

CONNECTIONS AREA AGENCY ON AGING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

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CONNECTIONS AREA AGENCY ON AGING, INC.

OFFICIALS

Year Ended June 30, 2019

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, 2019, 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 66 percent of consolidated total assets at June 30, 2019, 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, 2019, 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 November 22, 2019, 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
November 22, 2019

CONNECTIONS AREA AGENCY ON AGING, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,074,344
Accounts receivable	343,732
Escrow deposit	14,142
Prepaid expense	61,315
Total current assets	\$ 1,493,533

CAPITAL ASSETS

Property and equipment, at cost	\$ 7,745,693
Less accumulated depreciation	(3,768,028)
Total capital assets	\$ 3,977,665

OTHER ASSETS

Restricted cash	\$ 324,340
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Total assets	\$ 5,795,538
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 473,946
Current portion of long-term debt	24,702
Accrued payroll expenses	25,687
Accrued vacation	99,779
Other accrued expenses	20,016
Prepaid rent	1,388
Deferred revenue	70,714
Total current liabilities	\$ 716,232

OTHER LIABILITIES

Long-term debt	\$ 6,166,201
Tenant deposits	38,698
Total other liabilities	\$ 6,204,899

NET ASSETS

Net assets without donor restrictions	
Aging services	\$ (1,125,593)
Total liabilities and net assets	\$ 5,795,538

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues and support	
Federal funds	
Title III B	\$ 583,172
Title III C-1 & 2	1,072,331
Title IIID	41,252
Title IIIE	237,140
Nutrition services incentive program	158,925
Foster grandparent program	11,929
Senior companion program	576
Medicare improvement grant	4,757
Other federal programs	258,389
Total federal revenues	<u>\$ 2,368,471</u>
State funds	1,383,921
Nutrition contributions	379,176
Matching funds	11,781
Rent	448,807
Local and other income funds	1,035,403
Interest	4,433
Total revenues and support	<u>\$ 5,631,992</u>
Expenses	
Program services:	
Nutrition services	\$ 2,100,258
Case Management and care transitions	290,943
Housing	622,987
Transportation	509,497
Information	598,949
Home and community based services	260,811
Other Services	459,356
	<u>\$ 4,842,801</u>
Supporting services	
General and administrative	\$ 1,211,084
Residual receipts recapture	21
Total expenses	<u>\$ 6,053,906</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (421,914)
NET ASSETS, BEGINNING OF YEAR	<u>(703,679)</u>
NET ASSETS, END OF YEAR	<u>\$ (1,125,593)</u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Nutrition Services	Case Management and Care Transitions	Housing	Transportation	Information
Salaries	\$ 443,538	\$ 172,228	\$ 97,479	\$ 10,703	\$ 324,134
Employee health and retirement benefits	80,552	46,626	11,492	2,263	89,757
Payroll taxes and insurance	42,279	16,308	7,362	705	26,552
Total salaries and related expenses	<u>\$ 566,369</u>	<u>\$ 235,162</u>	<u>\$ 116,333</u>	<u>\$ 13,671</u>	<u>\$ 440,443</u>
Contract services	-	2,460	6,580	492,812	16,209
Volunteer expenses	-	-	-	(56)	-
In-kind expenses	600	-	-	-	2,198
Advertising	390	-	1,818	-	40,241
Bad debt	3,209	-	-	-	-
Cleaning	4,342	2,094	546	87	3,504
Dues and subscriptions	3,584	57	-	-	1,921
Employee Training	4,919	2,048	-	-	12,672
Food	1,321,980	-	-	-	(70)
Insurance	8,526	3,046	33,234	120	5,260
Interest	-	-	-	-	-
Occupancy	77,568	22,647	107,174	538	35,427
Postage	2,706	547	1,263	1,351	890
Printing	2,591	-	-	-	824
Professional fees	240	149	27,148	15	300
Repairs and maintenance	15,145	681	141,247	91	2,483
Supplies	21,617	10,246	21,140	676	19,767
Telephone and internet	21,355	5,921	1,457	154	8,950
Travel	36,857	4,684	1,108	38	7,065
Miscellaneous	8,260	1,201	15,175	-	865
Total operating expenses before depreciation	<u>\$ 2,100,258</u>	<u>\$ 290,943</u>	<u>\$ 474,223</u>	<u>\$ 509,497</u>	<u>\$ 598,949</u>
Depreciation	<u>-</u>	<u>-</u>	<u>148,764</u>	<u>-</u>	<u>-</u>
Total expenses	<u><u>\$ 2,100,258</u></u>	<u><u>\$ 290,943</u></u>	<u><u>\$ 622,987</u></u>	<u><u>\$ 509,497</u></u>	<u><u>\$ 598,949</u></u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Home and Community Based Services	Other Services	Total Program Services	General and Administrative	Total
Salaries	\$ 4,713	\$ 201,207	\$ 1,254,002	\$ 508,516	\$ 1,762,518
Employee health and retirement benefits	1,250	50,689	282,629	124,770	407,399
Payroll taxes and insurance	371	16,799	110,376	46,093	156,469
Total salaries and related expenses	<u>\$ 6,334</u>	<u>\$ 268,695</u>	<u>\$ 1,647,007</u>	<u>\$ 679,379</u>	<u>\$ 2,326,386</u>
Contract services	252,547	2,261	772,869	-	772,869
Volunteer expenses	-	14,215	14,159	-	14,159
In-kind expenses	685	8,298	11,781	-	11,781
Advertising	-	807	43,256	2,325	45,581
Bad debt	-	-	3,209	-	3,209
Cleaning	42	880	11,495	5,465	16,960
Dues and subscriptions	-	550	6,112	29,979	36,091
Employee Training	657	5,413	25,709	13,662	39,371
Food	-	70	1,321,980	-	1,321,980
Insurance	51	5,957	56,194	15,859	72,053
Interest	-	-	-	11,558	11,558
Occupancy	399	16,740	260,493	49,119	309,612
Postage	4	546	7,307	6,264	13,571
Printing	-	1,353	4,768	981	5,749
Professional fees	-	517	28,369	36,988	65,357
Repairs and maintenance	7	103,461	263,115	169,183	432,298
Supplies	32	8,340	81,818	61,517	143,335
Telephone and internet	53	3,758	41,648	9,949	51,597
Travel	-	7,345	57,097	9,005	66,102
Miscellaneous	-	10,150	35,651	41,169	76,820
Total operating expenses before depreciation	<u>\$ 260,811</u>	<u>\$ 459,356</u>	<u>\$ 4,694,037</u>	<u>\$ 1,142,402</u>	<u>\$ 5,836,439</u>
Depreciation	<u>-</u>	<u>-</u>	<u>148,764</u>	<u>68,703</u>	<u>217,467</u>
Total expenses	<u><u>\$ 260,811</u></u>	<u><u>\$ 459,356</u></u>	<u><u>\$ 4,842,801</u></u>	<u><u>\$ 1,211,105</u></u>	<u><u>\$ 6,053,906</u></u>

See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (421,914)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	217,467
Loss on disposal of assets	18,858
Changes in operating assets and liabilities	
Accounts receivable	(158,507)
Escrow deposits	1,687
Prepaid expense	(15,610)
Accounts payable	(27,811)
Accrued payroll expenses	(3,333)
Accrued vacation	6,768
Other accrued expenses	13,291
Prepaid rent	700
Deferred revenue	(92,116)
Tenant deposits	368
Net cash flows used in operating activities	<u>\$ (460,152)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of capital assets	\$ (188,779)
(Deposits) releases of restricted cash	104,095
Net cash flows from investing activities	<u>\$ (84,684)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt	<u>\$ (23,184)</u>
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS \$ (568,020)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,642,364

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,074,344

SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid	\$ 11,558
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See Notes to Financial Statements

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2019

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, 2019

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

Change in Accounting Principle:

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. During 2019, management implemented ASU 2016-14 and adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

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 temporarily restricted or permanently restricted support that increase those net asset classes.

Grant revenue is recognized as earned when eligibility requirements have been met, which is primarily when allowable and/or directed expenditures, as dictated by grant awards, are incurred, and when collectability is reasonably assured.

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.

Amounts received in advance of services rendered for exchange transactions are classified as deferred revenue on the statement of financial position.

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.

CONNECTIONS AREA AGENCY ON AGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2019

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

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.

Inventory:

Inventories are valued at lower of cost or market. Cost is determined using the FIFO (first-in, first-out) method. Inventories consist of perishable food items held at nutrition sites.

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 2016.

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2019

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 and certificates of deposits in bank deposit accounts, which, at times, may exceed federally insured limits. As of June 30, 2019, 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.

Subsequent Events:

The Organization has evaluated subsequent events through November 22, 2019, the date on which the financial statements were available to be issued.

2. 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, 2019 are as follows:

Replacement reserves	\$	271,229
Residual receipts		13,364
Tenant security deposits		39,747
		<u>\$ 324,340</u>

3. Property and Equipment

Property and equipment consists of the following groups of depreciable assets at June 30, 2019:

Equipment	5-15 years	\$ 585,591
Leasehold improvements	15-40 years	84,257
Land and land improvements	15 years (improvements)	649,194
Buildings and fixed equipment	10-40 years	6,357,617
Furnishings	5 years	69,034
		<u>\$ 7,745,693</u>
Less accumulated depreciation		<u>(3,768,028)</u>
		<u>\$ 3,977,665</u>

Depreciation expense for 2019 was \$217,467.

CONNECTIONS AREA AGENCY ON AGING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2019

4. Long Term Debt

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

Promissory note	\$ 185,803
HUD Housing Projects	<u>6,005,100</u>
	\$ 6,190,903
Less current portion	<u>(24,702)</u>
	<u>\$ 6,166,201</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,	
2020	\$ 24,702
2021	26,161
2022	27,705
2023	29,341
2024	31,073
Thereafter	<u>6,051,921</u>
	<u>\$ 6,190,903</u>

5. 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, 2019 were \$165,289, which met the required contributions for the year.

6. 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, 2019

7. 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:	
2020	51,138
2021	47,340
2022	49,500
2023	47,500
2024	50,000
	<u>\$ 245,478</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, 2019. 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.

8. 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, 2019, the Organization's subsidiary, Fairmount Park Senior Housing, Inc., had \$11,536 in the residual receipts account, which is \$36 greater than the \$250 per unit maximum. Fairmount Park's PRAC expired August 31, 2019. The residual receipt recapture of \$36 is included as a liability at June 30, 2019.

CONNECTIONS AREA AGENCY ON AGING, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2019

	Connections Area Agency on Aging	Siouxland LLC	Riverside Gardens Inc.
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 883,850	\$ 179,460	\$ 399
Accounts receivable	343,037	-	-
Escrow deposit	-	-	11
Prepaid expense	47,951	-	6,961
Total current assets	\$ 1,274,838	\$ 179,460	\$ 7,371
CAPITAL ASSETS			
Property and equipment, at cost	\$ 572,762	\$ 668,791	\$ 2,448,276
Less accumulated depreciation	(432,268)	(265,386)	(1,210,809)
Total capital assets	\$ 140,494	\$ 403,405	\$ 1,237,467
OTHER ASSETS			
Investment in subsidiaries	\$ (1,875,595)	\$ -	\$ -
Restricted cash	-	-	152,390
Total other assets	\$ (1,875,595)	\$ -	\$ 152,390
Total assets	\$ (460,263)	\$ 582,865	\$ 1,397,228
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 449,170	\$ -	\$ 13,030
Current portion of long-term debt	-	24,702	-
Accrued payroll expenses	25,687	-	-
Accrued vacation	99,779	-	-
Other accrued expenses	19,980	-	-
Prepaid rent	-	-	162
Deferred revenue	70,714	-	-
Total current liabilities	\$ 665,330	\$ 24,702	\$ 13,192
OTHER LIABILITIES			
Long-term debt	\$ -	\$ 161,101	\$ 2,206,900
Tenant deposits	-	-	14,673
Total other liabilities	\$ -	\$ 161,101	\$ 2,221,573
NET ASSETS			
Member capital	\$ -	\$ 1,000	\$ -
Retained earnings	-	396,062	-
Net assets without donor restrictions:			
Aging services	(1,125,593)	-	-
Housing projects	-	-	(837,537)
Total liabilities and net assets	\$ (460,263)	\$ 582,865	\$ 1,397,228

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2019

Fairmount Park Senior Housing Inc.	Diamond Heights Inc.	Eliminations	Total
\$ 7,819	\$ 2,816	\$ -	\$ 1,074,344
566	129	-	343,732
13,215	916	-	14,142
1,164	5,239	-	61,315
<u>\$ 22,764</u>	<u>\$ 9,100</u>	<u>\$ -</u>	<u>\$ 1,493,533</u>
\$ 2,905,349	\$ 1,150,515	\$ -	\$ 7,745,693
(1,344,288)	(515,277)	-	(3,768,028)
<u>\$ 1,561,061</u>	<u>\$ 635,238</u>	<u>\$ -</u>	<u>\$ 3,977,665</u>
\$ -	\$ -	\$ 1,875,595	\$ -
107,113	64,837	-	324,340
<u>\$ 107,113</u>	<u>\$ 64,837</u>	<u>\$ 1,875,595</u>	<u>\$ 324,340</u>
<u>\$ 1,690,938</u>	<u>\$ 709,175</u>	<u>\$ 1,875,595</u>	<u>\$ 5,795,538</u>
\$ 7,932	\$ 3,814	\$ -	\$ 473,946
-	-	-	24,702
-	-	-	25,687
-	-	-	99,779
36	-	-	20,016
1,226	-	-	1,388
-	-	-	70,714
<u>\$ 9,194</u>	<u>\$ 3,814</u>	<u>\$ -</u>	<u>\$ 716,232</u>
\$ 2,668,600	\$ 1,129,600	\$ -	\$ 6,166,201
18,443	5,582	-	38,698
<u>\$ 2,687,043</u>	<u>\$ 1,135,182</u>	<u>\$ -</u>	<u>\$ 6,204,899</u>
\$ -	\$ -	\$ (1,000)	\$ -
-	-	(396,062)	-
-	-	-	(1,125,593)
(1,005,299)	(429,821)	2,272,657	-
<u>\$ (1,005,299)</u>	<u>\$ (429,821)</u>	<u>\$ 1,875,595</u>	<u>\$ (1,125,593)</u>
<u>\$ 1,690,938</u>	<u>\$ 709,175</u>	<u>\$ 1,875,595</u>	<u>\$ 5,795,538</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	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	\$ 583,172	\$ -	\$ -
Title III C-1 & 2	1,072,331	-	-
Title IIID	41,252	-	-
Title IIIE	237,140	-	-
Nutrition services incentive program	158,925	-	-
Foster grandparent program	11,929	-	-
Senior companion program	576	-	-
Medicare improvement grant	4,757	-	-
Other federal programs	258,389	-	-
Total federal revenues	<u>\$ 2,368,471</u>	<u>\$ -</u>	<u>\$ -</u>
State funds	1,383,921	-	-
Nutrition contributions	379,176	-	-
Matching funds	11,781	-	-
Rent	-	39,600	188,775
Local and other income funds	1,121,790	-	3,253
Net income (loss) from subsidiaries	(159,729)	-	-
Interest	2,573	-	1,009
Total revenues and support	<u>\$ 5,107,983</u>	<u>\$ 39,600</u>	<u>\$ 193,037</u>
Expenses			
Program services:			
Nutrition services	\$ 2,111,541	\$ -	\$ -
Case Management and care transitions	294,106	-	-
Housing	131,410	-	233,603
Transportation	509,960	-	-
Information	606,531	-	-
Home and community based services	260,856	-	-
Other Services	461,169	-	-
	<u>\$ 4,375,573</u>	<u>\$ -</u>	<u>\$ 233,603</u>
Supporting services			
General and administrative	1,154,324	67,473	-
Residual receipts recapture	-	-	-
Total expenses	<u>\$ 5,529,897</u>	<u>\$ 67,473</u>	<u>\$ 233,603</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (421,914)	\$ (27,873)	\$ (40,566)
NET ASSETS, BEGINNING OF YEAR	<u>(703,679)</u>	<u>424,935</u>	<u>(796,971)</u>
NET ASSETS, END OF YEAR	<u><u>\$ (1,125,593)</u></u>	<u><u>\$ 397,062</u></u>	<u><u>\$ (837,537)</u></u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Fairmount Park Senior Housing Inc.	Diamond Heights Inc.	Eliminations	Total
\$ -	\$ -	\$ -	\$ 583,172
-	-	-	1,072,331
-	-	-	41,252
-	-	-	237,140
-	-	-	158,925
-	-	-	11,929
-	-	-	576
-	-	-	4,757
-	-	-	258,389
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,368,471</u>
-	-	-	1,383,921
-	-	-	379,176
-	-	-	11,781
174,214	85,818	(39,600)	448,807
5,223	1,557	(96,420)	1,035,403
-	-	159,729	-
730	121	-	4,433
<u>\$ 180,167</u>	<u>\$ 87,496</u>	<u>\$ 23,709</u>	<u>\$ 5,631,992</u>
\$ -	\$ -	\$ (11,283)	\$ 2,100,258
-	-	(3,163)	290,943
240,701	118,232	(100,959)	622,987
-	-	(463)	509,497
-	-	(7,582)	598,949
-	-	(45)	260,811
-	-	(1,813)	459,356
<u>\$ 240,701</u>	<u>\$ 118,232</u>	<u>\$ (125,308)</u>	<u>\$ 4,842,801</u>
-	-	(10,713)	1,211,084
21	-	-	21
<u>\$ 240,722</u>	<u>\$ 118,232</u>	<u>\$ (136,021)</u>	<u>\$ 6,053,906</u>
\$ (60,555)	\$ (30,736)	\$ 159,730	\$ (421,914)
(944,744)	(399,085)	1,715,865	(703,679)
<u>\$ (1,005,299)</u>	<u>\$ (429,821)</u>	<u>\$ 1,875,595</u>	<u>\$ (1,125,593)</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2019

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	583,173	-	583,173	583,173
Title III-C1	727,426	-	727,426	727,426
Title III-C2	344,905	-	344,905	344,905
Title III-E	237,140	-	237,140	237,140
Title III-D	41,252	-	41,252	41,252
Nutrition Services Incentive Program	158,925	-	158,925	158,925
Other Funds				
State Non-IDEA	235,495	-	235,495	235,495
Local public funds	107,554	-	107,554	107,554
Other local cash	89,545	-	89,545	89,545
Elderly Services Contributions	3,631	-	3,631	3,631
Program Income				
Title III-B	60,761	-	60,761	60,761
Title III-C1	198,466	-	198,466	198,466
Title III-C2	174,203	-	174,203	174,203
Title III-E	6,507	-	6,507	6,507
Title III-D	406	-	406	406
Total	<u>\$ 4,253,330</u>	<u>\$ -</u>	<u>\$ 4,253,330</u>	<u>\$ 4,253,330</u>
Non-Cash: In-kind Match	<u>382,565</u>	<u>-</u>	<u>382,565</u>	<u>382,565</u>
Totals per Cost Sharing Report	<u><u>\$ 4,635,895</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,635,895</u></u>	<u><u>\$ 4,635,895</u></u>
Reconciling Items				
Depreciation			-	43,212
Purchase of new assets			-	(58,991)
Loss on disposal of assets			-	14,919
EAPA Additional grant			4,500	4,500
Medicare Improvement			4,757	5,869
Iowa Return to Community Program			231,980	270,676
Employment Specialist Program			82,288	98,404
Nongovernmental Programs			611,542	786,401
Senior Corp Programs			71,217	103,478
From subsidiaries			364,279	524,009
Non-Cash: In-Kind Match			<u>(374,466)</u>	<u>(374,466)</u>
Per statement of activities			<u><u>\$ 5,631,992</u></u>	<u><u>\$ 6,053,906</u></u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2019

<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>
65,317	26,874	61,205	272,066	148,212	243,839
-	-	-	-	-	-
-	-	-	-	-	-
51,825	31,681	8,158	-	106,805	-
13,252	-	-	-	-	695,334
12,203	-	-	332,702	-	-
29,459	-	-	-	-	-
-	-	-	-	-	-
-	-	-	158,925	-	-
-	-	-	3,011	-	-
-	-	-	12,760	-	17,438
4,041	-	21,890	22,287	-	1,415
-	1,343	600	-	1,562	-
-	-	-	-	-	-
-	-	-	-	-	198,466
-	-	-	174,203	-	-
-	-	-	-	-	-
-	-	-	-	-	-
176,097	\$ 59,898	\$ 91,853	\$ 975,954	\$ 256,579	\$ 1,156,492
31,785	-	-	87,753	-	215,001
<u>\$ 207,882</u>	<u>\$ 59,898</u>	<u>\$ 91,853</u>	<u>\$ 1,063,707</u>	<u>\$ 256,579</u>	<u>\$ 1,371,493</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2019

Funds/Service Category	<u>Nutrition Counseling</u>	<u>Assisted Transportation</u>	<u>Transportation</u>	<u>Legal Assistance</u>
Iowa Department of Elder Affairs				
Elderly Services	-	-	9,896	-
LifeLong Links	-	-	-	-
Elder Abuse Prev & Awareness	-	-	-	-
Older Americans Act				
Title III-B	351	22,576	142,050	55,103
Title III-C1	-	-	-	-
Title III-C2	-	-	-	-
Title III-E	-	-	-	-
Title III-D	-	-	-	-
Nutrition Services Incentive Program	-	-	-	-
Other Funds				
State Non-IDEA	-	-	220,983	11,501
Local public funds	-	3,605	73,751	-
Other local cash	-	-	3,519	-
Elderly Services Contributions	-	-	-	-
Program Income				
Title III-B	-	-	60,761	-
Title III-C1	-	-	-	-
Title III-C2	-	-	-	-
Title III-E	-	-	-	-
Title III-D	-	-	-	-
 Total	 \$ 351	 \$ 26,181	 \$ 510,960	 \$ 66,604
 Non-Cash: In-kind Match	 -	 -	 695	 685
 Totals per Cost Sharing Report	 \$ 351	 \$ 26,181	 \$ 511,655	 \$ 67,289

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2019

<u>Nutrition Education</u>	<u>Information & Assistance</u>	<u>Preventive Health</u>	<u>Evidence Based Health Activities</u>	<u>EAPA Consultation</u>	<u>EAPA A&I</u>
-	99,118	-	-	950	6,027
-	48,488	-	-	-	-
-	-	-	-	8,648	54,844
2,408	94,434	-	-	-	-
18,840	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	41,252	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7,065	-	300	16	99
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	406	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 21,248	\$ 249,105	\$ -	\$ 41,958	\$ 9,614	\$ 60,970
-	30,720	6,480	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 21,248</u>	<u>\$ 279,825</u>	<u>\$ 6,480</u>	<u>\$ 41,958</u>	<u>\$ 9,614</u>	<u>\$ 60,970</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2019

Funds/Service Category	EAPA	EAPA	Training &	Options
	<u>T&E</u>	Non-Consumer <u>Consultation</u>		
Iowa Department of Elder Affairs				
Elderly Services	6,123	1,211	25,850	35,565
LifeLong Links	-	-	-	81,983
Elder Abuse Prev & Awareness	2,582	11,016	-	-
Older Americans Act				
Title III-B	-	-	54,601	-
Title III-C1	-	-	-	-
Title III-C2	-	-	-	-
Title III-E	-	-	-	-
Title III-D	-	-	-	-
Nutrition Services Incentive Program	-	-	-	-
Other Funds				
State Non-IDEA	-	-	-	-
Local public funds	-	-	-	-
Other local cash	189	19	3,697	-
Elderly Services Contributions	-	-	-	-
Program Income				
Title III-B	-	-	-	-
Title III-C1	-	-	-	-
Title III-C2	-	-	-	-
Title III-E	-	-	-	-
Title III-D	-	-	-	-
Total	<u>\$ 8,894</u>	<u>\$ 12,246</u>	<u>\$ 84,148</u>	<u>\$ 117,548</u>
Non-Cash: In-kind Match	-	-	-	-
Totals per Cost Sharing Report	<u>\$ 8,894</u>	<u>\$ 12,246</u>	<u>\$ 84,148</u>	<u>\$ 117,548</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2019

<u>Material Aid</u>	<u>Caregiver Access Assistance</u>	<u>Caregiver Counseling</u>	<u>Caregiver Information Services</u>	<u>Caregiver Respite</u>	<u>Caregiver Supplemental Services</u>	<u>Caregiver Home Del. Meals</u>
16,043	7,336	103	28,284	3,301	144	13,745
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,181	-	-	-	-	-	-
-	-	-	-	-	-	-
-	28,027	24,173	73,780	9,911	682	17,489
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,514	-	-	5,410	-	84	5,000
126	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	6,507
-	-	-	-	-	-	-
\$ 43,864	\$ 35,363	\$ 24,276	\$ 107,474	\$ 13,212	\$ 910	\$ 42,741
-	3,330	2,811	900	-	-	-
\$ 43,864	\$ 38,693	\$ 27,087	\$ 108,374	\$ 13,212	\$ 910	\$ 42,741

CONNECTIONS AREA AGENCY ON AGING, INC.

CUMULATIVE EXPENDITURE REPORT

Year Ended June 30, 2019

Funds/Service Category	<u>Caregiver Options Counseling</u>	<u>Grandparent Counseling</u>	<u>Grandparent Supplemental Services</u>	<u>Combined</u>
Iowa Department of Elder Affairs				
Elderly Services	5,171	-	-	1,076,380
LifeLong Links	-	-	-	130,471
Elder Abuse Prev & Awareness	-	-	-	77,090
Older Americans Act				
Title III-B	-	-	-	583,173
Title III-C1	-	-	-	727,426
Title III-C2	-	-	-	344,905
Title III-E	40,716	11,528	1,375	237,140
Title III-D	-	-	-	41,252
Nutrition Services Incentive Program	-	-	-	158,925
Other Funds				
State Non-IDEA	-	-	-	235,495
Local public funds	-	-	-	107,554
Other local cash	-	-	-	89,545
Elderly Services Contributions	-	-	-	3,631
Program Income				
Title III-B	-	-	-	60,761
Title III-C1	-	-	-	198,466
Title III-C2	-	-	-	174,203
Title III-E	-	-	-	6,507
Title III-D	-	-	-	406
 Total	<u>\$ 45,887</u>	<u>\$ 11,528</u>	<u>\$ 1,375</u>	<u>\$ 4,253,330</u>
 Non-Cash: In-kind Match	<u>-</u>	<u>2,405</u>	<u>-</u>	<u>382,565</u>
 Totals per Cost Sharing Report	<u>\$ 45,887</u>	<u>\$ 13,933</u>	<u>\$ 1,375</u>	<u>\$ 4,635,895</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

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>87,963</u>
Total U.S. Department of Housing and Urban Development Direct Program			<u>\$ 6,093,063</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>\$ 82,288</u>
U.S. Department of Health and Human Services:			
<i>Indirect:</i>			
Pass-Through Iowa Department on Aging: Aging Cluster:			
Title IIIB Grants for Supportive Services and Senior Centers	93.044	XX01IAOASS	\$ 583,172
Title IIIB Grants for Supportive Services and Senior Centers	93.044	1903	132,000
Title IIIC-1 Nutrition Services-Congregate Meals	93.045	XX01IAOACM	727,426
Title IIIC-2 Nutrition Services-Home Delivered Meals	93.045	XX01IAOAHD	344,905
Nutrition Services Incentive Program	93.053	XX01IAOANS	<u>158,925</u>
Subtotal Aging Cluster			\$ 1,946,428
Title IIID Preventive Health	93.043	XX01IAOAPH	\$ 41,252
Title IIIE Caregiver Support	93.052	XX01IAO AFC	237,140
Title VII, Chapter 3 Programs for Prevention of Elder Abuse	93.041	93.XXX	4,500
Medicare Enrollment Assistance Program	93.071	1805	<u>4,757</u>
Total Pass-Through Iowa Department on Aging			<u>\$ 2,234,077</u>
Total U.S. Department of Health and Human Services Indirect Program			<u>\$ 2,234,077</u>

CONNECTIONS AREA AGENCY ON AGING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Corporation for National and Community Services:

Direct:

Retired and Senior Volunteer Program	94.002	\$ 39,600
Foster Grandparent/Senior Companion Cluster:		
Foster Grandparent Program	94.011	\$ 11,929
Senior Companion Program	94.016	576
Subtotal Foster Grandparents/Senior Companion Cluster		<u>\$ 12,505</u>
Total Corporation for National and Community Services Direct Program		<u>\$ 52,105</u>
Total Expenditures of Federal Awards		<u><u>\$ 8,461,533</u></u>

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, 2019. 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, 2018</u>	<u>Balance of loans at June 30, 2019</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, 2019, 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 November 22, 2019. 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
November 22, 2019

**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, 2019. 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, 2019.

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
November 22, 2019

CONNECTIONS AREA AGENCY ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

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?	None Reported
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	\$ 1,946,428
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? Yes

II. Financial Statement Findings

None reported

III. Findings and Questioned Costs for Federal Awards

None reported