

VALLEY PROGRAM FOR AGING SERVICES, INC.
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

VALLEY PROGRAM FOR AGING SERVICES, INC.
WAYNESBORO, VIRGINIA

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AREHART ASSOCIATES LTD.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Valley Program for Aging Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Valley Program for Aging Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Valley Program for Aging Services, Inc. as of September 30, 2022 and 2021, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Valley Program for Aging Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Valley Program for Aging Services, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Valley Program for Aging Services, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedules A, B, and C, as well as the Schedule of Expenditures of Federal Awards, as required by the Virginia Division for the Aging and by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic 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 basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023 on our consideration of Valley Program for Aging Services, Inc.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Valley Program for Aging Services, Inc.'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 Valley Program for Aging Services, Inc.'s internal control over financial reporting and compliance.

Archant Associates, Ltd.

Waynesboro, Virginia

January 13, 2023

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,819,077	\$ 1,669,364
Certificate of deposit	6,374	6,280
Current portion of pledges receivable	311,293	341,162
Accounts receivable - federal, net	19,631	18,913
Accounts receivable - non-federal, net	25,441	18,213
Inventory, at cost	10,022	5,174
Prepaid expenses	24,879	33,374
Total current assets	2,216,717	2,092,480
Property and Equipment, net	446,678	469,902
Long-Term Pledges Receivable	235,096	296,279
Interest in Net Assets of Community Foundations	235,981	174,348
Total assets	\$ 3,134,472	\$ 3,033,009

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 174,882	\$ 111,425
Accrued expenses	154,678	174,853
Current maturities of long-term debt	24,261	22,844
Refundable advances and deferred revenue	14,355	167,008
Total current liabilities	368,176	476,130
Long-Term Debt	131,712	155,982
Total liabilities	499,888	632,112
Net Assets		
Without donor restrictions, undesignated	511,993	415,505
Without donor restrictions, board designated	607,000	537,000
With donor restrictions	1,515,591	1,448,392
Total net assets	2,634,584	2,400,897
Total liabilities and net assets	\$ 3,134,472	\$ 3,033,009

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grant revenues:			
Federal	\$ 2,278,066	\$ -	\$ 2,278,066
State	723,836	-	723,836
Local governments	-	356,917	356,917
Other grants and support	45,084	75,000	120,084
Program income and fees	81,948	-	81,948
Contributions of cash and other income	261,956	120,882	382,838
Contributions of nonfinancial assets	40,743	-	40,743
Investment income (loss)	(18,823)	-	(18,823)
Disposition of equipment	5,200	-	5,200
Net assets released from restrictions	485,599	(485,599)	-
Total revenues and support	3,903,609	67,200	3,970,809
Expenses			
Program	2,978,070	-	2,978,070
Management and general	723,645	-	723,645
Fundraising	35,407	-	35,407
Total expenses	3,737,122	-	3,737,122
Change in net assets	166,487	67,200	233,687
Net Assets			
Beginning	952,506	1,448,391	2,400,897
Ending	\$ 1,118,993	\$ 1,515,591	\$ 2,634,584

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grant revenues:			
Federal	\$ 2,009,501	\$ -	\$ 2,009,501
State	748,687	-	748,687
Local governments	-	366,067	366,067
Other grants and support	66,750	21,251	88,001
Program income and fees	87,665	-	87,665
Contributions of cash and other income	225,434	55,722	281,156
Contributions of nonfinancial assets	55,989	-	55,989
Investment income	37,205	-	37,205
Disposition of equipment	2,112	-	2,112
Net assets released from restrictions	401,417	(401,417)	-
Total revenues and support	3,634,760	41,623	3,676,383
Expenses			
Program	2,617,594	-	2,617,594
Management and general	729,082	-	729,082
Fundraising	35,073	-	35,073
Total expenses	3,381,749	-	3,381,749
Change in net assets	253,011	41,623	294,634
Net Assets			
Beginning	699,495	1,406,768	2,106,263
Ending	\$ 952,506	\$ 1,448,391	\$ 2,400,897

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2022

	Program	Management and General	Fundraising	Total
Salaries & payroll	\$ 1,381,546	\$ 580,119	\$ 18,804	\$ 1,980,469
Meals	822,336	-	-	822,336
Contractual services	253,863	3,182	45	257,090
Rent and utilities	72,375	13,806	4,859	91,040
In-kind	78,433	20,377	648	99,458
Vehicle costs	74,133	2,866	-	76,999
Amortization	46,435	9,829	-	56,264
Depreciation	43,762	-	-	43,762
Client expenses	33,269	204	1,053	34,526
Phone and internet	24,772	8,916	681	34,369
Computer	25,846	12,597	5,042	43,485
Professional fees	-	27,903	-	27,903
Travel	22,475	3,738	157	26,370
General insurance	-	15,183	-	15,183
Office supplies	12,913	6,565	629	20,107
Interest	5,957	5,013	-	10,970
Postage	3,861	1,868	12	5,741
Training	12,834	3,550	-	16,384
Copier rental	12,411	2,019	394	14,824
Resources and memberships	6,572	3,907	75	10,554
Food and beverage - center and other	1,482	972	-	2,454
Staff and volunteer recruitment and recognition	5,592	319	14	5,925
Advertising and public notices	806	-	-	806
Printing	2,360	687	1,023	4,070
Licenses and permits	493	25	-	518
Marketing expense	33,544	-	1,638	35,182
Fundraising	-	-	333	333
Total expenses	\$ 2,978,070	\$ 723,645	\$ 35,407	\$ 3,737,122

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2021

	Program	Management and General	Fundraising	Total
Salaries & payroll	\$ 1,228,158	\$ 591,668	\$ 21,352	\$ 1,841,178
Meals	752,444	-	-	752,444
Contractual services	212,093	1,320	-	213,413
Rent and utilities	62,768	15,647	3,286	81,701
In-kind	80,562	22,429	781	103,772
Vehicle costs	64,599	1,840	-	66,439
Amortization	42,298	11,131	-	53,429
Depreciation	50,547	-	-	50,547
Client expenses	25,331	665	186	26,182
Phone and internet	23,065	8,838	817	32,720
Computer	12,785	12,389	5,931	31,105
Professional fees	-	22,412	40	22,452
Travel	13,978	2,079	86	16,143
General insurance	1,289	19,478	-	20,767
Office supplies	8,678	1,422	46	10,146
Interest	6,148	5,325	-	11,473
Postage	5,184	1,068	255	6,507
Training	3,295	4,534	65	7,894
Copier rental	11,562	1,461	441	13,464
Resources and memberships	1,521	3,919	144	5,584
Food and beverage - center and other	906	340	46	1,292
Staff and volunteer recruitment and recognition	8,379	561	-	8,940
Advertising and public notices	-	(511)	-	(511)
Printing	883	860	1,298	3,041
Licenses and permits	295	10	-	305
Marketing expense	826	-	-	826
Penalty fees	-	197	-	197
Fundraising	-	-	299	299
Total expenses	\$ 2,617,594	\$ 729,082	\$ 35,073	\$ 3,381,749

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF CASH FLOWS

Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 233,687	\$ 294,634
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	100,026	103,976
PPP loan forgiveness	-	(64,163)
(Gain) Loss on disposal of equipment	(5,200)	(2,112)
Noncash contribution of property and equipment	-	(60,928)
Unrealized gain on investments	(61,633)	(25,001)
Change in current assets and liabilities		
Decrease (increase) in:		
Pledges receivable	91,052	74,340
Accounts receivable, federal	(718)	34,048
Accounts receivable, non-federal	(7,228)	41,405
Inventory	(4,848)	6,126
Prepaid expenses	8,495	263
Increase (decrease) in:		
Accounts payable	63,457	(15,283)
Accrued expenses	(20,175)	(5,094)
Returnable advances and deferred revenue	(152,653)	17,566
Net cash provided by operating activities	244,262	399,777
Cash Flows from Investing Activities		
Purchase of property and equipment	(76,803)	(124,934)
Earnings from certificates of deposit	(94)	-
Proceeds from disposal of equipment	5,200	2,112
Net cash used in investing activities	(71,697)	(122,822)
Cash Flows from Financing Activities		
Payments on long-term debt	(22,852)	(107,388)
Net cash used in financing activities	(22,852)	(107,388)
Increase in cash and cash equivalents	149,713	169,567
Cash and Cash Equivalents		
Beginning	1,669,364	1,499,797
Ending	\$ 1,819,077	\$ 1,669,364
Cash paid during the year for interest	\$ 10,970	\$ 11,473

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities

Valley Program for Aging Services, Inc. ("VPAS" or "Organization") is a private, non-profit corporation founded in 1974 to coordinate and administer the delivery of services that will help to reduce isolation, promote independence, and improve the quality of life of older Virginians in Planning District Six (Cities of Buena Vista, Harrisonburg, Lexington, Staunton, and Waynesboro, and Counties of Augusta, Bath, Highland, Rockbridge, and Rockingham). VPAS is designated as the area agency on aging by the Virginia Division for the Aging (VDA) of the Department for Aging and Rehabilitative Services (DARS) for this district. Services are generally funded by grants from local, state, and federal agencies.

VPAS receives a substantial amount of support from state and federal agencies. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on VPAS's programs and activities.

Note 2. Significant Accounting Policies

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

Net assets: The accompanying financial statements present information regarding VPAS's financial position and activities according to two classes of net assets: with and without donor restrictions. The two classes are differentiated based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets without donor restrictions are free of donor-imposed restrictions or the donor-imposed restrictions expire in the fiscal year in which the contribution is received. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Net assets with donor restrictions - Net assets in this classification are limited as to use by donor-imposed stipulations that expire with the passage of time or can be satisfied by action of VPAS pursuant to those stipulations. Net assets with donor restrictions are generally restricted for home delivered meals, the senior center, transportation, or other welfare programs.

Support and revenue recognition: 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*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (an exchange transaction) or nonreciprocal (a contribution). ASU 2018-08 also provided guidance for distinguishing between conditional and unconditional contributions. The Organization adopted the standard effective for the fiscal year ended September 30, 2020, using the modified prospective method.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Contributions, including unconditional promises to give, are recognized as given with or without donor restrictions, depending on the existence and/or nature of any donor restrictions, in the period the donor's commitment is received. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

VPAS is the subrecipient of cost-reimbursable grants with U.S. government agencies which typically qualify as conditional awards. Grant awards are recognized when notification is received. Expenses incurred, but not yet reimbursed, under these grants are reported as accounts receivable in the accompanying statements of financial position. Payments received, but not yet expended, for the purpose of the grants are reflected as returnable advances in the accompanying statements of financial position.

VPAS has determined that funding received under the government grant to be conditional contributions. As VPAS incurs expenses that are allowed and recoverable in accordance with the grant agreements, the conditions are considered to have been met. Thus, contributions related to federal projects are recognized as costs qualified under the grants are incurred. Government funds received in advance of costs incurred are recorded as refundable advances until expended for the purpose of the grant. Federal costs incurred in excess of funds received are recorded as grants receivable.

Grants other than government grants and contributions are recorded as revenue when received or promised. Gifts of cash and other assets are reported as support with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to one of VPAS's programs or to a future year. When a restriction expires (that is, when a stipulated time restriction ends) or purpose restriction is accomplished, the restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Net assets received with donor restrictions met in the same year are also recorded as support with donor restrictions and reclassified when the restrictions are met.

Contributed service revenue is recognized when donated contributions create or enhance non-financial assets or when specialized skills are provided that would otherwise be purchased, if not donated. Many volunteers have made a significant contribution to programs, principally in nutrition, senior center, and transportation services. The value of these donated services (\$87,949 and \$58,137 for the years ended September 30, 2022 and 2021, respectively) is not reflected in these statements since it does not meet the criteria for recognition.

Program revenue consists of fees for services. VPAS recognizes program revenue in the period when services are provided, or fees are earned. Client billings are recorded as accounts receivable.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Cash and cash equivalents: For purposes of reporting cash flows, VPAS considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. VPAS's cash accounts are maintained in commercial banks located in Virginia.

The Board of Directors has directed that a cash reserve be maintained. This cash is unrestricted and available for use at the Board's discretion if the need arises.

Credit risk concentrations: Financial instruments which potentially subject VPAS to concentrations of credit risk consist principally of cash. At times, such accounts may be in excess of Federal Deposit Insurance Corporation (FDIC) limits. However, VPAS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with these deposits.

Investments: Investments in marketable securities consist of accounts held with the Community Foundation of the Central Blue Ridge and with the Community Foundation of Rockbridge, Bath, and Alleghany. They are reported at their fair values in the statement of financial position, as reported to VPAS by the respective Community Foundations. Net unrealized and realized gains or losses are reflected in the statement of activities.

Pledges receivable: Contributions promised but not yet realized are recorded as pledges receivable, allocated between current and long-term accordingly to the time period expected to be collected or realized. Pledges receivable include in-kind support in the form of a long-term below market lease (\$1 per year). The lease is valued at the present value of the estimated fair rental value of the associated property over the term of the lease.

Accounts receivable: The accounts receivable balance results from agreements with federal and state agencies and fees for services provided to clients and is considered unrestricted. All amounts are expected to be collected in less than one year. VPAS uses the allowance method; management evaluates the accounts receivable periodically for collectability. As of September 30, 2022, and 2021, no allowance was deemed necessary.

Property and equipment: VPAS capitalizes all capital expenditures in excess of \$5,000, with an estimated useful life extending beyond one year. Property and equipment is carried at cost. Donated property and equipment is carried at fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets and leasehold improvements.

Functional allocation of expenses: The costs of providing VPAS's programs and support services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program and support services benefited.

Income taxes: VPAS is exempt from federal income taxes under Section 501(c)(3) and 509(a)(1) of the Internal Revenue Code and has been determined to be an exempt charity which qualifies donations to the organization as charitable contributions for tax purposes. However, VPAS may be subject to unrelated business tax on certain types of income.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

VPAS follows the provisions of accounting for uncertainty in income tax positions as required by the *Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. However, management does not believe it is exposed to any such positions as defined in this guidance, nor do they expect this to change significantly over the next 12 months. VPAS files Form 990, *Return of Organization Exempt From Income Tax*, annually with the United States Department of the Treasury. Such returns are subject to examination by taxing authorities, generally for a period of three years from the date the returns are filed.

Functional expense allocations: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are allocated to program services, management and general, or fundraising. Expenses related to more than one function are charged to program services, management and general, and fundraising classifications based on estimates made by management. Allocations are based on departmental staffing levels and other methodologies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of VPAS.

Advertising: The costs of advertising are expensed as incurred. For the year ended September 30, 2022, advertising and public notices expenses were \$806. For the year ended September 30, 2021, the organization received advertising refunds totaling \$511.

Recently issued accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. VPAS is currently evaluating the impact of their pending adoption of the new standard on its financial statements.

In September 2020, FASB issued ASU 2020-07, *Contributed Nonfinancial Assets (Topic 958)*. This guidance improves financial reporting and disclosures about contributed nonfinancial assets. See Note 13 for additional information.

Estimates and assumptions: 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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification: Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation. This reclassification has no effect on the previously reported changed in net assets.

Subsequent events: Subsequent events were considered through January 13, 2023, which is the date the financial statements were available to be issued.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Liquidity and Availability of Resources

Financial assets and liquidity resources expected to be available for general expenditure within one year include the following at September 30, 2022:

Current Portion of Net Assets with Donor Restrictions	\$ 969,202
Board Designated for Cash Reserves, included in cash balance	607,000
General Operating Cash Balance	<u>242,875</u>
Total cash and cash equivalents	1,819,077
 Certificates of Deposit	 6,374
Current portion of Pledges Receivable	250,110
Accounts Receivable, net	<u>45,072</u>
	 <u>\$ 2,120,633</u>

Although included within the scope of net assets with donor restrictions, the cash restriction noted above includes unexpended grant funds and contributions. Most of these resources will become available as expenses are incurred in the normal course of operations within the ensuing year. In addition, the board of directors maintains a cash reserve policy, which designated \$607,000 for operating reserves. These resources are available for general expenditures upon notification to the board of the need to use them for temporary cash shortages.

In the coming year, the Organization also expects to receive funding from certain program service charges, recurring grants, contributions, and special events, all of which will be available for general expenditure as received.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Pledges Receivable

Pledges receivable consist of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Support Included in Local Municipal Budgets for Next Fiscal Year	\$ 192,688	\$ 226,863
Support from Local United Way	57,422	54,326
Current Portion of Below Market Lease Rights for Operating and Administrative Facilities	<u>61,183</u>	<u>59,973</u>
Current portion of pledges receivable	<u>\$ 311,293</u>	<u>\$ 341,162</u>
Long-term Portion of Below Market Lease Rights:		
Realizable in one to five years	\$ 244,017	\$ 310,567
Realizable in more than five years	-	-
Less Discounts for Time Value (2%)	<u>(8,921)</u>	<u>(14,288)</u>
Long-term portion of pledges receivable	<u>\$ 235,096</u>	<u>\$ 296,279</u>

Note 5. Property and Equipment

Property and equipment consisted of the following at September 30, 2022 and 2021:

	Estimated Useful Life	<u>2022</u>	<u>2021</u>
Land	-	\$ 3,000	\$ 3,000
Landscaping	-	5,700	5,700
Building	40 years	110,085	110,085
Equipment	2-10 years	958,818	949,928
Leasehold Improvements	3-15 years	765,855	751,058
Parking lot	15 years	<u>20,716</u>	<u>20,716</u>
		1,864,174	1,840,487
Less accumulated depreciation and amortization		<u>(1,417,496)</u>	<u>(1,370,585)</u>
		<u>\$ 446,678</u>	<u>\$ 469,902</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6. Employee Benefits

VPAS sponsors a 403(b) Retirement Plan (the Plan). Eligible employees may contribute to the Plan. The Plan allows VPAS to make discretionary matching and non-elective contributions. Employees are fully vested in all employer contributions. Employer contributions to the Plan during the years ended September 30, 2022, and 2021 were \$27,600 and \$26,800, respectively.

Note 7. Donor Bequest

In 2009, the Community Foundation of the Central Blue Ridge (CFCBR) received a \$100,000 bequest from the estate of a donor, with the income earned intended for the benefit of VPAS. VPAS receives an annual distribution of 4% of the average balance of the previous five years, as approved by CFCBR, totaling \$5,175 and \$5,200 for the years ended September 30, 2022, and 2021, respectively. Distributions are unrestricted and can be used for any purpose to help VPAS accomplish its mission. The estate granted variance power over the account to CFCBR. Therefore, the benefit is only recorded as cash as distributed to VPAS. The value of the underlying investments held by CFCBR at September 30, 2022 and 2021 was \$126,500 and \$154,361, respectively.

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Time Restricted Pledges Receivable	\$ 250,110	\$ 281,189
Time Restricted Below Market Lease Rights (in-kind)	296,279	356,252
Purpose Restrictions for Specific Programs	<u>969,202</u>	<u>810,951</u>
	<u>\$ 1,515,591</u>	<u>\$ 1,448,392</u>

Net assets were received and released from donor restrictions as follows during the years ended September 30:

	<u>2022</u>	<u>2021</u>
Time Restricted Pledges Receivable	\$ 55,470	\$ 42,747
Time Restricted Below Market Lease Rights (in-kind)	59,973	58,786
Purpose Restrictions for Specific Programs	<u>370,156</u>	<u>299,884</u>
	<u>\$ 485,599</u>	<u>\$ 401,417</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 9. Operating Leases

VPAS leases its Waynesboro premises from the City of Waynesboro for \$1 per year under a 15-year lease with one 15-year renewal option. See Note 4 for further information about pledges receivable associated with this lease. The lease provides for the cost of certain major maintenance projects to be shared between VPAS and the City of Waynesboro. During the years ended September 30, 2022, and 2021, rent expense of \$66,550 for each year was recognized under this lease, respectively. For the year ended September 30, 2022, corresponding contributions of \$6,577 and release of time restrictions of \$59,973 were recognized as support and revenue, and for the year ended September 30, 2021, corresponding contributions of \$7,764 and release of time restrictions of \$58,786 were recognized as support and revenue.

VPAS also receives in-kind rent for a facility in the City of Buena Vista pursuant to a cancellable below market lease. Total in-kind rent for this facility during the years ended September 30, 2022, and 2021 was \$33,000 and \$33,000, respectively.

VPAS also rents facilities in Staunton, Highland County, and Harrisonburg for use as senior centers and providing services and programs. Lease terms for these facilities expire on varying dates through June 30, 2024. Rent expense under these operating leases totaled \$42,475 and \$37,407 during the years ended September 30, 2022, and 2021 respectively.

Future minimum cash payments under these operating leases for the years ending September 30 are as follows:

Years	Amount
2023	\$ 33,521
2024	<u>24,039</u>
	<u>\$ 57,560</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Debt

VPAS's long-term debt at September 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Note to First Bank for leasehold improvements, 119 monthly payments of \$2,751, interest rate of 5.95%, through April 2028, collateralized by a deed of trust and all equipment and inventory of VPAS.	\$ 155,973	\$ 178,826
	<u> </u>	<u> </u>
Total long-term debt	155,973	178,826
Less current maturities	<u>(24,261)</u>	<u>(22,844)</u>
	<u>\$ 131,712</u>	<u>\$ 155,982</u>

The principal maturities of long-term debt for the succeeding five years are as follows:

<u>Years</u>	<u>Amount</u>
2023	\$ 24,261
2024	25,745
2025	27,363
2026	29,060
2027	<u>25,283</u>
	<u>\$ 131,712</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 11. Interest in Net Assets of Community Foundations

Investments at September 30, 2022 and 2021, carried at fair value as determined by quoted market prices, are as follows:

	2022	2021
Interest in Net Assets of Community Foundations	<u>\$ 235,981</u>	<u>174,348</u>

Note 12. Fair Value Measurements and Disclosures

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, 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 below:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

The assets or liabilities 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.

The following is a description of the valuation methodologies used for instruments measured at fair value.

Interest in net assets of Community Foundations: Equities and mutual funds for which a quoted market price is available on an active market are classified as Level 2 in the fair value hierarchy, as they are held in agency and included in the net assets of the Community Foundations.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 12. Fair Value Measurements and Disclosures (Continued)

The following tables present the balances of investments measured at fair value on a recurring basis.

		September 30, 2022			
		Level 1	Level 2	Level 3	Total
Interest in net assets of					
Community Foundations	\$	-	\$ 235,981	\$ -	\$ 235,981
	\$	-	\$ 235,981	\$ -	\$ 235,981

		September 30, 2021			
		Level 1	Level 2	Level 3	Total
Interest in net assets of					
Community Foundations	\$	-	\$ 174,348	\$ -	\$ 174,348
	\$	-	\$ 174,348	\$ -	\$ 174,348

Note 13. Contributed Nonfinancial Assets

For the years ended September 30, contributed nonfinancial assets recognized withing the statement of activities include:

	2022	2021
Program Materials	\$ 1,165	\$ -
Vehicles	-	15,225
Waynesboro Facility In Kind Rent	6,578	7,764
Buena Vista Facility In Kind Rent	33,000	33,000
	<u>\$ 40,743</u>	<u>\$ 55,989</u>

Contributed nonfinancial assets are recorded at the estimated fair market value at the date of donation. Unless otherwise noted, contributed nonfinancial assets did not have any donor-imposed restrictions.

Program materials and vehicles donated to VPAS were valued using the estimated fair value on the basis of values received for selling similar products in the United States. These items are used to support the senior centers and related transportation of the organization.

VPAS recognizes contributions for facilities, which are used to support the operations of the corporate office, the Waynesboro Senior Center, and the Buena Vista Senior Center, at the estimated fair rental value, determined with reference to local market conditions. See Notes 4 and 9 for additional details regarding the Waynesboro facility lease.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 14. COVID-19 Risks and Uncertainties

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen. Depending on the duration of the global pandemic, continued negative impact on economic activity could be experienced and the exact impact cannot be predicted.

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE A

STATUS OF FUNDS

Year Ended September 30, 2022

Fund	Unencumbered Funds on Hand (in Deficit) at Beginning of Period	Total Funds Received During Period	Funds in Transit at 9/30/2022	Total Funds Available During Period	Accrued Costs to Contract Period	Unencumbered Funds on Hand at End of Period
Federal						
Older Americans Act:						
Title III-B	\$ 69,549	\$ 678,213	\$ -	\$ 747,762	\$ 747,762	\$ -
Title III-C(1)	27,194	393,634	-	420,828	420,828	-
Title III-C(2)	0	447,159	-	447,159	447,159	-
Title III-D	2,025	11,755	-	13,780	13,780	-
Title III-E	35,664	264,280	-	299,944	299,944	-
Title VII-Elder Abuse	0	4,524	-	4,524	4,524	-
Title VII-Ombudsman	7,501	21,763	-	29,264	26,746	2,518
NSIP	-	91,492	-	91,492	91,492	-
Vaccine Access	8,176	5,338	-	13,514	5,512	8,002
American Rescue Plan (ARP) VII-Ombudsman	-	137	-	137	137	-
Other Federal:						
VICAP-(PY 03/31/22 Award)	(180)	18,250	-	18,070	18,070	-
VICAP-(PY 03/31/23 Award)	-	16,018	-	16,018	17,106	(1,088)
DMAS Ombudsman FY 22	-	6,503	-	6,503	7,094	(591)
MIPPA - Priority 1 - SHIP	-	29,515	-	29,515	29,515	-
Senior Farmers Market	-	-	-	-	450	(450)
Falls Prevention Grant	-	1,500	120	1,620	1,620	-
General Funds						
OAA General-(PY 06/30/22)	10,675	95,693	-	106,368	106,368	-
OAA General-(PY 06/30/23)	-	23,555	-	23,555	26,748	(3,193)
Community Based-(PY 06/30/22)	2,217	94,963	-	97,180	97,180	-
Community Based-(PY 06/30/23)	-	15,283	-	15,283	16,373	(1,090)
Transportation-(PY 06/30/22)	(4,931)	52,778	-	47,847	47,847	-
Transportation-(PY 06/30/23)	-	14,544	-	14,544	15,330	(786)
Home Delivered Meals-(PY 06/30/22)	-	212,929	-	212,929	212,929	-
Home Delivered Meals-(PY 06/30/23)	-	65,771	-	65,771	70,975	(5,204)
Supplemental Nutrition-(PY 06/30/22)	-	34,156	-	34,156	34,156	-
Supplemental Nutrition-(PY 06/30/23)	-	10,550	-	10,550	11,385	(835)
Ombudsman-(PY 06/30/22)	-	17,420	-	17,420	17,420	-
Care Coordination CCEVP-(PY 06/30/22)	3,983	59,500	-	63,483	63,483	-
Care Coordination CCEVP-(PY 06/30/23)	-	7,288	-	7,288	3,642	3,646
Senior Cool Care	(328)	2,728	-	2,400	2,821	(421)
*Note: PY means Program Year Ending	\$ 161,545	\$ 2,697,239	\$ 120	\$ 2,858,904	\$ 2,858,396	\$ 508

COST BY PROGRAM ACTIVITY
Year Ended September 30, 2022

Fund	Costs to Federal Title III-B Funds	Costs to Federal Title III-C(1) Funds	Costs to Federal Title III-C(2) Funds	Costs to Federal Title III-D Funds	Costs to Federal Title III-E Funds	Federal Title VII Elder Abuse Funds	Federal Title VII Ombudsman Funds	Costs to Federal Vaccine Access	Costs to Federal ARP VII Ombudsman Funds	Voluntary Contributions	Costs to Other Non- Federal Funds	Fees
Title III (Except Title III-E, Older American Act Funds)												
Checking	\$ 11,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18	\$ 8,630	\$ -
Homemaker	75,330	-	-	-	-	-	-	-	-	-	-	1,366
Care Coordination Level 2	1,217	-	-	-	-	-	-	-	-	100	-	-
S.O.S.	-	-	-	-	-	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	284,196	-	-	-	-	-	-	12	-	-	25,997	-
Options Counseling	1,953	-	-	-	-	-	-	-	-	-	-	-
Transportation	74,683	-	-	-	-	-	-	73	-	5,192	53,521	-
Congregate Meals	-	258,723	-	-	-	-	-	-	-	874	10,180	-
Home Delivered Meals	67,875	108,446	431,874	-	-	-	-	-	-	15,423	298,530	-
Nutrition Counseling	-	1,330	-	-	-	-	-	-	-	-	-	-
Nutrition Education	-	4,253	-	-	-	-	-	-	-	-	-	-
Other "EB" Disease Prevention	-	8,319	-	7,099	-	-	-	-	-	-	715	-
CDSME	-	-	-	646	-	-	-	-	-	-	-	-
Falls Prevention	-	-	-	6,034	-	-	-	-	-	75	75	-
Emergency Services	8,744	-	-	-	-	-	-	-	-	100	1,008	-
Outreach/Public Information & Education	23,508	-	-	-	-	-	-	3,736	-	-	-	-
Residential Repair and Renovation	8,662	-	-	-	-	-	-	-	-	-	-	-
Socialization/Recreation	129,028	-	-	-	-	-	-	-	-	388	304	-
Legal Assistance	28,050	-	-	-	5,860	-	-	-	-	-	629	-
LTC Ombudsman Program	826	-	-	-	-	4,524	26,746	-	137	-	-	-
COVID-19 Vaccine Activity Planning	-	-	-	-	-	-	-	1,102	-	-	-	-
Prep. and Admin.	32,119	39,758	15,285	-	-	-	-	389	-	-	17,020	-
Title III-E, Older American Act Funds												
Individual Counseling	-	-	-	-	12,678	-	-	-	-	-	-	-
Support Groups	-	-	-	-	18,639	-	-	-	-	-	-	-
Caregiver Training	-	-	-	-	26,099	-	-	-	-	1,480	4,520	-
Comm. Referral Info & Assist	-	-	-	-	1,310	-	-	-	-	-	-	-
Outreach/Public Information/Education	-	-	-	-	4,513	-	-	-	-	-	-	-
Respite Voucher	-	-	-	-	2,280	-	-	-	-	-	-	-
Homemaker	-	-	-	-	88,387	-	-	-	-	-	-	3,197
Other Respite Services	-	-	-	-	2,811	-	-	-	-	50	250	-
Assistive Tech/DME/PERS-Payments	-	-	-	-	17,171	-	-	-	-	-	-	-
Transportation	-	-	-	-	100,434	-	-	-	-	7,276	35,259	-
Prep. and Admin.	-	-	-	-	19,761	-	-	-	-	-	27	-
Grandparents & Older Individuals Who Are Relative Caregivers of Children												
Transportation	-	-	-	-	-	-	-	-	-	7,276	-	-
Total costs calculated	\$ 747,761	\$ 420,829	\$ 447,159	\$ 13,779	\$ 299,943	\$ 4,524	\$ 26,746	\$ 5,512	\$ 137	\$ 30,976	\$ 456,665	\$ 4,763

COST BY PROGRAM ACTIVITY
Year Ended September 30, 2022

	Costs to		Costs to		Costs to		Costs to		Costs to		Costs to		Costs to		Costs to		Total	
	DMAS	Other Local		GF OAA	Community	Special	HD Meals	Supp. Nutrition	CCEVP	Ombudsman								
Fund	Ombudsman	Federal Funding	Costs to	General Funds	Based Funds	Transportation	Funds	Funds	Funds	Funds	Funds	In-Kind	Costs					
Title III (Except Title III-E, Older American Act Funds)																		
Checking	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Homemaker						6,648							1,116				21,374	
Care Coordination Level 2													103				83,447	
S.O.S.																	1,317	
Comm. Referral Info. & Assist													67,125				68,455	
Options Counseling																	336,328	
Transportation							45,285										1,964	
Congregate Meals				23,165													5,200	
Home Delivered Meals		48,841	91,492	103,391				283,904	45,541								183,954	
Nutrition Counseling																	37,811	
Nutrition Education																	86,416	
Other "EB" Disease Prevention																	38	
CDSME																	1,368	
Falls Prevention																	18	
Emergency Services																	4,271	
Outreach/Public Information & Education																	210	
Residential Repair and Renovation																	2	
Socialization/Recreation																	648	
Legal Assistance																	6,184	
LTC Ombudsman Program	7,094																117	
COVID-19 Vaccine Activity Planning																	9,969	
Prep. and Admin.																	758	
Title III-E, Older American Act Funds																		
Individual Counseling																	42	
Support Groups																	16	
Caregiver Training																	61	
Comm. Referral Info & Assist																		
Outreach/Public Information/Education																	1,310	
Respite Voucher																	20	
Homemaker						47,291											4,533	
Other Respite Services					59,615												13	
Assistive Tech/DME/PERS-Payments																	2,293	
Transportation		10,000					17,891										78	
Prep. and Admin.				6,560													7	
Grandparents & Older Individuals Who Are Relative Caregivers of Children																		
Transportation																	21	
	\$	7,094	\$	58,841	\$	91,492	\$	133,116	\$	113,554	\$	63,176	\$	283,904	\$	45,541	\$	
													67,125					

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE C

STATUS OF INVENTORIES

September 30, 2022

<u>Fund Source</u>	<u>Inventory Type</u>	<u>Value on Hand at October 1, 2021</u>	<u>Increase (Decrease) During the Period</u>	<u>Value on Hand at September 30, 2022</u>
Federal Transit Act Section 5310	Vehicles	\$ 357,422	\$ 55,750	\$ 413,172
Agency Real Estate and Leasehold Improvements	Real Property and Leasehold Improvements	359,805	(41,468)	318,337
Contributions	Vehicles	11,327	(2,368)	8,959
		<u>\$ 728,554</u>	<u>\$ 11,914</u>	<u>\$ 740,468</u>

VALLEY PROGRAM FOR AGING SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2022

Federal Grantor Pass-Through Grantor Program or Cluster Title	Assistance Listing	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<i>Department of Agriculture</i>				
Pass-through payments:				
Virginia Department for Aging and Rehabilitative Services				
Senior Farmers' Market Nutrition Program	10.576	Not provided		\$ 450
Total Department of Agriculture				<u>450</u>
<i>Department of Housing and Urban Development</i>				
Pass-through payments:				
City of Harrisonburg:				
Community Development Block Grant Entitlement Grants	14.218	Not provided		20,091
City of Staunton				
Community Development Block Grant Entitlement Grants	14.218	Not provided		20,000
COVID-19 - CDBG Funds for Test Kits				6,026
Total Department of Housing and Urban Development				<u>46,117</u>
<i>Department of Transportation</i>				
Pass-through payments:				
Virginia Department of Rail and Public Transportation				
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	Not provided		49,604
Total Department of Transportation				<u>49,604</u>
<i>Department of Health and Human Services:</i>				
Pass-through payments:				
Community Action Partnership of Staunton, Augusta, and Waynesboro				
Community Services Block Grant	93.569	Not provided		15,438
Center for Disease Control				
Virginia Arthritis Program	93.945	Not provided		3,360
The Healthy Brain Initiative	93.334	Not provided		5,194
National Center for Immunization and Respiratory Diseases				
Equity and Prioritizing Population Disproportionately Affected by COVID-19 (Cycle 4)	93.UNKNOWN	Not provided		26,736
Virginia Department for the Aging:				
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supporting Services and Senior Centers	93.044	Not provided		747,762
Special Programs for the Aging - Title III, Part C1 - Nutrition Services	93.045	Not provided		420,829
Special Programs for the Aging - Title III, Part C2 - Nutrition Services	93.045	Not provided		447,159
Nutrition Services Incentive Program	93.053	Not provided		91,492
Total Aging Cluster				<u>1,707,242</u>
Title III-D Preventative Health	93.043	Not provided		13,780
DMAS Ombudsman	93.778	Not provided		7,094
National Family Caregivers Program, Title III, Part E	93.052	Not provided		299,943
Special Programs for the Aging Title VII, Chapter 3 - Programs for the prevention of Elder Abuse, Neglect, and Exploitation	93.041	Not provided		4,524
Special Programs for the Aging Title VII, Chapter 2 - Programs Long Term Care Ombudsman Services for Older Individuals	93.042	Not provided		26,743
COVID-19 - American Rescue Plan - Ombudsman	93.042	Not provided		137
Medicare Enrollment Assistance Program	93.071	Not provided		29,515
State Health Insurance Assistance Program	93.324	Not provided		35,178
Evidence Based Falls Prevention Program Financed Solely by Prevention and Public Health Funds (PPHF)	93.761	Not provided		1,500
Expanding Access to COVID-19 Vaccine	93.044	Not provided		5,512
Total Department of Health and Human Services				<u>2,181,896</u>
Total Expenditures of Federal Awards				<u>\$ 2,278,067</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended September 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal award activity of Valley Program for Aging Services, Inc. under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Valley Program for Aging Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Valley Program for Aging Services, Inc.

Note 2. Summary of Significant Account Principles

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

Valley Program for Aging Services has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



AREHART ASSOCIATES LTD.

Certified Public Accountants

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

To the Board of Directors
Valley Program for Aging Services, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Valley Program for Aging Services, Inc. (VPAS) which comprise the statement of financial position as of September 30, 2022, 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 January 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VPAS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VPAS's internal control. Accordingly, we do not express an opinion on the effectiveness of VPAS'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 VPAS'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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anchast Associates, Ltd.

Waynesboro, Virginia
January 13, 2023



AREHART ASSOCIATES LTD.

Certified Public Accountants

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

To the Board of Directors
Valley Program for Aging Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Valley Program for Aging Services, Inc.'s (VPAS) 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 VPAS's major federal programs for the year ended September 30, 2022. VPAS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, VPAS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibility 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 VPAS's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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.

Archant Associates, Ltd.

Waynesboro, Virginia
January 13, 2023

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended September 30, 2022

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Section I. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Valley Program for Aging Services, Inc. were prepared in accordance with GAAP.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Valley Program for Aging Services, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
5. The auditor's report on compliance for the major federal awards programs for Valley Program for Aging Services, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Valley Program for Aging Services, Inc. that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:
 - a. Special Programs for the Aging – Title III, Part B – Grants for Supporting Services and Senior Centers (CFDA No. 93.044)
 - b. Special Programs for the Aging – Title III, Part C1 – Nutrition Services – Congregate (CFDA No. 93.045)
 - c. Special Programs for the Aging – Title III, Part C2 – Nutrition Services – Home-Delivered (CFDA No. 93.045)
 - d. Nutrition Services Incentive Program (CFDA No. 93.053)
8. The threshold for distinguishing Types A and B programs were \$750,000.
9. Valley Program for Aging Services, Inc., was determined to be a low-risk auditee.

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2022

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Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.