

CONNECTIONS AREA AGENCY ON AGING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023

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CONNECTIONS AREA AGENCY ON AGING, INC.

OFFICIALS

Year Ended June 30, 2023

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

Cindy Buntten

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 Statements

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, 2023, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of Connections Area Agency on Aging, Inc., as of June 30, 2023, and the results of its operations and 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Connections Area Agency on Aging, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Connections Area Agency, Inc.'s ability to continue as a going concern for the period July 1, 2023 through June 30, 2024.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 financial statements.

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 68 percent of consolidated total assets at June 30, 2023, 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Connections Area Agency on Aging, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Connections Area Agency on Aging, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

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 July 29, 2024 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
July 29, 2024

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 459,280
Accounts receivable	372,554
Prepaid expense	68,866
Total current assets	<u>\$ 900,700</u>

CAPITAL ASSETS

Property and equipment, at cost	\$ 7,965,235
Less accumulated depreciation	(5,156,526)
Right-of-use lease	528,926
Total capital assets	<u>\$ 3,337,635</u>

OTHER ASSETS

Restricted cash	<u>\$ 360,407</u>
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Total assets \$ 4,598,742

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 300,643
Current portion of long-term debt	31,062
Current portion of long-term lease liability	23,586
Accrued payroll expenses	60,380
Accrued vacation	115,862
Other accrued expenses	75,416
Prepaid rent	1,035
Refundable advances	211,022
Total current liabilities	<u>\$ 819,006</u>

OTHER LIABILITIES

Long-term debt	\$ 6,052,401
Long-term lease liability	505,340
Tenant deposits	38,286
Total other liabilities	<u>\$ 6,596,027</u>

NET ASSETS

Net assets without donor restrictions	
Aging services	<u>\$ (2,816,291)</u>

Total liabilities and net assets \$ 4,598,742

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues and support	
Federal funds	
Title III B	\$ 613,770
Title III C-1 & 2	1,128,885
Title IIID	42,701
Title IIIE	219,491
ARPA - Supportive Services	230,325
ARPA - Congregate Meals	229,054
ARPA - Preventive Health	53,662
ARPA - Caregiver Support	101,852
Nutrition services incentive program	130,219
Vaccines	699,503
Other federal programs	698,104
Total federal revenues	<u>\$ 4,147,566</u>
State funds	1,471,429
Nutrition contributions	525,487
Rent	548,418
Local and other income funds	615,620
Interest	3,340
Total revenues and support	<u>\$ 7,311,860</u>
Expenses	
Program services:	
Nutrition services	\$ 2,763,230
Case Management and care transitions	503,991
Housing	760,101
Transportation	444,885
Information	534,110
Home and community based services	281,130
Other Services	1,409,088
	<u>\$ 6,696,535</u>
Supporting services	
General and administrative	878,748
Total expenses	<u>\$ 7,575,283</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (263,423)
NET ASSETS, BEGINNING OF YEAR	<u>(2,552,868)</u>
NET ASSETS, END OF YEAR	<u>\$ (2,816,291)</u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Nutrition Services	Case Management and Care Transitions	Housing	Transportation	Information
Salaries	\$ 654,922	\$ 325,798	\$ 77,453	\$ 4,797	\$ 358,930
Employee health and retirement benefits	126,223	75,235	1,665	1,946	73,167
Payroll taxes and insurance	58,080	28,581	7,638	456	28,383
Total salaries and related expenses	<u>\$ 839,225</u>	<u>\$ 429,614</u>	<u>\$ 86,756</u>	<u>\$ 7,199</u>	<u>\$ 460,480</u>
Contract services	-	12,555	122,472	435,860	5,000
Volunteer expenses	-	-	-	-	-
Advertising	371	142	1,850	-	6,273
Bad debt	-	-	1,248	-	-
Cleaning	1,139	423	-	16	482
Dues and subscriptions	12,415	1,134	-	21	4,161
Employee Training	2,869	1,115	-	-	869
Food	1,504,564	-	-	-	-
Insurance	11,720	1,418	50,457	46	1,542
Interest	-	-	-	-	-
Occupancy	55,593	4,081	108,298	57	5,352
Postage	9,854	1,479	-	803	735
Printing	1,001	-	-	-	55
Professional fees	2,198	660	111,876	13	754
Repairs and maintenance	38,971	21,662	70,319	645	25,301
Supplies	29,242	13,061	36,042	171	4,653
Telephone and internet	21,328	6,242	-	54	7,187
Travel	36,265	6,726	-	-	4,408
Miscellaneous	196,475	3,679	-	-	6,858
Total operating expenses before depreciation	<u>\$ 2,763,230</u>	<u>\$ 503,991</u>	<u>\$ 589,318</u>	<u>\$ 444,885</u>	<u>\$ 534,110</u>
Depreciation	<u>-</u>	<u>-</u>	<u>170,783</u>	<u>-</u>	<u>-</u>
Total expenses	<u><u>\$ 2,763,230</u></u>	<u><u>\$ 503,991</u></u>	<u><u>\$ 760,101</u></u>	<u><u>\$ 444,885</u></u>	<u><u>\$ 534,110</u></u>

See to Financial Notes Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Home and Community Based Services	Other Services	Total Program Services	General and Administrative	Total
Salaries	\$ 21,606	\$ 495,817	\$ 1,939,323	\$ 334,886	\$ 2,274,209
Employee health and retirement benefits	6,381	111,349	395,966	60,031	455,997
Payroll taxes and insurance	1,742	40,734	165,614	27,158	192,772
Total salaries and related expenses	<u>\$ 29,729</u>	<u>\$ 647,900</u>	<u>\$ 2,500,903</u>	<u>\$ 422,075</u>	<u>\$ 2,922,978</u>
Contract services	211,915	121,010	908,812	-	908,812
Volunteer expenses	-	408	408	-	408
Advertising	-	40,475	49,111	928	50,039
Bad debt	-	-	1,248	-	1,248
Cleaning	17	562	2,639	7,634	10,273
Dues and subscriptions	62	3,294	21,087	25,466	46,553
Employee Training	28	2,354	7,235	4,630	11,865
Food	-	79,080	1,583,644	-	1,583,644
Insurance	52	5,136	70,371	40,677	111,048
Interest	-	-	-	5,489	5,489
Occupancy	291	7,147	180,819	90,740	271,559
Postage	-	1,533	14,404	9,908	24,312
Printing	-	2,035	3,091	-	3,091
Professional fees	43	894	116,438	19,999	136,437
Repairs and maintenance	1,458	34,922	193,278	99,013	292,291
Supplies	630	9,417	93,216	18,252	111,468
Telephone and internet	713	5,917	41,441	20,511	61,952
Travel	300	8,466	56,165	5,198	61,363
Miscellaneous	35,892	438,538	681,442	53,230	734,672
Total operating expenses before depreciation	<u>\$ 281,130</u>	<u>\$ 1,409,088</u>	<u>\$ 6,525,752</u>	<u>\$ 823,750</u>	<u>\$ 7,349,502</u>
Depreciation	<u>-</u>	<u>-</u>	<u>170,783</u>	<u>54,998</u>	<u>225,781</u>
Total expenses	<u><u>\$ 281,130</u></u>	<u><u>\$ 1,409,088</u></u>	<u><u>\$ 6,696,535</u></u>	<u><u>\$ 878,748</u></u>	<u><u>\$ 7,575,283</u></u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (263,423)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	225,781
Changes in operating assets and liabilities	
(Increase)/Decrease in Accounts receivable	(82,559)
(Increase)/Decrease in Prepaid expense	9,794
Increase/(Decrease) in Accounts payable	15,341
Increase/(Decrease) in Accrued payroll expenses	4,693
Increase/(Decrease) in Accrued vacation	(13,280)
Increase/(Decrease) in Other accrued expenses	20,206
Increase/(Decrease) in Prepaid rent	791
Increase/(Decrease) in Refundable advances	(7,556)
Increase/(Decrease) in Tenant deposits	2,216
Net cash flows from operating activities	<u>\$ (87,996)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of capital assets	\$ (64,628)
Net cash flows used in investing activities	<u>\$ (64,628)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt	\$ (29,254)
Net cash flows used in financing activities	<u>\$ (29,254)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS \$ (181,878)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,001,565

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 819,687

CASH PRESENTED ON STATEMENT OF FINANCIAL POSITION AS:

Cash and cash equivalents	\$ 459,280
Restricted cash	360,407
	<u>\$ 819,687</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid	\$ 7,141
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See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

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 six 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 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, 2023

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

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 through 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 the Organization's 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. The Organization received cost-reimbursable grants of \$211,022 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred.

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.

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

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

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 2020.

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, facility 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, 2023, cash deposits were within FDIC-insured limits. 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.

Subsequent Events:

The Organization has evaluated subsequent events through July 29, 2024, the date on which the financial statements were available to be issued.

CONNECTIONS AREA AGENCY ON AGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2023

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	\$	459,280
Accounts receivable		372,554
		831,834
		831,834

The Organization has a goal to maintain cash on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1,838,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

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, 2023 are as follows:

Replacement reserves	\$	319,413
Escrow deposits		906
Residual receipts		778
Tenant security deposits		39,310
		360,407
		360,407

4. Property and Equipment

Property and equipment consists of the following groups of depreciable assets at June 30, 2023:

Equipment	5-15 years	\$ 673,471
Leasehold Improvements	15-40 years	84,257
Land and land improvements	15 years (improvements)	649,194
Buildings and fixed equipment	10-40 years	6,517,306
Furnishings	5 years	41,007
		\$7,965,235
Less accumulated depreciation		(5,156,526)
		\$2,808,709

Depreciation expense for the year ending June 30, 2023 was \$225,781.

CONNECTIONS AREA AGENCY ON AGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2023

5. Long-Term Debt

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

Promissory note	\$	78,363
HUD Housing Projects		<u>6,005,100</u>
	\$	6,083,463
Less current portion		<u>(31,062)</u>
	\$	<u>6,052,401</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,	
2024	31,062
2025	32,896
2026	14,405
Thereafter	<u>6,005,100</u>
	<u>\$ 6,083,463</u>

6. Pension and Retirement Benefits

The Organization contributes to the Iowa Public Employees Retirement System (IPERS), 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 State statute for 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, 2023 were \$208,243, 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.

CONNECTIONS AREA AGENCY ON AGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2023

8. Change in Accounting Policy - Leases

Effective July 1, 2022, Connections was required to adopt FASB ASC 842, *Leases*. This standard requires lessees to recognize a right-of-use asset and corresponding liability for the present value of future minimum lease payments, utilizing an incremental borrowing rate or implicit rate. The standard is applicable for leasing arrangements with a term of one year or longer. Previously, lease payments incurred were recognized as expense within the statement of activities.

Connections has elected prospective adoption of ASC 842 effective July 1, 2022, and therefore, no cumulative-effect adjustment is required.

Connections has a five-year, non-cancelable operating lease for use of space at its downtown Council Bluffs main office. The current lease commenced July 1, 2019, and calls for minimum payments of \$3,958 per month base rent in fiscal 2023, plus provisions for common area maintenance charges, insurance, and property taxes of \$917 per month. The lease also allows for two five-year renewals. Management exercised the option to renew the first option, expiring in June 2029, and reasonably believes the second renewal will also be exercised.

Rental expense under the terms of the lease for the year ended June 30, 2023 was \$58,500.

Minimum annual rental commitments under the non-cancelable building lease are as follows at June 30, 2023:

Year Ending June 30,	Minimum Lease Commitments
2024	61,000
2025	75,592
2026	75,592
2027	78,092
2028	80,592
2029	83,090
2030	85,590
2031	85,590
2032	88,298
2033	83,090
	\$ 796,526

The Organization also leases a building for office space from its subsidiary Siouxland Aging Services Holding Co., L.L.C. The lease runs on a month-to-month basis. Associated rental expense incurred was \$3,630 per month during the year ending June 30, 2023. Siouxland Aging Services Holding Co., LLC. records the receipt of lease payments as rent revenue, and the Organization records them as occupancy expense. The related revenue and expense are eliminated during consolidation.

9. Residual Receipts – Fairmount Park

On June 19, 2015, a memorandum was issued requiring the US Department of Housing and Urban Development (HUD) to recapture residual receipt balances 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

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

9. Residual Receipts – Fairmount Park - Continued

of June 30, 2023, the Organization's subsidiary, Fairmount Park Senior Housing, Inc., had \$506 in its residual receipts account. Fairmount Park's PRAC expires August 31, 2023. The residual receipt recapture of \$3,545 is included as miscellaneous revenue at June 30, 2023.

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

	Connections Area Agency on Aging	Siouxland LLC	Riverside Gardens Inc.
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 294,341	\$ 132,041	\$ 31,303
Accounts receivable	366,829	3,630	490
Prepaid expense	42,762	-	-
Total current assets	<u>\$ 703,932</u>	<u>\$ 135,671</u>	<u>\$ 31,793</u>
CAPITAL ASSETS			
Property and equipment, at cost	\$ 669,794	\$ 691,161	\$ 2,480,955
Less accumulated depreciation	(550,188)	(370,732)	(1,613,613)
Right-of-use lease asset	528,926	-	-
Total capital assets	<u>\$ 648,532</u>	<u>\$ 320,429</u>	<u>\$ 867,342</u>
OTHER ASSETS			
Investment in subsidiaries	\$ (2,962,386)	\$ -	\$ -
Restricted cash	-	-	178,371
Total other assets	<u>\$ (2,962,386)</u>	<u>\$ -</u>	<u>\$ 178,371</u>
Total assets	<u><u>\$ (1,609,922)</u></u>	<u><u>\$ 456,100</u></u>	<u><u>\$ 1,077,506</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 225,267	\$ -	\$ 39,124
Current portion of long-term debt	-	31,062	-
Current portion of lease liability	23,586	-	-
Accrued payroll expenses	60,380	-	-
Accrued vacation	115,862	-	-
Other accrued expenses	64,912	-	10,161
Prepaid rent	-	-	557
Refundable advances	211,022	-	-
Total current liabilities	<u>\$ 701,029</u>	<u>\$ 31,062</u>	<u>\$ 49,842</u>
OTHER LIABILITIES			
Long-term debt	\$ -	\$ 47,301	\$ 2,206,900
Long-term lease liability	505,340	-	-
Tenant deposits	-	-	13,268
Total other liabilities	<u>\$ 505,340</u>	<u>\$ 47,301</u>	<u>\$ 2,220,168</u>
NET ASSETS			
Member capital	\$ -	\$ 1,000	\$ -
Retained earnings	-	376,737	-
Net assets without donor restrictions:			
Aging services	(2,816,291)	-	-
Housing projects	-	-	(1,192,504)
Total net assets	<u>\$ (2,816,291)</u>	<u>\$ 377,737</u>	<u>\$ (1,192,504)</u>
Total liabilities and net assets	<u><u>\$ (1,609,922)</u></u>	<u><u>\$ 456,100</u></u>	<u><u>\$ 1,077,506</u></u>

CONNECTIONS AREA AGENCY ON AGING, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2023

Fairmount Park Senior Housing Inc.	Diamond Heights Inc.	Eliminations	Total
\$ 1,357	\$ 238	\$ -	\$ 459,280
1,573	32	-	372,554
18,970	7,134	-	68,866
<u>\$ 21,900</u>	<u>\$ 7,404</u>	<u>\$ -</u>	<u>\$ 900,700</u>
\$ 2,926,033	\$ 1,197,292	\$ -	\$ 7,965,235
(1,863,505)	(758,488)	-	(5,156,526)
			528,926
<u>\$ 1,062,528</u>	<u>\$ 438,804</u>	<u>\$ -</u>	<u>\$ 3,337,635</u>
\$ -	\$ -	\$ 2,962,386	\$ -
127,051	54,985	-	360,407
<u>\$ 127,051</u>	<u>\$ 54,985</u>	<u>\$ 2,962,386</u>	<u>\$ 360,407</u>
<u>\$ 1,211,479</u>	<u>\$ 501,193</u>	<u>\$ 2,962,386</u>	<u>\$ 4,598,742</u>
\$ 20,942	\$ 15,310	\$ -	\$ 300,643
-	-	-	31,062
-	-	-	23,586
-	-	-	60,380
-	-	-	115,862
-	343	-	75,416
475	3	-	1,035
-	-	-	211,022
<u>\$ 21,417</u>	<u>\$ 15,656</u>	<u>\$ -</u>	<u>\$ 819,006</u>
\$ 2,668,600	\$ 1,129,600	\$ -	\$ 6,052,401
			505,340
19,111	5,907	-	38,286
<u>\$ 2,687,711</u>	<u>\$ 1,135,507</u>	<u>\$ -</u>	<u>\$ 6,596,027</u>
\$ -	\$ -	\$ (1,000)	\$ -
-	-	(376,737)	-
-	-	-	(2,816,291)
(1,497,649)	(649,970)	3,340,123	-
<u>\$ (1,497,649)</u>	<u>\$ (649,970)</u>	<u>\$ 2,962,386</u>	<u>\$ (2,816,291)</u>
<u>\$ 1,211,479</u>	<u>\$ 501,193</u>	<u>\$ 2,962,386</u>	<u>\$ 4,598,742</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	<u>Connections Area Agency on Aging</u>	<u>Siouxland LLC</u>	<u>Riverside Gardens Inc.</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenues and support			
Federal funds			
Title III B	\$ 613,770	\$ -	\$ -
Title III C-1 & 2	1,128,885	-	-
Title III D	42,701	-	-
Title III E	219,491	-	-
ARPA - Supportive Services	230,325		
ARPA - Congregate Meals	229,054		
ARPA - Preventive Health	53,662		
ARPA - Caregiver Support	101,852		
Nutrition services incentive program	130,219	-	-
Vaccines	699,503		
Other federal programs	698,104	-	-
Total federal revenues	<u>\$ 4,147,566</u>	<u>\$ -</u>	<u>\$ -</u>
State funds	1,471,429	-	-
Nutrition contributions	525,487	-	-
Rent	-	43,560	221,139
Local and other income funds	602,662	-	1,819
Net income (loss) from subsidiaries	(225,413)	-	-
Interest	233	-	1,866
Total revenues and support	<u>\$ 6,521,964</u>	<u>\$ 43,560</u>	<u>\$ 224,824</u>
Expenses			
Program services:			
Nutrition services	\$ 2,769,225	\$ -	\$ -
Case Management and care transitions	506,379	-	-
Housing	-	-	287,300
Transportation	445,042	-	-
Information	536,176	-	-
Home and community-based services	281,130	-	-
Other services	1,411,525	-	-
Total program services	<u>\$ 5,949,477</u>	<u>\$ -</u>	<u>\$ 287,300</u>
Supporting services			
General and administrative	835,910	73,355	-
Total expenses	<u>\$ 6,785,387</u>	<u>\$ 73,355</u>	<u>\$ 287,300</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (263,423)</u>	<u>\$ (29,795)</u>	<u>\$ (62,476)</u>
NET ASSETS, BEGINNING OF YEAR	<u>(2,552,868)</u>	<u>407,532</u>	<u>(1,130,028)</u>
NET ASSETS, END OF YEAR	<u><u>\$ (2,816,291)</u></u>	<u><u>\$ 377,737</u></u>	<u><u>\$ (1,192,504)</u></u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Fairmount Park Senior Housing Inc.	Diamond Heights Inc.	Eliminations	Total
\$ -	\$ -	\$ -	\$ 613,770
-	-	-	1,128,885
-	-	-	42,701
-	-	-	219,491
			230,325
			229,054
			53,662
			101,852
-	-	-	130,219
			699,503
-	-	-	698,104
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,147,566</u>
-	-	-	1,471,429
-	-	-	525,487
226,092	101,187	(43,560)	548,418
8,988	2,151		615,620
-	-	225,413	-
965	276	-	3,340
<u>\$ 236,045</u>	<u>\$ 103,614</u>	<u>\$ 181,853</u>	<u>\$ 7,311,860</u>
\$ -	\$ -	\$ (5,995)	\$ 2,763,230
-	-	(2,388)	503,991
330,698	142,103	-	760,101
-	-	(157)	444,885
-	-	(2,066)	534,110
-	-	-	281,130
-	-	(2,437)	1,409,088
<u>\$ 330,698</u>	<u>\$ 142,103</u>	<u>\$ (13,043)</u>	<u>\$ 6,696,535</u>
-	-	(30,517)	878,748
<u>\$ 330,698</u>	<u>\$ 142,103</u>	<u>\$ (43,560)</u>	<u>\$ 7,575,283</u>
\$ (94,653)	\$ (38,489)	\$ 225,413	\$ (263,423)
<u>(1,402,996)</u>	<u>(611,481)</u>	<u>2,736,973</u>	<u>(2,552,868)</u>
<u>\$ (1,497,649)</u>	<u>\$ (649,970)</u>	<u>\$ 2,962,386</u>	<u>\$ (2,816,291)</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2023

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	978,089	-	978,089	978,089
LifeLong Links	128,959	-	128,959	128,959
Elder Abuse Prev & Awareness	69,381	-	69,381	69,381
Return to Community	300,000	-	300,000	300,000
Older Americans Act				
Title III-B	597,286	-	597,286	597,286
Title III-B - Vaccines	39,432	-	39,432	39,432
Title III-B - ARPA	230,325	-	230,325	230,325
Title III-C1	674,097	-	674,097	674,097
Title III-C1 - ARPA	229,054	-	229,054	229,054
Title III-C2	451,166	-	451,166	451,166
Title III-C2 - Supplemental Nutrition	39,503	-	39,503	39,503
Title III-C2 - ARPA	271,817	-	271,817	271,817
Title III-E	219,492	-	219,492	219,492
Title III-E - ARPA	101,854	-	101,854	101,854
Title III-D	42,701	-	42,701	42,701
Title III-D - ARPA	53,662	-	53,662	53,662
Nutrition Services Incentive Program	130,219	-	130,219	130,219
Other Funds				
Federal Non-IDA	223,607	-	223,607	223,607
State Non-IDA	227,573	-	227,573	227,573
Local public funds	96,966	-	96,966	96,966
Other local cash	134,444	-	134,444	134,444
Program Income				
Title III-B	59,561	-	59,561	59,561
Title III-C1	316,796	-	316,796	316,796
Title III-C2	204,169	-	204,169	204,169
Title III-E	19,352	-	19,352	19,352
Title III-D	-	-	-	-
Other	1,150	-	1,150	1,150
Total	<u>\$ 5,840,655</u>	<u>\$ -</u>	<u>\$ 5,840,655</u>	<u>\$ 5,840,655</u>
Non-Cash: In-kind Match	<u>221,137</u>	<u>-</u>	<u>221,137</u>	<u>221,137</u>
Totals per Cost Sharing Report	<u>\$ 6,061,792</u>	<u>\$ -</u>	<u>\$ 6,061,792</u>	<u>\$ 6,061,792</u>
Reconciling Items				
Depreciation			-	27,854
Purchase of new assets			-	64,628
Indirect costs				(64,212)
State Non-IDEA			-	-
Other local cash			4,522	-
Capable Program			60,093	60,093
RSVP Program			17,098	17,098
RISE Grant			660,000	660,000
Sale of retired assets				(3,030)
Rounding				
From subsidiaries			564,483	716,541
Adjusting entries			46,784	
Non-Cash: In-Kind Match			<u>(221,460)</u>	<u>(221,460)</u>
Per statement of activities			<u>\$ 7,391,963</u>	<u>\$ 7,585,135</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2023

<u>AAA Administration</u>	<u>Personal Care</u>	<u>Homemaker</u>	<u>Chore</u>	<u>Home Delivered Meals</u>	<u>Case Management</u>	<u>Nutrition Counseling</u>	<u>Assisted Transportation</u>
70,602	703	31,952	33,528	323,534	106,760	-	-
-	-	-	-	-	-	-	-
5,204	-	-	-	-	-	-	-
-	-	10,250	-	6,817	-	-	-
54,819	-	61,678	2,172	-	150,673	840	7,668
-	-	-	-	-	-	-	-
25,939	3,686	25,754	16,805	-	124,661	-	1,446
59,236	-	-	-	-	-	652	-
5,316	-	-	-	147,984	-	140	-
49,072	-	-	-	402,094	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	233,953	-	-	-
24,501	-	-	-	-	-	-	-
-	-	-	-	5,182	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	130,219	-	-	-
-	-	-	-	-	55,241	-	-
1,812	-	-	-	1,296	-	-	-
-	-	-	-	29,320	-	-	1,450
3,160	-	2,409	17,440	27,810	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	204,169	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	792	-	-	358	-	-
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\$ 299,661	\$ 4,389	\$ 132,835	\$ 69,945	\$ 1,512,378	\$ 437,693	\$ 1,632	\$ 10,564
30,128	-	-	-	61,185	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 329,789	\$ 4,389	\$ 132,835	\$ 69,945	\$ 1,573,563	\$ 437,693	\$ 1,632	\$ 10,564

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2023

<u>Transportation</u>	<u>Legal Assistance</u>	<u>Nutrition Education</u>	<u>Information & Assistance</u>	<u>Outreach</u>	<u>Material Aid: Home Mod/Repair</u>	<u>HealthPromo: Non Evidence-Based</u>	<u>Emergency Response System</u>
-	-	-	43,556	-	-	-	10,368
-	-	-	66,238	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	475
107,869	47,500	1,664	7,209	4,110	-	-	10,870
-	-	-	-	39,432	-	-	-
7,510	-	-	-	-	5,230	-	-
-	-	5,315	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	686	-
-	-	-	-	-	-	-	-
-	-	-	105,031	-	-	-	-
203,747	20,718	-	-	-	-	-	-
65,321	-	-	-	-	-	-	-
541	-	-	30	-	29,050	-	-
59,126	-	-	-	-	-	-	300
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 444,114	\$ 68,218	\$ 6,979	\$ 222,064	\$ 43,542	\$ 34,280	\$ 686	\$ 22,013
-	4,789	-	-	-	-	2,970	-
\$ 444,114	\$ 73,007	\$ 6,979	\$ 222,064	\$ 43,542	\$ 34,280	\$ 3,656	\$ 22,013

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2023

<u>Material Aid - Other</u>	<u>Caregiver Counseling</u>	<u>Caregiver Information Services</u>	<u>Caregiver Home Del. Nutrition</u>	<u>Caregiver Options Counseling</u>	<u>Caregiver Case Management</u>	<u>Caregiver Information & Assistance</u>
-	426	14,800	17,763	6,811	12,412	15,827
-	-	-	-	-	-	-
-	-	-	-	-	-	-
200	-	-	-	-	-	-
13,743	-	-	-	-	-	-
-	-	-	-	-	-	-
10,620	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,161	26,340	93,479	9,174	14,719	20,579
-	51	-	15,187	-	5,960	-
-	-	-	-	-	-	-
8,050	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	391	-	1,857	4,690	5,443
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,573	-	150	-	-	-	-
135	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	19,002	-	200	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
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\$ 81,321	\$ 1,638	\$ 41,681	\$ 145,431	\$ 17,842	\$ 37,981	\$ 41,849
-	-	1,050	4,792	-	-	-
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\$ 81,321	\$ 1,638	\$ 42,731	\$ 150,223	\$ 17,842	\$ 37,981	\$ 41,849

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2023

<u>Caregiver Support Groups</u>	<u>Caregiver Training</u>	<u>Caregiver Emergency Response</u>	<u>Caregiver SS Consumable Supplies</u>	<u>Caregiver SS Other CG22</u>	<u>Caregiver Respite In-Home</u>	<u>Caregiver Respite Out-of-Home</u>
2,589	5,409	674	372	7,891	326	10
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,590	4,248	628	515	16,162	741	-
-	3,280	924	544	6,419	176	40
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	150	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	150	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
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\$ 9,179	\$ 12,937	\$ 2,226	\$ 1,431	\$ 30,772	\$ 1,243	\$ 50
-	-	-	-	-	-	-
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\$ 9,179	\$ 12,937	\$ 2,226	\$ 1,431	\$ 30,772	\$ 1,243	\$ 50

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT
Year Ended June 30, 2023

<u>Caregiver Supplemental Services</u>	<u>Grandparent Counseling</u>	<u>GO Support Groups</u>	<u>GO Supplemental Services</u>	<u>Combined</u>
21	127	798	706	978,089
-	-	-	-	128,959
-	-	-	-	69,381
-	-	-	-	300,000
-	-	-	-	597,286
-	-	-	-	39,432
-	-	-	-	230,325
-	-	-	-	674,097
-	-	-	-	229,054
-	-	-	-	451,166
-	-	-	-	39,503
-	-	-	-	271,817
59	-	576	20	219,492
-	-	-	-	101,854
-	-	-	-	42,701
-	-	-	-	53,662
-	-	-	-	130,219
-	-	-	-	223,607
-	-	-	-	227,573
-	-	-	-	96,966
-	-	-	-	134,444
-	-	-	-	59,561
-	-	-	-	316,796
-	-	-	-	204,169
-	-	-	-	19,352
-	-	-	-	-
-	-	-	-	1,150
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 80	\$ 127	\$ 1,374	\$ 726	\$ 5,840,655
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	500	-	221,137
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 80	\$ 127	\$ 1,874	\$ 726	\$ 6,061,792
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

CONNECTIONS AREA AGENCY ON AGING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

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>135,688</u>
Total U.S. Department of Housing and Urban Development Direct Program			<u>\$ 6,140,788</u>
Corporation for National and Community Services:			
<i>Direct:</i>			
Retired and Senior Volunteer Program	94.002	17SRNIA006	<u>\$ 11,694</u>
Total Corporation for National and Community Services			<u>\$ 11,694</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>\$ 91,390</u>
Total U.S. Department of Labor Indirect Program			<u>\$ 91,390</u>
U.S. Department of Health and Human Services:			
<i>Direct:</i>			
Communities RISE Together - Vaccines	93.011	1 U3SHS42187-01	<u>\$ 660,000</u>
<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	\$ 613,770
Vaccines	93.044	2101IAVAC5	39,503
ARPA - Supportive Services	93.044	2101IASSC6	230,325
Title IIIC-1 Nutrition Services - Congregate Meals	93.045	XX01IAOACM	677,719
ARPA - Congregate Meals	93.045	2101IACMC6	229,054
Title IIIC-2 Nutrition Services - Home-Delivered Meals	93.045	XX01IAOAHD	451,166
ARPA - Home-Delivered Meals	93.045	2010IAHDC6	271,817
Home Delivered Meals - Supplemental Nutrition	93.045	2101IAHDC5	39,503
Nutrition Services Incentive Program	93.053	XX01IAOANS	<u>130,219</u>
Subtotal Aging Cluster			<u>\$ 2,683,076</u>
Title IIID Preventive Health	93.043	XX01IAOAPH	42,701
ARPA - Preventive Health	93.052		53,662
Title IIIE Caregiver Support	93.052	XX01IAO AFC	219,491
ARPA - Family Caregiver	93.052	2101IAHDC6	101,852
ADRC Medicaid Administrative Claiming	93.778		223,607
SUA Health Aging - Falls Prevention	93.761		<u>60,093</u>
Total Pass-Through Iowa Department on Aging			<u>\$ 3,384,482</u>
Total U.S. Department of Health and Human Services Indirect Program			<u>\$ 4,044,482</u>
Total Expenditures of Federal Awards			<u><u>\$ 10,288,354</u></u>

CONNECTIONS AREA AGENCY ON AGING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

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, 2023. 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, 2022</u>	<u>Balance of loans at June 30, 2023</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, 2023, 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 July 29, 2024. 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-01 to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
July 29, 2024

**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, 2023. 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, 2023.

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
July 29, 2024

CONNECTIONS AREA AGENCY ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2023

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted:	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Aging Cluster	93.044, 93.045, 93.053	\$ 2,683,076
Section 202 Capital Advance	14.157	\$ 6,005,100
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000	
Auditee qualified as low-risk auditee?	No	

II. Financial Statement Findings

None reported

III. Findings and Questioned Costs for Federal Awards

None reported

CONNECTIONS AREA AGENCY ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

Reference Number:

2023-01

Criteria or Specific Requirement:

Management is responsible for establishing and maintaining effective internal control over the financial reporting process.

Context:

The accounts receivable and revenue related to certain Iowa Medicaid billings were understated, resulting from a failure to bill for related services in a timely manner. The State of Iowa Department of Health and Human Services allowed retroactive billing and payment for services for one year from date of identification.

Cause:

The cause of the control deficiency was unknown to Management.

Effect:

Accounts receivable and revenue were understated by an immaterial amount.

Recommendation:

We recommend management implement procedures to ensure financial statements are complete and accurate.

Views of Responsible Officials and Planned Corrective Actions:

Connections Area Agency on Aging will inform the auditors of any and all adjustments to the year-end financial statements in the future.