

BAY AGING
URBANNA, VIRGINIA
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

Table of Contents

	Page
Independent Auditors' Report.....	1-2
 Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses.....	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-20
 Supporting Schedules:	
Schedule A - Virginia Department for Aging and Rehabilitative Services - Status of Funds..	21
Schedule B - Virginia Department for Aging and Rehabilitative Services - Costs by Program Activity.....	22-24
Schedule C - Virginia Department for Aging and Rehabilitative Services - Status of Inventories	25
Schedule D - Schedule of Government Grants	26
 Compliance:	
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 <i>Government Auditing Standards</i>	27-28
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	29-30
Schedule of Expenditures of Federal Awards.....	31-32
Schedule of Findings and Questioned Costs	33



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, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 consolidated 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, 2020, 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.

Other Matters

Supplementary and 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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.

Report on Summarized Comparative Information

We have previously audited the 2019 consolidated financial statements of Bay Aging as of September 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2021, 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 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 Bay Aging'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 Bay Aging's internal control over financial reporting and compliance.

Robinson Farnen Cox Associates

Charlottesville, Virginia
March 16, 2021

- Financial Statements -

BAY AGING

**Consolidated Statement of Financial Position
At September 30, 2020
(With Comparative Totals for 2019)**

ASSETS	2020	2019
Cash and cash equivalents	\$ 8,309,732	\$ 4,375,726
Investments	929,609	1,038,121
Cash surrender value of insurance	240,000	120,000
Accounts and grants receivable	1,888,974	3,714,641
Due from related organizations	78,111	245,447
Inventory	51,722	59,323
Security deposits	5,025	39,395
Prepaid expenses	83,212	42,922
Property held for resale	231,063	231,063
Fixed assets, net of accumulated depreciation	12,125,556	9,636,742
Total Assets	\$ 23,943,004	\$ 19,503,380
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,958,752	\$ 1,918,846
Compensated absences	494,855	403,271
Retainage payable	49,701	-
Interest payable	9,503	-
Security and client deposits	6,691	-
Deferred revenue	948,922	360,980
VHDA predevelopment loan	-	70,000
Advances from the Virginia Department of Housing and Community Development:		
Weatherization program	68,121	27,983
Loans payable	3,864,218	167,676
Total Liabilities	\$ 7,400,763	\$ 2,948,756
NET ASSETS		
Without Donor Restrictions	\$ 16,179,794	\$ 16,143,677
With Donor Restrictions	362,447	410,947
Total Net Assets	\$ 16,542,241	\$ 16,554,624
Total Liabilities and Net Assets	\$ 23,943,004	\$ 19,503,380

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

BAY AGING

**Consolidated Statement of Activities
Year Ended September 30, 2020
(With Comparative Totals for 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Revenues, Gains and Support:				
Contributions and grants	\$ 157,766	\$ 51,859	\$ 209,625	\$ 76,583
Government grants (Schedule D)	-	8,362,637	8,362,637	7,640,859
Interest and investment income	107,360	-	107,360	130,538
Program service fees	11,708,984	237,282	11,946,266	9,379,653
Gain on sale of assets	-	22,223	22,223	-
Other revenues	282,852	59,433	342,285	407,569
Net assets released from restrictions:				
Satisfaction of program restrictions	8,781,934	(8,781,934)	-	-
Total Revenues, Gains, and Support	\$ 21,038,896	\$ (48,500)	\$ 20,990,396	\$ 17,635,202
Expenses:				
Salaries	\$ 6,573,405	\$ -	\$ 6,573,405	\$ 6,112,786
Fringes	984,960	-	984,960	936,742
Worker's compensation insurance	87,844	-	87,844	91,118
Staff travel	81,589	-	81,589	100,463
Office supplies, printing, postage	74,510	-	74,510	57,930
Telephone	191,374	-	191,374	167,073
Rent and utilities	242,342	-	242,342	264,246
Insurance	194,532	-	194,532	167,623
Vehicle gasoline, operation and maintenance	517,662	-	517,662	598,534
Materials and storage	72,137	-	72,137	121,351
Contract labor	7,792,970	-	7,792,970	5,889,222
Professional services	166,992	-	166,992	242,097
Program supplies	255,127	-	255,127	111,608
Meals	917,770	-	917,770	490,683
Rent and mortgage relief	202,477	-	202,477	-
Partner payments - VAAACares	539,159	-	539,159	681,189
Donation to Daffodil Gardens - Phase II	100,000	-	100,000	-
Other	930,418	-	930,418	702,609
Depreciation	1,077,511	-	1,077,511	1,073,858
Total Expenses	\$ 21,002,779	\$ -	\$ 21,002,779	\$ 17,809,132
Change in Net Assets	\$ 36,117	\$ (48,500)	\$ (12,383)	\$ (173,930)
Net Assets, beginning of year	16,143,677	410,947	16,554,624	16,728,554
Net Assets, end of year	\$ 16,179,794	\$ 362,447	\$ 16,542,241	\$ 16,554,624

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

BAY AGING

Consolidated Statement of Functional Expenses
 Year Ended September 30, 2020
 (With Comparative Totals for 2019)

	Program Services			Supporting Services		Total	
	Transportation	Housing	Healthy Living	Management & General	Fund Raising	2020	2019
Salaries	\$ 2,227,887	\$ 961,842	\$ 2,433,782	\$ 918,787	\$ 31,107	\$ 6,573,405	\$ 6,112,786
Fringes	290,273	163,712	368,443	156,838	5,694	984,960	936,742
Worker's compensation insurance	53,577	19,755	19,347	(4,866)	31	87,844	91,118
Staff travel	9,296	4,165	66,307	1,821	-	81,589	100,463
Office supplies, printing, postage	9,836	2,669	33,571	26,707	1,727	74,510	57,930
Telephone	59,404	16,435	91,375	23,332	828	191,374	167,073
Rent and utilities	53,432	52,788	105,032	29,170	1,920	242,342	264,246
Insurance	137,960	11,603	18,618	26,351	-	194,532	167,623
Vehicle gasoline, operation and maintenance	431,037	12,450	58,937	15,176	62	517,662	598,534
Materials and storage	333	71,471	333	-	-	72,137	121,351
Contract labor	351,956	170,991	7,245,523	24,329	171	7,792,970	5,889,222
Professional services	29,067	22,700	68,039	46,637	549	166,992	242,097
Program supplies	28,478	17,038	208,859	-	752	255,127	111,608
Meals	-	-	917,770	-	-	917,770	490,683
Rent and mortgage relief	-	202,477	-	-	-	202,477	-
Partner payments - VAAACares	-	-	539,159	-	-	539,159	681,189
Other (1)	120,942	307,013	404,404	93,573	4,486	930,418	702,609
Donation to Daffodil Gardens - Phase II	-	100,000	-	-	-	100,000	-
Depreciation	365,195	157,665	401,532	150,607	2,512	1,077,511	1,073,858
Total Expenses	\$ 4,168,673	\$ 2,294,774	\$ 12,981,031	\$ 1,508,462	\$ 49,839	\$ 21,002,779	\$ 17,809,132
(1) Other:							
Interest expense	\$ -	\$ -	\$ 5,603	\$ -	\$ -	\$ 5,603	\$ 8,089
All other expenses	120,942	307,013	398,801	93,573	4,486	924,815	694,520
Total	\$ 120,942	\$ 307,013	\$ 404,404	\$ 93,573	\$ 4,486	\$ 930,418	\$ 702,609

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

BAY AGING

Consolidated Statement of Cash Flows
Year Ended September 30, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash flows provided (used) by operating activities:		
Change in net assets	\$ (12,383)	\$ (173,930)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,077,511	1,073,858
(Gain) loss on disposal of equipment	(22,223)	(3,474)
(Gain) on sale of investments	(4,575)	(24,849)
Unrealized (gains) losses on investments	(28,645)	(80,523)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts and grants receivable	1,825,667	(1,529,878)
Due from related organizations	167,336	(133,626)
Inventory	7,601	(22,415)
Security deposits	34,370	-
Prepaid expenses	(40,290)	87,238
Increase (decrease) in:		
Accounts payable and accrued liabilities	39,906	402,832
Compensated absences	91,584	24,851
Interest payable	9,503	-
Security and client deposits	6,691	-
Deferred revenue	587,942	(35,252)
Advances	40,138	504
Net cash provided (used) by operating activities	<u>\$ 3,780,133</u>	<u>\$ (414,664)</u>
Cash flows provided (used) by investing activities:		
Purchase of fixed assets and construction in progress	\$ (3,507,482)	\$ (602,931)
Proceeds from sale of fixed assets	22,584	5,300
Sale of investments	316,083	259,758
Purchase of investments	(183,854)	(213,729)
Purchase of life insurance policy	(120,000)	(120,000)
Net cash provided (used) by investing activities	<u>\$ (3,472,669)</u>	<u>\$ (671,602)</u>
Cash flows provided (used) by financing activities:		
Loan proceeds	\$ 3,795,510	\$ -
Financing costs	(35,932)	-
Payment of VHDA advance	(70,000)	-
Principal payments on loans	(63,036)	(60,550)
Net cash provided (used) by financing activities	<u>\$ 3,626,542</u>	<u>\$ (60,550)</u>
Net change in cash and cash equivalents	\$ 3,934,006	\$ (1,146,816)
Cash and cash equivalents, beginning of year	4,375,726	5,522,542
Cash and cash equivalents, end of year	<u>\$ 8,309,732</u>	<u>\$ 4,375,726</u>
Other Supplemental Information:		
Interest paid	<u>\$ 5,603</u>	<u>\$ 8,089</u>

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

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020

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 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 two classes of net assets: net assets without donor restriction and net assets with donor restriction, based on the existence or absence of donor-imposed restrictions. The consolidated financial statements report amounts separately by class of assets as follows:

Net Assets Without Donor Restriction - 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. Net assets accumulated that are not subject to donor-imposed restrictions, but which the Board of Directors of the Organization has earmarked for specific uses, shall be segregated in the accounting records as “board-designated” funds within this category of net assets.

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed stipulations or restrictions. Restrictions may be associated with either a time period (e.g. a particular future time period) or a purpose (e.g. specific programs). A purpose stipulation will be considered a restriction only if it is more specific than the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in Bay Aging’s Articles of Incorporation and Bylaws. These restrictions limit the Organization’s choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor’s instructions.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

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

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 2020. See additional information in Note 12.

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 without donor restrictions, unless subject to external restrictions. When a donor 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. 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 fiscal management, medical and transportation assistance programs offered to citizens and veterans in the communities serviced by the Organization and beyond. Revenue is recognized as services are provided for each program and is reported as unrestricted revenue and net assets without donor restrictions, 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 1 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.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

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

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.

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 \$1,000; 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 \$494,855 and \$403,271 for 2020 and 2019, respectively.

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, 2020 (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, 2020, balances not insured by the FDIC amounted to approximately \$7.1 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 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 6,750,466	\$ 2,774,952
Certificates of Deposit	1,024,168	1,069,524
Money Market Funds	535,098	531,250
Total	<u>\$ 8,309,732</u>	<u>\$ 4,375,726</u>

Long-term investments, carried at fair value based on quoted prices in active markets (all Level 1 measurements), at September 30, 2020 and 2019 consist of the following:

	<u>September 30, 2020</u>			<u>September 30, 2019</u>		
	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Cumulative Gain</u>	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Cumulative Gain</u>
Publicly-held stock	\$ 400,441	\$ 213,113	\$ 187,328	\$ 359,595	\$ 187,710	\$ 171,885
Money market mutual funds	40,018	40,019	(1)	46,267	46,267	-
Mutual fund units	489,150	409,163	79,987	632,259	563,327	68,932
Total	<u>\$ 929,609</u>	<u>\$ 662,295</u>	<u>\$ 267,314</u>	<u>\$ 1,038,121</u>	<u>\$ 797,304</u>	<u>\$ 240,817</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, 2020 (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, 2020 and 2019, the Organization’s consolidated financial assets measured at fair value on a recurring basis consisted of investments in the amount of \$929,609 and \$1,038,121, 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 statement of financial position approximates fair values because of the short maturities of those items and interest rates on the loans and notes payable. The life insurance policy is valued at the cash surrender value at year-end.

NOTE 5 - ACCOUNTS AND GRANTS RECEIVABLE:

Accounts and grants receivable at September 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Virginia Department of Rail and Public Transportation	\$ 125,641	\$ 437,179
Virginia Department of Housing and Community Development	120,324	312,662
Virginia Department for Aging and Rehabilitative Services	34,154	2,815
Virginia Department of Social Services	110,504	61,166
United Healthcare	89,312	141,700
Veteran’s Administration	1,035,112	2,569,724
Others	373,927	189,395
Total	<u>\$ 1,888,974</u>	<u>\$ 3,714,641</u>

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

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 \$78,111 and \$245,447 in related-party receivables at September 30, 2020 and 2019, respectively. The outstanding balance represents routine expenses reimbursed after year-end. Outstanding amounts related to project activity on Daffodil Gardens Phase II were paid off during fiscal year 2020.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

NOTE 6 - DUE FROM RELATED ORGANIZATIONS: (continued)

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:

	Bay Aging Apartments Colonial Beach	Bay Aging Apartments West Point	Bay Aging Apartments Gloucester	Bay Aging Apartments Montross	Bay Aging Apartments Kilmarnock (Tartan I & II)	Bay Aging Apartments Westmoreland	Bay Aging Apartments Middlesex (P'Town 1)	Bay Aging Apartments JCC	Bay Aging Apartments Middlesex (P'Town 2)
Fiscal Year	9/30/2020	9/30/2020	9/30/2020	9/30/2020	3/31/2020	3/31/2020	3/31/2020	3/31/2020	3/31/2020
Assets	\$ 973,806	\$ 881,433	\$ 2,254,319	\$ 997,804	\$ 3,116,096	\$ 1,424,159	\$ 1,495,385	\$ 4,647,138	\$ 1,154,194
Liabilities	(46,990)	(31,056)	(53,917)	(29,512)	(34,771)	(23,255)	(17,948)	(48,931)	(8,143)
Net Assets	<u>\$ 926,816</u>	<u>\$ 850,377</u>	<u>\$ 2,200,402</u>	<u>\$ 968,292</u>	<u>\$ 3,081,325</u>	<u>\$ 1,400,904</u>	<u>\$ 1,477,437</u>	<u>\$ 4,598,207</u>	<u>\$ 1,146,051</u>
Operating Revenues	\$ 242,707	\$ 195,342	\$ 384,502	\$ 172,196	\$ 263,840	\$ 168,551	\$ 164,092	\$ 389,302	\$ 100,848
Operating Expenses	(298,356)	(205,013)	(443,697)	(197,204)	(357,380)	(192,987)	(196,722)	(514,449)	(125,452)
Other Revenues/ (Expenses)	252	354	18	156	301	152	432	6,210	248
Change in Net Assets	<u>\$ (55,397)</u>	<u>\$ (9,317)</u>	<u>\$ (59,177)</u>	<u>\$ (24,852)</u>	<u>\$ (93,239)</u>	<u>\$ (24,284)</u>	<u>\$ (32,198)</u>	<u>\$ (118,937)</u>	<u>\$ (24,356)</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 \$471,397 for 2020 and \$423,436 for 2019.

The Organization had several transactions with Daffodil Gardens Phase II, LLC (DG II) during the year ended September 30, 2020. With DG II's construction loan, Bay Aging's \$70,000 VHDA predevelopment loan and \$205,252 in development expenses were reimbursed. Through Bay Aging Foundation, a donation of \$100,000 was made to DG II. Chesapeake Bay Housing, Inc., a related entity, is the sole member of DGII and its corresponding management company, Daffodil Gardens Phase II Management, LLC.

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, 2020 and 2019 is \$231,063 and \$231,063, respectively.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

NOTE 8 - FIXED ASSETS:

Major classes of fixed assets consist of the following at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 724,610	\$ 471,550
Buildings	10,780,965	9,293,081
Furniture and equipment	1,544,200	1,633,279
Vehicles	5,235,054	5,312,493
Construction in progress	1,178,786	-
Total	\$ 19,463,615	\$ 16,710,403
Accumulated depreciation	<u>(7,338,059)</u>	<u>(7,073,661)</u>
Net fixed assets	<u>\$ 12,125,556</u>	<u>\$ 9,636,742</u>

Depreciation expense was \$1,077,511 for 2020 and \$1,073,858 for 2019.

NOTE 9 - LOANS 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 installments 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. On April 25, 2018, Bay Aging again refinanced their loan with BB&T for \$253,102 bearing interest at 3.99% payable in monthly installments of \$5,720 and maturing on April 24, 2022. This transaction released collateral on Fiddlers Green Road. The balance of this loan was \$104,639 at September 30, 2020 and \$167,676 at September 30, 2019.

Interest expense totaled \$5,603 for 2020 and \$8,089 for 2019, all of which was expensed.

Summary of debt activity:

	<u>2020</u>	<u>2019</u>
Loans payable, beginning of year	\$ 167,676	\$ 228,226
Loan proceeds	3,795,510	-
Principal payments on loans	<u>(63,036)</u>	<u>(60,550)</u>
Loans payable, end of year	\$ 3,900,150	\$ 167,676
Less: Unamortized debt issuance costs	<u>(35,932)</u>	-
Loans payable, end of year	<u>\$ 3,864,218</u>	<u>\$ 167,676</u>

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

NOTE 9 - LOANS PAYABLE: (continued)

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

	<u>Principal</u>	<u>Interest</u>
2021	\$ 65,598	\$ 3,041
2022	39,041	533
Total	<u>\$ 104,639</u>	<u>\$ 3,574</u>

Bay Aging also had a VHDA predevelopment loan outstanding related to Daffodil Gardens Phase II in the amount of \$70,000. The loan agreement for \$50,000 and subsequent addendum for \$20,000 carried a 1% interest rate. The agreement stipulated that payment of principal and accrued interest was due upon the sooner of 37 months after the agreement date or the closing of permanent financing for the project. The entire loan was paid off during fiscal year 2020.

On October 1, 2019, the Organization closed on the purchase of the Urbanna Professional Center (UPC) in the amount of \$1,650,000. Interim financing was obtained through Citizens and Farmers Bank for the purchase and renovation of the UPC. Interim financing will be paid off with permanent financing through USDA. The construction loan for \$3,463,000 has a maturity date of January 1, 2021 and carries an interest rate of 4.52%. Drawdowns totaled \$2,533,010 at September 30, 2020.

Interest costs totaled \$85,938 for 2020, all of which was capitalized.

In April 2020, as a result of COVID-19, the Organization obtained a Payroll Protection Program (PPP) loan in the amount of \$1,262,500 through Citizens & Farmers Bank. The loan is forgivable if the Organization uses the proceeds in accordance with the SBA PPP loan guidelines. The Organization applied for loan forgiveness on February 11, 2021 and anticipates forgiveness in full. Any amounts not approved for forgiveness will be repaid over two years at an interest rate of 1%.

NOTE 10 - LEASE COMMITMENTS:

The Organization leases office space and other facilities pursuant to lease agreements. Rental expenses totaled \$188,220 and \$218,899 for fiscal year 2020 and 2019, respectively.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

NOTE 10 - LEASE COMMITMENTS: (CONTINUED)

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

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 36,630
2022	7,800
2023	7,872
2024	7,950
2025	<u>663</u>
Total	<u>\$ 60,915</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 received a safe harbor matching contribution in the amount of 100% of contributions up to the first 4% of their pay in calendar year 2020, plus 50% of what they contributed, up to the next 2% of their pay. Employees have full and immediate vesting of plan assets. The amount of the Organization's contribution for the years ended September 30, 2020 and 2019 was \$178,944 and \$169,889, respectively. The employees' contributions to the plan for the years ended September 30, 2020 and 2019 were \$349,893 and \$318,873, respectively.

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 \$30,168 and \$30,916 for fiscal year 2020 and 2019, 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 since recognition criteria have not been met. There were donated materials in fiscal years 2020 and 2019; 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 for services provided in its fiscal management, 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.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

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 18 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.

Renovations were underway for the Urbanna Professional Center at year-end. The Organization had an outstanding construction contract commitment, including retainage, in the amount of \$208,171 at September 30, 2020.

NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS:

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>2020</u>	<u>2019</u>
Aging Programs	\$ 2,404,179	\$ 2,294,215
CNS (RSVP)	71,115	71,830
Virginia Department of Housing and Community Development programs	807,134	841,347
Transportation programs	3,233,325	2,836,910
Virginia Housing Development Authority	168,815	94,124
Community Services Block Grant	489,707	481,861
Other	1,607,659	1,531,730
Total	<u>\$ 8,781,934</u>	<u>\$ 8,152,017</u>

Net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Local gifts and grants	\$ 362,447	\$ 410,947
Total	<u>\$ 362,447</u>	<u>\$ 410,947</u>

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

NOTE 17 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Bay Aging monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. Bay Aging's investment objectives are the preservation and protection of the Organization's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments. It is the policy of Organization that excess cash investments are properly managed and that these investments are consistent with the mission of Bay Aging.

Bay Aging treats all assets of the Organization, including those funds that are legally unrestricted, as though they are held in a fiduciary capacity for the purpose of accomplishing the Organization's tax-exempt mission.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 8,309,732	\$ 4,375,726
Less those unavailable for general expenditures within one year, due to:		
Designated for accrued leave	(336,157)	(329,470)
Designated for contract labor in the VDC Program	(235,522)	(170,919)
Designated for construction of UPC	(524,880)	-
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 7,213,173</u>	<u>\$ 3,875,337</u>

NOTE 18 - SIGNIFICANT SOURCES OF REVENUES:

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

	<u>2020</u>	<u>2019</u>
Virginia Department of Aging and Rehabilitative Services	\$ 2,404,179	\$ 2,294,215
Virginia Department of Housing and Community Development	807,134	841,347
Virginia Department of Medical Assistance Services (Medicaid purchase of service)	-	127,933
MCO revenues	1,361,556	1,442,504
Virginia Department of Rail and Public Transportation/ Virginia Department of Transportation	3,233,325	2,836,910
U.S. Department of Veterans Affairs	9,377,683	6,676,612
All Others	3,806,519	3,415,681
Total revenues	<u>\$ 20,990,396</u>	<u>\$ 17,635,202</u>

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

NOTE 18 - 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 \$40,000 in 2020 and \$0 in 2019. Interest in the amount of \$138 and \$504 was earned on program fund balances to be allocated to program activities in 2020 and 2019, respectively.

NOTE 19 - FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing programs and activities have been reported on a functional basis below. Expenses require allocation on a reasonable basis that is consistently applied. Some expenses are directly identifiable and are charged to programs and supporting services accordingly. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular grant or program. Joint costs benefit more than one, but not necessarily all, awards. Indirect costs, but not joint costs, may be allocated to benefiting grants through the use of an indirect cost rate.

Examples of indirect costs are:

- The Accounting Department
- The Human Resources Department
- The Administrative Staff of the Organization

Examples of joint costs are:

- Shared space
- Trash Removal
- Vehicle insurance

Bay Aging maintains an annual indirect cost budget. Each year a new indirect cost rate application is prepared and submitted to Bay Aging’s Cognizant Agency for approval. The actual indirect cost rate from the previous year receives final approval, and that rate is also approved as a provisional rate for the current fiscal year. This provisional rate is used when determining the overhead applied to each Federal award.

Bay Aging’s Indirect Cost Pool consists of the salaries and fringes of the administrative staff, including but not limited to the President, COO, CFO, HR Director, Fiscal and IT Staff.

The Indirect Cost Rate application is prepared by the CFO using the format recommended by the Cognizant Agency. The Indirect Cost application packet includes the audit from the fiscal year pertaining to the proposal. After completion, the Indirect Cost Application is reviewed by the President and the Finance Committee. The Indirect Cost Application is due to the Cognizant Agency by March 31 of each year.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

NOTE 19 - FUNCTIONAL ALLOCATION OF EXPENSES: (continued)

Direct and joint costs are allocated to the benefiting programs using cost pools under the following methodology:

1. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources.
2. As much as possible, costs will be charged directly to benefiting programs.
3. All remaining shared costs will be allocated on the most meaningful measures. The following basis will be used:
 - a. Facilities and related costs will be allocated based on square footage occupied.
 - b. Telephone costs will be based on space occupied.
 - c. Internet service cost will be based on space occupied.
 - d. Insurance costs will be prorated by program using the most meaningful distribution method (building insurance based on square footage if occupied by multiple programs).

NOTE 20 - COVID-19 PANDEMIC:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation.

Bay Aging has responded to the COVID-19 pandemic by striving to continue serving the most vulnerable citizens in our service area. We have modified and added certain services, including the following:

Transit: The Organization experienced a 50% decrease in ridership, but those that continued were critical service recipients. Transit busses were retro-fitted with plexiglass shields for the drivers and with caution tape and other means to establish social distancing for our passengers. The Organization also implemented a software-based system for screen passengers as they scheduled demand-response trips.

Home Care: Protocols were established and PPE procured for home health aides to maximize their and their clients' safety.

Meals: The Organization delivered several rounds of shelf-stable meals in March, and subsequently established an evening-meal program through contracts with local governments in its service area. The Helping Neighbors meals program delivered restaurant prepared meals to more than 700 clients throughout the service area, facilitating recipients' ability to shelter at home. Further, approximately a half-dozen grocery deliveries were made from local markets to other clients to meet their daily needs and alleviate their need to leave their homes.

Housing: The Organization established a schedule of check-in calls to senior housing clients to ensure they were safe.

Intake and Options Counseling: While offices have remained closed to walk-in traffic, the full staff of options counselors and information and referral staff have been maintained to help clients over the phone.

BAY AGING

Notes to Consolidated Financial Statements As of September 30, 2020 (continued)

NOTE 21 - SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or through March 16, 2021, the date the financial statements were available to be issued.

On November 13, 2020, the Organization obtained permanent financing to pay off interim financing for the Urbanna Professional Center. USDA financing was obtained for the project in the amount of \$3,299,000. The loan carries an interest rate of 2.125% and requires monthly payments of \$10,227 over a term of forty (40) years.

- Supporting Schedules -

BAY AGING
Virginia Department for Aging and Rehabilitative Services

Status of Funds
Year Ended September 30, 2020

FUND	Unencumbered Funds on Hand at Beginning of Period	Total Funds Received During Period	Funds In Transit At 9-30-20	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	\$ (2,120)	\$ 344,169	\$ -	\$ 342,049	\$ 272,984	\$ 69,065
Title III-C (1)	-	153,339	-	153,339	130,207	23,132
Title III-C (2)	-	168,283	-	168,283	36,549	131,734
Title III-D	1,960	23,447	-	25,407	22,822	2,585
Title III-E	-	114,969	-	114,969	25,599	89,370
Title VII-Ombudsman	(694)	64,771	-	64,077	67,643	(3,566)
Title VII-Elder Abuse	86	1,269	-	1,355	752	603
NSIP	-	81,612	-	81,612	59,117	22,495
Families First COVID Response C(1)	-	59,569	-	59,569	59,569	-
Families First COVID Response C(2)	-	119,139	-	119,139	119,139	-
CARES Act Title III-B	-	130,112	-	130,112	130,112	-
CARES Act Title III-C(2)	-	362,758	-	362,758	376,228	(13,470)
CARES Act Title III-E	-	72,834	-	72,834	73,407	(573)
CARES Act Title VII Ombudsman	-	41,791	-	41,791	4,333	37,458
Other Federal:						
Title V (6/30/20 Award)	7,920	101,968	-	109,888	109,888	-
Title V (6/30/21 Award)	-	41,279	-	41,279	36,516	4,763
VICAP (3/31/20 Award)	5,782	37,892	-	43,674	43,674	-
VICAP (3/31/21 Award)	-	18,651	-	18,651	17,812	839
DMAS Ombudsman FY18	(1,629)	-	-	(1,629)	-	(1,629)
DMAS Ombudsman FY19	15,129	6,500	-	21,629	24,187	(2,558)
MIPPA Priority 2 - AAA	-	6,250	-	6,250	6,250	-
MIPPA Priority 3 - ADRC	-	43,311	-	43,311	43,311	-
Falls Prevention Grant	-	3,315	-	3,315	3,315	-
General Funds						
OAA General (6/30/20 Award)	-	91,296	-	91,296	91,296	-
Community Based (6/30/20 Award)	-	140,689	-	140,689	140,689	-
Transportation (6/30/20 Award)	-	50,829	-	50,829	50,829	-
Home Delivered Meals (6/30/20 Award)	-	179,048	-	179,048	179,048	-
Supplemental Nutrition (6/30/20 Award)	-	40,092	-	40,092	40,092	-
Ombudsman (6/30/20 Award)	-	60,613	-	60,613	60,613	-
Care Coordination CCEVP (6/30/20 Award)	-	123,199	-	123,199	123,199	-
Respite Care (6/30/20 Award)	-	55,000	-	55,000	55,000	-
Senior Cool Care (Dominion Power)	136	-	-	136	-	136
Total	\$ 26,570	\$ 2,737,994	\$ -	\$ 2,764,564	\$ 2,404,180	\$ 360,384

BAY AGING
Virginia Department for Aging and Rehabilitative Services

Costs by Program Activity
Year Ended September 30, 2020

	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	Costs to Federal FFCRA III C(1) Funds	Costs to Federal FFCRA III C(2) Funds
Title III, (Except III-E), Older Americans Act Funds:									
Homemaker services	\$ 16,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal care services	80,603	-	-	-	-	-	-	-	-
S.O.S.	-	-	-	-	-	-	-	-	-
Comm. Referral Info & Assist	90,671	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Congregate meals	-	116,134	-	-	-	-	-	59,569	-
Home delivered meals	-	-	25,131	-	-	-	-	-	119,139
Home delivered fee for services	-	-	-	-	-	-	-	-	-
Disease prevention	-	-	-	22,406	-	-	-	-	-
CDSME	-	-	-	416	-	-	-	-	-
Long-term care coordinating activity	18,268	-	-	-	-	-	-	-	-
Public information and education	47,124	-	-	-	-	-	-	-	-
Legal assistance	3,612	-	-	-	-	-	-	-	-
Elder abuse prevention	-	-	-	-	-	752	-	-	-
LTC Ombudsman	-	-	-	-	-	-	67,643	-	-
Preparation and administration	16,685	14,073	11,418	-	-	-	-	-	-
Title III-E Older Americans Act Funds:									
Adult day care	-	-	-	-	25,599	-	-	-	-
Other respite services	-	-	-	-	-	-	-	-	-
Total	\$ 272,984	\$ 130,207	\$ 36,549	\$ 22,822	\$ 25,599	\$ 752	\$ 67,643	\$ 59,569	\$ 119,139

BAY AGING
Virginia Department for Aging and Rehabilitative Services

Costs by Program Activity
Year Ended September 30, 2020

	Costs to Federal CARES Act III B Funds	Costs to Federal CARES Act III C(2) Funds	Costs to Federal CARES Act III E Funds	Costs to Federal CARES Act VII Ombuds. Funds	Voluntary Contributions	Costs to Other Non- Federal Funds	Fees	Costs to DMAS Ombudsman Funds	Costs to NSIP Funds
Title III, (Except III-E), Older Americans Act Funds:									
Homemaker services	\$ 14,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal care services	84,099	-	-	-	-	-	-	-	-
S.O.S.	-	-	-	-	-	-	-	-	-
Comm. Referral Info & Assist	31,612	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Congregate meals	-	-	-	-	3,244	22,050	-	-	27,467
Home delivered meals	-	376,228	-	-	7,655	27,974	-	-	31,650
Home delivered fee for services	-	-	-	-	-	-	14,828	-	-
Disease prevention	-	-	-	-	-	-	-	-	-
CDSME	-	-	-	-	-	-	-	-	-
Long-term care coordinating activity	-	-	-	-	-	-	-	-	-
Public information and education	-	-	-	-	-	-	-	-	-
Legal assistance	-	-	-	-	-	-	-	-	-
Elder abuse prevention	-	-	-	-	-	-	-	-	-
LTC Ombudsman	-	-	-	4,333	-	-	-	24,187	-
Preparation and administration	-	-	-	-	-	48,000	-	-	-
Title III-E Older Americans Act Funds:									
Adult day care	-	-	-	-	-	23,754	45,667	-	-
Other respite services	-	-	73,407	-	-	-	-	-	-
Total	\$ 130,112	\$ 376,228	\$ 73,407	\$ 4,333	\$ 10,899	\$ 121,778	\$ 60,495	\$ 24,187	\$ 59,117

Costs by Program Activity
Year Ended September 30, 2020

	Costs to GF								Total Costs
	Costs to GF	Costs to GF	Costs to GF	Home	Costs to GF	Costs to	Costs to	In-Kind	
	OAA General Funds	Community Based Funds	Special Transportation Funds	Delivered Meals Funds	Supplemental Nutrition Funds	GF Ombudsman Funds	GF CCEVP Funds		
Title III, (Except III-E), Older Americans Act Funds:									
Homemaker services	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,422
Personal care services	42,745	134,689	-	-	-	-	-	-	342,136
S.O.S.	-	-	-	-	-	-	123,199	-	123,199
Comm. Referral Info & Assist	-	-	-	-	-	-	-	-	122,283
Transportation	28,551	-	50,829	-	-	-	-	-	79,380
Congregate meals	-	-	-	-	25,523	-	-	-	253,987
Home delivered meals	-	-	-	165,847	14,569	-	-	-	768,193
Home delivered fee for services	-	-	-	13,201	-	-	-	-	28,029
Disease prevention	-	-	-	-	-	-	-	-	22,406
CDSME	-	-	-	-	-	-	-	-	416
Long-term care coordinating activity	-	-	-	-	-	-	-	-	18,268
Public information and education	-	-	-	-	-	-	-	-	47,124
Legal assistance	-	-	-	-	-	-	-	-	3,612
Elder abuse prevention	-	-	-	-	-	-	-	-	752
LTC Ombudsman	-	-	-	-	-	60,613	-	-	156,776
Preparation and administration	-	-	-	-	-	-	-	-	90,176
Title III-E Older Americans Act Funds:									
Adult day care	-	6,000	-	-	-	-	-	-	101,020
Other respite services	-	-	-	-	-	-	-	-	73,407
Total	\$ 91,296	\$ 140,689	\$ 50,829	\$ 179,048	\$ 40,092	\$ 60,613	\$ 123,199	\$ -	\$ 2,281,586

BAY AGING
Virginia Department for Aging and Rehabilitative Services

Status of Inventories
Year Ended September 30, 2020

<u>Fund Source and Type of Inventory</u>	<u>Value on Hand at October 1, 2019</u>	<u>Net Changes During Year</u>	<u>Value on Hand at September 30, 2020</u>
Older Americans Act:			
Title III-B	\$ -	\$ -	\$ -
Title III-C (1)	-	-	-
Title III-C (2)	-	-	-
Title III-D	-	-	-
Title III-E	-	-	-
Total Older Americans Act	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title VII Ombudsman	-	-	-
Title VII Elder Abuse	-	-	-
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

BAY AGING

Schedule of Government Grants
Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Aging programs	\$ -	\$ 2,404,179	\$ 2,404,179
Virginia Department of Housing and Community Development:			
Weatherization - DOE	-	159,145	159,145
Emergency home repair	-	21,437	21,437
Indoor plumbing program	-	21,000	21,000
LIHEAP	-	326,325	326,325
Homeless Program	-	279,227	279,227
Transportation:			
Virginia Department of Rail and Public Transportation	-	3,223,325	3,223,325
Virginia Housing Development Authority	-	168,815	168,815
Community Services Block Grant/TANF	-	489,707	489,707
ACTION - RSVP	-	71,115	71,115
Other grants	-	151,060	151,060
Local governments:			
Meals and Transit - Locality CARES Funding	-	185,123	185,123
Rent and Mortgage Relief - Gloucester	-	25,888	25,888
Local match funds	-	836,291	836,291
Total Government Grants	<u>\$ -</u>	<u>\$ 8,362,637</u>	<u>\$ 8,362,637</u>

- Compliance -



**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, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 16, 2021.

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) as a basis for designing 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 financial statements. 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 Faxon Cox Associates

Charlottesville, Virginia
March 16, 2021



**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, 2020. 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 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, 2020.

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 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.

Robinson Faxon Cox Associates

Charlottesville, Virginia
March 16, 2021

BAY AGING

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass- through to Subrecipients
<u>Department of Agriculture:</u>				
Pass Through Payments:				
Virginia Department of Agriculture:				
Child Nutrition Discretionary Grants Limited Availability	10.579	Not Available	\$ 4,363	\$ -
<u>Department of Housing and Urban Development:</u>				
Pass Through Payments:				
Virginia Housing Development Authority:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	Not Available	\$ 78,815	\$ -
<u>Corporation for National and Community Service:</u>				
Direct Payments:				
Retired and Senior Volunteer Program	94.002	N/A	\$ 71,115	\$ -
<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	114551/ 116344	\$ 272,984	\$ -
COVID-19 - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	117233	<u>130,112</u> \$ 403,096	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	114550/116343/ 114540/116342	\$ 166,756	-
COVID-19 (FFCRA) - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	114550/116343	178,708	-
COVID-19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	117251	<u>376,228</u> 721,692	-
Nutrition Services Incentive Program	93.053	114544/116345	<u>59,117</u> \$ 1,183,905	-
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	114543/116341	22,822	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects (CPL)	93.048	V4A	8,387	-
National Family Caregiver Support, Title III, Part E	93.052	114541/116340	\$ 25,599	-
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	117230	<u>73,407</u>	-
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	116335	752	-
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	114471/116334	\$ 67,642	-
COVID-19 - Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	117229	<u>4,333</u>	-
Medicare Enrollment Assistance Program (MIPPA)	93.071	114547/114548	49,561	-
State Health Insurance Assistance Program	93.324	ARS44118/117058 (220)	61,486	-
Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	93.761	112274	3,315	-
Medicaid Cluster: Medical Assistance Program (Medicaid; Title XIX)	93.778	ARS46200	24,187	-
Virginia Department of Housing and Community Development:				
Low-Income Home Energy Assistance	93.568	19-LI-15 & 20-LI-15	326,325	-
Virginia Department of Social Services:				
Temporary Assistance for Needy Families (TANF)	93.558	CVS-19-063-04	181,874	80,396
Community Services Block Grant	93.569	CVS-19-063-04	\$ 306,998	-
COVID-19 - Community Services Block Grant	93.569	Not Available	<u>835</u>	-
Total Department of Health and Human Services			<u>\$ 2,341,428</u>	<u>\$ 80,396</u>

BAY AGING

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020 (Continued)**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass- through to Subrecipients
<u>Department of Labor:</u>				
Pass Through Payments:				
Virginia Department of Aging and Rehabilitative Services:				
Senior Community Service Employment Program	17.235	115740/117330	\$ 146,404	\$ -
<u>Department of Energy:</u>				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Weatherization Assistance for Low-Income Persons	81.042	19-WX-15 & 20-WX-15	\$ 159,145	\$ -
<u>Department of Transportation:</u>				
Pass Through Payments:				
Virginia Department of Transportation:				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	42020-19; 42020-21 42020-22; 42020-23; 42020-26; 42020-25; 42520-17; 42019-26; 42019-25	\$ 2,007,909	\$ -
Transit Services Programs Cluster:				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	44020-08; 44020-09	201,358	-
Total Department of Transportation			\$ 2,209,267	\$ -
<u>Department of Treasury:</u>				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
COVID-19 - Coronavirus Relief Fund	21.019	20-RMFP-005	\$ 221,275	\$ 43,740
Essex County, Virginia:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	21,326	-
Gloucester County, Virginia:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	64,979	-
King and Queen County, Virginia:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	27,787	-
Lancaster County, Virginia:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	20,153	-
Middlesex County, Virginia:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	18,828	-
Northumberland County, Virginia:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	17,871	-
Richmond County, Virginia:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	4,058	-
Westmoreland County, Virginia:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	36,009	-
Total Department of Treasury			\$ 432,286	\$ 43,740
Total expenditures of federal awards			\$ 5,442,823	\$ 124,136

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Bay Aging under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identification numbers are presented where 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.

BAY AGING

Schedule of Findings and Questioned Costs
Year Ended September 30, 2020

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>
93.044/93.045/93.053	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 findings or questioned costs reported.