

SENIOR CITIZENS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



Holland, Bromley,
Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

SENIOR CITIZENS, INC.
FINANCIAL STATEMENTS
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Independent Auditor's Report

To the Board of Directors of
Senior Citizens, Inc.
Savannah, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Senior Citizens, Inc. (the "Agency") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, of functional expenses and of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Citizens, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Agency has adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers" (Topic 606) and FASB issued ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 958). Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Agency's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of Senior Citizens, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
December 8, 2020

SENIOR CITIZENS, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>2020</u>	<u>June 30,</u> <u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,614,924	\$ 1,626,240
Accounts receivable, net	305,556	320,318
Inventories	53,539	33,783
Prepaid expenses and other assets	85,981	101,180
Investments	228,578	206,321
Beneficial interest in assets held by others	44,626	45,440
Restricted cash	-	93,410
Unconditional promises to give, net:		
Restricted for building expansion/ renovation	295,908	800,523
Grant revenue receivable	368,157	404,001
Property and equipment, net	<u>5,377,419</u>	<u>2,556,692</u>
Total assets	<u><u>\$ 8,374,688</u></u>	<u><u>\$ 6,187,908</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 238,713	\$ 275,616
Accrued expenses:		
Salaries	15,671	77,100
Compensated absences	66,589	53,260
Payroll taxes and benefits	10,110	9,313
Funds held for others	12,170	11,234
Deferred revenue	11,302	152,543
CARES Act PPP funding	410,400	-
Construction line of credit	126,196	-
Construction note payable	<u>1,400,000</u>	<u>-</u>
Total liabilities	<u>2,291,151</u>	<u>579,066</u>
Net assets		
Without donor restrictions	5,036,866	3,779,666
With donor restrictions	<u>1,046,671</u>	<u>1,829,176</u>
Total net assets	<u>6,083,537</u>	<u>5,608,842</u>
Total liabilities and net assets	<u><u>\$ 8,374,688</u></u>	<u><u>\$ 6,187,908</u></u>

(The accompanying notes are an integral part of these financial statements.)

SENIOR CITIZENS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without</u> <u>Donor Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and other support			
Federal grants	\$ 816,238	\$ -	\$ 816,238
State grants	953,568		953,568
Special grants	80,896	229,220	310,116
Program service fees	1,434,970		1,434,970
Capital campaign contributions		258,585	258,585
Other contributions	259,936	418,763	678,699
Special events	144,788		144,788
Rental income	125,732		125,732
Interest income	338	442	780
Investment return	7,673	(814)	6,859
Released from restrictions	1,688,701	(1,688,701)	-
Total revenues and other support	<u>5,512,840</u>	<u>(782,505)</u>	<u>4,730,335</u>
Expenses			
Program services:			
Nutrition	1,284,094		1,284,094
Transportation	300,037		300,037
Adult Day Health	372,645		372,645
Senior Companions	307,655		307,655
Other services	955,696		955,696
Supporting services:			
Management and general	550,416		550,416
Marketing and development	485,097	-	485,097
Total expenses	<u>4,255,640</u>	<u>-</u>	<u>4,255,640</u>
Change in net assets	1,257,200	(782,505)	474,695
Net assets - beginning of year	<u>3,779,666</u>	<u>1,829,176</u>	<u>5,608,842</u>
Net assets - end of year	<u>\$ 5,036,866</u>	<u>\$ 1,046,671</u>	<u>\$ 6,083,537</u>

(The accompanying notes are an integral part of these financial statements.)

SENIOR CITIZENS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without</u> <u>Donor Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and other support			
Federal grants	\$ 770,453	\$ -	\$ 770,453
State grants	890,125		890,125
Special grants	113,802	134,232	248,034
Program service fees	1,603,920		1,603,920
Capital campaign contributions		158,619	158,619
Other contributions	170,375	423,704	594,079
Special events	189,357		189,357
Rental income	127,028		127,028
Interest income	1,060	8,326	9,386
Investment return	15,088	2,386	17,474
Released from restrictions	2,158,460	(2,158,460)	-
Total revenues and other support	<u>6,039,668</u>	<u>(1,431,193)</u>	<u>4,608,475</u>
Expenses			
Program services:			
Nutrition	1,216,794		1,216,794
Transportation	292,586		292,586
Adult Day Health	371,176		371,176
Senior Companions	320,083		320,083
Other services	975,899		975,899
Supporting services:			
Management and general	479,617		479,617
Marketing and development	401,120	-	401,120
Total expenses	<u>4,057,275</u>	<u>-</u>	<u>4,057,275</u>
Change in net assets	1,982,393	(1,431,193)	551,200
Net assets - beginning of year	<u>1,797,273</u>	<u>3,260,369</u>	<u>5,057,642</u>
Net assets - end of year	<u>\$ 3,779,666</u>	<u>\$ 1,829,176</u>	<u>\$ 5,608,842</u>

(The accompanying notes are an integral part of these financial statements.)

SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Nutrition</u>	<u>Transportation</u>	<u>Adult Day Health</u>	<u>Senior Companions</u>	<u>Other Services</u>	<u>Management and General</u>	<u>Marketing and Development</u>	
Salaries	\$ 400,080	\$ 169,730	\$ 263,218	\$ 62,378	\$ 658,964	\$ 341,291	\$ 168,578	\$ 2,064,239
Food & paper products	677,808	-	6,614	18,681	767	-	-	703,870
Employee benefits	61,282	29,978	40,702	7,229	95,899	49,970	20,913	305,973
Stipends	-	-	-	190,863	-	-	-	190,863
Bad debt	1,175	-	1,633	-	539	-	127,279	130,626
Utilities	55,937	-	19,979	-	51,427	-	-	127,343
Depreciation	3,804	29,323	1,579	-	32,729	3,469	42,685	113,589
Contractual services	5,733	3,200	7,701	-	34,918	32,069	-	83,621
Supplies	40,586	415	16,116	103	6,828	5,625	614	70,287
Insurance	2,250	18,490	2,833	(125)	11,175	19,837	-	54,460
Advertising	-	-	-	-	315	-	50,630	50,945
Special events	-	-	-	-	912	-	38,107	39,019
Telephone & communications	8,100	3,788	3,147	1,449	9,351	8,327	3,596	37,758
Consulting & professional	-	-	-	-	-	22,825	13,790	36,615
Interest	-	-	-	-	-	35,778	-	35,778
Small equipment & software	6,786	1,871	130	250	7,531	12,842	4,634	34,044
Travel	2,449	4,554	364	18,101	4,617	230	307	30,622
Fuel	-	24,194	-	-	-	-	-	24,194
Repairs & maintenance	3,492	11,247	409	-	6,418	-	-	21,566
Miscellaneous	1,870	4	2,592	330	8,064	2,753	3,949	19,562
Printing	-	-	-	225	5,214	2,170	8,820	16,429
Contract labor	-	-	2,390	-	9,694	-	-	12,084
Rent	7,500	-	-	500	1,900	-	-	9,900
Background checks & physicals	1,562	1,532	1,523	675	4,386	514	273	10,465
Equipment lease	2,340	-	-	-	-	5,128	-	7,468
Recognition	-	-	-	1,979	1,953	2,121	-	6,053
Uniforms	675	1,143	673	1,084	483	48	23	4,129
Dues & memberships	225	-	100	-	50	3,266	199	3,840
Taxes & licenses	350	568	712	-	1,364	234	475	3,703
Meetings	-	-	-	1,333	198	1,823	125	3,479
Training	90	-	230	2,600	-	96	100	3,116
Total expenses	<u>\$ 1,284,094</u>	<u>\$ 300,037</u>	<u>\$ 372,645</u>	<u>\$ 307,655</u>	<u>\$ 955,696</u>	<u>\$ 550,416</u>	<u>\$ 485,097</u>	<u>\$ 4,255,640</u>

(The accompanying notes are an integral part of these financial statements.)

SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Nutrition</u>	<u>Transportation</u>	<u>Adult</u>	<u>Senior</u>	<u>Other</u>	<u>Management</u>	<u>Marketing and</u>	
			<u>Day Health</u>	<u>Companions</u>	<u>Services</u>	<u>and General</u>	<u>Development</u>	
Salaries	\$ 390,439	\$ 155,969	\$ 252,532	\$ 65,844	\$ 659,684	\$ 327,122	\$ 170,340	\$ 2,021,930
Food & paper products	652,310	-	8,412	25,878	2,974	-	-	689,574
Employee benefits	55,719	31,011	40,321	7,056	98,323	46,542	20,139	299,111
Stipends	-	-	-	178,855	-	-	-	178,855
Utilities	52,055	-	17,769	-	50,286	-	-	120,110
Depreciation	2,554	32,241	2,116	-	30,045	1,801	19,944	88,701
Special events	-	-	-	-	25	-	85,441	85,466
Contractual services	4,725	3,800	10,684	-	35,402	19,506	-	74,117
Supplies	27,116	100	11,980	331	12,758	5,434	2,597	60,316
Advertising	-	-	-	11	-	-	58,845	58,856
Travel	720	5,607	2,189	26,391	19,724	588	282	55,501
Insurance	2,250	19,989	2,833	339	9,200	17,875	-	52,486
Telephone & communications	8,405	4,083	2,624	1,405	8,811	8,606	5,406	39,340
Consulting & professional	-	-	-	-	-	16,500	18,500	35,000
Fuel	-	28,650	-	-	-	-	-	28,650
Small equipment & software	991	-	-	125	5,168	15,440	2,821	24,545
Printing	189	-	-	-	10,607	1,874	10,110	22,780
Miscellaneous	2,012	-	3,075	1,096	9,654	2,426	3,800	22,063
Repairs & maintenance	3,283	8,293	2,199	-	2,690	-	-	16,465
Background checks & physicals	1,906	1,305	1,000	4,617	4,940	325	360	14,453
Contract labor	-	-	2,644	-	10,600	-	946	14,190
Rent	7,500	-	-	900	2,275	-	-	10,675
Training	2,245	530	595	2,465	409	1,020	1,050	8,314
Recognition	-	-	34	2,616	1,771	3,193	-	7,614
Equipment lease	2,340	-	-	-	-	5,068	-	7,408
Bad debt	(1,367)	-	9,134	-	(1,915)	-	-	5,852
Meetings	-	-	-	2,000	143	2,648	-	4,791
Dues & memberships	225	-	100	-	526	3,279	510	4,640
Uniforms	827	742	535	154	1,049	-	29	3,336
Taxes & licenses	350	266	400	-	750	370	-	2,136
Total expenses	<u>\$ 1,216,794</u>	<u>\$ 292,586</u>	<u>\$ 371,176</u>	<u>\$ 320,083</u>	<u>\$ 975,899</u>	<u>\$ 479,617</u>	<u>\$ 401,120</u>	<u>\$ 4,057,275</u>

(The accompanying notes are an integral part of these financial statements.)

SENIOR CITIZENS, INC.
STATEMENTS OF CASH FLOWS

	For the year ended	
	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 474,695	\$ 551,200
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	113,589	88,701
Bad debt expense	130,626	5,852
Net realized gain on disposal of asset	(8,341)	-
Net unrealized (gain) loss on investments	(141)	73,020
Change in investments	(8,434)	(89,372)
Change in beneficial interest in assets held by others	2,349	(1,639)
Change in assets and liabilities:		
Accounts receivable	14,260	(26,274)
Promises to give, grant revenue receivable	35,844	(107,535)
Promises to give, restricted for building expansion / renovation	359,274	387,766
Inventories	(19,756)	(1,230)
Prepaid expenses and other assets	15,199	(61,839)
Accounts payable	(36,903)	189,728
Accrued expenses	(47,303)	2,591
Funds held for others	936	1,989
CARES Act PPP funding	410,400	-
Deferred revenue	(141,241)	140,944
Net cash provided by operating activities	<u>1,295,053</u>	<u>1,153,902</u>
Cash flows from investing activities:		
Redemptions of certificates of deposit	-	133,662
Acquisition of property and equipment	(2,934,316)	(1,731,325)
Proceeds from disposal of asset	8,341	-
Reductions to restricted cash	93,410	1,051,644
Net cash used for investing activities	<u>(2,832,565)</u>	<u>(546,019)</u>
Cash flows from financing activities:		
Borrowings on line of credit	126,196	-
Borrowings on note payable	1,400,000	-
Net cash provided by financing activities	<u>1,526,196</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(11,316)	607,883
Cash and cash equivalents - beginning of year	<u>1,626,240</u>	<u>1,018,357</u>
Cash and cash equivalents - end of year	<u>\$ 1,614,924</u>	<u>\$ 1,626,240</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 30,715	-
Income taxes paid	\$ -	-

SENIOR CITIZEN'S, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 - PURPOSE OF ORGANIZATION

The mission of Senior Citizens, Inc. (the "Agency") is to help seniors age successfully. The Agency was organized in 1959 for the purpose of providing noonday meals to seniors in the Savannah area who could no longer prepare their own meals. The Agency has expanded its services to include specialized adult day care for seniors with Alzheimer's disease and other forms of dementia, as well as providing services including transportation, care management, education, recreational activities, and in-home support services. The Agency serves a four-county area within the Coastal Empire.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and cash equivalents

Cash and short-term highly liquid investments are included as cash and cash equivalents in the accompanying financial statements. Cash restricted by donors is not considered cash for purposes of the statement of cash flows.

Restricted cash consists of capital campaign contributions and other contributions restricted for building renovation.

Restricted and unrestricted revenue and support

Contributions received are recorded as "with donor restrictions" or "without donor restrictions", depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

In August 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that choose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Agency has implemented this ASU as of and for the year ended June 30, 2019.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers” (Topic 606). This guidance outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance issued by the FASB. Under the new revenue recognition standard, entities apply a five-step model that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, entities identify the performance obligations within their contracts with customers, allocate the transaction price received from customers to each performance obligation identified within their contracts, and recognize revenue as the performance obligations are satisfied. The new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. The Agency implemented this ASU as of and for the year ended June 30, 2020 using the modified retrospective method.

In June 2018, the FASB issued ASU 2018-08 “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” (Topic 958). The ASU amends the former reporting model for nonprofit organizations and enhances their required disclosures. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, “Not-for-Profit Entities”, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Agency has implemented this ASU as of and for the year ended June 30, 2020 using the modified prospective method.

The adoption of ASU 2014-09 and ASU 2018-08 did not have a significant impact on the Agency’s financial statements. There were no material changes to the recognition or presentation of revenue as a result the application of ASU 2014-09 and ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Indirect expenses have been allocated based on estimates of management.

Accounts receivable

Accounts receivable represents primarily contract and grant amounts due from federal, state and local governments. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the status of individual accounts. At June 30, 2020 and 2019, accounts receivable is reported net of an allowance for uncollectible amounts of approximately \$16,000 and \$18,400, respectively.

Promises to give

Unconditional promises to give that are expected to be collected within one year are recognized in the period received at net realizable values. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Inventories

Inventories consist primarily of food products used by the Agency in supporting its various programs. The Agency reports inventories at the lower of cost or net realizable value, using the first-in, first-out (FIFO) method.

Property and equipment

The Agency capitalizes purchases of property and equipment which exceed \$1,000 and are expected to provide benefit for multiple years. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Agency recognizes depreciation on these assets using the straight-line method over the estimated useful lives, which range from 3 to 30 years.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

The Agency invests in marketable equity securities, which are classified as available-for-sale. Available-for-sale securities are recorded at the fair value of the investment. Donated investments are reflected as contributions at their fair values as of the date of receipt. Dividend and interest income is recognized when earned. Realized and unrealized gains and losses, net of related investment expenses, are included in the change in net assets in accompanying statements of activities and changes in net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising costs

The Agency's policy is to expense advertising costs as such costs are incurred. Advertising costs charged to expense for the years ended June 30, 2020 and 2019 were approximately \$51,000 and \$58,900, respectively.

Income taxes

The Agency is classified as a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once the threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Agency does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. The Agency is no longer subject to examination by taxing authorities for years before 2017.

If incurred, the Agency would recognize interest and penalties related to unrecognized tax benefits in interest expense. The Agency has no amounts accrued for interest and penalties as of June 30, 2020 and 2019. Additionally, no interest or penalties were recorded for the years then ended.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation.

Revenue recognition, contributions, and grants

Revenue from meal preparation and delivery, adult day health, learning center, and other program services is reported in accordance with the consideration the Agency expects to be entitled in exchange for providing these services. Revenue is recognized as performance obligations are satisfied, which is typically at the point in time when these services are provided.

The Agency receives contributions to support operating activities and capital projects. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met. The Agency also receives grant and contract funding from federal and state governments to provide a variety of program services to the public. These grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies. These transactions are accounted for as conditional contributions and revenue is recognized as conditions are satisfied, primarily as expenses are incurred.

Subsequent events

The Agency has evaluated subsequent events through December 8, 2020, the date the financial statements were available to be issued.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Agency maintains its cash balances with commercial banks in deposit accounts, which at June 30, 2020 and other times throughout the year, exceeded federally insured limits. The Agency has not experienced any losses of such funds and management believes the Agency is not exposed to any significant risk on cash. The amount of uninsured cash at June 30, 2020 and 2019 is approximately \$1,146,500 and \$1,261,800, respectively.

The Agency receives a substantial amount of its support from federal, state and local governments in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Agency's programs and activities.

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial interest in assets held by others includes amounts transferred to The Savannah Community Foundation, Inc. to establish two endowments; The Senior Citizens Savannah Chatham County, Inc. Endowment Service Fund and The Savannah Section of the National Council of Jewish Women Endowment Fund. These funds are legally controlled by The Savannah Community Foundation, Inc. and distributions from the funds can be requested by the Agency in accordance with the fund agreements. Both funds were established for the purpose of generating income to support programs provided by the Agency. Generally, the initial and ongoing contributions to these funds are considered net assets with donor restrictions and total \$22,820 at June 30, 2020 and 2019. Income generated from the funds is available to support various program services. Assets held by The Savannah Community Foundation, Inc. in which the Agency has a beneficial interest total \$44,626 and \$45,440 at June 30, 2020 and 2019, respectively.

NOTE 5 - RETIREMENT PLAN

The Agency maintains a salary deferral plan under section 401(k) of the Internal Revenue Code. Eligible employees may contribute up to 15% of their annual compensation to the plan, subject to Internal Revenue Service limitations. The Agency provides a non-discretionary matching contribution of 25%, up to 6% of the employee's compensation. The Agency's matching contribution for the years ended June 30, 2020 and 2019 totaled \$8,780 and \$7,739, respectively.

NOTE 6 - LINE OF CREDIT

The Agency entered into a line of credit with Queensborough National Bank and Trust Company on January 4, 2019 with an availability of \$1,900,000 and interest accruing on the amount utilized at a fixed rate of 4.25%. The agreement is collateralized by the Agency's real property at 3025 Bull Street, Savannah, Georgia. At June 30, 2020 and 2019, the balance of this line of credit agreement is \$126,196 and \$0, respectively. On August 18, 2020, subsequent to year end, the line was amended. As part of the amendment, the maximum amount that can be borrowed was reduced to \$500,000 and the interest rate is now variable based on the Wall Street Journal US Prime Rate plus 0.50%, with a minimum interest rate of 4%. The line matures on August 18, 2021.

NOTE 7 - LONG-TERM DEBT

The Agency entered into a construction to permanent loan with Queensborough National Bank and Trust Company on January 4, 2019, with an availability of \$1,400,000 and interest accruing on the amount utilized at a fixed rate of 4.825% through August 2035. The Agency did not withdraw any of these funds during the year ended June 30, 2019. The Agency utilized funds from this line of credit during the year ended June 30, 2020 and made the required interest-only payments monthly. At June 30, 2020, the outstanding balance is \$1,400,000.

After year end, on September 20, 2020, the construction loan was converted from a line of credit to a permanent note payable and the Agency made the first of 179 monthly payments which include interest of 4.825% and a final payment of \$11,023 due on August 20, 2035. The agreement is collateralized by the Agency's property at 3025 Bull Street in Savannah, Georgia.

Future minimum payments due under this note payable agreement are as follows:

Year ending <u>June 30,</u>	
2021	\$ 50,466
2022	67,751
2023	71,140
2024	74,542
2025	78,429
Thereafter	<u>1,057,672</u>
	<u><u>\$ 1,400,000</u></u>

NOTE 8 - CAPITAL CAMPAIGN

The capital campaign raises funds for the expansion and renovation of the Agency's operating facility, which are estimated to cost approximately \$5,300,000. At June 30, 2020 and 2019, capital campaign pledges representing unconditional promises to give which are expected to be collected in future years are summarized as follows:

	<u>2020</u>	<u>2019</u>
Receivable within one year	\$ 138,873	\$ 423,618
Receivable within two to five years	<u>187,593</u>	<u>463,383</u>
Total unconditional promises to give	326,466	887,001
Less allowance for doubtful accounts	(6,629)	(20,900)
Less unamortized discount	<u>(23,929)</u>	<u>(65,578)</u>
Unconditional promises to give, net	<u><u>\$ 295,908</u></u>	<u><u>\$ 800,523</u></u>

Unconditional promises to give that are expected to be collected in future years have been discounted to the present value of the estimated future cash flows based on a discount rate of 4.25%.

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 471,609	\$ 471,609
Buildings and improvements	5,885,123	1,746,929
Furniture and fixtures	296,828	129,359
Equipment	773,856	616,364
Vehicles	403,734	338,200
Construction in progress	-	1,617,078
	<u>7,831,150</u>	<u>4,919,539</u>
Accumulated depreciation	<u>(2,453,731)</u>	<u>(2,362,847)</u>
	<u>\$ 5,377,419</u>	<u>\$ 2,556,692</u>

Depreciation expense for the years ended June 30, 2020 and 2019, totaled \$113,589 and \$88,701, respectively.

NOTE 10 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 10 - FAIR VALUE MEASUREMENTS (continued)

The following is a description of the valuation methodologies used for assets measured at fair value.

Money market accounts: Money market accounts are stated at fair value, which approximates cost plus accumulated interest earnings to date.

Equity securities: Equity securities are valued at the closing market price on which the individual securities are traded.

Beneficial interest in assets held by others: The fair value of the Agency's beneficial interest in assets held by The Savannah Community Foundation, Inc. is based upon the Agency's proportionate share of the Foundation's pooled investment portfolio.

The following represents the Agency's assets measured at fair value as of June 30, 2020 and 2019:

	<u>June 30, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market accounts	\$ 120,346	\$ -	\$ -	\$ 120,346
Equity securities	<u>108,232</u>	<u>-</u>	<u>-</u>	<u>108,232</u>
	228,578	-	-	228,578
Beneficial interest in assets held by others			<u>44,626</u>	<u>44,626</u>
	<u>\$ 228,578</u>	<u>\$ -</u>	<u>\$ 44,626</u>	<u>\$ 273,204</u>
	<u>June 30, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market accounts	\$ 105,627	\$ -	\$ -	\$ 105,627
Equity securities	<u>100,694</u>	<u>-</u>	<u>-</u>	<u>100,694</u>
	206,321	-	-	206,321
Beneficial interest in assets held by others			<u>45,440</u>	<u>45,440</u>
	<u>\$ 206,321</u>	<u>\$ -</u>	<u>\$ 45,440</u>	<u>\$ 251,761</u>

The reconciliation of the changes in the Agency's beneficial interest in assets held by others measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fair value - beginning of year	\$ 45,440	\$ 42,053
Contributions	-	1,000
Investment income	1,175	1,084
Net asset (depreciation) appreciation	(1,535)	1,748
Investment fees	<u>(454)</u>	<u>(445)</u>
Fair value - end of year	<u>\$ 44,626</u>	<u>\$ 45,440</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020 and 2019, amounts restricted by donors of the Agency for a specific purpose or time period are noted below.

	<u>2020</u>	<u>2019</u>
Nutrition	\$ 805,826	\$ 641,260
Other program services	218,025	184,684
Building expansion / renovation	-	980,412
Endowment funds	22,820	22,820
	<u>\$ 1,046,671</u>	<u>\$ 1,829,176</u>

NOTE 12 - OPERATING LEASE AGREEMENTS

Operating lease – as lessor

The Agency leases space in its building to various agencies and retail customers. Initial lease terms generally range from six to twelve months. Rent, utilities, and custodial services are allocated per square foot of space occupied.

Operating lease – as lessee

The Agency leases its kitchen facility and certain office equipment under operating leases, expiring at various dates through 2025. Lease expense charged to operations under the lease agreements for the years ended June 30, 2020 and 2019 totaled \$17,368 and \$18,083, respectively. The future minimum rental commitments under these non-cancelable operating leases are as follows:

<u>Year ending June 30,</u>	
2021	\$ 11,531
2022	4,476
2023	3,936
2024	3,936
2025	2,296
Thereafter	-
	<u>\$ 26,175</u>

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Agency's financial assets (cash, investments, and receivables) as of June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of year-end.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 2,813,123	\$ 3,450,813
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(1,046,671)</u>	<u>(1,829,176)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,766,452</u>	<u>\$ 1,621,637</u>

NOTE 14 - CONTINGENCIES

The Agency participates in various federal and state assisted grant programs that are subject to audit by the grantor and, if an examination results in a non-allowance of units of service or expenses, the Agency would be required to reimburse any overpayments. The amount, if any, of units of service or expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management believes that adjustments, if any, will not have a material effect on the financial statements.

In March 2020, there was a global outbreak of a new strain of coronavirus, COVID-19, which the World Health Organization declared to be a global pandemic. To date, COVID-19 has resulted in government-imposed quarantines, certain travel restrictions and other public health safety measures. The impact of the COVID-19 outbreak on the Agency's financial condition and results of operations will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions that could impact the Agency. The impact of the COVID-19 outbreak and associated effects on the Agency and the overall economy are uncertain and cannot be predicted.

In April 2020, the Agency secured \$410,400 in emergency federal funding through the Paycheck Protection Program as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed by U.S. Congress on March 27, 2020. The loan may be forgiven if certain requirements are met. Any unforgiven loan proceeds will accrue interest at 1.00% and have a maturity date of April 15, 2023. The latest guidance issued by the American Institute of Certified Public Accountants (AICPA) states if an organization expects to meet the forgiveness eligibility criteria and therefore concludes that the loan represents, in substance, a conditional grant contribution, FASB Topic 958 should be applied. In accordance with this guidance, the \$410,400 balance as of June 30, 2020 is included in current liabilities on the accompanying statement of financial position. The Agency expects to meet all remaining conditions in fiscal year 2021 at which time the contribution revenue will be recognized.

SENIOR CITIZENS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor / Cluster Title / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through entity's identifying number</u>	<u>Total federal expenditures</u>
U.S. Department of Health and Human Services			
<i>Aging Cluster</i>			
Pass-through from Coastal Regional Commission of Georgia Area Agency on Aging			
Nutrition Services Incentive Program	93.053	2020-14	\$ 244,689
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2020-14	172,821
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2020-12	29,237
<i>Total Aging Cluster</i>			446,747
<i>Other Programs</i>			
Pass-through from Coastal Regional Commission of Georgia Area Agency on Aging			
Social Services Block Grant	93.667	2020-14	14,132
National Family Caregiver Support, Title III, Part E	93.052	2020-12	8,123
Total U.S. Department of Health and Human Services			469,002
Corporation for National and Community Service			
<i>Senior Companion Cluster</i>			
Senior Companion Program	94.016	20SCSGA001	302,345
<i>Total Senior Companion Cluster</i>			302,345
Total Corporation for National and Community Service			302,345
U.S. Department of Agriculture			
Pass-through from Georgia Department of Early Care and Learning			
Child and Adult Care Food Program	10.558	03426	20,613
Total U.S. Department of Agriculture			20,613

(continued on the next page)

SENIOR CITIZENS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

(continued)

<u>Federal Grantor / Cluster Title / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through entity's identifying number</u>	<u>Total federal expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Community Development Block Grant - Entitlement Grants Cluster</i>			
Pass-through from City of Hinesville			
Community Development Block Grant Program for Entitlement Communities	14.218		<u>18,877</u>
<i>Total Community Development Block Grant - Entitlement Grants Cluster</i>			<u>18,877</u>
Total U.S. Department of Housing and Urban Development			<u>18,877</u>
Federal Emergency Management Agency			
Pass-through from United Way			
Emergency Food and Shelter Program	97.024		<u>5,401</u>
Total Federal Emergency Management Agency			<u>5,401</u>
Total expenditures of federal awards			<u>\$ 816,238</u>

SENIOR CITIZENS, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Agency under programs for the year ended June 30, 2020. The information in the 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 portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

NOTE 2 - SUMMARY OF SIGNIFICANT 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.

The Agency has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

No federal awards were provided to subrecipients.



Holland, Bromley,
Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

CHRISTOPHER H. HOLLAND, CPA
S. STEWART BROMLEY, CPA
RONNIE A. BARNHILL, JR., CPA
SHANNON L. BRETT, CPA, CFE

**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 of
Senior Citizens, Inc.
Savannah, Georgia

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 Senior Citizens, Inc. (the "Agency") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Holland, Bromley, Barnhill & Brett, LLP". The signature is written in a cursive, flowing style.

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
December 8, 2020



Holland, Bromley,
Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

CHRISTOPHER H. HOLLAND, CPA
S. STEWART BROMLEY, CPA
RONNIE A. BARNHILL, JR., CPA
SHANNON L. BRETT, CPA, CFE

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

To the Board of Directors of
Senior Citizens, Inc.
Savannah, Georgia

Report on Compliance for Each Major Federal Program

We have audited the compliance of Senior Citizens, Inc. (the "Agency") (a nonprofit organization) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2020. The Agency'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency'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 the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 the Agency's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Agency 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 the Agency'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 the Agency's internal control over compliance.

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 a 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 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.



Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
December 8, 2020

SENIOR CITIZENS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No
- Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor's report issued on noncompliance for major programs Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>Program Name</u>	<u>CFDA Numbers</u>
Aging Cluster	93.044, 93.045, & 93.053

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

Section II - Financial Statement Findings:

During our audit, we noted no material findings for the year ended June 30, 2020.

Section III - Federal Awards Findings and Questioned Costs:

During our audit, we noted no reportable findings for the year ended June 30, 2020.