

Bay Aging

Consolidated Financial Statements

September 30, 2024



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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, 2024, 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, 2024, 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 opinions.

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 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 30 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 27, 2025, 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 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, 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, flowing script.

March 27, 2025
Glen Allen, Virginia

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Consolidated Statement of Financial Position September 30, 2024 (with Comparative Totals for 2023)

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 5,734,127	\$ 7,422,216
Accounts and grants receivable	15,352,037	8,734,097
Due from related organizations	163,603	88,779
Inventory	116,121	73,379
Prepaid expenses	<u>388,552</u>	<u>73,845</u>
Total current assets	21,754,440	16,392,316
Investments	1,338,982	1,058,528
Cash surrender value of insurance	356,456	341,296
Property held for resale	231,063	231,063
Fixed assets, net of accumulated depreciation	15,657,676	14,743,198
Security deposits	<u>11,295</u>	<u>7,287</u>
Total assets	<u>\$ 39,349,912</u>	<u>\$ 32,773,688</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,800,667	\$ 4,912,750
Deferred revenue	82,418	88,585
Loans payable (short-term)	<u>131,684</u>	<u>128,432</u>
Total current liabilities	7,014,769	5,129,767
Loans payable (long-term)	<u>5,518,341</u>	<u>5,661,119</u>
Total liabilities	<u>12,533,110</u>	<u>10,790,886</u>
Net assets:		
Without donor restrictions	25,801,702	21,513,411
With donor restrictions	<u>1,015,100</u>	<u>469,391</u>
Total net assets	<u>26,816,802</u>	<u>21,982,802</u>
Total liabilities and net assets	<u>\$ 39,349,912</u>	<u>\$ 32,773,688</u>

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Activities Year Ended September 30, 2024 (with Comparative Totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, gains, and support:				
Contributions and grants	\$ 212,481	\$ 131,869	\$ 344,350	\$ 303,117
Government grants	-	13,244,424	13,244,424	10,973,509
Interest and investment income, net	279,746	-	279,746	142,881
Program service fees	47,176,950	276,905	47,453,855	32,145,954
Gain on sale of fixed assets	-	2,624	2,624	9,015
Investment gain, net	270,198	-	270,198	131,003
Gain on cash surrender value	15,160	-	15,160	9,640
Other revenues	159,115	874	159,989	41,859
In-kind contributions	78,932	-	78,932	45,350
	<u>48,192,582</u>	<u>13,656,696</u>	<u>61,849,278</u>	<u>43,802,328</u>
Net assets released from restrictions	<u>13,110,987</u>	<u>(13,110,987)</u>	<u>-</u>	<u>-</u>
Total revenue, gains, and support	<u>61,303,569</u>	<u>545,709</u>	<u>61,849,278</u>	<u>43,802,328</u>
Expenses:				
Program services	54,500,809	-	54,500,809	39,600,701
Supporting services:				
Management and general	2,238,160	-	2,238,160	2,040,182
Fundraising	276,309	-	276,309	136,053
Total expenses	<u>57,015,278</u>	<u>-</u>	<u>57,015,278</u>	<u>41,776,936</u>
Change in net assets	4,288,291	545,709	4,834,000	2,025,392
Net assets, beginning of year	<u>21,513,411</u>	<u>469,391</u>	<u>21,982,802</u>	<u>19,957,410</u>
Net assets, end of year	<u>\$ 25,801,702</u>	<u>\$ 1,015,100</u>	<u>\$ 26,816,802</u>	<u>\$ 21,982,802</u>

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Functional Expenses Year Ended September 30, 2024 (with Comparative Totals for 2023)

	2024				2023
		Supporting Services			
	Program	Management			
	Services	and General	Fundraising	Total	Total
Salaries	\$ 11,757,347	\$ 1,525,799	\$ 95,000	\$ 13,378,146	\$ 10,989,124
Fringes	1,675,878	234,847	13,541	1,924,266	1,603,990
Worker's compensation insurance	80,010	1,411	646	82,067	156,596
Staff travel	184,566	3,268	1,090	188,924	159,419
Office supplies, printing, postage	111,401	22,597	1,000	134,998	121,028
Telephone	274,955	29,031	1,000	304,986	271,210
Rent and utilities	126,068	8,201	500	134,769	149,732
Insurance	324,009	54,195	2,595	380,799	242,620
Vehicle gasoline, operation and maintenance	985,697	79,823	1,300	1,066,820	1,075,310
Materials and storage	133,929	-	-	133,929	68,256
Contract labor	30,621,452	2,029	-	30,623,481	21,401,665
Professional services	353,638	59,949	-	413,587	303,216
Program supplies	274,433	-	-	274,433	252,850
Meals	852,731	-	-	852,731	665,045
Rent and mortgage relief	178,148	-	-	178,148	45,934
Partner payments - VAAACares	3,661,010	-	-	3,661,010	1,462,970
Interest	107,547	16,514	1,020	125,081	145,694
Other	1,584,790	55,945	149,685	1,790,420	1,492,902
Depreciation	1,213,200	144,551	8,932	1,366,683	1,169,375
Total expenses	<u>\$ 54,500,809</u>	<u>\$ 2,238,160</u>	<u>\$ 276,309</u>	<u>\$ 57,015,278</u>	<u>\$ 41,776,936</u>

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Cash Flows Year Ended September 30, 2024 (with Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,834,000	\$ 2,025,392
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,366,683	1,169,375
Net investment income	(280,454)	(140,042)
Gain on sale of fixed assets	(2,624)	(9,015)
Gain on cash surrender value of life insurance	(15,160)	(9,640)
Change in operating assets and liabilities:		
Accounts and grants receivable	(6,617,940)	(3,974,966)
Due from related organizations	(74,824)	(27,180)
Inventory	(42,742)	(6,836)
Prepaid expenses	(314,707)	(40,022)
Security deposits	(4,008)	(3,258)
Accounts payable and accrued liabilities	1,887,917	1,515,593
Deferred revenue	<u>(6,167)</u>	<u>34,793</u>
Net cash provided by operating activities	<u>729,974</u>	<u>534,194</u>
Cash flows from investing activities:		
Purchase of fixed assets and construction in progress	(2,282,958)	(1,402,083)
Proceeds from sale of fixed assets	<u>4,421</u>	<u>8,175</u>
Net cash used in investing activities	<u>(2,278,537)</u>	<u>(1,393,908)</u>
Cash flows from financing activities:		
Loan proceeds	-	827,888
Principal payments on loans	<u>(139,526)</u>	<u>(114,237)</u>
Net cash (used in) provided by financing activities	<u>(139,526)</u>	<u>713,651</u>
Net change in cash and cash equivalents	(1,688,089)	(146,063)
Cash and cash equivalents, beginning of year	<u>7,422,216</u>	<u>7,568,279</u>
Cash and cash equivalents, end of year	<u>\$ 5,734,127</u>	<u>\$ 7,422,216</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 125,081</u>	<u>\$ 145,694</u>

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, 2024 and 2023.

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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 current expected credit loss ("CECL") model to estimate credit losses for receivables. The allowance for credit losses was considered immaterial at September 30, 2024 and 2023, and no allowance 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.

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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 \$864,166 as of September 30, 2024, and \$727,546 as of September 30, 2023, 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 Organization recorded contract liabilities of \$82,418 at September 30, 2024, and \$88,585 at September 30, 2023, recognized as deferred revenue in the accompanying consolidated statement of financial position. There were no contract assets as of September 30, 2024 or September 30, 2023.

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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 \$78,932 for 2024 and \$45,350 for 2023 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, 2024 and 2023.

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.

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.

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Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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.

Credit Losses: In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU replaces the current incurred loss model used to measure impairment losses with an expected loss model for trade and other receivables. The new model requires entities to consider a wide range of information when estimating credit losses, including historical loss information, current conditions, and reasonable and supportable forecasts. Under the CECL model, the allowance for credit losses on financial assets reflects management's estimate of credit losses over the remaining expected life of the assets. The Organization adopted the new standard effective October 1, 2023, and adoption did not have a material effect on the Organization's consolidated financial statements.

Prior Year Totals: The prior year totals are presented for comparative purposes only.

Subsequent Events: In preparing the consolidated financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through March 27, 2025, the date the consolidated financial statements were available to be issued, and has determined that other than described in Note 16, there are no subsequent events to disclose in the accompanying consolidated financial statements.

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 2024 and 2023, 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.

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Notes to Consolidated Financial Statements, Continued

3. Cash and Cash Equivalents, Continued:

The following is the composition of cash and cash equivalents appearing in the consolidated statement of financial position at September 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,592,453	\$ 4,242,402
Certificates of deposit	1,166,849	1,108,561
Money market funds	<u>974,825</u>	<u>2,071,253</u>
Total	<u>\$ 5,734,127</u>	<u>\$ 7,422,216</u>

4. Accounts and Grants Receivable:

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

	<u>2024</u>	<u>2023</u>
Virginia Department of Rail and Public Transportation/ Virginia Department of Transportation	\$ 755,930	\$ 189,207
Virginia Department of Housing and Community Development	727,337	352,078
Virginia Department of Aging and Rehabilitative Services	51,630	106,526
Virginia Department of Social Services	51,253	140,514
United Healthcare	587,710	467,689
US Department of Veterans Affairs	11,449,501	5,980,689
Others	<u>1,728,676</u>	<u>1,497,394</u>
Total	<u>\$ 15,352,037</u>	<u>\$ 8,734,097</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 \$163,603 at September 30, 2024 and \$88,779 at September 30, 2023. 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	3/31/2024	3/31/2024	3/31/2024	3/31/2024	3/31/2024
Assets	\$ 2,710,533	\$ 1,323,963	\$ 1,368,194	\$ 4,246,210	\$ 1,039,234
Liabilities	(57,080)	(25,587)	(33,653)	(78,363)	(11,968)
Net assets	<u>\$ 2,653,453</u>	<u>\$ 1,298,376</u>	<u>\$ 1,334,541</u>	<u>\$ 4,167,847</u>	<u>\$ 1,027,266</u>
Operating revenues	\$ 306,784	\$ 191,183	\$ 201,161	\$ 490,147	\$ 116,683
Operating expenses	(491,819)	(226,262)	(242,668)	(639,307)	(139,871)
Other revenues/ (expenses)	656	406	576	1,567	249
Change in net assets	<u>\$ (184,379)</u>	<u>\$ (34,673)</u>	<u>\$ (40,931)</u>	<u>\$ (147,593)</u>	<u>\$ (22,939)</u>

	Bay Aging Apartments Colonial Beach	Bay Aging Apartments West Point	Bay Aging Apartments Gloucester	Bay Aging Apartments Montross
Fiscal year	9/30/2024	9/30/2024	9/30/2024	9/30/2024
Assets	\$ 860,154	\$ 853,540	\$ 2,030,152	\$ 894,808
Liabilities	(37,877)	(31,651)	(68,641)	(37,946)
Net assets	<u>\$ 822,277</u>	<u>\$ 821,889</u>	<u>\$ 1,961,511</u>	<u>\$ 856,862</u>
Operating revenues	\$ 280,481	\$ 226,704	\$ 436,658	\$ 192,768
Operating expenses	(313,202)	(242,001)	(518,868)	(234,415)
Other revenues/ (expenses)	27	329	342	331
Change in net assets	<u>\$ (32,694)</u>	<u>\$ (14,968)</u>	<u>\$ (81,868)</u>	<u>\$ (41,316)</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 \$768,273 for 2024 and \$592,035 for 2023.

BAY AGING

Notes to Consolidated Financial Statements, Continued

6. Investments:

Investments consist of the following at September 30:

	2024		
	Fair Value	Cost Basis	Cumulative Gain (Loss)
Equities	\$ 1,055,991	\$ 697,149	\$ 358,842
Money market mutual funds	29,887	29,887	-
Mutual funds	38,606	36,951	1,655
Fixed income	<u>214,498</u>	<u>220,792</u>	<u>(6,294)</u>
Total	<u>\$ 1,338,982</u>	<u>\$ 984,779</u>	<u>\$ 354,203</u>

	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	<u>201,697</u>	<u>214,227</u>	<u>(12,530)</u>
Total	<u>\$ 1,058,528</u>	<u>\$ 952,727</u>	<u>\$ 105,801</u>

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 \$1,338,982 at September 30, 2024, and \$1,058,528 at September 30, 2023, 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>2024</u>	<u>2023</u>
Land	\$ 980,680	\$ 980,680
Buildings	15,583,699	15,408,663
Furniture and equipment	2,261,628	2,213,396
Vehicles	<u>7,834,197</u>	<u>6,028,570</u>
Total	26,660,204	24,631,309
Accumulated depreciation	<u>(11,002,528)</u>	<u>(9,888,111)</u>
Net fixed assets	<u>\$ 15,657,676</u>	<u>\$ 14,743,198</u>

Depreciation expense was \$1,366,683 for 2024 and \$1,169,375 for 2023.

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, 2024 and 2023.

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 \$3,078,455 as of September 30, 2024, and \$3,143,804 as of September 30, 2023.

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. 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 \$995,226 at September 30, 2024, and \$1,016,932 at 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 \$120,971 and \$555,588 at September 30, 2024, and \$123,488 and \$567,705 at 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 \$899,785 at September 30, 2024, and \$937,622 at September 30, 2023.

BAY AGING

Notes to Consolidated Financial Statements, Continued

11. Loans Payable, Continued:

Future maturities of the loans payable at September 30, 2024 are as follows:

Year Ending September 30:	Amount
2025	\$ 131,684
2026	135,112
2027	138,635
2028	136,096
2029	127,145
Thereafter	<u>4,981,353</u>
Total	<u>\$ 5,650,025</u>

12. Net Assets with Donor Restrictions:

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

	2024	2023
Local gifts and grants	\$ 979,422	\$ 436,337
Fixed asset purchases	<u>35,678</u>	<u>33,054</u>
Total	<u>\$ 1,015,100</u>	<u>\$ 469,391</u>

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:

	2024	2023
Aging programs	\$ 3,071,163	\$ 3,033,962
CNS (RSVP)	87,234	94,801
Virginia Department of Housing and Community Development programs	1,455,419	1,236,230
Transportation programs	6,269,348	4,413,697
Virginia Housing Development Authority	130,841	137,490
Community Services Block Grant	810,545	840,047
Local gifts and grants	1,253,500	1,119,566
Other	<u>32,937</u>	<u>909,531</u>
Total	<u>\$ 13,110,987</u>	<u>\$ 11,785,324</u>

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>2024</u>	<u>2023</u>
Virginia Department of Aging and Rehabilitative Services	\$ 3,071,163	\$ 3,033,962
Virginia Department of Housing and Community Development	1,455,419	1,236,230
MCO revenues	6,287,430	4,145,291
Virginia Department of Rail and Public Transportation/ Virginia Department of Transportation	6,269,348	4,413,697
US Department of Veterans Affairs	36,773,480	22,511,108
All others	<u>7,992,438</u>	<u>8,462,040</u>
Total	<u>\$ 61,849,278</u>	<u>\$ 43,802,328</u>

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 expenses but are considered financial assistance for compliance reporting purposes. There were no funds expended under these programs in 2024 or 2023. Interest in the amount of \$719 in 2024 and \$639 in 2023 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.

BAY AGING

Notes to Consolidated Financial Statements, Continued

14. Donated Services and Materials, Continued:

During 2024 and 2023, 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:

	2024	2023
Rent	\$ 55,832	\$ 22,250
Labor	23,100	23,100
	<u>\$ 78,932</u>	<u>\$ 45,350</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 \$294,786 for 2024 and \$242,671 for 2023.

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. Effective October 1, 2024, Bay Aging has elected to use the de minimis rate for allocating indirect costs.

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>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 5,734,127	\$ 7,422,216
Accounts and grants receivable	15,352,037	8,734,097
Due from related organizations	163,603	88,779
Investments	<u>1,338,982</u>	<u>1,058,528</u>
Total financial assets	22,588,749	17,303,620
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>(1,015,100)</u>	<u>(469,391)</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 21,573,649</u>	<u>\$ 16,834,229</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.

SUPPLEMENTAL INFORMATION

BAY AGING

Virginia Department of Aging and Rehabilitative Services Status of Funds Year Ended September 30, 2024

Fund	Unencumbered Funds on Hand at Beginning of Period	Total Funds Received During Period	Funds In Transit at September 30, 2024	Total Funds Available During Period	Accrued Costs to Contract Period	Unencumbered Funds on Hand at End of Period
Older Americans Act						
Title III-B	\$ 20,114	\$ 524,535	\$ -	\$ 544,649	\$ 544,641	\$ 8
Title III-C(1)	8,906	252,951	-	261,857	261,906	(49)
Title III-C(2)	-	494,927	-	494,927	495,037	(110)
Title III-D	1,458	5,063	-	6,521	1,574	4,947
Title III-E	32,922	199,367	-	232,289	230,509	1,780
Title VII-Elder Abuse	(2,115)	3,624	-	1,509	3,851	(2,342)
Title VII-Ombudsman	(1,276)	93,876	-	92,600	92,600	-
NSIP	-	89,999	-	89,999	89,999	-
Vaccine Access	(36,937)	36,937	-	-	-	-
American Rescue Plan (ARP) III-B	6,565	164,987	-	171,552	171,552	-
American Rescue Plan (ARP) III-C(1)	(7,884)	82,739	-	74,855	74,855	-
American Rescue Plan (ARP) III-C(2)	(3,837)	5,077	-	1,240	1,240	-
American Rescue Plan (ARP) III-D	1,260	42,890	-	44,150	44,150	-
American Rescue Plan (ARP) III-E	-	90,029	-	90,029	114,886	(24,857)
Expanding Public Health Workforce	(7,959)	30,720	-	22,761	22,761	-
Other Federal						
Title V -(PY 06/30/24 Award)	(1,932)	124,961	-	123,029	123,029	-
Title V-(PY 06/30/25 Award)	-	42,769	-	42,769	35,267	7,502
VICAP-(PY 03/31/24 Award)	12,448	62,240	-	74,688	74,688	-
VICAP-(PY 03/31/25 Award)	-	24,226	-	24,226	36,811	(12,585)
DMAS Ombudsman FY 23	(26,336)	-	-	(26,336)	(26,336)	-
DMAS Ombudsman FY 24	-	76,336	-	76,336	66,594	9,742
MIPPA - Priority 2 - AAA	(14,890)	56,999	-	42,109	42,109	-
MIPPA - Priority 3 - ADRC	(488)	488	-	-	-	-
Senior Farmers Market - ARPA Expansion	-	1,750	-	1,750	1,750	-
Falls Prevention Grant	(1,800)	2,400	-	600	600	-
Other - Title V (GPMS)	-	10,365	-	10,365	10,365	-
General Funds						
OAA General-(PY 06/30/24)	-	103,540	-	103,540	103,540	-
OAA General-(PY 06/30/25)	-	744	-	744	3,870	(3,126)
Community Based-(PY 06/30/24)	-	149,107	-	149,107	149,107	-
Community Based-(PY 06/30/25)	-	892	-	892	892	-
Transportation-(PY 06/30/24)	-	53,922	-	53,922	53,922	-
Transportation-(PY 06/30/25)	-	78	-	78	78	-
Home Delivered Meals-(PY 06/30/24)	-	190,009	-	190,009	190,009	-
Home Delivered Meals-(PY 06/30/25)	-	4,991	-	4,991	4,991	-
Supplemental Nutrition-(PY 06/30/24)	-	44,057	-	44,057	44,057	-
Supplemental Nutrition-(PY 06/30/25)	-	943	-	943	943	-
Ombudsman-(PY 06/30/24)	-	61,690	-	61,690	61,690	-
Ombudsman-(PY 06/30/25)	-	310	-	310	310	-
Care Coordination CCEVP-(PY 06/30/24)	-	123,199	-	123,199	123,199	-
Care Coordination CCEVP-(PY 06/30/25)	-	2	-	2	2	-
Respite Care Initiative-(PY 06/30/24)	-	55,000	-	55,000	55,000	-
Senior Cool Care	(1,072)	1,500	-	428	428	-
Senior Farmer's Market General Funds (PY 06/30/24)	-	3,250	-	3,250	3,250	-
VICAP General Funds-(PY 06/30/23)	20,898	-	-	20,898	20,898	-
VICAP General Funds-(PY 06/30/24)	360	13,307	-	13,667	13,667	-
VICAP General Funds-(PY 06/30/25)	-	7,125	-	7,125	9,620	(2,495)
GRAND TOTAL:	\$ (1,595)	\$ 3,333,921	\$ -	\$ 3,332,326	\$ 3,353,911	\$ (21,585)

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services Costs by Program Activity Year Ended September 30, 2024

	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:							
Adult Day Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Homemaker	22,432	-	-	-	-	-	-
Personal Care	138,373	-	-	-	-	-	-
Care Coordination Level 2	88,315	-	-	-	-	-	-
S.O.S.	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	101,469	-	-	-	-	-	-
Transportation	6,083	-	-	-	-	-	-
Congregate Meals	-	234,175	-	-	-	-	-
Home Delivered Meals	-	-	481,893	-	-	-	-
Nutrition Counseling	-	3,672	3,672	-	-	-	-
Nutrition Education	-	3,672	3,672	-	-	-	-
Other "EB" Disease Prevention	-	-	-	694	-	-	-
CDSME	-	-	-	880	-	-	-
LTC Coordinating Activity	35,058	-	-	-	-	-	-
Outreach/Public Information & Education	73,138	-	-	-	-	-	-
Legal Assistance	6,000	-	-	-	-	-	-
Elder Abuse Prevention	-	-	-	-	-	1,080	-
LTC Ombudsman Program	57,544	-	-	-	-	2,771	92,600
Prep. and Admin.	16,229	20,387	5,800	-	-	-	-
Public Health Workforce	-	-	-	-	-	-	-
Title III-E, Older American Act Funds:							
Support Groups	-	-	-	-	68,629	-	-
Adult Day Care (Out of Home)	-	-	-	-	161,880	-	-
Total	\$ 544,641	\$ 261,906	\$ 495,037	\$ 1,574	\$ 230,509	\$ 3,851	\$ 92,600

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services Costs by Program Activity, Continued Year Ended September 30, 2024

	Costs to Federal ARP III B Funds	Costs to Federal ARP III C-1 Funds	Costs to Federal ARP III C-2 Funds	Costs to Federal ARP III D Funds	Costs to Federal ARP III E Funds	Costs to Federal Expanding Public Health Workforce	Voluntary Contributions
Title III (Except III-E), Older American Act Funds:							
Adult Day Care	\$ -	\$ -	\$ -	\$ -	\$ 114,886	\$ -	\$ -
Homemaker	-	-	-	-	-	-	-
Personal Care	153,552	-	-	-	-	-	-
Care Coordination Level 2	-	-	-	-	-	-	-
S.O.S.	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Congregate Meals	-	74,855	-	-	-	-	4,136
Home Delivered Meals	-	-	1,240	44,150	-	-	26,617
Nutrition Counseling	-	-	-	-	-	-	-
Nutrition Education	-	-	-	-	-	-	-
Other "EB" Disease Prevention	-	-	-	-	-	-	-
CDSME	-	-	-	-	-	-	-
LTC Coordinating Activity	-	-	-	-	-	-	-
Outreach/Public Information & Education	-	-	-	-	-	-	-
Legal Assistance	-	-	-	-	-	-	-
Elder Abuse Prevention	-	-	-	-	-	-	-
LTC Ombudsman Program	-	-	-	-	-	-	-
Prep. and Admin.	18,000	-	-	-	-	-	-
Public Health Workforce	-	-	-	-	-	22,761	-
Title III-E, Older American Act Funds:							
Support Groups	-	-	-	-	-	-	-
Adult Day Care (Out of Home)	-	-	-	-	-	-	-
Total	\$ 171,552	\$ 74,855	\$ 1,240	\$ 44,150	\$ 114,886	\$ 22,761	\$ 30,753

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services Costs by Program Activity, Continued Year Ended September 30, 2024

	Costs to Other Non- Federal		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
	funds	Fees						
Title III (Except III-E),								
Older American Act Funds:								
Adult Day Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Homemaker	-	-	-	-	-	33,410	20,000	-
Personal Care	42,500	-	-	-	-	30,000	129,999	-
Care Coordination Level 2	343	-	-	-	-	-	-	-
S.O.S.	4,859	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	44,000	-	54,000
Congregate Meals	18,000	-	-	-	16,999	-	-	-
Home Delivered Meals	114,375	-	-	-	73,000	-	-	-
Nutrition Counseling	-	-	-	-	-	-	-	-
Nutrition Education	-	-	-	-	-	-	-	-
Other "EB" Disease Prevention	-	-	-	-	-	-	-	-
CDSME	-	-	-	-	-	-	-	-
LTC Coordinating Activity	-	-	-	-	-	-	-	-
Outreach/Public Information & Education	-	-	-	-	-	-	-	-
Legal Assistance	-	-	-	-	-	-	-	-
Elder Abuse Prevention	-	-	-	-	-	-	-	-
LTC Ombudsman Program	-	-	40,258	-	-	-	-	-
Prep. and Admin.	90,800	-	-	-	-	-	-	-
Public Health Workforce	-	-	-	-	-	-	-	-
Title III-E,								
Older American Act Funds:								
Support Groups	-	-	-	-	-	-	-	-
Adult Day Care (Out of Home)	76,836	28,835	-	-	-	-	-	-
Total	<u>\$ 347,713</u>	<u>\$ 28,835</u>	<u>\$ 40,258</u>	<u>\$ 89,999</u>	<u>\$ 107,410</u>	<u>\$ 149,999</u>	<u>\$ 54,000</u>	

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services
Costs by Program Activity, Continued
Year Ended September 30, 2024

	Costs to G.F. Home		Costs to G.F.		Costs to G.F.	Total Title
	Delivered	Costs to G.F.	Costs to G.F.	Costs to G.F.	Ombudsman	Total Title
	Meals	Supplemental	Costs to G.F.	Costs to G.F.	Ombudsman	Total Title
	Funds	Nutrition Funds	CCEVP Funds	Funds	Funds	III & VII
						Costs
Title III (Except III-E),						
Older American Act Funds:						
Adult Day Care	\$ -	\$ -	\$ -	\$ -	\$ -	114,886
Homemaker	-	-	-	-	-	75,842
Personal Care	-	-	-	-	-	494,424
Care Coordination Level 2	-	-	27,157	-	-	115,815
S.O.S.	-	-	96,044	-	-	100,903
Comm. Referral Info. & Assist	-	-	-	-	-	101,469
Transportation	-	-	-	-	-	104,083
Congregate Meals	-	33,000	-	-	-	381,165
Home Delivered Meals	195,000	12,000	-	-	-	948,275
Nutrition Counseling	-	-	-	-	-	7,344
Nutrition Education	-	-	-	-	-	7,344
Other "EB" Disease Prevention	-	-	-	-	-	694
CDSME	-	-	-	-	-	880
LTC Coordinating Activity	-	-	-	-	-	35,058
Outreach/Public Information & Education	-	-	-	-	-	73,138
Legal Assistance	-	-	-	-	-	6,000
Elder Abuse Prevention	-	-	-	-	-	1,080
LTC Ombudsman Program	-	-	-	62,000	-	255,173
Prep. and Admin.	-	-	-	-	-	151,216
Public Health Workforce	-	-	-	-	-	22,761
Title III-E,						
Older American Act Funds:						
Support Groups	-	-	-	-	-	68,629
Adult Day Care (Out of Home)	-	-	-	-	-	267,551
Total	<u>\$ 195,000</u>	<u>\$ 45,000</u>	<u>\$ 123,201</u>	<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ 3,333,730</u>

See independent auditor's report.

BAY AGING

Virginia Department of Aging and Rehabilitative Services
Status of Inventories
Year Ended September 30, 2024

<u>Fund Source and Type of Inventory</u>	<u>Value on Hand October 1, 2023</u>	<u>Increase (Decrease) During Period</u>	<u>Value on hand September 30, 2024</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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Aging Programs	\$ -	\$ 3,071,163	\$ 3,071,163
Virginia Department of Housing and Community Development:			
Weatherization - DOE	-	424,132	424,132
Emergency home repair	-	10,350	10,350
LIHEAP	-	684,789	684,789
Homeless Program	-	336,148	336,148
Transportation:			
Virginia Department of Rail and Public Transportation	-	6,269,348	6,269,348
Virginia Housing Development Authority	-	130,841	130,841
Community Services Block Grant/TANF	-	810,545	810,545
ACTION - RSVP	-	87,234	87,234
Other Grants	-	32,937	32,937
Local governments:			
Local match funds	-	1,386,937	1,386,937
Total government grants	<u>\$ -</u>	<u>\$ 13,244,424</u>	<u>\$ 13,244,424</u>

See independent auditor's report.

BAY AGING

Schedule of Expenditures of Federal Awards Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance	Pass-through Entity Identifying Number		Total Federal Expenditures	Passed Through to Subrecipients
	Listing 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		\$ 109,445	-
Federal Rapid Rehousing	14.231	24-VHSP-145		21,396	-
Total Department of Housing and Urban Development				130,841	-
<u>Corporation for National and Community Service</u>					
Direct Payments:					
Retired Senior Volunteer Program	94.002	Not applicable		87,234	-
<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	Not available	544,641		-
COVID-19 - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	Not available	171,552		-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	Not available	756,784		-
COVID-19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	Not available	77,845		-
Child and Adult Care Food Program	93.053	Not available	89,999	1,640,821	-
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation					
Ombudsman	93.041	Not available	92,600		-
Elder Abuse	93.041	Not available	3,852	96,452	-
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	Not available		1,574	-
COVID-19 - Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	Not available		44,150	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects (CPL)	93.048	Not available		23,137	-
National Family Caregiver Support, Title III, Part E	93.052	Not available		230,509	-
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	Not available		114,886	-
Medicare Enrollment Assistance Program (MIPPA)	93.071	CTR012512		42,109	-
State Health Insurance Assistance Program	93.324	CTR013538		102,727	-
Virginia Department of Social Services:					
Temporary Assistance For Needy Families (TANF)	93.558	CTR005125-3		270,087	-
Community Services Block Grant	93.569	CTR005125-3		278,601	-
Total Department of Health and Human Services				2,845,053	

See independent auditor's report.

BAY AGING

Schedule of Expenditures of Federal Awards, Continued Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
	Listing Number			
<u>Department of Labor</u>				
Pass Through Payments:				
Virginia Department of Aging and Rehabilitative Services Senior Community Service Employment Program	17.235	Not available	\$ 174,726	\$ -
<u>Department of Energy</u>				
Pass Through Payments:				
Virginia Department of Housing and Community Development Weatherization Assistance for Low-Income Persons	81.042	23-WX-15/ 22-BIL-WX-15	424,132	-
Low Income Housing Energy Assisistance Program	93.568	23-LI-15	684,789	-
Total Department of Energy			1,108,921	-
<u>Department of Transportation</u>				
Pass Through Payments:				
Virginia Department of Transportation Formula Grants for Rural Areas and Tribal Transit Program	20.509	42024-27/42024-29 42024-30/42024-31 42024-32/42024-34 42024-35/42024-15	3,778,144	-
Federal Mobility Management	20.509	42024-33	106,069	3,884,213
Buses and Bus Facilities Formula, Competitive, and Low or No Emission or No Emissions Programs	20.526	42024-28	585,968	-
Total Department of Transportation			4,470,181	-
Total expenditures of federal awards			\$ 8,816,956	\$ -

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, 2024. 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, 2024, 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 27, 2025.

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 stylized, flowing script.

March 27, 2025
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, 2024. 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, 2024.

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 27, 2025
Glen Allen, Virginia

BAY AGING

Schedule of Findings and Questioned Costs Year Ended September 30, 2024

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 Program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing #</u>	<u>Expenditures</u>
Formula Grants for Rural Areas and Tribal Transit Program	20.509	<u>\$ 3,778,144</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, 2024

Not Applicable