

Bay Aging

Consolidated Financial Statements

September 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bay Aging
Urbanna, Virginia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bay Aging and Bay Aging Foundation (collectively, the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information on pages 24 through 31 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, activities, and cash flows of the Organization and is not a required part of the consolidated financial statements. The accompanying 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 consolidated 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 consolidated 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. In our opinion, the information noted above 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 28, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Keita", with a stylized flourish at the end.

March 28, 2024
Glen Allen, Virginia

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Consolidated Statement of Financial Position September 30, 2023 (with Comparative Totals for 2022)

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 7,422,216	\$ 7,568,279
Accounts and grants receivable	8,734,097	4,759,131
Due from related organizations	88,779	61,599
Inventory	73,379	66,543
Prepaid expenses	<u>73,845</u>	<u>33,823</u>
Total current assets	16,392,316	12,489,375
Investments	1,058,528	918,486
Cash surrender value of insurance	341,296	331,656
Property held for resale	231,063	231,063
Fixed assets, net of accumulated depreciation	14,743,198	14,509,650
Security deposits	<u>7,287</u>	<u>4,029</u>
Total assets	<u>\$ 32,773,688</u>	<u>\$ 28,484,259</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,912,750	\$ 3,397,157
Deferred revenue	88,585	53,792
Loans payable (short-term)	<u>128,432</u>	<u>994,559</u>
Total current liabilities	5,129,767	4,445,508
Loans payable (long-term)	<u>5,661,119</u>	<u>4,081,341</u>
Total liabilities	<u>10,790,886</u>	<u>8,526,849</u>
Net assets:		
Without donor restrictions	21,513,411	19,096,405
With donor restrictions	<u>469,391</u>	<u>861,005</u>
Total net assets	<u>21,982,802</u>	<u>19,957,410</u>
Total liabilities and net assets	<u>\$ 32,773,688</u>	<u>\$ 28,484,259</u>

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Activities Year Ended September 30, 2023 (with Comparative Totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, gains, and support:				
Contributions and grants	\$ 248,166	\$ 54,951	\$ 303,117	\$ 258,151
Government grants	-	10,973,509	10,973,509	10,254,670
Interest and investment income, net	142,881	-	142,881	36,310
Program service fees	31,805,991	339,963	32,145,954	23,491,795
Gain on sale of fixed assets	-	9,015	9,015	15,086
Investment gain, net	131,003	-	131,003	-
Gain on cash surrender value	9,640	-	9,640	-
Other revenues	25,587	16,272	41,859	107,754
In-kind contributions	45,350	-	45,350	869,799
	32,408,618	11,393,710	43,802,328	35,033,565
Net assets released from restrictions	11,785,324	(11,785,324)	-	-
Total revenue, gains, and support	44,193,942	(391,614)	43,802,328	35,033,565
Expenses:				
Program services	39,600,701	-	39,600,701	31,859,412
Supporting services:				
Management and general	2,040,182	-	2,040,182	1,694,371
Fundraising	136,053	-	136,053	67,398
	41,776,936	-	41,776,936	33,621,181
Total expenses	41,776,936	-	41,776,936	33,621,181
Investment loss, net	-	-	-	200,511
Loss on cash surrender value	-	-	-	28,344
	-	-	-	228,855
Total expenses and losses	41,776,936	-	41,776,936	33,850,036
Change in net assets	2,417,006	(391,614)	2,025,392	1,183,529
Net assets, beginning of year	19,096,405	861,005	19,957,410	18,773,881
Net assets, end of year	\$ 21,513,411	\$ 469,391	\$ 21,982,802	\$ 19,957,410

See accompanying notes to consolidated financial statements.

BAY AGING

Consolidated Statement of Functional Expenses Year Ended September 30, 2023 (with Comparative Totals for 2022)

	2023			2022	
	Program Services	Supporting Services		Total	Total
		Management and General	Fundraising		
Salaries	\$ 9,656,456	\$ 1,275,668	\$ 57,000	\$ 10,989,124	\$ 9,336,971
Fringes	1,398,323	196,870	8,797	1,603,990	1,430,593
Worker's compensation insurance	155,115	1,418	63	156,596	139,163
Staff travel	155,674	3,615	130	159,419	171,451
Office supplies, printing, postage	97,629	23,399	-	121,028	112,614
Telephone	244,466	25,894	850	271,210	224,603
Rent and utilities	128,012	21,720	-	149,732	142,424
Insurance	204,144	38,476	-	242,620	219,554
Vehicle gasoline, operation and maintenance	1,021,003	54,307	-	1,075,310	1,008,952
Materials and storage	68,256	-	-	68,256	58,165
Contract labor	21,397,943	3,722	-	21,401,665	16,119,619
Professional services	207,546	93,170	2,500	303,216	250,494
Program supplies	252,775	75	-	252,850	127,685
Meals	665,045	-	-	665,045	651,801
Rent and mortgage relief	45,934	-	-	45,934	161,134
Partner payments - VAAACares	1,462,970	-	-	1,462,970	858,071
Interest	138,435	6,989	270	145,694	119,068
Other	1,189,659	238,963	64,280	1,492,902	1,318,604
Depreciation	1,111,316	55,896	2,163	1,169,375	1,170,215
Total expenses	<u>\$ 39,600,701</u>	<u>\$ 2,040,182</u>	<u>\$ 136,053</u>	<u>\$ 41,776,936</u>	<u>\$ 33,621,181</u>

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Cash Flows Year Ended September 30, 2023 (with Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,025,392	\$ 1,183,529
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,169,375	1,170,215
Net investment (income) loss	(140,042)	206,100
Gain on sale of fixed assets	(9,015)	(15,086)
(Gain) loss on cash surrender value of life insurance	(9,640)	28,344
In-kind gain on acquisition of Mercer Property	-	(843,499)
Change in operating assets and liabilities:		
Accounts and grants receivable	(3,974,966)	1,220,002
Due from related organizations	(27,180)	39,194
Inventory	(6,836)	(15,036)
Prepaid expenses	(40,022)	54,493
Security deposits	(3,258)	(2,004)
Accounts payable and accrued liabilities	1,515,593	527,261
Deferred revenue	34,793	6,193
Net cash provided by operating activities	534,194	3,559,706
Cash flows from investing activities:		
Purchase of fixed assets and construction in progress	(1,402,083)	(1,092,304)
Proceeds from sale of fixed assets	8,175	15,086
Net cash used in investing activities	(1,393,908)	(1,077,218)
Cash flows from financing activities:		
Loan proceeds	827,888	144,033
Principal payments on loans	(114,237)	(114,116)
Net cash provided by financing activities	713,651	29,917
Net change in cash and cash equivalents	(146,063)	2,512,405
Cash and cash equivalents, beginning of year	7,568,279	5,055,874
Cash and cash equivalents, end of year	\$ 7,422,216	\$ 7,568,279
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 145,694	\$ 119,068
Supplemental disclosure of noncash transaction:		
Value of Mercer Property acquired via assumption of debt	\$ -	\$ 994,901

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

1. Nature of Operations:

Bay Aging 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 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.

Bay Aging Foundation (the "Foundation") was established in 2004 to support Bay Aging and to provide resources to provide better services 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.

2. Summary of Significant Accounting Policies:

Basis of Accounting: 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 ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Basis of Consolidation: The accompanying consolidated financial statements include the accounts of Bay Aging and the Foundation (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation: The consolidated financial statements are presented in accordance with FASB guidance, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenues and expenses be classified in two classes of net assets — net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net Assets Without Donor Restrictions – 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. There were no board-designated net assets as of September 30, 2023 and 2022.

BAY AGING

Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued:

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 the Organization’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.

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.

Accounts and Grants Receivable: Accounts and grants receivable represent revenues earned, billed and unbilled, but not yet received, and appropriations earned but unpaid from the local government entities in the Organization’s service region as of the end of the fiscal year. The Organization uses the reserve method of accounting for doubtful accounts. The amount of doubtful accounts receivable was considered immaterial at September 30, 2023 and 2022, and no reserve was considered necessary. 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.

Inventory: Inventory consists primarily of weatherization materials used to improve low-income houses and are stated at the lower of cost, using the first-in, first-out method, or net realizable value.

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. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that the value of investment securities reported on the consolidated financial statements could change in the near term.

Property Held for Sale: The Organization 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, Continued

2. Summary of Significant Accounting Policies, Continued:

Fixed Assets: Fixed assets are stated at cost (or fair market value at the date of donation for donated assets) and depreciated using a straight-line method over estimated useful lives which range from 5 to 30 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.

Vacation Compensation Accrual: Accumulated unpaid vacation pay is accrued when earned. The amount of such pay was \$727,546 as of September 30, 2023, and \$620,990 as of September 30, 2022, which is included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

Program Service Fees: The Organization recognizes revenue under Accounting Standards Update (“ASU”) 2014-09, which has been incorporated into FASB guidance as ASC 606. The standard defines a process for evaluating revenue recognition including 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognize revenue when (or as) the Organization satisfies a performance obligation. One of the key concepts in the standard is that revenue should be recognized when a customer has control over a good or service. The standard also requires an entity to enhance revenue recognition disclosures in the accounting policy note including both quantitative and qualitative information, significant judgments involved in the process, and the amount and timing of remaining performance obligations.

Program service fees represent a variety of fiscal management, home-based services, Medicaid subcontracts, and transportation assistance programs offered to citizens and veterans in the communities serviced by the Organization and beyond. Revenue is recognized at a point in time when services are provided for each program. Economic factors may impact the nature, amount, and timing of revenue recognition.

The Organization receives third party reimbursements for services provided in its fiscal management, personal care, respite, case management, adult day services and transportation programs. Retroactive adjustments are reported in operations in the year of settlement. The difference in the adjustments and a contractual accrual adjustment is immaterial.

A contract asset is the Organization’s right to consideration in exchange for goods or services the Organization has transferred to a client. Contract liabilities represent consideration received from a client before the Organization has transferred a good or service to the client. The Company recorded contract liabilities of \$88,585 at September 30, 2023, and \$53,792 at September 30, 2022, recognized as deferred revenue in the accompanying consolidated statement of financial position. There were no contract assets as of September 30, 2023 or September 30, 2022.

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Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Contributions and Grants: 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 topic standards. Contributions received without conditions are reported as revenue within 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 consolidated 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.

Contributions of Nonfinancial Assets: The value of contributed services and materials that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by an individual possessing those skills, and are of the type that would have been purchased if not contributed, amounted to \$45,350 for 2023 and \$869,799 for 2022 and have been recognized at their fair value as determined by the donor (see Note 14). In-kind contributions are separately stated on the consolidated statements of activities for the years ended September 30, 2023 and 2022.

Income Taxes: Bay Aging and Bay Aging Foundation are qualifying non-profit organizations as defined under section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia and are therefore exempt from federal and state income taxation.

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

BAY AGING

Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Financial Instruments: For cash and cash equivalents, receivables, fixed assets, accounts payable and accrued expenses, loans payable, and other liabilities, the carrying amounts reported in the consolidated statement of financial position approximate fair values because of the short maturities of those items and the variable interest rates on the loans payable. The life insurance policy is valued at the cash surrender value each year.

Use of Estimates: The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

Newly Adopted Accounting Standards: In February 2016, the FASB issued 2016-02, Leases (Topic 842), which supersedes ASC 840 and creates a new topic, ASC 842. ASC 842 requires lessees to recognize a right-of-use asset and a lease liability on the consolidated statements of financial position for substantially all leases with a term of 12 months or greater. Leases are classified as either finance or operating, with classification affecting expense recognition in the Organization's operations.

The Organization adopted the standard as of October 1, 2022, under the modified-retrospective approach. The Organization elected to not record a lease liability and corresponding right-of-use asset for leases with terms of 12 months or less. Accordingly, the adoption of ASC 842 did not materially impact the Organization's consolidated financial statements, as amounts were deemed to be insignificant.

Pending Accounting Pronouncements: In June 2016, the FASB issued ASU 2016-13 – Current Expected Credit Losses (“CECL”), which replaces the current incurred loss model used to measure impairment loss with the expected loss model for financial assets measured at amortized cost. The standard will be effective for nonprofit entities with years beginning after January 1, 2023. The Organization is currently evaluating the impact that CECL will have on its financial reporting.

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 current year presentation.

Subsequent Events: In preparing the consolidated financial statements, management of the Organization has evaluated events and transactions for potential recognition or through March 28, 2024, the date the consolidated financial statements were available to be issued, and has determined there are no subsequent events to disclose in the accompanying consolidated financial statements.

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Notes to Consolidated Financial Statements, Continued

3. Cash and Cash Equivalents:

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. During 2023 and 2022, the Organization had amounts on deposit in excess of the insured limits. 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 cash and cash equivalents appearing in the consolidated statement of financial position at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,242,402	\$ 6,192,823
Certificates of deposit	1,108,561	837,308
Money market funds	<u>2,071,253</u>	<u>538,148</u>
Total	<u>\$ 7,422,216</u>	<u>\$ 7,568,279</u>

4. Accounts and Grants Receivable:

Accounts and grants receivable consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Virginia Department of Rail and Public Transportation	\$ 189,207	\$ 63,247
Virginia Department of Housing and Community Development	352,078	517,628
Virginia Department of Aging and Rehabilitative Services	106,526	115,287
Virginia Department of Social Services	140,514	47,550
United Healthcare	467,689	363,373
Veteran's Administration	5,980,689	2,524,729
Others	<u>1,497,394</u>	<u>1,127,317</u>
Total	<u>\$ 8,734,097</u>	<u>\$ 4,759,131</u>

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

5. 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 related-party receivables of \$88,779 at September 30, 2023 and \$61,599 at September 30, 2022. The outstanding balance represents routine expenses reimbursed after year-end.

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Notes to Consolidated Financial Statements, Continued

5. 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 of their respective fiscal years are reported below.

	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	3/31/2023	3/31/2023	3/31/2023	3/31/2023	3/31/2023
Assets	\$ 2,880,001	\$ 1,357,933	\$ 1,404,462	\$ 4,377,394	\$ 1,067,644
Liabilities	(42,169)	(24,884)	(28,990)	(61,954)	(17,439)
Net assets	<u>\$ 2,837,832</u>	<u>\$ 1,333,049</u>	<u>\$ 1,375,472</u>	<u>\$ 4,315,440</u>	<u>\$ 1,050,205</u>
Operating revenues	\$ 294,316	\$ 184,006	\$ 193,087	\$ 470,893	\$ 104,240
Operating expenses	(379,928)	(210,375)	(227,170)	(573,933)	(142,531)
Other revenues/ (expenses)	<u>460</u>	<u>126</u>	<u>559</u>	<u>4,752</u>	<u>242</u>
Change in net assets	<u>\$ (85,152)</u>	<u>\$ (26,243)</u>	<u>\$ (33,524)</u>	<u>\$ (98,288)</u>	<u>\$ (38,049)</u>

	Bay Aging Apartments Colonial Beach	Bay Aging Apartments West Point	Bay Aging Apartments Gloucester	Bay Aging Apartments Montross
Fiscal year	9/30/2023	9/30/2023	9/30/2023	9/30/2023
Assets	\$ 887,070	\$ 864,292	\$ 2,112,666	\$ 919,368
Liabilities	(32,099)	(27,435)	(69,287)	(21,190)
Net assets	<u>\$ 854,971</u>	<u>\$ 836,857</u>	<u>\$ 2,043,379</u>	<u>\$ 898,178</u>
Operating revenues	\$ 268,650	\$ 221,821	\$ 422,080	\$ 185,450
Operating expenses	(301,092)	(227,324)	(487,571)	(217,039)
Other revenues/ (expenses)	<u>19</u>	<u>231</u>	<u>9,632</u>	<u>188</u>
Change in net assets	<u>\$ (32,423)</u>	<u>\$ (5,272)</u>	<u>\$ (55,859)</u>	<u>\$ (31,401)</u>

Included in the above operating expenses are costs and expenses reimbursed to Bay Aging for various management and other services provided. The amount of related fees and reimbursements received by the Organization was \$592,035 for 2023 and \$461,028 for 2022.

BAY AGING

Notes to Consolidated Financial Statements, Continued

6. Investments:

Investments consist of the following at September 30:

	2023		
	Fair Value	Cost Basis	Cumulative Gain (Loss)
Equities	\$ 799,843	\$ 679,518	\$ 120,325
Money market mutual funds	25,655	25,655	-
Mutual funds	31,333	33,327	(1,994)
Fixed income	201,697	214,227	(12,530)
Total	\$ 1,058,528	\$ 952,727	\$ 105,801
	2022		
	Fair Value	Cost Basis	Cumulative Gain (Loss)
Equities	\$ 624,034	\$ 622,674	\$ 1,360
Money market mutual funds	48,038	48,038	-
Mutual funds	49,283	49,166	117
Fixed income	197,131	210,574	(13,443)
Total	\$ 918,486	\$ 930,452	\$ (11,966)

7. Fair Value Measurements:

The Organization follows FASB guidance for fair value measurements. The provisions of the guidance provide a framework for measuring fair value under GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Such guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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

Level 2 Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.

BAY AGING

Notes to Consolidated Financial Statements, Continued

7. Fair Value Measurements, Continued:

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

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's consolidated financial assets measured at fair value on a recurring basis consisted of investments in the amount of \$1,058,528 at September 30, 2023, and \$918,486 at September 30, 2022, which was also the carrying value. The investments are classified as Level 1 assets.

8. Fixed Assets:

Major classes of fixed assets consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 980,680	\$ 980,680
Buildings	15,408,663	14,543,093
Furniture and equipment	2,213,396	1,875,031
Vehicles	6,028,570	5,865,323
Construction in progress	-	410,876
Total	<u>24,631,309</u>	<u>23,675,003</u>
Accumulated depreciation	<u>(9,888,111)</u>	<u>(9,165,353)</u>
Net fixed assets	<u>\$ 14,743,198</u>	<u>\$ 14,509,650</u>

Depreciation expense was \$1,169,375 for 2023 and \$1,170,215 for 2022.

9. 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 is \$231,063 as of September 30, 2023 and 2022.

10. 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 13 for additional details of the IPR and HOME programs.

BAY AGING

Notes to Consolidated Financial Statements, Continued

11. Loans Payable:

On October 1, 2019, Bay Aging closed on the purchase of the Urbanna Professional Center ("UPC") in the amount of \$1,650,000. Interim financing in the form of a construction loan for \$3,463,000 was obtained through Citizens and Farmers Bank for the purchase and renovation of the UPC. The construction loan carried an interest rate of 4.52% and had a maturity date of January 1, 2021. On November 13, 2020, the interim financing was paid in full, and Bay Aging obtained permanent financing of \$3,299,000 through the United States Department of Agriculture. This loan bears interest at 2.125% payable in monthly installments of \$10,277 and matures in November 13, 2060. The loan is collateralized by the UPC. The balance of this loan was \$3,143,804 as of September 30, 2023, and \$3,199,679 as of September 30, 2022.

On September 22, 2021, Bay Aging closed on the purchase of real estate in the amount of \$443,400. Financing in the form of a construction loan for \$1,114,000 was obtained through Citizens and Farmers Bank for the purchase and renovation of the real estate. The construction loan carried an interest rate of 4% and had a maturity date of June 1, 2023. The balance on this loan was \$607,112 at September 30, 2022. On January 27, 2023, the interim financing was paid in full, and Bay Aging obtained permanent financing of \$1,030,000 through the United States Department of Agriculture. This loan bears interest at 2.25% payable in monthly installments of \$3,554 and matures in December 2057. The loan is collateralized by the real estate. The balance of this loan was \$1,016,932 as of September 30, 2023.

On August 27, 2021, Bay Aging closed on the purchase of real estate in the amount of \$285,000. Financing in the form of a construction loan for \$606,000 was obtained through Citizens and Farmers Bank for the purchase and renovation of the real estate. The construction loan carried an interest rate of 4% and had an original maturity date of June 1, 2023. The balance on this loan was \$295,000 at September 30, 2022. On January 27, 2023, the interim financing was paid in full, and Bay Aging obtained permanent financing comprised of two notes of \$125,000 and \$575,000 through the United States Department of Agriculture. The loans bear interest at 2.5% and 2.25% payable in monthly installments of \$448 and \$1,984 and mature in December 2057. The loans are collateralized by the real estate. The balance of these loans was \$123,488 and \$567,705 as of September 30, 2023.

On March 1, 2022, Bay Aging closed on the purchase of an additional housing complex with an assessed value of \$1,838,400. The purchase was financed via the Organization acquiring the related indebtedness from the borrower, in the amount of \$994,901, with the additional \$843,499 of value exceeding the debt being recorded as an in-kind contribution. The assumed debt carries an interest rate of 3.5% with a maturity date of October 1, 2041. The loan is collateralized by the related housing complex. The balance on the loan was \$937,622 at September 30, 2023, and \$974,109 at September 30, 2022.

BAY AGING

Notes to Consolidated Financial Statements, Continued

11. Loans Payable, Continued:

Future maturities of the loans payable at September 30, 2023 are as follows:

Year Ending September 30:	Amount
2024	\$ 128,432
2025	131,684
2026	135,112
2027	138,635
2028	136,096
Thereafter	5,119,592
Total	\$ 5,789,551

12. Net Assets with Donor Restrictions:

Net assets with donor restrictions are restricted to be used towards the following specificized purposes at September 30:

	2023	2022
Local gifts and grants	\$ 436,337	\$ 836,966
Fixed asset purchases	33,054	24,039
Total	\$ 469,391	\$ 861,005

Net assets with donor restrictions were released from grantor and other restrictions by incurring expenditures to satisfy the following restricted purposes for the years ended September 30:

	2023	2022
Aging programs	\$ 3,033,962	\$ 2,665,992
CNS (RSVP)	94,801	79,791
Virginia Department of Housing and Community Development programs	1,236,230	1,481,376
Transportation programs	4,413,697	3,809,605
Virginia Housing Development Authority	137,490	149,449
Community Services Block Grant	840,047	712,891
Local gifts and grants	1,119,566	1,253,523
Other	909,531	348,861
Total	\$ 11,785,324	\$ 10,501,488

BAY AGING

Notes to Consolidated Financial Statements, Continued

13. 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 for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Virginia Department of Aging and Rehabilitative Services	\$ 3,033,962	\$ 2,665,992
Virginia Department of Housing and Community Development	1,236,230	1,481,376
MCO revenues	4,145,291	2,857,247
Virginia Department of Rail and Public Transportation/ Virginia Department of Transportation	4,413,697	3,809,605
US Department of Veterans Affairs	22,511,108	16,313,670
All others	<u>8,462,040</u>	<u>7,905,675</u>
Total	<u>\$ 43,802,328</u>	<u>\$ 35,033,565</u>

The Organization has a contract with the Virginia Department of Housing and Community Development (“DHCD”) to administer the IPR and HOME programs. The DCHD 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 expenses but are considered financial assistance for compliance reporting purposes. There were no funds expended under these programs in 2023 or 2022. Interest in the amount of \$639 in 2023 and \$159 in 2022 was earned on program fund balances to be allocated to program activities in future years.

14. Donated Services and Materials:

The Organization receives in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and corresponding expense in an amount approximating the fair value at the time of the donation.

During 2022, the Organization received a significant contribution of real property for a new housing complex. The Organization assumed the existing indebtedness of the property, with the excess of the appraised value over the debt balance being recorded as in-kind contribution revenue.

BAY AGING

Notes to Consolidated Financial Statements, Continued

14. Donated Services and Materials, Continued:

During 2023 and 2022, the Organization received donated rent and labor for its Senior Patrol program. These were valued at the standard market rates charged to cash-paying customers.

In-kind contributions were recorded at the following values for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Housing complex	\$ -	\$ 843,499
Rent	22,250	23,100
Labor	<u>23,100</u>	<u>3,200</u>
	<u>\$ 45,350</u>	<u>\$ 869,799</u>

15. Retirement Plan:

All employees of the Organization are covered by a defined contribution benefit plan under section 401(k) of the Internal Revenue Code (the "Plan"). All employees who contribute to the Plan receive a safe harbor matching contribution in the amount of 100% of contributions up to the first 4%, and 50% up to the next 2% of their pay. Employees have full and immediate vesting of plan assets. The Organization's contribution was \$242,671 for 2023 and \$208,366 for 2022.

16. Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the transportation, housing, healthy living, management and general, and fundraising based on recording organizational expenses in department categories that align with these functions. 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.

BAY AGING

Notes to Consolidated Financial Statements, Continued

16. Functional Allocation of Expenses, Continued:

Examples of indirect costs are: the Accounting Department, the Human Resources Department, and the Administrative Staff of the Organization.

Examples of joint costs are: Shared space, trash removal, and 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. The provisional rate is used when determining the overhead applied to each Federal award.

Bay Aging's Indirect Cost Pool consists of 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.

Direct and joint costs are allocated to the benefiting programs using cost pools. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources. Costs will be charged directly to benefiting programs, and remaining costs, such as costs pertaining to facilities, insurance, or utilities will be reasonably allocated based on square footage.

17. Liquidity and Availability of Financial Assets:

The Organization 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. The Organization'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 the Organization that excess cash investments are properly managed and that these investments are consistent with the mission of the Organization.

BAY AGING

Notes to Consolidated Financial Statements, Continued

17. Liquidity and Availability of Financial Assets, Continued:

The Organization 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.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position at September 30 comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 7,422,216	\$ 7,568,279
Accounts and grants receivable	8,734,097	4,759,131
Due from related organizations	88,779	61,599
Investments	<u>1,058,528</u>	<u>918,486</u>
Total financial assets	17,303,620	13,307,495
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>(469,391)</u>	<u>(861,005)</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 16,834,229</u>	<u>\$ 12,446,490</u>

18. 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.

The Organization was the guarantor on a tax credit bridge loan of Daffodil Gardens Phase II, LLC. The loan was to finance additional construction of low-income elderly housing. The loan amount was \$3,424,500 and accrued interest at a rate of 5.25%. The loan continued indefinitely until construction completion and permanent financing closing, which occurred in June 2023.

SUPPLEMENTAL INFORMATION

BAY AGING

Virginia Department of Aging and Rehabilitative Services Status of Funds Year Ended September 30, 2023

Fund	Unencumbered Funds on Hand at Beginning of Period	Total Funds Received During Period	Funds In Transit at September 30, 2023	Total Funds Available During Period	Accrued Costs to Contract Period	Unencumbered Funds on Hand at End of Period
Older Americans Act						
Title III-B	\$ -	\$ 502,999	\$ -	\$ 502,999	\$ 482,885	\$ 20,114
Title III-C(1)	9,500	182,445	-	191,945	183,039	8,906
Title III-C(2)	-	221,445	-	221,445	221,445	-
Title III-D	575	9,453	-	10,028	8,570	1,458
Title III-E	32,659	167,771	-	200,430	167,508	32,922
Title VII-Elder Abuse	1,973	4,197	-	6,170	8,285	(2,115)
Title VII-Ombudsman	11,086	119,430	-	130,516	131,792	(1,276)
NSIP	-	98,000	-	98,000	98,000	-
Vaccine Access	-	7,388	-	7,388	44,325	(36,937)
American Rescue Plan (ARP) III-B	9,325	129,788	-	139,113	132,548	6,565
American Rescue Plan (ARP) III-C(1)	-	164,116	-	164,116	172,000	(7,884)
American Rescue Plan (ARP) III-C(2)	(9,500)	359,016	-	349,516	353,353	(3,837)
American Rescue Plan (ARP) III-D	1,260	-	-	1,260	-	1,260
American Rescue Plan (ARP) VII-Ombudsman	801	28,037	-	28,838	28,838	-
Expanding Public Health Workforce	(23,143)	78,460	-	55,317	63,276	(7,959)
Other Federal						
Title V -(PY 06/30/23 Award)	(4,430)	142,547	-	138,117	138,117	-
Title V-(PY 06/30/24 Award)	-	50,100	-	50,100	52,032	(1,932)
VICAP-(PY 03/31/23 Award)	(14,358)	69,885	-	55,527	55,527	-
VICAP-(PY 03/31/24 Award)	-	12,448	-	12,448	-	12,448
DMAS Ombudsman FY 23	(11,738)	32,295	-	20,557	46,893	(26,336)
MIPPA - Priority 2 - AAA	-	47,018	-	47,018	61,908	(14,890)
MIPPA - Priority 3 - ADRC	-	16,827	-	16,827	17,315	(488)
Falls Prevention Grant	(1,400)	1,400	-	-	1,800	(1,800)
General Funds						
OAA General-(PY 06/30/23)	-	88,528	-	88,528	88,528	-
Community Based-(PY 06/30/23)	-	138,479	-	138,479	138,479	-
Transportation-(PY 06/30/23)	-	49,991	-	49,991	49,991	-
Home Delivered Meals-(PY 06/30/23)	-	176,059	-	176,059	176,059	-
Supplemental Nutrition-(PY 06/30/23)	-	38,650	-	38,650	38,650	-
Ombudsman-(PY 06/30/23)	-	60,704	-	60,704	60,704	-
Care Coordination CCEVP-(PY 06/30/23)	-	123,199	-	123,199	123,199	-
Respite Care Initiative-(PY 06/30/23)	-	55,000	-	55,000	55,000	-
Senior Cool Care	(123)	551	-	428	1,500	(1,072)
VICAP General Funds-(PY 06/30/23)	-	25,000	-	25,000	4,102	20,898
VICAP General Funds-(PY 06/30/24)	-	11,693	-	11,693	11,333	360
GRAND TOTAL:	\$ 2,487	\$ 3,212,919	\$ -	\$ 3,215,406	\$ 3,217,001	\$ (1,595)

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services
 Costs by Program Activity
 Year Ended September 30, 2023

	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
Title III (Except III-E), Older American Act Funds:							
Homemaker	\$ 1,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal Care	219,180	-	-	-	-	-	-
Care Coordination Level 2	57,047	-	-	-	-	-	-
Care Transitions	-	-	-	-	-	-	-
S.O.S.	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	84,951	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Congregate Meals	-	156,756	-	-	-	-	-
Home Delivered Meals	-	-	211,949	-	-	-	-
Nutrition Counseling	-	3,536	3,536	-	-	-	-
Nutrition Education	-	2,176	2,176	-	-	-	-
Other "EB" Disease Prevention	-	-	-	4,143	-	-	-
CDSME	-	-	-	4,427	-	-	-
LTC Coordinating Activity	48,794	-	-	-	-	-	-
Outreach/Public Information & Education	36,818	-	-	-	-	-	-
Legal Assistance	6,000	-	-	-	-	-	-
Elder Abuse Prevention	-	-	-	-	-	8,285	-
LTC Ombudsman Program	-	-	-	-	-	-	131,792
Prep. and Admin.	28,953	20,571	3,784	-	-	-	-
Title III-E, Older American Act Funds:							
Support Groups	-	-	-	-	51,392	-	-
Adult Day Care (Out of Home)	-	-	-	-	116,116	-	-
Total	\$ 482,885	\$ 183,039	\$ 221,445	\$ 8,570	\$ 167,508	\$ 8,285	\$ 131,792

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services
 Costs by Program Activity, Continued
 Year Ended September 30, 2023

	Costs to Federal CARES ACT Title VII Ombudsman Funds	Costs to Federal Supplemental Nutrition C2	Costs to Federal ARP III- B Funds	Costs to Federal ARP III- C-2 Funds	Costs to Federal ARP III- D Funds	Costs to Federal Expanding Public Health Workforce	Voluntary Contributions
Title III (Except III-E), Older American Act Funds:							
Homemaker	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal Care	-	120,000	-	-	-	-	-
Care Coordination Level 2	-	-	-	-	-	-	-
Care Transitions	-	-	-	-	-	-	-
S.O.S.	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Congregate Meals	-	-	172,000	-	-	-	3,506
Home Delivered Meals	-	-	-	349,553	-	-	24,322
Nutrition Counseling	-	-	-	-	-	-	-
Nutrition Education	-	-	-	-	-	-	-
Other "EB" Disease Prevention	-	-	-	-	-	-	-
CDSME	-	-	-	-	-	-	-
LTC Coordinating Activity	-	-	-	-	-	-	-
Outreach/Public Information & Education	39,892	-	-	-	-	-	-
Legal Assistance	-	-	-	-	-	-	-
Elder Abuse Prevention	-	-	-	-	-	-	-
LTC Ombudsman Program	-	-	-	-	28,838	-	-
Prep. and Admin.	4,433	12,548	-	3,800	-	-	-
Title III-E, Older American Act Funds:							
Support Groups	-	-	-	-	-	-	-
Adult Day Care (Out of Home)	-	-	-	-	-	-	-
Total	<u>\$ 44,325</u>	<u>\$ 132,548</u>	<u>\$ 172,000</u>	<u>\$ 353,353</u>	<u>\$ 28,838</u>	<u>\$ 63,276</u>	<u>\$ 27,828</u>

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services
 Costs by Program Activity, Continued
 Year Ended September 30, 2023

	Costs to Other Non- Federal funds	Fees	DMAS Ombudsman	Costs to NSIP Funds	Costs to G.F. OAA General Funds	Costs to G.F. Community Based Funds	Costs to G.F. Transportation Funds
Title III (Except III-E), Older American Act Funds:							
Homemaker	\$ -	\$ -	\$ -	\$ 30,764	\$ 18,000	\$ -	\$ -
Personal Care	-	-	-	31,037	120,479	-	-
Care Coordination Level 2	-	-	-	-	-	-	-
Care Transitions	-	-	-	-	-	-	-
S.O.S.	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	-	-	-	-	-	-	-
Transportation	-	-	-	26,727	-	49,991	-
Congregate Meals	3,500	-	33,000	-	-	-	-
Home Delivered Meals	80,483	-	65,000	-	-	-	176,059
Nutrition Counseling	-	-	-	-	-	-	-
Nutrition Education	-	-	-	-	-	-	-
Other "EB" Disease Prevention	-	-	-	-	-	-	-
CDSME	-	-	-	-	-	-	-
LTC Coordinating Activity	-	-	-	-	-	-	-
Outreach/Public Information & Education	-	-	-	-	-	-	-
Legal Assistance	-	-	-	-	-	-	-
Elder Abuse Prevention	1,371	-	-	-	-	-	-
LTC Ombudsman Program	-	46,893	-	-	-	-	-
Prep. and Admin.	23,452	-	-	-	-	-	-
Title III-E, Older American Act Funds:							
Support Groups	-	-	-	-	-	-	-
Adult Day Care (Out of Home)	-	-	-	-	-	-	-
Total	<u>\$ 108,806</u>	<u>\$ 46,893</u>	<u>\$ 98,000</u>	<u>\$ 88,528</u>	<u>\$ 138,479</u>	<u>\$ 49,991</u>	<u>\$ 176,059</u>

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services
 Costs by Program Activity, Continued
 Year Ended September 30, 2023

	Costs to G.F. Home Delivered Meals Funds	Costs to G.F. Supplemental Nutrition Funds	Costs to G.F. CCEVP Funds	Costs to G.F. Ombudsman Funds	Total Title III & VII Costs
Title III (Except III-E), Older American Act Funds:					
Homemaker	\$ -	\$ -	\$ -	\$ -	\$ 49,906
Personal Care	-	-	-	-	490,696
Care Coordination Level 2	-	-	-	-	57,047
Care Transitions	-	25,903	-	-	25,903
S.O.S.	-	97,296	-	-	97,296
Comm. Referral Info. & Assist	-	-	-	-	84,951
Transportation	-	-	-	-	76,718
Congregate Meals	30,000	-	-	-	398,762
Home Delivered Meals	8,650	-	-	-	916,016
Nutrition Counseling	-	-	-	-	7,072
Nutrition Education	-	-	-	-	4,352
Other "EB" Disease Prevention	-	-	-	-	4,143
CDSME	-	-	-	-	4,427
LTC Coordinating Activity	-	-	-	-	48,794
Outreach/Public Information & Education	-	-	-	-	76,710
Legal Assistance	-	-	-	-	6,000
Elder Abuse Prevention	-	-	-	-	9,656
LTC Ombudsman Program	-	-	60,704	-	268,227
Prep. and Admin.	-	-	-	-	97,541
Title III-E, Older American Act Funds:					
Support Groups	-	-	-	-	51,392
Adult Day Care (Out of Home)	-	-	-	-	116,116
Total	\$ 38,650	\$ 123,199	\$ 60,704	\$ -	\$ 2,955,001

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services
Status of Inventories
Year Ended September 30, 2023

<u>Fund Source and Type of Inventory</u>	<u>Value on Hand October 1, 2022</u>	<u>Increase (Decrease) During Period</u>	<u>Value on hand September 30, 2023</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	-	-	-
Title VII, Ombudsman	-	-	-
Title VII, Elder Abuse	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

BAY AGING

Schedule of Government Grants Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Aging Programs	\$ -	\$ 3,033,962	\$ 3,033,962
Virginia Department of Housing and Community Development:			
Weatherization - DOE	-	127,435	127,435
Emergency home repair	-	15,333	15,333
Lead hazard reduction	-	250,068	250,068
LIHEAP	-	588,568	588,568
Homeless Program	-	254,826	254,826
Transportation:			
Virginia Department of Rail and Public Transportation	-	4,413,697	4,413,697
Virginia Housing Development Authority	-	137,490	137,490
Community Services Block Grant/TANF ACTION - RSVP	-	840,047	840,047
Other Grants	-	94,801	94,801
Local governments:			
Local match funds	-	153,465	153,465
	<u>-</u>	<u>1,063,817</u>	<u>1,063,817</u>
Total government grants	<u>\$ -</u>	<u>\$ 10,973,509</u>	<u>\$ 10,973,509</u>

See independent auditor's report.

BAY AGING

Schedule of Expenditures of Federal Awards Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance		Total Federal Expenditures	Passed Through to Subrecipients
	Listing Number	Pass-through Entity Identifying Number		
<u>Department of Housing and Urban Development</u>				
Pass Through Payments:				
Virginia Housing Development Authority:				
Section 8 Housing Choice Vouchers	14.871	Not Available	\$ 109,502	\$ -
Federal Rapid Rehousing	14.231	20-LI-15 & 21-LI-15	27,988	-
Total Department of Housing and Urban Development			137,490	
<u>Corporation for National and Community Service</u>				
Direct Payments:				
Retired Senior Volunteer Program	94.002	N/A	94,801	-
<u>Department of Health and Human Services</u>				
Direct Payments:				
Special Programs for the Aging - Title IV and Title II - Association for Community Living, NLE Grant	93.048	N/A	111,933	-
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 114550/116343	\$ 482,885	-
COVID-10 - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	114551/116344 114550/116343	132,548	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	114540/116342	404,484	-
Child and Adult Care Food Program	93.053	114551/116344 114550/116343	98,000	-
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation Ombudsman Elder Abuse	93.041	116335	131,792	-
COVID-19 - Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	116335	8,285	-
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	114543/116341	28,838	-
COVID-19 - Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	114543/116341	8,570	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects (CPL)	93.048	V4A	525,353	-
National Family Caregiver Support, Title III, Part E	93.052	114541/116340	13,432	-
Medicare Enrollment Assistance Program (MIPPA)	93.071	114547/114548	167,508	-
State Health Insurance Assistance Program	93.324	ARS44118/ 117058(220)	79,223	-
Virginia Department of Social Services:			55,527	-
Temporary Assistance For Needy Families (TANF)	93.558	CVS-19-063-04	269,157	-
Community Services Block Grant	93.569	CVS-19-063-04	387,851	-
Total Department of Health and Human Services			3,493,954	

See independent auditor's report.

BAY AGING

Schedule of Expenditures of Federal Awards, Continued Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Department of Labor</u>				
Pass Through Payments:				
Virginia Department of Aging and Rehabilitative Services Senior Community Service Employment Program	17.235	115740/117330	\$ 190,149	\$ -
<u>Department of Energy</u>				
Pass Through Payments:				
Virginia Department of Housing and Community Development Weatherization Assistance for Low-Income Persons	81.042	20-WX-15/ 21-WX-15	127,435	-
<u>Department of Transportation</u>				
Pass Through Payments:				
Virginia Department of Transportation Formula Grants for Rural Areas and Tribal Transit Program	20.509	42020-21/42020-22 42020-23/42020-26 42520-17/42019-26 42019-25	2,773,496	-
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509	Not Available	105,045	-
Federal Mobility Management	20.521	Not Available	87,166	-
Federal Microtransit	20.530	46020-21	5,247	-
Total Department of Transportation			2,970,954	-
Total expenditures of federal awards			\$ 7,014,783	\$ -

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bay Aging (the "Organization") under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFS) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. 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.

3. Indirect Cost Rate:

The Organization has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

See independent auditor's report.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Bay Aging
Urbanna, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States 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, (the “Organization”) which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’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 the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

March 28, 2024
Glen Allen, Virginia

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Bay Aging
Urbanna, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bay Aging's (the "Organization"), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2023. The Organization's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirement referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



March 28, 2024
Glen Allen, Virginia

BAY AGING

Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

A. SUMMARY OF AUDIT RESULTS:

- (1) Unmodified opinion on the basic consolidated financial statements.
- (2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit.
- (3) No noncompliance which is material to the consolidated financial statements was disclosed by the audit.
- (4) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs were disclosed by the audit.
- (5) Unmodified opinion on compliance for major programs.
- (6) No audit findings were disclosed by the audit.
- (7) Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing #</u>	<u>Expenditures</u>
Aging Cluster	93.053, 93.044, 93.045	\$ 1,117,917
Low-Income Home Energy Assistance	93.568	<u>588,568</u>
		<u>\$ 1,706,485</u>

- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (9) The auditee did qualify as a low risk auditee.

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:

None

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

BAY AGING

Corrective Action Plan
Year Ended September 30, 2023

Not Applicable