

BAY AGING
URBANNA, VIRGINIA
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

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CONSOLIDATED FINANCIAL STATEMENTS

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Board of Directors
Bay Aging
Urbanna, Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Bay Aging (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 present fairly, in all material respects, the consolidated financial position of Bay Aging as of September 30, 2016, and the consolidated changes in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2015 consolidated financial statements of Bay Aging as of September 30, 2015, and we expressed an unmodified opinion on those audited financial statements in our report dated March 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supporting schedules and 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*, 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 consolidated 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 consolidated financial statements or to the consolidated 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 consolidated 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 March 14, 2017, on our consideration of Bay Aging'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Robinson, Fawcett, Cox Associates

Charlottesville, Virginia
March 14, 2017

- Financial Statements -

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BAY AGING

**Consolidated Statement of Financial Position
At September 30, 2016
(With Comparative Totals for 2015)**

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 5,163,594	\$ 5,289,548
Investments	827,899	762,169
Accounts and grants receivable	1,913,663	1,436,196
Due from related organizations	74,764	88,918
Inventory	42,963	48,748
Security deposits	1,775	1,775
Prepaid expenses	72,962	17,229
Property held for resale	319,563	319,563
Fixed assets, net of accumulated depreciation	11,119,575	11,232,427
Total Assets	\$ 19,536,758	\$ 19,196,573
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,063,069	\$ 1,075,080
Accrued annual leave payable	331,524	304,234
Retainage payable	-	113,198
Loans payable	346,082	401,764
Advances from the Virginia Department of Housing and Community Development:		
Weatherization program	23,714	24,409
Deferred revenue	282,836	344,771
Total Liabilities	\$ 2,047,225	\$ 2,263,456
NET ASSETS		
Unrestricted	\$ 16,701,678	\$ 16,414,257
Temporarily restricted	787,855	518,860
Total Net Assets	\$ 17,489,533	\$ 16,933,117
Total Liabilities and Net Assets	\$ 19,536,758	\$ 19,196,573

The accompanying notes to financial statements are an integral part of this statement.

BAY AGING

Consolidated Statement of Activities
Year Ended September 30, 2016
(With Comparative Totals for 2015)

			<u>Total</u>	
			<u>2016</u>	<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		
Revenues, Gains and Support:				
Contributions and grants	\$ 84,186	\$ -	\$ 84,186	\$ 64,979
Government grants (Schedule D)	-	7,377,451	7,377,451	7,997,590
Interest and investment income	78,515	-	78,515	100,912
Program service fees	4,972,801	332,042	5,304,843	3,336,882
Other revenues	35,363	2,010,768	2,046,131	3,758,284
Net assets released from restrictions:				
Satisfaction of program restrictions	9,451,266	(9,451,266)	-	-
Total Revenues, Gains, and Support	\$ 14,622,131	\$ 268,995	\$ 14,891,126	\$ 15,258,647
Expenses:				
Salaries	\$ 5,928,305	\$ -	\$ 5,928,305	\$ 5,675,973
Fringes	886,195	-	886,195	835,015
Worker's compensation insurance	94,548	-	94,548	100,371
Staff travel	144,402	-	144,402	139,565
Office supplies, printing, postage	64,286	-	64,286	70,272
Telephone	157,263	-	157,263	155,750
Rent and utilities	195,771	-	195,771	206,541
Insurance	159,945	-	159,945	150,764
Vehicle gasoline, operation and maintenance	472,019	-	472,019	611,021
Materials and storage	97,134	-	97,134	85,688
Contract labor	1,753,687	-	1,753,687	859,441
Professional services	276,578	-	276,578	122,601
Program supplies	86,263	-	86,263	80,732
Meals	544,436	-	544,436	525,250
EVCTP Partner Payments	1,899,941	-	1,899,941	2,068,790
Other	649,012	-	649,012	616,543
Depreciation	924,925	-	924,925	880,190
Total Expenses	\$ 14,334,710	\$ -	\$ 14,334,710	\$ 13,184,507
Change in Net Assets	\$ 287,421	\$ 268,995	\$ 556,416	\$ 2,074,140
Net Assets, beginning of year	16,414,257	518,860	16,933,117	14,858,977
Net Assets, end of year	\$ 16,701,678	\$ 787,855	\$ 17,489,533	\$ 16,933,117

The accompanying notes to financial statements are an integral part of this statement.

BAY AGING

Consolidated Statement of Cash Flows
Year Ended September 30, 2016
(With Comparative Totals for 2015)

	<u>2016</u>	<u>2015</u>
Cash flows provided (used) by operating activities:		
Change in net assets	\$ 556,416	\$ 2,074,140
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	924,925	880,190
(Gain) loss on disposal of equipment	5,347	23,942
(Gain) on sale of investments	(22,434)	(52,211)
Unrealized (gains) losses on investments	(33,097)	42,531
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts and grants receivable	(477,467)	(330,603)
Due from related organizations	14,154	(51,552)
Inventory	5,785	2,120
Prepaid expenses	(55,733)	(8,015)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(12,011)	236,040
Accrued annual leave payable	27,290	16,822
Retainage payable	(113,198)	(104,802)
Advances	(695)	114
Deferred revenue	(61,935)	(202,878)
Net cash provided (used) by operating activities	<u>\$ 757,347</u>	<u>\$ 2,525,838</u>
Cash flows provided (used) by investing activities:		
Purchase of fixed assets and construction in progress	\$ (839,602)	\$ (1,753,019)
Proceeds from sale of fixed assets and insurance	22,183	43,342
Sale of investments	233,694	192,413
Purchase of investments	(243,894)	(140,202)
Net cash provided (used) by investing activities	<u>\$ (827,619)</u>	<u>\$ (1,657,466)</u>
Cash flows provided (used) by financing activities:		
Principal payments on loans	\$ (55,682)	\$ (53,525)
Net cash provided (used) by financing activities	<u>\$ (55,682)</u>	<u>\$ (53,525)</u>
Net change in cash and cash equivalents	\$ (125,954)	\$ 814,847
Cash and cash equivalents, beginning of year	5,289,548	4,474,701
Cash and cash equivalents, end of year	<u>\$ 5,163,594</u>	<u>\$ 5,289,548</u>
Other Supplemental Information:		
Interest paid	<u>\$ 15,428</u>	<u>\$ 17,394</u>

The accompanying notes to financial statements are an integral part of this statement.

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BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016

NOTE 1 - DESCRIPTION AND PURPOSE OF ORGANIZATION

Bay Aging (the "Organization") is a non-profit organization (and a Virginia non-stock corporation) which acts as an agent for the counties of Essex, Gloucester, King and Queen, King William, Lancaster, Mathews, Middlesex, Northumberland, Richmond and Westmoreland in the establishment of and operation of aging, housing and weatherization programs, public transportation, and senior apartments with supportive services, and also provides transportation services to New Kent and Charles City Counties. Significant sources of revenues include government grants and Medicaid fees resulting from services provided.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Bay Aging Foundation (the "Foundation"). Bay Aging Foundation was established in 2004 to provide resources to provide better service to senior citizens and their families by attracting diverse funding sources and making charitable grants and gifts as appropriate. The Foundation is defined as a supporting organization as defined in Section 509(a) (1) of the Internal Revenue Code. This entity was formed to support Bay Aging and met the criteria for control and economic interest as defined by generally accepted accounting principles to permit the presentation of consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

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 ("GAAP"). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions. The consolidated financial statements report amounts separately by class of assets as follows:

Unrestricted Net Assets - Net assets that are currently available at the discretion of the Board of Directors for use in the Organization's operations and those resources invested in property or equipment.

Temporarily Restricted Net Assets - Net assets that are stipulated by donors for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Organization, the income from which is expendable in accordance with the conditions of each specific donation. At September 30, 2016, the Organization did not have any permanently restricted net assets.

Donated Services

Donated supplies and services are reflected in the consolidated financial statements at the estimated fair value of supplies and services received. The contribution of services is recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no amounts reported for donated services in fiscal year 2016. See additional information in Note 12.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Contributions

The Organization has determined that substantially all grants are in the form of contributions. These contributions are recorded in accordance with the applicable guidance and accounting topics standards. Contributions received without conditions are reported as unrestricted revenue and net assets, unless subject to external restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Deferred revenue represents contributions for which asset recognition criteria have been met, but for which revenue recognition is subject to a condition which has not been met.

Program Service Fees

Program service fees represent a variety of medical and transportation assistance programs offered to citizens and veterans in the communities serviced by the Organization. Revenue is recognized as services are provided for each program and is reported as unrestricted revenue and net assets, unless subject to donor restrictions.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents.

Inventory

Inventory consists primarily of weatherization of materials used to improve low-income houses and are stated at the lower of cost or market.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level I measurements) in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property Held for Resale

Bay Aging holds certain land for resale valued at the lower of cost or market. The land is held for the potential sale to future HUD 202 Housing projects or low income tax credit projects.

Allowance for Uncollectible Accounts

The Organization has made no allowance for estimated uncollectible accounts. Management believes that any write-offs would not be material. Receivables are written off when collectability is deemed unlikely and collection efforts have been exhausted. Receivables are considered past due after they are more than 30 days in arrears.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Fixed Assets

Property and equipment are stated at cost (or fair market value at the date of donation for donated assets) and depreciated using the straight-line method over estimated useful lives which range as follows:

	<u>Life</u>
Buildings	30 years
Equipment, furniture and vehicles	5-10 years

The Organization capitalizes all expenditures for fixed assets in excess of \$500; donated fixed assets are capitalized at their fair market value at the date of donation. The Organization recognizes the prorated depreciation in the year of acquisition and the remainder in the year of disposition.

Use of Estimates

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

Accrued Leave

Accumulated unpaid vacation pay is accrued when earned. The amount of such pay was \$331,524 and \$304,234 for 2016 and 2015, respectively.

Retainage Payable

The Organization started construction of the Gloucester facility during fiscal year 2012 and completed it during fiscal year 2016. As part of the construction agreement, 5% retainage was withheld from the contractor's application for payments. At September 30, 2015, the total retainage withheld was \$113,198, which was paid out during fiscal year 2016.

Income Taxes

Bay Aging and Bay Aging Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Prior Year Totals

The prior year totals are presented for comparative purposes only. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 3 - CASH AND CASH INVESTMENTS:

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. As of September 30, 2016, balances not insured by the FDIC amounted to approximately \$3.7 million. A majority of the balance in excess of the FDIC limit is invested in a repurchase agreement that is backed by U.S. Government and other secure state and municipal bonds.

The following is the composition of the combined amounts appearing in the consolidated financial statements for 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Cash	\$ 3,693,869	\$ 3,917,201
Certificates of Deposit	780,850	771,745
Money Market Funds	688,875	600,602
Total	<u>\$ 5,163,594</u>	<u>\$ 5,289,548</u>

Long-term investments, carried at fair value based on quoted prices in active markets (all Level 1 measurements), at September 30, 2016 and 2015 consist of the following:

	<u>September 30, 2016</u>			<u>September 30, 2015</u>		
	<u>Value</u>	<u>Cost Basis</u>	<u>Cumulative Gain</u>	<u>Value</u>	<u>Cost Basis</u>	<u>Cumulative Gain</u>
Publicly-held stock	\$ 285,144	\$ 183,059	\$ 102,085	\$ 283,207	\$ 197,556	\$ 85,651
Mutual fund units	542,755	519,467	23,288	478,962	475,045	3,917
Total	<u>\$ 827,899</u>	<u>\$ 702,526</u>	<u>\$ 125,373</u>	<u>\$ 762,169</u>	<u>\$ 672,601</u>	<u>\$ 89,568</u>

NOTE 4 - FAIR VALUE MEASUREMENTS:

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the hierarchy are defined as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities traded in active markets.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 4 - FAIR VALUE MEASUREMENTS: (continued)

- 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 markets that are not active, inputs that are observable for the asset or liability and market-corroborated inputs.
- Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

At September 30, 2016 and 2015, the Organization's consolidated financial assets measured at fair value on a recurring basis consisted of investments in the amount of \$827,898 and \$762,169, respectively, which was also the carrying value. The value of investments was established based on Level 1 inputs.

For cash and cash equivalents, receivables, property and equipment, accounts payable and accrued expenses, loans and notes payable and other liabilities, the carrying amounts reported in the consolidated financial statements of financial position approximate fair values because of the short maturities of those items and interest rates on the loans and notes payable.

NOTE 5 - ACCOUNTS AND GRANTS RECEIVABLE:

Accounts and grants receivable at September 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Virginia Department of Medical Assistance Services	\$ 224,688	\$ 106,547
Virginia Department of Rail and Public Transportation	360,902	336,292
Virginia Department of Housing and Community Development	76,096	74,760
Virginia Department for Aging and Rehabilitative Services	74,261	48,833
Virginia Department of Social Services	174,761	126,868
CMS	-	316,084
Veteran's Administration	523,061	259,152
Others	479,894	167,660
Total	<u>\$ 1,913,663</u>	<u>\$ 1,436,196</u>

Other than the amounts segregated above, there are no other individually significant sources of accounts and grants receivable.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 6 - DUE FROM RELATED ORGANIZATIONS:

The Organization is related to other not-for-profit organizations through common membership of the Board of Directors on their organizations. The Organization has \$74,764 and \$88,918 in related-party receivables at September 30, 2016 and 2015, respectively. Of this amount, \$34,316 represents advances for which there is no current repayment plan. The remaining balance represents routine expenses reimbursed after year-end.

The other organizations which have been incorporated to hold and operate housing for low income elderly persons, are not included in these consolidated financial statements, and the operations of these organizations are funded primarily from tenant rentals and funding from the U.S. Department of Housing and Urban Development through rental assistance payments paid to the organizations on behalf of eligible tenants. A summary of these organizations' assets, liabilities, net assets, revenues, expenses and changes in net assets for their respective fiscal years are reported below:

Fiscal Year	Bay Aging Apartments				Bay Aging Apartments		Bay Aging Apartments		Bay Aging Apartments
	Colonial Beach	West Point	Gloucester	Montross	Kilmarnock (Tartan I & II)	Westmoreland	Middlesex (P'Town 1)	JCC	Middlesex (P'Town 2)
Assets	\$ 1,084,441	\$ 954,716	\$ 2,571,171	\$ 1,115,036	\$ 3,462,245	\$ 1,601,013	\$ 1,667,300	\$ 5,105,355	\$ 1,248,578
Liabilities	(25,080)	(18,175)	(48,792)	(20,249)	(38,394)	(49,877)	(26,189)	(61,181)	(8,464)
Net Assets	<u>\$ 1,059,361</u>	<u>\$ 936,541</u>	<u>\$ 2,522,379</u>	<u>\$ 1,094,787</u>	<u>\$ 3,423,851</u>	<u>\$ 1,551,136</u>	<u>\$ 1,641,111</u>	<u>\$ 5,044,174</u>	<u>\$ 1,240,114</u>
Operating Revenues	\$ 214,821	\$ 158,979	\$ 294,679	\$ 149,642	\$ 211,648	\$ 132,525	\$ 136,900	\$ 311,511	\$ 71,766
Operating Expenses	(244,063)	(209,257)	(381,911)	(193,290)	(357,531)	(190,954)	(166,435)	(442,222)	(98,110)
Other Revenues/ (Expenses)	53	2,043	803	726	396	118	408	5,502	169
Change in Net Assets	<u>\$ (29,189)</u>	<u>\$ (48,235)</u>	<u>\$ (86,429)</u>	<u>\$ (42,922)</u>	<u>\$ (145,487)</u>	<u>\$ (58,311)</u>	<u>\$ (29,127)</u>	<u>\$ (125,209)</u>	<u>\$ (26,175)</u>

Included in the above related organization expenses are various operating costs and expenses reimbursed to Bay Aging for various management and other services provided. The amount of related fees and reimbursements received by Bay Aging totaled \$413,156 for 2016 and \$355,813 for 2015.

NOTE 7 - REAL ESTATE ACTIVITIES AND PROPERTY HELD FOR RESALE:

The Organization has purchased land in the Town of West Point, Gloucester County, Middlesex County, and Lancaster County for future development. It is anticipated that a significant portion of the properties will be utilized for low cost elderly rental housing. The total cost of these properties as of September 30, 2016 and 2015 is \$319,563.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 8 - FIXED ASSETS:

Major classes of fixed assets consist of the following at September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 471,550	\$ 471,550
Buildings	9,178,204	3,553,171
Furniture and equipment	1,518,130	1,483,798
Vehicles	4,972,262	4,645,514
Construction in progress	-	5,604,994
Total	\$ 16,140,146	\$ 15,759,027
Accumulated depreciation	<u>(5,020,571)</u>	<u>(4,526,600)</u>
Net fixed assets	<u>\$ 11,119,575</u>	<u>\$ 11,232,427</u>

Depreciation expense was \$924,925 for 2016 and \$880,190 for 2015.

NOTE 9 - LOAN PAYABLE:

On November 24, 2009, Bay Aging obtained a loan from BB&T Bank for \$650,000 bearing interest at 7.25% payable in monthly installment of \$5,972 and maturing on September 24, 2024. This loan is secured by a deed of trust on real estate located in Gloucester County, Virginia. On March 4, 2012, Bay Aging refinanced their loan with BB&T for \$583,047 bearing interest at 3.99% payable in monthly installments of \$5,910 and maturing on April 24, 2022. The balance of this loan was \$346,082 at September 30, 2016 and \$401,764 at September 30, 2015.

Interest expense totaled \$15,428 for 2016 and \$17,394 for 2015, all of which was expensed.

Summary of debt activity:

	<u>2016</u>	<u>2015</u>
Loans payable, beginning of year	\$ 401,764	\$ 455,289
Principal payments on loans	<u>(55,682)</u>	<u>(53,525)</u>
Loans payable, end of year	<u>\$ 346,082</u>	<u>\$ 401,764</u>

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 9 - LOAN PAYABLE: (continued)

Future requirements to amortize long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 52,683	\$ 13,887
2018	50,172	10,851
2019	57,052	9,518
2020	59,371	7,200
2021	61,784	4,787
Thereafter	<u>65,020</u>	<u>2,349</u>
Total	<u>\$ 346,082</u>	<u>\$ 48,592</u>

NOTE 10 - LEASE COMMITMENTS:

The Organization leases office space and other facilities pursuant to lease agreements. Total rental expenses totaled \$136,579 and \$147,947 for fiscal year 2016 and 2015, respectively.

Future minimum lease payments required under non-cancellable lease agreements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 61,351
2018	<u>26,318</u>
Total	<u>\$ 87,669</u>

NOTE 11 - RETIREMENT PLANS:

All employees of the Organization are covered by a defined contribution benefit plan under section 403(b) of the Internal Revenue Code. All employees who make a contribution to the plan will receive a safe harbor matching contribution in the amount of 100% of the first 3% contributed, plus 50% of the next 4% of compensation contributed. Employees have full and immediate vesting of plan assets. The amount of the Organization's contribution for the years ended September 30, 2016 and 2015 was \$134,035 and \$124,577, respectively. The employees' contributions to the plan for the years ended September 30, 2016 and 2015 were \$268,799 and \$267,062, respectively.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 12 - DONATED MATERIALS AND SERVICES:

The Organization records the value of in-kind contributions as matching funds for the RSVP and Title V grant programs. The amount of in-kind contributions for other items (office space, MedCarry mileage reimbursement to volunteers, volunteer recognition discount on meals, waiver of fee for the use of a kitchen, program management and oversight by Bay Aging staff) provided totaled approximately \$21,839 and \$25,915 for fiscal year 2016 and 2015, respectively. The Organization also received the benefit of a significant amount of volunteer time which has not been valued or reported in these financial statements. There were donated materials in fiscal years 2016 and 2015; however, the values of these items were of a minimal value. As a result, these in-kind amounts are not reported in the consolidated financial statements.

NOTE 13 - FEES FOR SERVICES:

The Organization receives third party reimbursements from Medicaid for services provided in its personal care, respite, case management, adult day services and transportation programs. Revenue from third party payer agreements is subject to audit and retroactive adjustment. Retroactive adjustments are reported in operations in the year of settlement. The difference in the adjustments and a contractual accrual adjustment is immaterial.

NOTE 14 - ADVANCES PAYABLE:

The Organization has advances from the Virginia Department of Housing and Community Development ("VDHCD") for the Indoor Plumbing Rehabilitation ("IPR") programs and Home Investment Partnership ("HOME"). These funds were expended under the direction of VDHCD. See Note 17 for additional details of the IPR and HOME programs.

NOTE 15 - COMMITMENTS AND CONTINGENCIES:

The Organization participates in federal grant programs which are audited in accordance with the provisions of Uniform Guidance. These programs are subject to audit by the grantor agencies in addition to requirements of the Single Audit Act. Management is of the opinion that any disallowance of program expenditures as a result of any audits by grantor agencies would not be significant.

BAY AGING

Notes to Consolidated Financial Statements
As of September 30, 2016 (continued)

NOTE 16 - RESTRICTED ASSETS:

Net assets were released from grantor and other restrictions by incurring expenditures satisfying the restricted purposes of the grants and other revenues, as follows:

	<u>2016</u>	<u>2015</u>
Aging Programs	\$ 2,115,357	\$ 2,054,834
Action (RSVP)	63,877	80,768
Virginia Department of Housing and Community Development programs	559,647	539,893
Transportation programs	2,941,809	3,776,035
Community Services Block Grant	523,649	378,562
CMS	1,568,400	2,996,028
Other	1,678,527	2,463,928
Total	<u>\$ 9,451,266</u>	<u>\$ 12,290,048</u>

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Bay Transit Funds	\$ 116,781	\$ 158,153
Agency fund raising	-	49,490
Med-Carry	813	1,839
Local grant funds	142,617	287,328
Local gifts and grants	527,644	22,050
Total	<u>\$ 787,855</u>	<u>\$ 518,860</u>

NOTE 17 - SIGNIFICANT SOURCES OF REVENUES:

The Organization receives a significant portion of its revenues from government grants and Medicaid charges for services. A summary of the more significant revenues from major sources are as follows:

	<u>2016</u>	<u>2015</u>
Virginia Department of Aging and Rehabilitative Services	\$ 2,115,357	\$ 2,054,834
Virginia Department of Housing and Community Development	559,647	539,893
Virginia Department of Medical Assistance Services (Medicaid purchase of service revenues)	1,054,641	976,208
Virginia Department of Rail and Public Transportation/ Virginia Department of Transportation	2,941,809	3,776,035
CMS	1,568,400	2,966,028
All Others	6,651,272	4,945,649
Total revenues	<u>\$ 14,891,126</u>	<u>\$ 15,258,647</u>

BAY AGING

Notes to Consolidated Financial Statements
As of September 30, 2016 (continued)

NOTE 17 - SIGNIFICANT SOURCES OF REVENUES: (continued)

The Organization has a contract with the Virginia Department of Housing and Community Development ("DHCD") to administer the IPR and HOME programs. The DHCD advances the funds to the Organization which then disburses the funds for the various approved projects. These funds are not reported as Organization revenues and expenditures, but are considered financial assistance for compliance reporting purposes. The amount of funds expended under these programs totaled \$252,570 in 2016 and \$115,700 in 2015. No interest was earned on program fund balances to be allocated to program activities in 2016 or 2015.

NOTE 18 - FUNCTIONAL ALLOCATION OF EXPENSES:

The following summarizes the Organization's expenses by functional allocation for the year ended September 30, 2016:

	Program Services	Supporting Services		Total
		Management & General	Fund Raising	
Salaries	\$ 4,854,717	\$ 1,073,588	\$ -	\$ 5,928,305
Fringes	769,515	116,680	-	886,195
Worker's compensation insurance	26,241	68,307	-	94,548
Staff travel	124,978	19,424	-	144,402
Office supplies, printing, postage	32,682	31,604	-	64,286
Telephone	125,768	31,495	-	157,263
Rent and utilities	121,900	73,871	-	195,771
Insurance	93,179	66,766	-	159,945
Vehicle gasoline, operation and maintenance	455,739	16,280	-	472,019
Materials and storage	96,966	168	-	97,134
Contract labor	1,740,566	13,121	-	1,753,687
Professional services	268,907	7,671	-	276,578
Program supplies	86,263	-	-	86,263
Meals	544,436	-	-	544,436
EVCTP partner payments	1,899,941	-	-	1,899,941
Other (1)	588,498	57,845	2,669	649,012
Depreciation	759,589	165,336	-	924,925
Total Expenses	\$ 12,589,885	\$ 1,742,156	\$ 2,669	\$ 14,334,710
(1) Other:				
Loss on disposition of equipment	\$ 5,347	\$ -	\$ -	\$ 5,347
Interest expense	15,428	-	-	15,428
All other expenses	567,223	57,845	2,669	628,237
Total	\$ 588,498	\$ 57,845	\$ 2,669	\$ 649,012

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2016 (continued)

NOTE 19 - SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or through March 14, 2017, the date the financial statements were available to be issued. There are no known subsequent events that should be recognized or disclosed.

- Supporting Schedules -

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BAY AGING
Virginia Department for Aging and Rehabilitative Services

Status of Funds
Year Ended September 30, 2016

FUND	Unencumbered Funds on Hand at Beginning of Period	Total Funds Received During Period	Funds In Transit At 9-30-16	Total Funds Available During Period	Accrued Costs to Contract Period	Unencumbered Funds on Hand at End of Period
Federal						
Older Americans Act:						
Title III-B	\$ (4,949)	\$ 323,466	\$ -	\$ 318,517	\$ 368,601	\$ (50,084)
Title III-C (1)	(13,092)	215,318	-	202,226	206,354	(4,128)
Title III-C (2)	24,037	258,151	-	282,188	278,151	4,037
Title III-D	3,635	20,279	-	23,914	20,414	3,500
Title III-E	11,341	120,520	-	131,861	131,861	-
Title VII-Ombudsman	(8,616)	26,873	-	18,257	16,067	2,190
Title VII-Elder Abuse	328	1,535	-	1,863	2,954	(1,091)
Other Federal:						
Title V (6/30/16 Award)	(6,463)	103,702	-	97,239	97,239	-
Title V (6/30/17 Award)	-	31,955	-	31,955	29,526	2,429
NSIP	11,253	110,660	-	121,913	123,787	(1,874)
VICAP (3/31/16 Award)	(9,489)	48,238	-	38,749	38,749	-
VICAP (3/31/17 Award)	-	15,616	-	15,616	10,866	4,750
DMAS Ombudsman FY16	-	7,640	-	7,640	7,640	-
MIPPA Priority 1 - SHIP	-	28,673	-	28,673	45,757	(17,084)
General Funds						
Title III Match (6/30/16 Award)	-	7,093	-	7,093	7,093	-
Title III Match (6/30/17 Award)	-	21,155	-	21,155	21,155	-
Community Based (6/30/16 Award)	-	36,454	-	36,454	36,454	-
Community Based (6/30/17 Award)	-	108,640	-	108,640	108,640	-
Transportation (6/30/16 Award)	-	13,175	-	13,175	13,175	-
Transportation (6/30/17 Award)	-	39,296	-	39,296	39,296	-
Home Delivered Meals (6/30/16 Award)	-	46,593	-	46,593	46,593	-
Home Delivered Meals (6/30/17 Award)	-	138,312	-	138,312	138,312	-
Supplemental Nutrition (6/30/16 Award)	-	10,828	-	10,828	10,828	-
Supplemental Nutrition (6/30/17 Award)	-	32,090	-	32,090	32,090	-
Ombudsman (6/30/16 Award)	-	7,050	-	7,050	7,050	-
Ombudsman (6/30/17 Award)	-	21,175	-	21,175	21,175	-
Census Adjustment (6/30/16)	-	13,192	-	13,192	13,192	-
Census Adjustment (6/30/17)	-	36,333	-	36,333	36,333	-
Care Coordination (6/30/16 Award)	-	30,800	-	30,800	30,800	-
Care Coordination (6/30/17 Award)	-	92,399	-	92,399	92,397	2
Respite Care (6/30/16 Award)	-	16,611	-	16,611	16,611	-
Respite Care (6/30/17 Award)	-	57,781	-	57,781	57,781	-
Fan Care (Dominion Power)	906	1,953	-	2,859	2,151	708
Total	\$ 8,891	\$ 2,043,556	\$ -	\$ 2,052,447	\$ 2,109,092	\$ (56,645)

BAY AGING
Virginia Department for Aging and Rehabilitative Services

Costs by Program Activity
Year Ended September 30, 2016

	Costs to Federal Title III-B Funds	Costs to Federal Title III-C1 Funds	Costs to Federal Title III-C2 Funds	Costs to Federal Title III-D Funds	Costs to Federal Title III-E Funds	Costs to Federal Title VII Elder Abuse Funds	Costs to Federal Title VII Ombudsman Funds	Voluntary Contributions	Costs to Other Non- Federal Funds
Title III, (Except III-E), Older Americans Act Funds:									
Homemaker services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	252	\$ -
Personal care services	193,779	-	-	-	-	-	-	1,508	16,791
Comm. Referral Info & Assist	104,995	-	-	-	-	-	-	-	-
Transportation	697	-	-	-	-	-	-	-	-
Congregate meals	-	185,373	-	-	-	-	-	10,380	-
Home delivered meals	-	-	278,151	-	-	-	-	4,259	45,045
Home delivered fee for services	-	-	-	-	-	-	-	-	10
Disease prevention	-	-	-	20,414	-	-	-	-	-
Employment	5,081	-	-	-	-	-	-	-	-
Long-term care coordinating activity	45,045	-	-	-	-	-	-	-	-
Public information and education	7,077	-	-	-	-	-	-	-	-
Legal assistance	11,927	-	-	-	-	-	-	-	-
Elder abuse prevention	-	-	-	-	-	2,954	-	-	-
LTC Ombudsman	-	-	-	-	-	-	16,067	-	-
Preparation and administration	-	20,981	-	-	-	-	-	-	25,278
Title III-E Older Americans Act Funds:									
Adult day care	-	-	-	-	131,861	-	-	-	202,546
Total	\$ 368,601	\$ 206,354	\$ 278,151	\$ 20,414	\$ 131,861	\$ 2,954	\$ 16,067	\$ 16,399	\$ 289,670

Fees	Costs to DMAS Ombudsman Funds	Costs to NSIP Funds	Costs to GF T III State Matching Funds	Costs to GF Community Based Funds	Costs to GF Special Transportation Funds	Costs to GF		Costs to GF Supplemental Nutrition Funds	Costs to GF Ombudsman Funds	Costs to GF Census Adjustment	In-Kind	Total Costs
						Home Delivered Meals Funds	Costs to GF Special Transportation Funds					
\$ -	\$ -	\$ -	\$ -	\$ 9,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,039
688	-	-	-	46,838	-	-	-	-	-	40,415	-	300,019
-	-	-	-	-	-	-	-	-	-	-	-	104,995
-	-	-	28,248	-	52,471	-	-	-	-	-	-	81,416
-	-	53,253	-	-	-	-	-	-	-	-	-	249,006
-	-	70,534	-	-	-	-	152,331	42,918	-	-	-	593,238
16,156	-	-	-	-	-	-	32,574	-	-	159	-	48,899
-	-	-	-	-	-	-	-	-	-	-	-	20,414
-	-	-	-	-	-	-	-	-	-	-	-	5,081
-	-	-	-	-	-	-	-	-	-	-	-	45,045
-	-	-	-	-	-	-	-	-	-	-	-	7,077
-	-	-	-	-	-	-	-	-	-	-	-	11,927
-	-	-	-	-	-	-	-	-	-	-	-	2,954
-	7,640	-	-	-	-	-	-	-	28,225	-	-	51,932
-	-	-	-	-	-	-	-	-	-	-	-	46,259
65,160	-	-	-	88,469	-	-	-	-	-	8,951	-	496,987
<u>\$ 82,004</u>	<u>\$ 7,640</u>	<u>\$ 123,787</u>	<u>\$ 28,248</u>	<u>\$ 145,094</u>	<u>\$ 52,471</u>	<u>\$ 184,905</u>	<u>\$ 42,918</u>	<u>\$ 28,225</u>	<u>\$ 28,225</u>	<u>\$ 49,525</u>	<u>\$ -</u>	<u>\$ 2,075,288</u>

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BAY AGING
Virginia Department for Aging and Rehabilitative Services

Status of Inventories
Year Ended September 30, 2016

Fund Source and Type of Inventory	Value on Hand at October 1, 2015	Net Changes During Year	Value on Hand at September 30, 2016
Older Americans Act:			
Title III-B	\$ -	\$ -	\$ -
Title III-C (1)	-	-	-
Title III-C (2)	-	-	-
Title III-D	-	-	-
Title III-E	-	-	-
Total Older Americans Act	\$ -	\$ -	\$ -
Title VII Ombudsman	-	-	-
Title VII Elder Abuse	-	-	-
Total	\$ -	\$ -	\$ -

BAY AGING

Schedule of Government Grants
Year Ended September 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Aging programs	\$ -	\$ 2,115,357	\$ 2,115,357
Virginia Department of Housing and Community Development:			
Weatherization - DOE	-	119,633	119,633
Emergency home repair	-	17,553	17,553
Indoor plumbing program	-	30,300	30,300
LIHEAP	-	392,161	392,161
 Transportation:			
Virginia Department of Rail and Public Transportation	-	2,941,809	2,941,809
 Community Services Block Grant	-	378,563	378,563
ACTION - RSVP	-	63,877	63,877
Department of Homeland Security	-	500	500
Other grants	-	318,364	318,364
Local governments:			
Local match funds	-	999,334	999,334
 Total Government Grants	<u>\$ -</u>	<u>\$ 7,377,451</u>	<u>\$ 7,377,451</u>

- Compliance -

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Bay Aging
Urbanna, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Bay Aging (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 14, 2017.

Internal Control over Financial Reporting

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

Robinson, Farver, Cox Associates

Charlottesville, Virginia
March 14, 2017

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Bay Aging
Urbanna, Virginia

Report on Compliance for Each Major Federal Program

We have audited Bay Aging's (a nonprofit organization) compliance with the types of compliance requirements described in *the OMB Compliance Supplement* that could have a direct and material effect on each of Bay Aging's major federal programs for the year ended September 30, 2016. Bay Aging's major federal programs are identified in the summary of auditors' 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 each of its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Bay Aging'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 Bay Aging'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 Bay Aging's compliance.

Opinion on Each Major Federal Program

In our opinion, Bay Aging 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 September 30, 2016.

Report on Internal Control over Compliance

Management of Bay Aging 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 Bay Aging'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 Bay Aging'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 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.

Robinson, Fawcett, Cox Associates

Charlottesville, Virginia
March 14, 2017

BAY AGING

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Federal Expenditures
<u>Department of Agriculture:</u>				
Pass Through Payments:				
Virginia Department of Agriculture				
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	\$	12,642
Virginia Department of Agriculture				
Child and Adult Care Food Program (CACFP)	10.558	N/A		123,787
Total Department of Agriculture			\$	<u>136,429</u>
<u>Department of Housing and Urban Development:</u>				
Pass Through Payments:				
Virginia Department of Housing and Community Development				
HOME Investment Partnerships program	14.239	N/A	\$	252,570
Section 8 Housing Choice Vouchers	14.871	N/A		71,659
Total Department of Housing and Urban Development			\$	<u>324,229</u>
<u>Corporation for National and Community Service:</u>				
Direct Payments:				
Retired and Senior Volunteer Program	94.002	N/A	\$	<u>63,877</u>
<u>Department of Health and Human Services:</u>				
Pass Through Payments:				
Virginia Department of Aging and Rehabilitative Services:				
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	44119, 44110	\$	574,956
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	44129/30, 44120/30		<u>278,151</u>
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	45009, 45000		20,414
Special Programs for the Aging - Title IV and Title II-Discretionary Projects (CPL)	93.048	51009, 62006, 62007		4,263
National Family Caregiver Support, Title III, Part E	93.052	46009, 46000		131,861
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation:				
Ombudsman	93.041	44209/44200	\$	16,067
Elder Abuse	93.041	44409/44400		<u>2,954</u>
Centers for Medicare and Medicaid Services (CMS) Research, Medicare Enrollment Assistance Program (MIPPA)	93.071	44817		45,757
State Health Insurance Assistance Program	93.324	N/A		49,615
Virginia Department of Housing and Community Development:				
Low-Income Home Energy Assistance	93.568	09ALI-15		392,161
Virginia Department of Social Services:				
Temporary Assistance for Needy Families (TANF)	93.558	BEN-13-045-02 CVS-15-002-04/ CVS-16-001-04		78,161
Community Services Block Grant	93.569			475,830
Total Department of Health and Human Services			\$	<u>2,070,190</u>
<u>Department of Labor:</u>				
Pass Through Payments:				
Virginia Department of Aging and Rehabilitative Services:				
Senior Community Service Employment Program	17.235	47300, 47308, 47309	\$	<u>126,766</u>
<u>Department of Energy:</u>				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Weatherization Assistance for Low-Income Persons	81.042	10-WX-15,11-WX-15	\$	<u>119,633</u>
<u>Department of Transportation:</u>				
Pass Through Payments:				
Virginia Department of Transportation				
Formula Grants for Rural Areas	20.509	42515-08; 42515-20; 42015-21,23,24,25,27; 42014-15; 44015-04,10; 47013-07; 42015-46; 44016-06	\$	<u>2,197,302</u>

BAY AGING

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016 (Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass- through to Subrecipients	Federal Expenditures
<u>Department of Homeland Security:</u>				
Pass Through Payments:				
County of Westmoreland, Virginia:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Not Available	\$	500
Total expenditures of federal awards			\$ 252,570	\$ 5,038,926

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bay Aging under programs of the federal government for the year ended September 30, 2016. 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 Bay Aging, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bay Aging.

Note B - Summary of Significant Accounting Policies

(1) 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 and/or OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identification numbers are presented where available. N/A indicates that such identification numbers are not available.

Note C - Indirect Cost Recovery

The entity has elected not to use the 10% de minimis indirect costs rate allowed under the Uniform Guidance.

Note D - Subrecipients

\$252,570 of the reported HOME program expenditures amount is not reported in revenues or expenses on the Statement of Activities.

BAY AGING

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Rural Areas
93.044/93.045	Aging Cluster

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no financial statement findings to report.

Section IV - Prior Year's Findings

There were no federal award findings or questioned costs reported.

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