

COUNCIL ON AGING OF CENTRAL OREGON

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

COUNCIL ON AGING OF CENTRAL OREGON

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Council on Aging of Central Oregon
Bend, Oregon

We have audited the accompanying financial statements of the Council on Aging of Central Oregon (a nonprofit organization) (the Council), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council on Aging of Central Oregon as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Prior-Year Summarized Comparative Information

We have previously audited the Council's June 30, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Council'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 Council's internal control over financial reporting and compliance.

Price Fronk & Co.

December 3, 2021

FINANCIAL STATEMENTS

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 695,372	\$ 401,795	\$ 1,097,167	\$ 1,123,829
Grants receivable	400,454		400,454	653,627
Current portion of long-term pledges receivable		22,000	22,000	22,240
Prepaid Expenses	5,500		5,500	
TOTAL CURRENT ASSETS	1,101,326	423,795	1,525,121	1,799,696
OTHER ASSETS				
Long-term pledges receivable, net of current portion		36,500	36,500	58,500
Beneficial interest in Oregon Community Foundation		127,725	127,725	93,254
TOTAL OTHER ASSETS		164,225	164,225	151,754
FIXED ASSETS, net of accumulated depreciation	1,889,248		1,889,248	1,418,294
TOTAL ASSETS	\$ 2,990,574	\$ 588,020	\$ 3,578,594	\$ 3,369,744
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 153,540	\$	\$ 153,540	\$ 168,599
Accrued expenses	106,190		106,190	91,029
Deferred revenue	12,843		12,843	25,686
Unearned grant revenue				55,343
Current portion of long-term debt	32,056		32,056	30,359
TOTAL CURRENT LIABILITIES	304,629	-	304,629	371,016
LONG-TERM DEBT, net of current portion	476,405		476,405	508,050
TOTAL LIABILITIES	781,034		781,034	879,066
NET ASSETS				
Without donor restrictions	2,209,540		2,209,540	2,103,831
With donor restrictions		588,020	588,020	386,847
TOTAL NET ASSETS	2,209,540	588,020	2,797,560	2,490,678
TOTAL LIABILITIES AND NET ASSETS	\$ 2,990,574	\$ 588,020	\$ 3,578,594	\$ 3,369,744

See notes to financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
SUPPORT AND REVENUE				
Federal grants	\$ 1,525,836	\$ 219,388	\$ 1,745,224	\$ 1,665,758
State grants	583,221	69,996	653,217	805,019
Local grants	69,905	46,522	116,427	48,847
Contributions	759,280	43,649	802,929	663,680
Program income	33,169		33,169	23,789
Investment income	1,010	34,471	35,481	8,567
Other program revenue	20,160		20,160	7,421
Net assets, released from restrictions	212,853	(212,853)		
	<u>3,205,434</u>	<u>201,173</u>	<u>3,406,607</u>	<u>3,223,081</u>
EXPENSES AND LOSSES				
Program services				
Nutrition and welfare	2,854,690		2,854,690	2,622,581
Support services				
Management and general	221,472		221,472	184,732
Fundraising	23,563		23,563	33,504
	<u>3,099,725</u>		<u>3,099,725</u>	<u>2,840,817</u>
CHANGE IN NET ASSETS	105,709	201,173	306,882	382,264
NET ASSETS - Beginning of year	<u>2,103,831</u>	<u>386,847</u>	<u>2,490,678</u>	<u>2,108,414</u>
NET ASSETS - End of year	<u>\$ 2,209,540</u>	<u>\$ 588,020</u>	<u>\$ 2,797,560</u>	<u>\$ 2,490,678</u>

See notes to financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Program Services	Support Services		Totals	
	Nutrition and Welfare	Management and General	Fundraising	2021	2020
PERSONNEL					
Salaries and wages	\$ 1,053,261	\$ 79,278	\$	1,132,539	\$ 1,124,286
Payroll taxes and benefits	272,598	20,518		293,116	235,432
PERSONNEL	1,325,859	99,796		1,425,655	1,359,718
MATERIALS AND SERVICES					
Food and other supplies	403,718			403,718	290,822
Office expenses	38,800	12,933		51,733	64,466
Volunteer mileage	29,676			29,676	24,808
Travel and meetings	10,355	779		11,134	23,349
Employee recognition	12,749	3,187		15,936	8,136
Professional fees	94,754	48,812		143,566	80,753
Insurance	13,145	19,717		32,862	30,344
Interest	26,972	2,030		29,002	30,595
Outside services	717,709			717,709	747,235
Occupancy	97,602	7,346		104,948	82,999
Advertising	46,779	10,973	13,632	71,384	19,409
Dues and training	8,447	13,782		22,229	17,717
Capital campaign			9,931	9,931	33,504
Total materials and services	1,500,706	119,559	23,563	1,643,828	1,454,137
Total expenses before depreciation	2,826,565	219,355	23,563	3,069,483	2,813,855
Depreciation	28,125	2,117		30,242	26,962
TOTAL EXPENSES	\$ 2,854,690	\$ 221,472	\$ 23,563	\$ 3,099,725	\$ 2,840,817

See notes to financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 306,882	\$ 382,264
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	30,242	26,962
Unrealized (gain) loss on investments	(34,471)	485
Change in current assets and liabilities		
Grants receivable	253,173	(213,757)
Pledges receivable	22,240	(47,610)
Prepaid expenses	(5,500)	
Accounts payable	(15,059)	42,876
Accrued expenses	15,161	11,544
Deferred revenue	(12,843)	81,029
Unearned grant revenue	(55,343)	
	<u>504,482</u>	<u>283,793</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(501,196)	(102,566)
	<u>(501,196)</u>	<u>(102,566)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(29,948)	(28,358)
	<u>(29,948)</u>	<u>(28,358)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,662)	152,869
CASH AND CASH EQUIVALENTS - Beginning of year	1,123,829	970,960
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 1,097,167</u>	<u>\$ 1,123,829</u>

See notes to financial statements

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Council on Aging of Central Oregon (the Council), is responsible for planning, coordinating and implementing the administration of federal, state and local grants designed to meet the health and welfare needs of the elderly in the Deschutes, Jefferson and Crook Counties of Central Oregon.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations which require the Council to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without restrictions: Net assets that are not subject to stipulations imposed by donors and grantors and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and board of directors.

Net assets with restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by the actions of the Council or the passage of time. Other restrictions are perpetual in nature, whereby the donor or grantor has stipulated that the funds be maintained in perpetuity.

Donor/grantor restricted revenues are reported as increases in net assets with restrictions, unless those restrictions are satisfied in the same reporting period in which case these revenues are reported as increases in net assets without restrictions. When a restriction expires, net assets are reclassified from net assets with restrictions to net assets without restrictions in the statement of activities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost which approximates fair value. For purposes of the statement of cash flows, the Council considers all cash investments with maturities of three months or less to be cash equivalents.

Grants and Pledges Receivable

Based on historical collections, the Council believes that grants and pledges receivable will be fully collectible. Therefore, no allowance was recorded.

Investments

The Council holds a beneficial interest in two endowment funds of the Oregon Community Foundation. These investments are recorded at fair market value.

Fixed Assets

Fixed assets acquired by the Council are considered to be owned by the Council. However, State funding sources may maintain an interest in the property purchased with grant funding as well as the right to determine the use of any proceeds from the sale of such assets. Fixed assets are recorded at cost or fair market value on date of receipt if donated, and are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	39 years
Machinery and equipment	5-10 years
Furniture and fixtures	5-7 years
Vehicles	7 years

The Council capitalizes all property and equipment with a purchase price of greater than \$2,000 and a useful life of greater than one year.

If donors stipulate how long or for which program center the donated fixed assets must be used, the contributions are recorded as net assets with restrictions when received. In the absence of such stipulations, contributions of fixed assets are recorded as net assets without restrictions.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensated Absences

Compensated absences are recorded as a liability and an expense when earned rather than when paid. When vacation is taken, amounts disbursed for vacation pay are charged against the liability. Compensated absences are valued at current pay rates.

Support and Revenue

Under accounting principles generally accepted in the United States of America, all contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions and grants that are designated for future periods or restricted by the donor/grantor for specific purposes or specific program centers are reported as net assets with restrictions. Restricted contributions and grants whose restrictions are met in the same reporting period are reported as unrestricted support. As funds are expended in accordance with donor or grantor stipulations, revenues are released from restrictions.

Endowment contributions and investments that are restricted by donors are recorded as net assets with restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by the donation, are recorded at their fair values in the period received.

Revenue Recognition

The Council recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Council's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Council has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled \$71,384 for the year ended June 30, 2021.

Income Taxes

The Council is a not-for-profit corporation which has been granted tax-exempt status under IRC Section 501(c)(3). In addition, it has been determined by the Internal Revenue Services (IRS) not to be a private foundation within the meaning of Section 509(a) of the code. Accordingly, these financial statements do not reflect a provision for income taxes. The tax returns for the Council are subject to examination by the IRS generally for three years after they were filed.

Functional Allocation of Expenses

The Council allocates indirect expenses of administrative overhead and other allocable costs to supporting service departments or program centers based on various direct costs and other information. The Council's management reviews and updates these allocations on an annual basis.

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

The method of allocating all costs on a functional basis is time and effort of personnel costs.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, which creates FASB ASC Topic 842, "Leases" and supersedes Topic 840 "Leases". This guidance increases transparency and comparability among entities by recording lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Upon implementation, a lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous guidance. In June of 2020, the FASB issued ASU 2020-05 which deferred for one-year the required effective date of Topic 842, making it effective for fiscal years beginning after December 15, 2021. The Council plans to early adopt this guidance during the fiscal year ended June 30, 2022, and is currently evaluating the impact on its financial statements and the disclosures included within the notes to the financial statements.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Adopted Accounting Pronouncements

The Council has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Council's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Council recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Reclassifications

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

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Council's financial assets as of June 30:

	<u>2021</u>	<u>Restated 2020</u>
Cash and cash equivalents	\$ 1,097,167	\$ 1,123,829
Grants receivable	400,454	653,627
Pledges receivable	58,500	80,740
Beneficial interest in Oregon Community Foundation	<u>127,725</u>	<u>93,254</u>
Total financial assets	<u>1,683,846</u>	<u>1,951,450</u>
Less amounts not available to be used within one year:		
Net assets with restrictions	588,020	386,847
Less net assets with purpose restrictions to be met in less than one year	<u>(423,795)</u>	<u>(235,093)</u>
Total amounts not available:	<u>164,225</u>	<u>151,754</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,519,621</u>	<u>\$ 1,799,696</u>

As part of the Council's liquidity plan, excess cash is invested in short-term investments including money market accounts. It is the Council's policy to maintain a cash reserve sufficient to fund budgeted operating expenses for a period of three to five months.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Petty cash	\$ 150	\$ 150
Demand accounts	<u>1,097,017</u>	<u>1,123,679</u>
	<u>\$ 1,097,167</u>	<u>\$ 1,123,829</u>

For the year ended June 30, 2021, the Council paid no income taxes and paid interest of \$29,002.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 4 – PLEDGES RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. The Council distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Management has determined that the discounted present value of the pledges was not significantly different from their face value.

Conditional promises to give are recorded as receivables when the conditions that the promise is based on have been met. The Council received no conditional promises to give during the year ended June 30, 2021.

Unconditional promises to give restricted for use in the capital campaign totaled \$43,500 for the year ended June 30, 2021.

Expected collections of pledges receivable are as follows:

<u>Year ending June 30,</u>	
2022	\$ 22,000
2023	19,500
2024	<u>17,000</u>
	58,500
Less current portion	<u>(22,000)</u>
	<u>\$ 36,500</u>

NOTE 5 – FAIR VALUE MEASUREMENT

Investments are carried at fair market value. Donated investments usually consist of stock where the fair market value at the date of receipt is determined based on quoted market prices. In the absence of donor stipulations, donated investments may be sold immediately to generate cash for operations. Investment income is recognized when received and classified as net assets without restriction, unless restricted by the donor. Gains and losses are recorded in the statement of activities as increases or decreases in net assets without restriction unless their use is restricted by the donor.

Investments as of June 30, 2021, consisted of \$127,725 held in marketable securities in short-term investments held by the Oregon Community Foundation.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5 – FAIR VALUE MEASUREMENT – CONTINUED

Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under are described as follows:

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

The fair value of the Council's beneficial interest in the endowment funds was calculated and provided by the Oregon Community Foundation, a Level 2 input source.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6 – FIXED ASSETS

Fixed assets consisted of the following as of June 30, 2021:

	<u>2021</u>	<u>2020</u>
Land	\$ 475,059	\$ 475,059
Buildings and improvements	818,311	815,541
Furniture and fixtures	7,983	5,238
Machinery and equipment	96,662	83,103
Vehicles	83,843	60,717
Construction in process - new facility	634,972	175,976
	<u>2,116,830</u>	<u>1,615,634</u>
Accumulated depreciation	<u>(227,582)</u>	<u>(197,340)</u>
	<u>\$ 1,889,248</u>	<u>\$ 1,418,294</u>

NOTE 7 – DEFERRED REVENUE

The following table provides information about significant changes in the Council's deferred revenue, which consists of advertising revenues collected in advance for the Council's Directions publication, for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Deferred advertising revenue, beginning of year	\$ 25,686	\$
Revenue recognized that was included in deferred revenue at the beginning of the year	(12,843)	
Increase in deferred revenue due to cash received during the period		<u>25,686</u>
Deferred advertising revenue, end of year	<u>\$ 12,843</u>	<u>\$ 25,686</u>

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 8 – LONG-TERM DEBT

As of June 30, 2021, long-term debt consisted of a note payable to US Bank in connection to the purchase of the new facility. The note is due in monthly installments of \$4,913, including interest at 5.45%. The note is secured by real estate and matures in February 2033. As of June 30, 2021, the total outstanding principal balance of this note was \$508,461, of which \$32,056 is due within one year.

Maturities of long-term debt are as follows:

<u>Year ending June 30,</u>	
2022	\$ 32,056
2023	33,847
2024	35,739
2025	37,736
2026	39,845
Thereafter	<u>329,238</u>
	<u>\$ 508,461</u>

NOTE 9 – NET ASSETS

Net assets with restrictions consisted of the following as of June 30:

With donor restrictions	<u>2021</u>	<u>Restated 2020</u>
MOW Foundation	\$ 44,818	\$ 86,350
MOW pet program	1,704	
MOW solicited / unsolicited	65,889	55,346
Title XIX	81,551	61,157
Title IIIB program	137,837	
Cong Foundation		10,000
General Funds	69,996	
Capital campaign (new facility)	58,500	80,740
Endowment fund - Redmond area senior programs	53,071	38,748
Endowment fund - Council operations	<u>74,654</u>	<u>54,506</u>
	<u>\$ 588,020</u>	<u>\$ 386,847</u>

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 – NET ASSETS – CONTINUED

Both endowment funds were funded with restricted contributions that are to remain in the endowments in perpetuity as stipulated by the donors. Earnings on one of these contributions are available for use in operating programs for seniors in the Redmond, Oregon area, while earnings on the other contribution are available for use in operating the Council. Both of the initial contributions are to remain in the endowment funds in perpetuity.

Net assets released from restrictions included the following as of June 30:

Releases from restriction	2021	2020
Federal grant programs	\$ 61,157	\$ 46,776
Local grant programs	86,350	
Contributions	65,346	93,326
	<u>\$ 212,853</u>	<u>\$ 140,102</u>

NOTE 10 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially expose the Council to concentrations of credit risk consist primarily of cash and cash equivalents. The Council maintains its cash balances at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash balances are in excess of the FDIC insurances limits. As of June 30, 2021, the balance in excess of the amount insured by the FDIC was \$847,017.

NOTE 11 – EMPLOYEE RETIREMENT PROGRAM

The Council offers an employee retirement program under Internal Revenue Code Section 403(b) which is available to all employees after a minimum employment period. Employees may contribute a portion of their qualified wages subject to a ceiling prescribed by law. The Council matches the employee's contribution at a fixed amount as determined by management. The Council's contributions to the plan totaled \$46,676 for the year ended June 30, 2021.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 12 – CONTINGENCIES

Grants

The Council receives grants from various federal, state and local agencies that are subject to review and audit by these agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Council's management, such disallowances, if any, will not be significant.

Tax Positions

The Council is exempt from federal and state income taxes, with the exception of federal taxes for net profits on unrelated business income, under Internal Revenue Code Section 501(c)(3).

Regarding uncertain tax positions, the Council will recognize in its financial statements the benefit of a tax position when it believes that tax position will more likely than not be sustained on audit based on the technical merits of the position. For an exempt organization, uncertain tax positions could result from unrelated business income activities or actions that jeopardize its status as tax-exempt, such as political activity, substantial lobbying expenditures or excessive unrelated business activities. The Council has concluded that it had no unrecognized income tax benefits as of June 30, 2021, and it has no tax positions for which it estimates a significant change over the next 12 months.

The Council is subject to examination by state and federal tax authorities. With few exceptions, the Council is no longer subject to examination by major taxing authorities for years before 2017.

NOTE 13 – RISKS AND UNCERTAINTIES

In March 2020, the State of Oregon ordered an emergency shutdown of many non-essential businesses as a result of the spread of the COVID-19 virus. The Council's activities were deemed essential and continued operations. Despite the adverse economic conditions, the Council reported increased revenues for the year ended June 30, 2021, compared to prior years, which can be partially attributed to additional grant funding made available in response to the pandemic and an increase in contributions. However, this pandemic still presents uncertainties related to future business operations, and the full economic impact of these events is unknown at this time.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 3, 2021, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

COUNCIL ON AGING OF CENTRAL OREGON

COMBINING SCHEDULES OF FINANCIAL POSITION - BUDGETARY BASIS (UNAUDITED)

JUNE 30, 2021

(WITH COMPARATIVE TOTALS JUNE 30, 2020)

	Title III B	Title III C-1	Title III C-2	Title III D	Title III E	Title VII B
ASSETS						
Cash	\$ 99,611	\$ (173,143)	\$ 250,740	\$ 987	\$ (8,709)	\$ 3,434
Grants receivable						
Pledges receivable						
Prepaid expenses						
Beneficial interest in Oregon Community Foundation						
Total assets	<u>\$ 99,611</u>	<u>\$ (173,143)</u>	<u>\$ 250,740</u>	<u>\$ 987</u>	<u>\$ (8,709)</u>	<u>\$ 3,434</u>
LIABILITIES						
Accounts payable	\$	\$	\$	\$	\$	\$
Accrued expenses						
Total liabilities						
NET ASSETS						
Net assets	<u>99,611</u>	<u>(173,143)</u>	<u>250,740</u>	<u>987</u>	<u>(8,709)</u>	<u>3,434</u>
Total liabilities and net assets	<u>\$ 99,611</u>	<u>\$ (173,143)</u>	<u>\$ 250,740</u>	<u>\$ 987</u>	<u>\$ (8,709)</u>	<u>\$ 3,434</u>

Oregon Project Independence	Sequestration & Other State	Evidence Based	COVID-19	SHIBA SMP	ADRC & NWD	Designated Funds	Other	Totals	
								2021	2020
\$ 123,177	\$	\$ 51,815	\$ (7,374)	\$ (4,578)	\$ (53,442)	\$ 15,060	\$ 799,589	\$ 1,097,167	\$ 1,123,829
						58,500	400,454	400,454	653,627
							5,500	58,500	80,740
						127,725	5,500	5,500	
								127,725	93,254
<u>\$ 123,177</u>	<u>\$ -</u>	<u>\$ 51,815</u>	<u>\$ (7,374)</u>	<u>\$ (4,578)</u>	<u>\$ (53,442)</u>	<u>\$ 201,285</u>	<u>\$ 1,205,543</u>	<u>\$ 1,689,346</u>	<u>\$ 1,951,450</u>
\$	\$	\$	\$	\$	\$	\$	\$ 153,540	\$ 153,540	\$ 168,599
							106,190	106,190	91,029
							259,730	259,730	259,628
123,177		51,815	(7,374)	(4,578)	(53,442)	201,285	945,813	1,429,616	1,691,822
<u>\$ 123,177</u>	<u>\$ -</u>	<u>\$ 51,815</u>	<u>\$ (7,374)</u>	<u>\$ (4,578)</u>	<u>\$ (53,442)</u>	<u>\$ 201,285</u>	<u>\$ 1,205,543</u>	<u>\$ 1,689,346</u>	<u>\$ 1,951,450</u>

See independent auditors' report

COUNCIL ON AGING OF CENTRAL OREGON

COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS - BUDGETARY BASIS (UNAUDITED)

YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Title III B	Title III C-1	Title III C-2	Title III D	Title III E	Title VII B
REVENUE						
Federal	\$ 315,838	\$ 469,656	\$ 208,822	\$ 20,457	\$ 163,547	\$ 3,948
State						
NSIP - Federal		15,035	71,702			
Title XIX contract, Federal			215,789			
Klamath Contract	1,899		25,151			
Local Grants - County Contribution	39,600	9,200	32,000			
United Way			73,998			
EFSP - Emergency Food Shelter Program			33,000			
Private Foundation and Donations	189,280	63,951	236,330		2,200	
Program Income		3,191	29,763			
Other revenue						
Investment income						
Capital Campaign Donation						
Capital Campaign Pledges						
Total revenue	546,617	561,033	926,555	20,457	165,747	3,948
EXPENDITURES						
Administration	20,738	33,091	43,755		26,656	
Advocacy	76,521					
Case Management	46,840				101,519	
Transportation	2,659					
Legal Assistance	12,814					
Nutrition Education	20,232					
Information & Assistance	109,311					
Outreach	28,296					
Home Repair / Chore	6,439					
Health / Medical Equipment	1,202					
Reassurance	30,811					
Public Outreach / Education	59,446					
Volunteer Services	24,050					
Congregate Meals		530,338				
Home Delivered Meals			877,882			
Elderly Prevention						3,945
Family Caregiver Program					36,105	
Personal Care						
Home Care						
Registered Nurse						
Health Programs				20,231		
IT Other State						
ADRC/NWD						
SHIBA & SMP						
Other allocations	18,786					
Building - 5th Street						
Undesignated Funds	21,124	20,405	36,027	9	1,522	
Designated Funds						
Total expenditures	479,269	583,834	957,664	20,240	165,802	3,945
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	67,348	(22,801)	(31,109)	217	(55)	3
NET ASSETS - beginning of year as originally stated	32,263	(150,342)	281,849	770	(8,654)	3,431
Restatement adjustment to budget basis						
NET ASSETS - beginning of year as restated	32,263	(150,342)	281,849	770	(8,654)	3,431
NET ASSETS - end of year	\$ 99,611	\$ (173,143)	\$ 250,740	\$ 987	\$ (8,709)	\$ 3,434

Oregon Project Independence	Sequestration & Other State	Evidence Based	COVID-19	SHIBA SMP	ADRC & NWD	Designated Funds	Other	Totals	
								2021	2020
\$ 613,857	\$ 2,146	\$ 150,657	\$ 25,661	\$	\$ 42,716	\$	\$	\$ 1,332,925	\$ 1,468,143
								684,380	80,317
								86,737	139,657
								215,789	822,116
								27,050	21,569
								80,800	48,847
							7,926	81,924	36,163
								33,000	11,600
112							75,499	567,260	465,059
								33,066	170,649
									25,378
							177	177	8,602
						187,389		187,389	11,540
613,969	2,146	150,657	25,661		42,716	187,389	83,602	3,330,497	3,309,640
54,684		2,643						181,567	195,905
		4,634						81,155	80,104
210,161		2,753						361,273	330,385
		1,676						4,335	33,011
		450						13,264	14,948
		546						20,778	18,982
		4,942						114,253	85,328
		1,334						29,630	35,731
250								6,689	3,277
2,998								4,200	3,380
								30,811	-
		3,243						62,689	74,557
		187						24,237	8,542
		32,308						562,646	489,416
10,882		45,263						934,027	829,096
								3,945	2,213
		6,902						43,007	42,568
123,897								123,897	132,760
173,042								173,042	175,158
65								65	273
	2,146							20,231	15,139
					97,474			2,146	2,083
			33,368					97,474	99,322
								33,368	38,058
						486,839		18,786	33,512
							79,084	486,839	76,617
159			5		14			79,084	
								79,265	
576,138	2,146	106,881	33,373		97,488	486,839	79,084	3,592,703	2,820,365
37,831		43,776	(7,712)		(54,772)	(299,450)	4,518	(262,206)	489,275
85,346		8,039	338	(4,578)	1,330	500,735	941,295	1,691,822	2,126,319
									(923,772)
85,346		8,039	338	(4,578)	1,330	500,735	941,295	1,691,822	1,202,547
\$ 123,177	\$ -	\$ 51,815	\$ (7,374)	\$ (4,578)	\$ (53,442)	\$ 201,285	\$ 945,813	\$ 1,429,616	\$ 1,691,822

Reconciliation of Council's budgetary basis information to accounting principles generally accepted in the United States of America:

Budgetary basis excess of revenue over expenditures	\$ (262,206)	\$ 489,275
Depreciation	(30,242)	(26,962)
Principal payments	29,948	28,358
Change in deferred revenue	68,186	(81,029)
Capitalized building and equipment costs	486,839	(52,335)
Other adjustments	14,357	24,957
	\$ 306,882	\$ 382,264

See independent auditors' report

SINGLE AUDIT COMPLIANCE

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

To the Board of Directors
Council on Aging of Central Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Council on Aging of Central Oregon (the Council), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Fronk & Co.

December 3, 2021

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

To the Board of Directors
Council on Aging of Central Oregon

Report on Compliance for Each Major Federal Program

We have audited the Council on Aging of Central Oregon's (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2021. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 United States Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, could have a direct and material effect on each of the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED**

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Unmodified Opinion on Compliance

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED**

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.

Price Fronk & Co.

December 3, 2021

COUNCIL ON AGING OF CENTRAL OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Council on Aging of Central Oregon (the Council).
2. No material weaknesses in internal control over financial reporting were identified during the audit of the financial statements.
3. No instances of noncompliance required to be reported under *Government Auditing Standards* were identified during the audit of the financial statements.
4. No deficiencies in internal control over compliance considered to be material weaknesses were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Council expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the Council are reported in this Schedule.
7. The programs tested as major programs were:

U.S. Department of Health and Human Services, Aging Cluster, comprising:
 93.044 – Special Programs for the Aging – Title III, Part B
 93.045 – Special Programs for the Aging – Title III, Part C
 93.053 – Nutrition Services Incentive Program
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Council was not determined to be a low-risk auditee.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

FINDINGS – FINANCIAL STATEMENT AUDIT

None

COUNCIL ON AGING OF CENTRAL OREGON

STATUS OF PRIOR YEAR (2020) FINDINGS YEAR ENDED JUNE 30, 2021

No prior year findings

COUNCIL ON AGING OF CENTRAL OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
Department of Health and Human Services				
Passed through State of Oregon Health and Human Resources				
Special Programs for the Aging:				
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	160475	\$ 332,528	\$
COVID-19 Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	160475	25,530	
Subtotal Title III, Part B			358,058	
Title III, Part C - Nutrition Services	93.045	160475	702,821	
COVID-19 Title III, Part C - Nutrition Services	93.045	160475	71,099	
Subtotal Title III, Part C			773,920	
Nutrition Services Incentive Program	93.053	160475	75,175	
Subtotal Aging Cluster			1,207,153	
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	160475	20,774	
Title III, Part E - National Family Caregiver Support	93.052	160475	165,753	
COVID-19 Title III, Part E - National Family Caregiver Support	93.052	160475	54,028	
Subtotal Title III, Part E			219,781	
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	160475	3,948	
			\$ 1,451,656	\$ -

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **YEAR ENDED JUNE 30, 2021**

Note A - Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal award activity of the Council on Aging of Central Oregon (the Council) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 United States Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council it is not intended to and does not present the financial position, change in net assets or cash flows of the Council.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note C - Indirect Cost Rate

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

Note D - Federal Loan Programs

There were no amounts of loans or loan guarantees related to federal awards outstanding at year end.