

COUNCIL ON AGING OF CENTRAL OREGON

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council on Aging of Central Oregon as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Council'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council'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.

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, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 11, 2024, 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 Board of Directors
Council on Aging of Central Oregon
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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 Frank & Co. + KDP Certified Public Accountants, LLP

December 11, 2024

FINANCIAL STATEMENTS

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COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF FINANCIAL POSITION JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 770,446	\$ 405,818	\$ 1,176,264	\$ 654,634
Grants receivable	219,270		219,270	529,093
Prepaid expenses	19,178		19,178	
TOTAL CURRENT ASSETS	1,008,894	405,818	1,414,712	1,183,727
OTHER ASSETS				
Security deposits	10,000		10,000	10,000
Beneficial interest in Oregon Community Foundation		135,906	135,906	127,648
Operating lease right-of-use asset, net of accumulated amortization	258,334		258,334	355,002
TOTAL OTHER ASSETS	268,334	135,906	404,240	492,650
FIXED ASSETS, net of accumulated depreciation				
Used in operations	3,490,812		3,490,812	3,541,657
Held for sale				283,530
TOTAL ASSETS	\$ 4,768,040	\$ 541,724	\$ 5,309,764	\$ 5,501,564
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 120,856	\$	\$ 120,856	\$ 104,388
Accrued expenses	157,219		157,219	127,211
Deferred revenue	71,850		71,850	7,100
Current portion of long-term debt				35,739
Current portion of operating lease liabilities	102,700		102,700	96,668
TOTAL CURRENT LIABILITIES	452,625		452,625	371,106
LONG-TERM LIABILITIES				
Long-term debt, net of current portion				407,635
Operating lease liabilities, net of current portion	155,634		155,634	258,334
TOTAL LONG-TERM LIABILITIES	155,634		155,634	665,969
TOTAL LIABILITIES	608,259		608,259	1,037,075
NET ASSETS				
Without donor restrictions	4,159,781		4,159,781	3,695,381
With donor restrictions		541,724	541,724	769,108
TOTAL NET ASSETS	4,159,781	541,724	4,701,505	4,464,489
TOTAL LIABILITIES AND NET ASSETS	\$ 4,768,040	\$ 541,724	\$ 5,309,764	\$ 5,501,564

See notes to financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
SUPPORT AND REVENUE				
Federal grants and contracts	\$ 1,786,761	\$	\$ 1,786,761	\$ 2,119,149
State grants	1,228,362		1,228,362	1,362,211
Local grants	44,350		44,350	70,200
Contributions - cash	679,915	139,660	819,575	476,239
Contributions - noncash	24,016		24,016	1,448
Program income	76,417		76,417	61,650
Investment income (losses)	45,698	8,258	53,956	12,785
Other program revenue	1,151		1,151	20,859
Gain on sale of fixed assets	408,039		408,039	
Net assets, released from restrictions	375,302	(375,302)		
	<u>4,670,011</u>	<u>(227,384)</u>	<u>4,442,627</u>	<u>4,124,541</u>
EXPENSES AND LOSSES				
Program services				
Nutrition and welfare	3,747,245		3,747,245	3,758,266
Support services				
Management and general	274,002		274,002	349,571
Fundraising	184,364		184,364	
	<u>4,205,611</u>		<u>4,205,611</u>	<u>4,107,837</u>
CHANGE IN NET ASSETS	464,400	(227,384)	237,016	16,704
NET ASSETS - Beginning of year	<u>3,695,381</u>	<u>769,108</u>	<u>4,464,489</u>	<u>4,447,785</u>
NET ASSETS - End of year	<u>\$ 4,159,781</u>	<u>\$ 541,724</u>	<u>\$ 4,701,505</u>	<u>\$ 4,464,489</u>

See notes to financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Program Services	Support Services		Totals	
	Nutrition and Welfare	Management and General	Fundraising	2024	2023
PERSONNEL					
Salaries and wages	\$ 1,478,082	\$ 167,164	\$ 114,375	\$ 1,759,621	\$ 1,629,598
Payroll taxes and benefits	346,436	39,180	26,807	412,423	385,018
Total personnel	1,824,518	206,344	141,182	2,172,044	2,014,616
MATERIALS AND SERVICES					
Food and other supplies	407,919			407,919	382,418
Office expenses	17,134	1,938	1,326	20,398	146,896
Volunteer mileage	59,544			59,544	53,305
Travel and meetings	27,169	3,073	2,102	32,344	33,082
Client and volunteer recognition	11,294			11,294	11,868
Employee recognition	6,656	753	515	7,924	7,872
Professional fees	87,394	9,884	6,763	104,041	144,099
Insurance	37,749	4,269	2,921	44,939	44,223
Interest		4,545		4,545	25,512
Outside services	852,222			852,222	736,063
Occupancy	203,766	23,045	15,768	242,579	216,733
Advertising	33,702			33,702	94,159
Dues and training	15,066	1,704	1,166	17,936	37,933
Information technology	34,175	3,865	2,644	40,684	23,782
Printing	33,735	3,815	2,610	40,160	47,672
Total materials and services	1,827,525	56,891	35,815	1,920,231	2,005,617
Total expenses before depreciation	3,652,043	263,235	176,997	4,092,275	4,020,233
Depreciation	95,202	10,767	7,367	113,336	87,604
TOTAL EXPENSES	\$ 3,747,245	\$ 274,002	\$ 184,364	\$ 4,205,611	\$ 4,107,837

See notes to financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 237,016	\$ 16,704
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	113,336	87,604
Unrealized gains on investments	(12,973)	(7,031)
Gain on sale of fixed assets	(408,039)	
Donation of vehicle	(16,000)	
Change in current assets and liabilities		
Grants receivable	309,823	52,454
Pledges receivable		24,000
Prepaid expenses	(19,178)	17,776
Accounts payable	16,468	(226,861)
Accrued expenses	30,008	6,917
Deferred revenue	64,750	(12,017)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>315,211</u>	<u>(40,454)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(61,729)	(1,051,558)
Redemption of investments	4,715	
Proceeds from sales of fixed assets	706,807	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>649,793</u>	<u>(1,051,558)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(443,374)	(33,440)
NET CASH USED IN FINANCING ACTIVITIES	<u>(443,374)</u>	<u>(33,440)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	521,630	(1,125,452)
CASH AND CASH EQUIVALENTS - Beginning of year	654,634	1,780,086
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 1,176,264</u>	<u>\$ 654,634</u>

See notes to financial statements

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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, 2024

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 original maturities of three months or less to be cash equivalents.

Grants and Pledges Receivable

The Council considers grants and pledges receivable to be fully collectible. This is based on a combination of specific grantor and donor characteristics, credit and market conditions, payment history and historical experience and supportable forecasts of future economic conditions in determining the estimate for the allowance for doubtful accounts. This analysis resulted in no estimated allowance, therefore, no allowance was recorded.

From time to time, the Council recognizes 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 determines whether the discounted present value of the pledges is significantly different from their face value. There were no pledges receivable as of June 30, 2024.

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, 2024.

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
Leasehold improvements	15 years
Machinery and equipment	5-10 years
Furniture and fixtures	5-7 years
Vehicles	7 years

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fixed Assets – Continued

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.

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. During the year ended June 30, 2024, the Council received the following donated goods:

Vehicle	\$	16,000
Supplies		<u>8,016</u>
	\$	<u>24,016</u>

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. No donated services were received during the fiscal year ended June 30, 2024.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 federal and state contracts and grants. Many of these contracts and grants are cost-reimbursable, 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.

Contract revenue is accounted for on the accrual method whereby revenue is recorded when the criteria required by ASC Topic 606, *Revenue from Contracts with Customers*, has been met. Those criteria include the following: the contract is legally enforceable, the contract has commercial substance, payment terms can be identified, the consideration the Council expects to be entitled to is probable of collection, the contract has been approved and the parties are committed to their obligations under the contract. Contract revenue is recognized periodically over time as contract services are performed.

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled \$33,702 for the year ended June 30, 2024.

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.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases

The Council determines if an arrangement is, or contains, a lease at inception. All leases are recorded in the statement of financial position except for leases with an initial term less than twelve months for which the Council made the short-term lease election.

Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. The ROU assets represent the Council's right to use underlying assets for the lease term, and the lease liabilities represent the Council's obligation to make lease payments arising from these leases. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. The operating lease ROU asset is included in other assets and the related liabilities are included in long-term liabilities in the statement of financial position.

At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as lease expense within operating expenses in the statement of activities. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise that option.

Recently Adopted Accounting Pronouncements

Effective July 1, 2023, the Council adopted Accounting Standards Update (ASU) 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The guidance in ASU 2016-03 requires entities to apply the current expected credit loss (CECL) model. This model requires entities to measure credit losses for certain financial instruments and financial assets, including trade receivables. Under this update, the Council is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The adoption of this standard did not have a significant impact on the Council's financial statements.

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, 2024

NOTE 2 – AVAILABILITY AND LIQUIDITY

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

	<u>2024</u>	<u>Restated 2023</u>
Cash and cash equivalents	\$ 1,176,264	\$ 654,634
Grants receivable	219,270	529,093
Pledges receivable		
Beneficial interest in Oregon Community Foundation	<u>135,906</u>	<u>127,648</u>
Total financial assets	<u>1,531,440</u>	<u>1,311,375</u>
Less amounts not available to be used within one year:		
Net assets with restrictions	<u>541,724</u>	<u>769,108</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 989,716</u>	<u>\$ 542,267</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>2024</u>	<u>2023</u>
Petty cash	\$ 100	\$ 150
Demand accounts	<u>1,176,164</u>	<u>654,484</u>
	<u>\$ 1,176,264</u>	<u>\$ 654,634</u>

For the year ended June 30, 2024, the Council paid no income taxes and paid interest of \$4,545.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 4 – 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, 2024, consisted of \$135,906 held in marketable securities in short-term investments held by the Oregon Community Foundation.

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; and
- 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 3 input source.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5 – FIXED ASSETS

Fixed assets consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
<u>Used in operations:</u>		
Land	\$ 289,961	\$ 289,961
Buildings and improvements	3,240,461	3,156,237
Leasehold improvements	111,177	111,177
Furniture and fixtures	5,160	5,160
Machinery and equipment	30,348	30,348
Vehicles	129,387	157,210
Construction in process - new facility		22,495
	<u>3,806,494</u>	<u>3,772,588</u>
Accumulated depreciation	<u>(315,682)</u>	<u>(230,931)</u>
	<u>\$ 3,490,812</u>	<u>\$ 3,541,657</u>
<u>Held for sale:</u>		
Land	\$	\$ 185,098
Buildings and improvements		151,048
		336,146
Accumulated depreciation		<u>(52,616)</u>
	<u>\$ -</u>	<u>\$ 283,530</u>

The property designated as held for sale on the statement of financial position was sold in August 2023. The proceeds were used to pay off the loan held by US Bank (Note 7) shortly thereafter.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 6 – DEFERRED REVENUE

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

	<u>2024</u>	<u>2023</u>
Deferred advertising revenue, beginning of year	\$ 7,100	\$ 19,117
Revenue recognized that was included in deferred revenue at the beginning of the year		(12,017)
Increase in deferred revenue due to cash received during the period	<u>24,750</u>	
Deferred advertising revenue, end of year	<u>\$ 31,850</u>	<u>\$ 7,100</u>
Deferred grant revenue, beginning of year	\$	\$
Increase in deferred revenue due to cash received during the period	<u>40,000</u>	
Deferred advertising revenue, end of year	<u>\$ 40,000</u>	<u>\$ -</u>
Total Deferred revenue	<u>\$ 71,850</u>	<u>\$ 7,100</u>

NOTE 7 – LONG-TERM DEBT

The Council held a note payable to US Bank in connection with the purchase of the new facility. The note was due in monthly installments of \$4,913, including interest at 5.45%, was secured by real estate and matured in February 2033. In August 2023, the Council sold the property designated as held for sale, and used the proceeds to pay this US Bank note in full.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 8 – OPERATING LEASES

In September 2021, the Council entered into an agreement to lease office space in Bend, Oregon under an operating lease that expires in November 2026. The agreement abated rent for the first three months, then called for monthly payments of \$8,338 with annual escalators of 3% through the term of the lease. Total lease payments of \$105,629 were made for the year ended June 30, 2024.

The Council amortizes this operating lease on a straight-line basis over the life of the lease through rent expense, and principal payments reduce the Council's lease liability as lease payments are made.

The following is a schedule of future minimum lease payments required under the lease agreement, and future maturities of the operating lease liability:

<u>Year ending June 30,</u>	<u>Future Minimum Lease Payments</u>	<u>Future maturities of operating lease liabilities</u>
2025	\$ 108,798	\$ 102,700
2026	112,092	109,035
2027	46,935	46,599
	<u>\$ 267,825</u>	<u>\$ 258,334</u>
Less current maturities		<u>\$ (102,700)</u>
		<u>\$ 155,634</u>

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 9 – NET ASSETS

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

With donor restrictions	2024	2023
MOW pet program	\$ (894)	\$ 13,730
MOW solicited / unsolicited	197,338	93,425
Caring Connections program	(4,410)	17,201
Cong foundation	27,703	48,292
Latinx nutrition program and bilingual CM	46,158	100,000
Diversity, equity, inclusion bonus	54,176	151,210
Respite Care	2,600	
OTAGO Fall Prevention training	33,147	
Capital vehicle	50,000	55,634
Capital campaign (new facility)		161,968
Endowment fund - Redmond area senior programs	56,470	53,039
Endowment fund - Council operations	79,436	74,609
	<u>\$ 541,724</u>	<u>\$ 769,108</u>

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.

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

Releases from restriction	2024	2023
Federal grant programs	\$ 5,633	\$
Local grant programs		150,802
State grant programs	112,034	
Contributions	257,635	997,792
	<u>\$ 375,302</u>	<u>\$ 1,148,594</u>

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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). The Council utilizes daily transfers to sweep accounts through these institutions to ensure all cash and cash equivalents remain insured by the FDIC. As of June 30, 2024, no amounts were in excess of the FDIC insured limits.

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 \$75,042 for the year ended June 30, 2024.

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, 2024, and it has no tax positions for which it estimates a significant change over the next twelve months.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 12 – CONTINGENCIES – CONTINUED

Tax Positions – Continued

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 2020.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 11, 2024, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CENTRAL OREGON COUNCIL ON AGING, INC.

COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS (UNAUDITED) YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Title III B	Title III C-1	Title III C-2	Title III D	Title III E	Title VII B	Oregon Project Independence	OPI - M	Sequestration & IT Other State Funds
REVENUE									
Federal State	\$ 323,653	\$ 415,315	\$ 279,911	\$ 20,387	\$ 155,553	\$ 3,207	\$ 659,242	\$ 377,167	\$ 65,441
NSIP - Federal		19,735	59,193						
Title XIX contract, Federal			341,248						
SPPC			38,085						
Klamath Contract									
Local Grants - County Contribution	7,083	17,708	19,559						
EFSP - Emergency Food Shelter Program									
Private Foundation and Donations									
Program income							5,912		
Other revenue									
Investment income									
Capital vehicle									
Capital Campaign Donation									
Total revenue	330,736	452,758	737,996	20,387	155,553	3,207	665,154	377,167	65,441
EXPENDITURES									
Administration	32,238	38,432	28,808		20,200		61,944	37,686	
Advocacy	17,371								
Case Management	33,938				91,665		235,938	339,481	
Newsletter									
Transportation	6,059								
Legal Assistance	16,464								
Nutrition Education	13,085								
Information and Assistance	79,052								
Outreach	9,667								
Home Repair / Chore							1,140		
Health / Medical Equipment	112						360		
Reassurance									
Public Outreach / Education	54,201								
Volunteer Services	66,228								
Congregate Meals		419,969							
Home Delivered Meals			705,367		8,690		40,496		
Elderly Prevention						3,207			
Family Caregiver Program					34,998				
Personal Care							133,006		
Home Care							192,270		
Health Programs				20,387					
IT Other State									65,441
ADRC/NWD									
SHIBA & SMP									
Other allocations	500								
Building - 5th Street									
Capital Vehicle									
Undesignated Funds									
Designated Funds									
Total expenditures	328,915	458,401	734,175	20,387	155,553	3,207	665,154	377,167	65,441
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES, before transfer	1,821	(5,643)	3,821						
Transfer (to) from other funds	(132,677)	18,405	(142,099)	(3,232)	(19,031)	(28)	99,835		162,050
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(130,856)	12,762	(138,278)	(3,232)	(19,031)	(28)	99,835		162,050
FUND BALANCES - beginning of year	139,840		252,413	987		3,434	133,936		
FUND BALANCES - end of year	\$ 8,984	\$ 12,762	\$ 114,135	\$ (2,245)	\$ (19,031)	\$ 3,406	\$ 233,771	\$ -	\$ 162,050

Diversity	SLFRF IIC2	ARP	SHIBA SMP	Redmond Senior Center	ADRC & NWD	Jobs Designated Funds	Other	Totals	
								2024	2023
\$	\$	\$ 4,171	\$ 40,430	\$	\$ 86,582	\$ 110,802	\$	\$ 1,312,999	\$ 1,833,169
								1,228,862	1,287,211
								78,928	60,004
								341,248	216,470
								38,085	9,506
							33,403	33,403	39,304
								44,350	45,200
									26,000
						637,502	236,306	873,808	342,258
								5,912	20,492
							37,658	37,658	22,212
							14,173	14,173	8,179
						19,000		19,000	50,000
						689,868		689,868	174,577
		4,171	40,430		86,582	1,457,172	321,540	4,718,294	4,134,582
								219,308	284,777
								17,371	18,100
								701,022	853,048
									2,262
								6,059	5,448
								16,464	12,055
								13,085	15,336
								79,052	112,947
								9,667	25,891
								1,140	3,746
								472	4,796
									4,669
								54,201	39,728
								66,228	52,273
								419,969	544,722
								754,553	1,130,573
								3,207	2,841
								34,998	33,814
								133,006	101,830
								192,270	143,519
								20,387	31,329
					86,582			65,441	58,350
								86,582	47,865
			40,430					40,430	37,928
97,034		4,171						101,705	
						66,273		66,273	1,185,845
						5,634		5,634	
							158,348	158,348	346,402
						936,979	37,756	974,735	213,851
97,034		4,171	40,430		86,582	1,008,886	196,104	4,241,607	5,313,945
(97,034)						448,286	125,436	476,687	(1,179,363)
(54,176)		(19,999)	52,917		80,987	(85,777)	42,825		
(151,210)		(19,999)	52,917		80,987	362,509	168,261	476,687	(1,179,363)
151,210		19,999					191,301	893,120	2,072,483
\$ -	\$ -	\$ -	\$ 52,917	\$ -	\$ 80,987	\$ 362,509	\$ 359,562	\$ 1,369,807	\$ 893,120

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

	476,687	(1,179,363)
Depreciation	(113,336)	(87,604)
Principal payments	443,374	33,440
Change in deferred revenue	(64,750)	12,017
Capitalized building and equipment costs	66,273	1,185,845
Other adjustments	(571,232)	52,369
Change in net assets per statement of activities	237,016	16,704

See independent auditors' report

SINGLE AUDIT COMPLIANCE

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**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, 2024, 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 11, 2024.

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.

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**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. + KDP Certified Public Accountants, LLP

December 11, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL 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

Opinion on Each Major Federal Program

We have audited the Council on Aging of Central Oregon's (the Council) 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 Council's major federal programs for the year ended June 30, 2024. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the 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, 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 of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council 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 Council's compliance with the compliance requirements referred to above.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL 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

Opinion on Each Major Federal Program

We have audited the Council on Aging of Central Oregon's (the Council) 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 Council's major federal programs for the year ended June 30, 2024. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the 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, 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 of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council 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 Council's compliance with the compliance requirements referred to above.

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

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 Council's federal programs.

Auditors' 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 Council'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 GAAS, *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 Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgement 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 Council'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 Council'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 Council's internal control over compliance. Accordingly, no such opinion is expressed.

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

We are required to communicate with those charged with governance regarding, among other things, 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.

Price Fronek & Co. + KDP Certified Public Accountants, LLP

December 11, 2024

COUNCIL ON AGING OF CENTRAL OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2024

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 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 (2023) FINDINGS YEAR ENDED JUNE 30, 2024

No prior year findings.

COUNCIL ON AGING OF CENTRAL OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal ALN 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 Department of Human Services				
Special Programs for the Aging:				
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	181172	\$ 323,653	\$
COVID-19 Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	181172	1,622	
Subtotal Title III, Part B			325,275	
Title III, Part C - Nutrition Services	93.045	181172	695,226	
COVID-19 Title III, Part C - Nutrition Services	93.045	181172	2,132	
Subtotal Title III, Part C			697,358	
Nutrition Services Incentive Program	93.053	181172	78,928	
Subtotal Aging Cluster			1,101,561	
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	181172	20,387	
Title III, Part E - National Family Caregiver Support	93.052	181172	155,553	
COVID-19 Title III, Part E - National Family Caregiver Support	93.052	181172	417	
Subtotal Title III, Part E			155,970	
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	181172	3,207	
Total federal expenditures			\$ 1,281,125	\$ -

See notes to the schedule of expenditures of federal awards

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

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, 2024. 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.