	10,253	3,076
5,884	-	18,248	38,400	-	66	-
-	1,711	407	-	2,133	-	-
-	-	-	-	-	-	-
-	-	-	-	-	119,705	-
-	-	-	168,874	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
208,763	\$ 52,618	\$ 74,365	\$ 1,334,299	\$ 298,956	\$ 802,733	\$ 24,060
46,361	-	-	55,320	-	164,135	-
<u>\$ 255,124</u>	<u>\$ 52,618</u>	<u>\$ 74,365</u>	<u>\$ 1,389,619</u>	<u>\$ 298,956</u>	<u>\$ 966,868</u>	<u>\$ 24,060</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2020

Funds/Service Category	<u>Transportation</u>	<u>Legal Assistance</u>	<u>Nutrition Education</u>	<u>Information & Assistance</u>	<u>Preventive Health</u>
Iowa Department of Elder Affairs					
Elderly Services	21,497	-	-	83,411	-
LifeLong Links	-	-	-	74,378	-
Elder Abuse Prev & Awareness	-	-	-	-	-
Older Americans Act					
Title III-B	109,347	57,168	7,570	41,979	-
Title III-B - CARES	1,330	243	125	14,846	-
Title III-C1	-	-	7,639	-	-
Title III-C2	-	-	-	-	-
Title III-C2 - FFCRA	-	-	-	-	-
Title III-C2 - CARES	-	-	-	-	-
Title III-E	-	-	-	-	-
Title III-D	-	-	-	17,721	-
Nutrition Services Incentive Program	-	-	-	-	-
Other Funds					
State Non-IDEA	208,177	8,146	-	-	-
Local public funds	70,358	-	-	-	-
Other local cash	604	-	-	60	-
Elderly Services Contributions	-	-	-	-	-
Program Income					
Title III-B	53,120	-	-	-	-
Title III-C1	-	-	-	-	-
Title III-C2	-	-	-	-	-
Title III-E	-	-	-	-	-
Title III-D	-	-	-	-	-
Other	-	-	-	-	-
Total	\$ 464,433	\$ 65,557	\$ 15,334	\$ 232,395	\$ -
Non-Cash: In-kind Match	-	1,000	-	3,815	3,645
Totals per Cost Sharing Report	\$ 464,433	\$ 66,557	\$ 15,334	\$ 236,210	\$ 3,645

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2020

<u>Emergency Response System</u>	<u>Evidence Based Health Activities</u>	<u>EAPA Consultation</u>	<u>EAPA A&I</u>	<u>Training & Education</u>	<u>Options Counseling</u>	<u>Material Aid - DME</u>	<u>Material Aid - Consumable Supplies</u>
12,799	-	5,038	210	63,711	21,788	799	17,265
-	-	-	-	-	56,093	-	-
-	-	52,201	24,889	-	-	-	-
-	-	-	-	68,481	7,652	-	15,431
-	-	-	-	6,571	3,626	-	39,270
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	23,350	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	418	-	1,141	-	-	19,786
88	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	210	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 12,887	\$ 23,560	\$ 57,657	\$ 25,099	\$ 139,904	\$ 89,159	\$ 799	\$ 91,752
-	-	-	-	-	-	-	-
\$ 12,887	\$ 23,560	\$ 57,657	\$ 25,099	\$ 139,904	\$ 89,159	\$ 799	\$ 91,752

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2020

Funds/Service Category	<u>Material Aid - Other</u>	<u>Caregiver Counseling</u>	<u>Caregiver Information Services</u>	<u>Caregiver Supplemental Services</u>	<u>Caregiver Home Del. Meals</u>
Iowa Department of Elder Affairs					
Elderly Services	1,272	7,017	3,990	1,331	14,498
LifeLong Links	-	-	-	-	-
Elder Abuse Prev & Awareness	-	-	-	-	-
Older Americans Act					
Title III-B	-	-	-	-	-
Title III-B - CARES	-	-	-	-	-
Title III-C1	-	-	-	-	-
Title III-C2	-	-	-	-	-
Title III-C2 - FFCRA	-	-	-	-	-
Title III-C2 - CARES	-	-	-	-	-
Title III-E	-	21,520	13,823	6,076	76,397
Title III-D	-	-	-	-	-
Nutrition Services Incentive Program	-	-	-	-	-
Other Funds					
State Non-IDEA	-	-	-	-	-
Local public funds	-	-	-	-	-
Other local cash	874	156	-	694	-
Elderly Services Contributions	-	-	-	-	-
Program Income					
Title III-B	-	-	-	-	-
Title III-C1	-	-	-	-	-
Title III-C2	-	-	-	-	-
Title III-E	-	-	-	-	10,914
Title III-D	-	-	-	-	-
Other	-	-	-	-	-
Total	<u>\$ 2,146</u>	<u>\$ 28,693</u>	<u>\$ 17,813</u>	<u>\$ 8,101</u>	<u>\$ 101,809</u>
Non-Cash: In-kind Match	-	-	10,053	-	-
Totals per Cost Sharing Report	<u>\$ 2,146</u>	<u>\$ 28,693</u>	<u>\$ 27,866</u>	<u>\$ 8,101</u>	<u>\$ 101,809</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2020

<u>Caregiver Options Counseling</u>	<u>Caregiver Case Management</u>	<u>Caregiver Information & Assistance</u>	<u>Caregiver Support Groups</u>	<u>Caregiver Training</u>	<u>Caregiver Emergency Response</u>	<u>Caregiver Respite In-Home</u>	<u>Caregiver Respite Out-of-Home</u>
5,079	5,906	4,753	46	3,456	131	2,251	916
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,238	17,719	21,781	844	10,369	590	6,752	2,747
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,990	235	-	66	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 20,317	\$ 23,625	\$ 28,524	\$ 1,125	\$ 13,825	\$ 787	\$ 9,003	\$ 3,663
-	-	518	-	-	-	-	-
\$ 20,317	\$ 23,625	\$ 29,042	\$ 1,125	\$ 13,825	\$ 787	\$ 9,003	\$ 3,663

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2020

Funds/Service Category	Grandparent Counseling	Grandparent Supplemental Services	Grandparent Options Counseling	Grandparent Support Groups	Combined
Iowa Department of Elder Affairs					
Elderly Services	6	25	30	-	1,076,380
LifeLong Links	-	-	-	-	130,471
Elder Abuse Prev & Awareness	-	-	-	-	77,090
Older Americans Act					
Title III-B	-	-	-	-	468,670
Title III-B - CARES	-	-	-	-	109,573
Title III-C1	-	-	-	-	560,440
Title III-C2	-	-	-	-	314,363
Title III-C2 - FFCRA	-	-	-	-	214,177
Title III-C2 - CARES	-	-	-	-	134,274
Title III-E	229	75	91	4,056	253,755
Title III-D	-	-	-	-	41,071
Nutrition Services Incentive Program	-	-	-	-	130,337
Other Funds					
State Non-IDEA	-	-	-	-	218,258
Local public funds	-	-	-	-	103,630
Other local cash	108	-	-	-	88,730
Elderly Services Contributions	-	-	-	-	4,339
Program Income					
Title III-B	-	-	-	-	53,120
Title III-C1	-	-	-	-	119,705
Title III-C2	-	-	-	-	168,874
Title III-E	-	-	-	-	10,914
Title III-D	-	-	-	-	210
Other	-	-	-	-	-
Total	\$ 343	\$ 100	\$ 121	\$ 4,056	\$4,278,381
Non-Cash: In-kind Match	-	-	-	2,130	286,977
Totals per Cost Sharing Report	\$ 343	\$ 100	\$ 121	\$ 6,186	\$4,565,358

CONNECTIONS AREA AGENCY ON AGING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Housing and Urban Development:			
<i>Direct:</i>			
Section 202 Capital Advance	14.157		\$ 6,005,100
Section 202 Project Rental Assistance	14.195		<u>93,847</u>
Total U.S. Department of Housing and Urban Development Direct Program			<u>\$ 6,098,947</u>
Corporation for National and Community Services:			
<i>Direct:</i>			
Retired and Senior Volunteer Program	94.002	17SRNIA006	<u>\$ 43,718</u>
Total Corporation for National and Community			<u>\$ 43,718</u>
U.S. Department of Labor:			
<i>Indirect:</i>			
Pass Through Iowa Vocational Rehabilitation Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	14-AAA-CON-01	<u>\$ 88,986</u>
Total U.S. Department of Labor Indirect Program			<u>\$ 88,986</u>
U.S. Department of Health and Human Services:			
<i>Indirect:</i>			
Pass-Through Iowa Department on Aging:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	XX01IAOASS	\$ 468,670
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AD19	50,000
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2001IASSC3	109,573
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	XX01IAOACM	560,440
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	XX01IAOAHD	314,363
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2001IAHDC2	214,177
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2001IAHDC3	134,274
Nutrition Services Incentive Program	93.053	XX01IAOANS	<u>130,337</u>
Subtotal Aging Cluster			<u>\$ 1,981,834</u>
Title IIID Preventive Health	93.043	XX01IAOAPH	41,071
Title IIIE Caregiver Support	93.052	XX01IAO AFC	253,755
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	IN17	1,598
Medicare Enrollment Assistance Program	93.071	MA18/MA19	<u>6,711</u>
Total Pass-Through Iowa Department on Aging			<u>\$ 2,284,969</u>
Total U.S. Department of Health and Human Services Indirect Program			<u>\$ 2,284,969</u>
Total Expenditures of Federal Awards			<u><u>\$ 8,516,620</u></u>

CONNECTIONS AREA AGENCY ON AGING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Connections Area Agency on Aging, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Connections Area Agency on Aging, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Connections Area Agency on Aging, Inc.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Connections Area Agency on Aging, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Loans Outstanding

Federal expenditures for the Section 202 Capital Advance program are as follows:

<u>Federal CFDA Number</u>	<u>Balance of loans at July 1, 2019</u>	<u>Balance of loans at June 30, 2020</u>
14.157	\$ 6,005,100	\$ 6,005,100

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Connections Area Agency on Aging, Inc.
Council Bluffs, Iowa

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 Connections Area Agency on Aging, Inc., as of and for the period ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Connections Area Agency on Aging, Inc.'s basic financial statements, and have issued our report thereon dated December 3, 2020. Our report includes a reference to other auditors who audited the financial statements of Riverside Gardens, Inc., Fairmount Park Senior Housing, Inc., and Diamond Heights, Inc., as described in our report on Connections Area Agency on Aging, Inc.'s financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Connections Area Agency on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Connections Area Agency on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Connections Area Agency on Aging, Inc.'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 and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Connections Area Agency on Aging Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hamilton Associates, P.C.

Council Bluffs, Iowa
December 3, 2020

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Connections Area Agency on Aging, Inc.
Council Bluffs, Iowa

Report on Compliance for Each Major Federal Program

We have audited Connections Area Agency on Aging, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Connections Area Agency on Aging, Inc.'s major federal programs for the year ended June 30, 2020. Connections Area Agency on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Connections Area Agency on Aging, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Connections Area Agency on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We did not audit the major federal programs for Riverside Gardens, Inc., Fairmount Park Senior Housing, Inc., or Diamond Heights, Inc., controlled subsidiaries, which statements reflect expenditures for CFDA number 14.157 which is a major program for Connections Area Agency on Aging, Inc. That major program was audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the compliance for the major program CFDA number 14.157 is based solely on the reports of the other auditors.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Connections Area Agency on Aging, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Connections Area Agency on Aging, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Connections Area Agency on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Connections Area Agency on Aging, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Connections Area Agency on Aging, Inc.'s internal control over compliance.

We did not audit the major federal programs for Riverside Gardens, Inc., Fairmount Park Senior Housing, Inc., or Diamond Heights, Inc., controlled subsidiaries. This report includes our consideration of the results of the other auditor's testing of internal control over compliance with the types of compliance requirements referred to above that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We and the other auditors did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hamilton Associates, P.C.

Council Bluffs, Iowa
December 3, 2020

