

MONTGOMERY AREA COUNCIL ON AGING

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2021 AND 2020

**MONTGOMERY AREA COUNCIL ON AGING
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SEPTEMBER 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Montgomery Area Council on Aging

We have audited the accompanying financial statements of Montgomery Area Council on Aging (the Council), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors consider 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 as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of activities and changes in net assets with donor restrictions on pages 20-21 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Warren Averett, LLC

Montgomery, Alabama
November 16, 2021

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020**

ASSETS		
	2021	2020
Cash and cash equivalents	\$ 760,977	\$ 749,145
Contracts, grants and other receivables	47,038	40,373
United Way receivable (net)	8,113	8,057
Pledges receivable	42,142	12,815
Prepaid expenses	14,333	11,566
Land held for sale	350,000	350,000
Investments	595,863	515,302
Property and equipment (at depreciated cost)	612,205	591,969
Construction in progress	21,246	17,436
TOTAL ASSETS	\$ 2,451,917	\$ 2,296,663
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 16,525	\$ 40,744
Payroll taxes payable	1,900	1,569
Accrued salaries and related expenses	68,555	46,173
Deferred revenue and other liabilities	29,054	23,796
Accrued compensated absences	31,185	24,063
Capital lease obligation	4,395	6,356
Note payable	-	115,228
TOTAL LIABILITIES	151,614	257,929
NET ASSETS		
Without donor restrictions		
Undesignated	1,137,185	953,401
Investment in property and equipment, net	629,056	487,821
Total net assets without donor restrictions	1,766,241	1,441,222
With donor restrictions		
Restricted by time or purpose	534,062	597,512
Total net assets with donor restrictions	534,062	597,512
TOTAL NET ASSETS	2,300,303	2,038,734
TOTAL LIABILITIES AND NET ASSETS	\$ 2,451,917	\$ 2,296,663

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE, GAINS AND OTHER SUPPORT			
Contributions	\$ 683,461	\$ 87,326	\$ 770,787
Noncash contributions	34,817	-	34,817
United Way	130,084	-	130,084
Governmental grants and fees	518,560	-	518,560
Fundraising	243,983	-	243,983
Program service fees from individuals	35,046	-	35,046
Investment income, net	13,251	-	13,251
Miscellaneous revenue	5,000	3,608	8,608
Net assets released from restrictions:			
Satisfaction of program restrictions	154,384	(154,384)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,818,586	(63,450)	1,755,136
EXPENSES			
Program services:			
Retired and Senior Volunteer Program	206,193	-	206,193
Senior Services	890,541	-	890,541
Archibald Multi-Purpose Center	47,733	-	47,733
Community Awareness	50,717	-	50,717
Total program services	1,195,184	-	1,195,184
Supporting services:			
Management and general	288,902	-	288,902
Fundraising	91,768	-	91,768
Total supporting services	380,670	-	380,670
TOTAL EXPENSES	1,575,854	-	1,575,854
GAINS AND LOSSES			
Realized gains on investments	7,134	-	7,134
Unrealized gains on investments	80,326	-	80,326
Losses on disposal of assets	(5,173)	-	(5,173)
TOTAL GAINS AND LOSSES	82,287	-	82,287
CHANGE IN NET ASSETS	325,019	(63,450)	261,569
NET ASSETS AT BEGINNING OF YEAR	1,441,222	597,512	2,038,734
NET ASSETS AT END OF YEAR	\$ 1,766,241	\$ 534,062	\$ 2,300,303

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE, GAINS AND OTHER SUPPORT			
Contributions	\$ 591,909	\$ 249,359	\$ 841,268
Noncash contributions	30,140	-	30,140
United Way	142,620	-	142,620
Governmental grants and fees	639,279	-	639,279
Fundraising	149,152	-	149,152
Program service fees from individuals	33,808	-	33,808
Investment income, net	17,688	-	17,688
Miscellaneous revenue	9,319	3,142	12,461
Net assets released from restrictions:			
Satisfaction of program restrictions	132,479	(132,479)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,746,394	120,022	1,866,416
EXPENSES			
Program services:			
Retired and Senior Volunteer Program	185,586	-	185,586
Senior Services	822,185	-	822,185
Archibald Multi-Purpose Center	133,151	-	133,151
Community Awareness	61,614	-	61,614
Total program services	1,202,536	-	1,202,536
Supporting services:			
Management and general	259,923	-	259,923
Fundraising	101,056	-	101,056
Total supporting services	360,979	-	360,979
TOTAL EXPENSES	1,563,515	-	1,563,515
LOSSES			
Realized gains on investments	194	-	194
Unrealized gains on investments	4,859	-	4,859
TOTAL GAINS	5,053	-	5,053
CHANGE IN NET ASSETS	187,932	120,022	307,954
NET ASSETS AT BEGINNING OF YEAR	1,253,290	477,490	1,730,780
NET ASSETS AT END OF YEAR	\$ 1,441,222	\$ 597,512	\$ 2,038,734

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL ALL FUNCTIONS
	Retired and Senior Volunteer Program	Senior Services	Archibald Multi-Purpose Center	Community Awareness	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries	\$ 114,226	\$ 224,806	\$ 5,756	\$ 26,944	\$ 371,732	\$ 203,630	\$ 34,466	\$ 238,096	\$ 609,828
Payroll taxes	8,004	18,718	551	2,211	29,484	16,205	2,213	18,418	47,902
Employee benefits	17,353	10,003	538	536	28,430	7,512	1,217	8,729	37,159
Pension expense	4,928	7,832	123	742	13,625	6,588	790	7,378	21,003
Total salaries and related expenses	144,511	261,359	6,968	30,433	443,271	233,935	38,686	272,621	715,892
Meals for clients	-	468,308	-	-	468,308	-	-	-	468,308
Activities for clients	242	60,818	-	-	61,060	-	-	-	61,060
Archibald Center activities	-	-	16	-	16	-	-	-	16
Volunteer activities	15,959	1,533	16	118	17,626	492	-	492	18,118
Promotional activities	4,451	-	-	14,010	18,461	-	-	-	18,461
Staff travel	9,045	9,856	132	84	19,117	259	84	343	19,460
Conferences and training	-	100	-	-	100	1,084	226	1,310	1,410
Professional fees and insurance	2,992	9,013	3,675	343	16,023	20,654	618	21,272	37,295
Dues and publications	502	280	117	61	960	1,607	61	1,668	2,628
Office supplies and equipment	7,235	12,668	4,630	2,154	26,687	10,014	3,555	13,569	40,256
Postage	386	1,204	11	-	1,601	201	624	825	2,426
Occupancy	19,768	35,723	20,564	3,137	79,192	9,814	3,300	13,114	92,306
Fundraising	-	-	-	-	-	-	43,762	43,762	43,762
Committee expense	-	-	-	-	-	3,098	-	3,098	3,098
Miscellaneous	50	468	-	-	518	2,953	22	2,975	3,493
Depreciation	1,052	29,211	11,604	377	42,244	1,820	830	2,650	44,894
Interest expense	-	-	-	-	-	2,971	-	2,971	2,971
TOTAL EXPENSES	\$ 206,193	\$ 890,541	\$ 47,733	\$ 50,717	\$ 1,195,184	\$ 288,902	\$ 91,768	\$ 380,670	\$ 1,575,854
PERCENT OF TOTAL	13%	57%	3%	3%	76%	18%	6%	24%	100%

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL ALL FUNCTIONS	
	Retired and Senior Volunteer Program	Senior Services	Archibald Multi-Purpose Center	Community Awareness	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries	\$ 105,994	\$ 182,492	\$ 64,685	\$ 23,847	\$ 377,018	\$ 163,416	\$ 50,338	\$ 213,754	\$ 590,772
Payroll taxes	7,306	14,435	5,329	1,778	28,848	12,870	3,451	16,321	45,169
Employee benefits	12,102	13,729	(974)	1,381	26,238	4,337	1,828	6,165	32,403
Pension expense	4,149	5,700	2,218	727	12,794	6,524	1,755	8,279	21,073
Total salaries and related expenses	129,551	216,356	71,258	27,733	444,898	187,147	57,372	244,519	689,417
Meals for clients	-	503,623	-	-	503,623	-	-	-	503,623
Activities for clients	1,054	13,658	-	-	14,712	-	-	-	14,712
Archibald Center activities	-	-	1,301	-	1,301	-	-	-	1,301
Volunteer activities	16,218	1,564	57	12,409	30,248	-	-	-	30,248
Promotional activities	370	-	-	16,832	17,202	-	-	-	17,202
Staff travel	5,741	8,505	125	-	14,371	216	-	216	14,587
Conferences and training	678	-	-	-	678	-	-	-	678
Professional fees and insurance	3,391	7,601	7,359	389	18,740	20,035	587	20,622	39,362
Dues and publications	417	606	256	34	1,313	1,331	54	1,385	2,698
Office supplies and equipment	6,361	16,824	5,898	2,039	31,122	11,653	3,984	15,637	46,759
Postage	437	1,154	657	63	2,311	98	523	621	2,932
Occupancy	20,274	26,413	31,001	1,739	79,427	11,122	2,733	13,855	93,282
Fundraising	-	-	-	-	-	-	34,988	34,988	34,988
Committee expense	-	-	-	-	-	3,504	-	3,504	3,504
Miscellaneous	98	462	382	14	956	18,208	20	18,228	19,184
Depreciation	996	25,419	14,857	362	41,634	1,567	795	2,362	43,996
Interest expense	-	-	-	-	-	5,042	-	5,042	5,042
TOTAL EXPENSES	\$ 185,586	\$ 822,185	\$ 133,151	\$ 61,614	\$ 1,202,536	\$ 259,923	\$ 101,056	\$ 360,979	\$ 1,563,515
PERCENT OF TOTAL	12%	53%	9%	4%	75%	17%	6%	23%	100%

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 261,569	\$ 307,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,894	43,996
Bad debt expense	1,400	17,357
Loss on disposal of assets	5,173	-
Unrealized gains on investments	(80,326)	(4,859)
Realized gains on investments	(7,134)	(194)
Changes in assets and liabilities:		
Contracts, grants and other receivables	(6,665)	(30,250)
United Way receivable	(56)	1,909
Pledges receivable	(29,327)	61,436
Prepaid expenses	(2,767)	903
Accounts payable	(24,219)	10,130
Accrued and other liabilities	35,093	18,101
Net cash provided by operating activities	197,635	426,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on construction in progress	(3,810)	(6,711)
Purchase of property and equipment	(71,002)	(35,600)
Purchase of investments	(85,806)	(146,701)
Proceeds from sale of investments	92,003	119,684
Net cash used in investing activities	(68,615)	(69,328)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital lease payments	(1,960)	(1,869)
Repayment on debt	(115,228)	-
Net cash used in financing activities	(117,188)	(1,869)
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,832	355,286
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	749,145	393,859
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 760,977	\$ 749,145

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	<u>2021</u>	<u>2020</u>
Cash paid for interest	<u>\$ 2,971</u>	<u>\$ 5,042</u>

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Montgomery Area Council on Aging (the Council) is an incorporated nonprofit organization which provides various services for the elderly in Montgomery, Alabama and surrounding areas. The Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of state law. The Council operates under the supervision of a Board of Directors.

Basis of Presentation

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities at year-end. Net assets, revenues, expenses, gains, and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Council and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.
Investment in property and equipment, net – Assets invested by the Council in property and equipment, net of accumulated depreciation and any related debt.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Council and/or passage of time.

Cash Equivalents

For purposes of the statements of cash flows, the Council considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Contracts, Grants and Other Receivables

The Council reports receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against the allowance for uncollectible accounts.

Investments

The Council carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and Equipment

Property and equipment are recorded at cost, or fair market value if donated, less accumulated depreciation. Buildings and equipment are depreciated over the estimated useful lives of the assets using the straight-line method. The Council's policy is to capitalize items with a cost or donated value greater than \$1,500.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs which 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 asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Noncash Contributions

Noncash contributions are recorded as support at their estimated fair value at the date of donation. Such contributions are reported as support without donor restrictions unless the donor has restricted the contribution to a specific purpose. Noncash contributions donated with explicit restrictions regarding their use are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated items must be maintained, the Council reports expirations of donor restrictions when the donated or acquired items are placed in service as instructed by the donor.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Council. Those expenses include depreciation and building operation and maintenance, printer and copier costs, postage costs, health and liability insurance, technology costs and salaries. Depreciation and building related costs are allocated based on square footage of the program. Printer, copier, and postage costs are allocated by department codes of actual usage. Costs of other categories are allocated on estimates of time and effort of employees providing direct program services.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the Code of Alabama. The Council has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and qualifies for charitable contribution deduction by individual donors as stated in Section 170.

As of September 30, 2021 and 2020, the Council had no uncertain tax positions, or interest and penalties that qualify for either recognition or disclosure in the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. This ASU clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Council adopted ASC 606 and all related amendments using the modified retrospective transition method. The Council concluded that, with the adoption of the new standard, no changes were necessary to conform to the new standard.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, that clarifies and improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Council concluded that, with the adoption of the new standard, it did not have a significant impact on the financial statements.

In August 2018, the FASB issued ASU 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU modified the disclosure requirements on fair value measurement by (1) In lieu of a rollforward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities (2) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly (3) the amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The Council concluded that, with the adoption of the new standard, no changes were necessary to conform to the new standard.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

In February 2016, The FASB issued ASU 2016-02, *Leases (Subtopic 842)*. The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on their statements of financial position and disclosing key information about leasing arrangements. The amendments in this ASU require that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their statements of financial position, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. Subtopic 842 requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The standard is effective for the Council for the year ending September 30, 2023. The Council is currently evaluating the impact of this guidance on the financial statements.

Subsequent Events

Management has evaluated subsequent events through November 16, 2021, which is the date the financial statements were available to be issued.

2. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses or acquiring assets satisfying the restricted purpose or by occurrence of events specified by donors. Purpose restrictions accomplished during the year ended September 30, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Program services:		
Senior Services	\$ 108,009	\$ 67,812
Retired and Senior Volunteer Program	71	387
Management and general	2,918	3,802
Capital Campaign	2,011	8,722
Renovation and maintenance	<u>41,375</u>	<u>51,756</u>
	<u>\$ 154,384</u>	<u>\$ 132,479</u>

3. RECEIVABLES

The Council conducts a Senior Pledge Campaign each year. Unconditional pledges receivable totaling \$42,142 and \$12,815 were due in less than one year as of September 30, 2021 and 2020, respectively.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

4. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2021 and 2020, consisted of the following:

	2021	2020
Land	\$ 327,700	\$ 327,700
Buildings and improvements	1,178,443	1,139,376
Office equipment and furniture	206,439	211,150
	1,712,582	1,678,226
Less accumulated depreciation	1,100,377	1,086,257
Property and equipment (at depreciated cost)	\$ 612,205	\$ 591,969

During 2017, the Council entered into an intent to sell a plot of land with a carrying value of \$350,000. This land is still for sale as of September 30, 2021.

5. PROGRAM SERVICES

The Council's mission is to assist senior citizens by providing services to promote independent living, by offering opportunities to enhance quality of life, and by increasing community awareness of senior issues. Its many services include:

The Retired and Senior Volunteer Program (RSVP), which offers volunteer opportunities for seniors age 55 and older to donate their time, energy, talent, and knowledge while performing services at nonprofit and health-related groups, organizations, and agencies in Autauga, Coosa, Elmore, Montgomery and Tallapoosa counties.

Senior Services, which provides programs and activities each month through Meals on Wheels, senior centers, information and referral and volunteer coordination to adults 60 years old and older.

Multi-Purpose Center, The Archibald Center, a multi-purpose facility which serves as a downtown Montgomery focal point and MACOA East Center serves senior citizens to socialize and learn through arts and crafts classes, educational programs, theme luncheons, recreational activities, physical exercise, computer offerings and trips, as well as providing a satellite facility. Due to the COVID 19 pandemic and out of concern for the safety of our senior members, senior activities at the Archibald Center were temporarily suspended April 1, 2020 and have not resumed. Activities at the MACOA East Center were also temporarily suspended April 1, 2020 but have since resumed June 1, 2021 two days a week.

Community Awareness, which provides information about senior issues, recognizes their contributions to the world around them and promotes actions to enhance the quality of their lives.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

6. INVESTMENTS – PORTFOLIO

On October 28, 1992, the Council established the Montgomery Area Council on Aging Endowment Fund. The fund's initial principal of \$100,000 was transferred from monies raised during a capital campaign to renovate the Archibald Multi-Purpose Center. Under the terms of this agreement, both principal and income from the fund may be used to benefit the Council at the discretion of the Council's Board of Directors. The Council may designate specific funds within the Endowment Fund. Contributions to the fund may be made by individuals, partnerships or corporations, subject to approval by the Council's Board of Directors.

These investments are carried at market value and, as of September 30, 2021 and 2020, consisted of the following:

	2021	2020
Mutual funds – alternative strategies	\$ 22,034	\$ 18,760
Mutual funds	573,829	496,542
Total portfolio	\$ 595,863	\$ 515,302

For the years ended September 30, 2021 and 2020, realized gains (losses) on these investments totaled \$7,134 and \$194 respectively, and unrealized gains on these investments totaled \$80,326 and \$4,859, respectively. Investment income from these investments totaled \$20,460 and \$24,086, reported net of investment fees of \$7,209 and \$6,398, respectively.

The level of an asset or liability within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. As of September 30, 2021 and 2020, all investments are in exchange traded funds and mutual funds and are measured, on a recurring basis, using Level 1 inputs according to the valuation hierarchy.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

7. CAPITAL LEASE OBLIGATION

The Council is obligated under a lease-purchase agreement for a copier. The terms of the lease include an option to purchase the copier at the end of the lease term. The capitalized lease agreement at September 30, 2021 and 2020 consisted of the following:

	2021	2020
Lease agreement with US Bank, payable in monthly installments of \$185, including interest at 4.75%, maturing September 2023, secured by equipment	<u>\$ 4,395</u>	<u>\$ 6,356</u>

Following is a summary of property held under capital lease as of September 30, 2021 and 2020:

	2021	2020
Copier	\$ 9,863	\$ 9,863
Less accumulated depreciation	6,082	4,110
	<u>\$ 3,781</u>	<u>\$ 5,753</u>

Future minimum payments under the capitalized lease agreement as of September 30, 2021, are as follows:

2022	\$ 2,220
2023	2,220
Total lease payments	4,440
Less amount representing interest	45
Present value of minimum lease payments	<u>\$ 4,395</u>

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

8. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Council's financial assets as of September 30, 2021 and 2020, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, restricted by an outside donor for a specific time or purpose or because the governing board has set aside the funds for specific contingency reserves and projects.

	2021	2020
Financial Assets:		
Cash and cash equivalents	\$ 760,977	\$ 749,145
Receivables	97,293	61,245
Investments	595,863	515,302
Financial assets, at year end	1,454,133	1,325,692
Less those unavailable for general expenditure within one year, due to:		
Assets and accumulated earnings subject to purpose restrictions beyond one year	(534,062)	(597,512)
Financial assets available to meet cash needs for general expenditures within one year	\$ 920,071	\$ 728,180

9. RETIREMENT PLAN

The Council set up a Safe Harbor 401k plan during the current fiscal year, which is available to all employees who meet the eligibility requirements. Retirement contributions totaled \$21,002 and \$21,073 for the years ended September 30, 2021 and 2020, respectively.

10. CONTRACTUAL AGREEMENTS

The Council performs various services under contracts that are subject to review and audit by federal and local agencies. Such audits could result in a request for reimbursement by the applicable agency for expenditures disallowed under the terms and conditions of the contracts. The Council's management's opinion is that such disallowances, if any, would not be material to the Council's financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

11. CONCENTRATION OF CREDIT RISK

The Council maintains its cash in bank deposit accounts in financial institutions which at times may exceed insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. The Council's uninsured cash balances totaled \$405,591 and \$255,648 as of September 30, 2021 and 2020, respectively.

12. NOTE PAYABLE

During the fiscal year ended September 30, 2018, the Council entered into an agreement with Renasant Bank for a note payable to finance the acquisition of a lot, including vacant buildings, adjacent to its property. The note matured on July 25, 2019. In July 2019, the Council renewed the loan with quarterly interest payments at 5.50% APR on the outstanding principal, with one principal payment due on July 25, 2021. The loan covenant contains a contingency that the loan balance be paid in full in the event that the land classified as held for sale is sold. As of September 31, 2021, the principal balance was paid off.

13. RISK AND UNCERTAINTY

The outbreak of the novel coronavirus has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to the Organization, its performance and its financial results.

SUPPLEMENTARY INFORMATION

**MONTGOMERY AREA COUNCIL ON AGING
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Senior Services</u>	<u>Retired and Senior Volunteer Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Capital Campaign</u>	<u>Renovation and Maintenance</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT							
Contributions	\$ 87,326	\$ -	\$ 87,326	\$ -	\$ -	\$ -	\$ 87,326
Miscellaneous revenue	-	-	-	3,608	-	-	3,608
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>87,326</u>	<u>-</u>	<u>87,326</u>	<u>3,608</u>	<u>-</u>	<u>-</u>	<u>90,934</u>
EXPENSES AND ADDITIONS SATISFYING RESTRICTIONS							
Covid relief	30,417	-	30,417	-	-	-	30,417
Meals on Wheels	60,569	-	60,569	-	-	-	60,569
Frozen meals	13,109	-	13,109	-	-	-	13,109
Recognition expense	-	71	71	-	-	-	71
Miscellaneous repairs and maintenance	1,271	-	1,271	-	-	-	1,271
Special activities	2,643	-	2,643	-	-	-	2,643
Committee expense	-	-	-	2,918	-	-	2,918
Building renovation and maintenance	-	-	-	-	2,011	41,375	43,386
TOTAL EXPENSES AND ADDITIONS SATISFYING RESTRICTIONS	<u>108,009</u>	<u>71</u>	<u>108,080</u>	<u>2,918</u>	<u>2,011</u>	<u>41,375</u>	<u>154,384</u>
CHANGES IN NET ASSETS	(20,683)	(71)	(20,754)	690	(2,011)	(41,375)	(63,450)
NET ASSETS AT BEGINNING OF YEAR	<u>309,221</u>	<u>8,940</u>	<u>318,161</u>	<u>298</u>	<u>185,677</u>	<u>93,376</u>	<u>597,512</u>
NET ASSETS AT END OF YEAR	<u>\$ 288,538</u>	<u>\$ 8,869</u>	<u>\$ 297,407</u>	<u>\$ 988</u>	<u>\$ 183,666</u>	<u>\$ 52,001</u>	<u>\$ 534,062</u>

See independent auditors' report.

**MONTGOMERY AREA COUNCIL ON AGING
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Senior Services</u>	<u>Retired and Senior Volunteer Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Capital Campaign</u>	<u>Renovation and Maintenance</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT							
Contributions	\$ 149,359	\$ -	\$ 149,359	\$ -	\$ 100,000	\$ -	\$ 249,359
Miscellaneous revenue	-	-	-	3,142	-	-	3,142
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>149,359</u>	<u>-</u>	<u>149,359</u>	<u>3,142</u>	<u>100,000</u>	<u>-</u>	<u>252,501</u>
EXPENSES AND ADDITIONS SATISFYING RESTRICTIONS							
Covid relief	14,663	-	14,663	-	-	-	14,663
Meals on Wheels	31,517	-	31,517	-	-	-	31,517
Frozen meals	18,565	-	18,565	-	-	-	18,565
Recognition expense	-	38	38	-	-	-	38
Miscellaneous repairs and maintenance	21	-	21	-	-	-	21
Miscellaneous expense – Employee fund	-	-	-	298	-	-	298
Special activities	3,046	349	3,395	-	-	-	3,395
Committee expense	-	-	-	3,504	-	-	3,504
Building renovation and maintenance	-	-	-	-	8,722	51,756	60,478
TOTAL EXPENSES AND ADDITIONS SATISFYING RESTRICTIONS	<u>67,812</u>	<u>387</u>	<u>68,199</u>	<u>3,802</u>	<u>8,722</u>	<u>51,756</u>	<u>132,479</u>
CHANGES IN NET ASSETS	81,547	(387)	81,160	(660)	91,278	(51,756)	120,022
NET ASSETS AT BEGINNING OF YEAR	<u>227,674</u>	<u>9,327</u>	<u>237,001</u>	<u>958</u>	<u>94,399</u>	<u>145,132</u>	<u>477,490</u>
NET ASSETS AT END OF YEAR	<u>\$ 309,221</u>	<u>\$ 8,940</u>	<u>\$ 318,161</u>	<u>\$ 298</u>	<u>\$ 185,677</u>	<u>\$ 93,376</u>	<u>\$ 597,512</u>

See independent auditors' report.