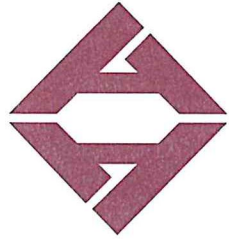


VALLEY PROGRAM FOR AGING SERVICES, INC.
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

VALLEY PROGRAM FOR AGING SERVICES, INC.
WAYNESBORO, VIRGINIA

I N D E X

INDEPENDENT AUDITOR'S REPORT	Page 1
BASIC FINANCIAL STATEMENTS	
Statement of Financial Position	Page 3
Statement of Activities	Page 4
Statement of Functional Expenses	Page 6
Statement of Cash Flows	Page 8
Notes to Financial Statements	Page 9
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule A Status of Funds.....	Page 20
Schedule B Cost by Program Activity	Page 21
Schedule C Status of Inventories.....	Page 25
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	Page 26
Notes to Schedule of Expenditures of Federal Awards.....	Page 28
INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	
	Page 29
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	
	Page 31
Schedule of Findings and Questioned Costs	Page 33



AREHART ASSOCIATES LTD.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Valley Program for Aging Services, Inc., which comprise the statements of financial position as of September 30, 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. The financial statements of Valley Program for Aging Services, Inc. as of September 30, 2020, were audited by other auditors whose report dated January 26, 2021, expressed an unqualified opinion on those 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 fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion 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 (Uniform Guidance), 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 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 24, 2022, on our consideration of Valley Program for Aging Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Arnhart Associates, Ltd.

Waynesboro, Virginia

January 24, 2022

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,669,364	\$ 1,499,797
Certificate of deposit	6,280	6,280
Current portion of pledges receivable	341,162	355,530
Accounts receivable - federal, net	18,913	52,961
Accounts receivable - non-federal, net	18,213	52,931
Accounts receivable - MRHC	-	6,688
Inventory, at cost	5,174	11,300
Prepaid expenses	33,374	36,316
Total current assets	2,092,480	2,021,803
Property and Equipment, net	469,902	385,336
Long-Term Pledges Receivable	296,279	356,252
Interest in Net Assets of Community Foundations	174,348	149,347
Total assets	\$ 3,033,009	\$ 2,912,738
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 111,425	\$ 126,709
Accrued expenses	174,853	179,947
Current maturities of long-term debt	22,844	27,984
Refundable advances and deferred revenue	167,008	149,442
Total current liabilities	476,130	484,082
Long-Term Debt	155,982	322,393
Total liabilities	632,112	806,475
Net Assets		
Without donor restrictions, undesignated	415,505	162,495
Without donor restrictions, board designated	537,000	537,000
With donor restrictions	1,448,392	1,406,768
Total net assets	2,400,897	2,106,263
Total liabilities and net assets	\$ 3,033,009	\$ 2,912,738

See Notes to Financial Statements.

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 and other income	225,434	55,722	281,156
Investment income	37,205	-	37,205
Disposition of equipment	2,112	-	2,112
In-kind contributions	55,989	-	55,989
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 ACTIVITIES

Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grant revenues:			
Federal	\$ 1,987,368	\$ -	\$ 1,987,368
State	675,286	-	675,286
Local governments	-	403,257	403,257
Other grants and support	7,234	37,725	44,959
Program income and fees	92,781	-	92,781
Contributions and other income	52,473	112,499	164,972
Investment income	17,958	-	17,958
Special event income, net of expenses	58,036	12,942	70,978
In-kind contributions	42,307	-	42,307
Net assets released from restrictions	528,208	(528,208)	-
Total revenues and support	3,461,651	38,215	3,499,866
Expenses			
Program	2,648,538	-	2,648,538
Management and general	708,908	-	708,908
Fundraising	29,098	-	29,098
Total expenses	3,386,544	-	3,386,544
Change in net assets	75,107	38,215	113,322
Net Assets			
Beginning	624,388	1,368,553	1,992,941
Ending	\$ 699,495	\$ 1,406,768	\$ 2,106,263

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 FUNCTIONAL EXPENSES

Year Ended September 30, 2020

	Program	Management and General	Fundraising	Total
Salaries & payroll	\$ 1,378,177	\$ 558,006	\$ 16,309	\$ 1,952,492
Meals	689,932	-	-	689,932
Contractual services	131,379	5,714	232	137,325
Rent and utilities	80,264	19,250	2,429	101,943
In-kind	76,937	22,331	561	99,829
Vehicle costs	62,203	1,459	-	63,662
Amortization	29,880	11,112	-	40,992
Depreciation	40,446	-	-	40,446
Client expenses	35,238	1,752	27	37,017
Phone and internet	28,752	6,938	746	36,436
Computer	13,784	9,870	6,845	30,499
Professional fees	0	26,526	244	26,770
Travel	18,646	4,263	167	23,076
General insurance	1,499	15,358	-	16,857
Office supplies	11,940	3,869	390	16,199
Interest	6,824	5,920	-	12,744
Postage	5,462	4,027	362	9,851
Training	5,768	3,855	-	9,623
Copier rental	7,416	1,597	252	9,265
Resources and memberships	5,697	2,853	47	8,597
Food and beverage - center and other	6,873	507	-	7,380
Staff and volunteer recruitment and recognition	4,310	1,068	-	5,378
Advertising and public notices	2,622	1,480	-	4,102
Printing	2,453	1,018	358	3,829
Licenses and permits	1,323	25	-	1,348
Marketing expense	629	-	40	669
Penalty fees	84	110	-	194
Fundraising	-	-	89	89
Total expenses	\$ 2,648,538	\$ 708,908	\$ 29,098	\$ 3,386,544

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF CASH FLOWS

Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 294,634	\$ 113,322
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	103,976	81,438
PPP loan forgiveness	(64,163)	-
(Gain) Loss on disposal of equipment	(2,112)	-
Noncash contribution of property and equipment	(60,928)	-
Unrealized gain on investments	(25,001)	(3,492)
Change in current assets and liabilities		
Decrease (increase) in:		
Pledges receivable	74,340	16,382
Accounts receivable, federal	34,048	(39,895)
Accounts receivable, non-federal	41,405	(39,188)
Accounts receivable - MRHC	-	19,252
Inventory	6,126	(4,344)
Prepaid expenses	263	(17,798)
Increase (decrease) in:		
Accounts payable	(15,283)	(4,121)
Accrued expenses	(5,094)	30,172
Returnable advances and deferred revenue	17,566	75,549
Net cash provided by operating activities	399,777	227,277
Cash Flows from Investing Activities		
Purchase of property and equipment	(124,934)	(54,688)
Proceeds from certificates of deposit	-	(85)
Proceeds from disposal of equipment	2,112	-
Net cash used in investing activities	(122,822)	(54,773)
Cash Flows from Financing Activities		
Proceeds from long-term debt	-	150,000
Payments on long-term debt	(107,388)	(20,196)
Net cash (used in) provided by financing activities	(107,388)	129,804
Increase in cash and cash equivalents	169,567	302,308
Cash and Cash Equivalents		
Beginning	1,499,797	1,197,489
Ending	\$ 1,669,364	\$ 1,499,797
Cash paid during the year for interest	\$ 11,473	\$ 12,744

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.

Maury River Home Care (MRHC), a part of VPAS that provided fee-based personal care and homemaker services in the Buena Vista, Lexington, and Rockbridge region, was discontinued September 30, 2020.

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 new standard effective for the fiscal year ended September 30, 2020, using the modified prospective method. Based on management's review of its contributions, the timing of the amount of contributions recognized previously is consistent with how contributions are recognized under this new standard.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Therefore, the adoption of this standard had no impact on VPAS' financial statements, but the standard does require additional disclosures. 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 consolidated 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 (\$58,137 and \$75,955 for the years ended September 30, 2021 and 2020, respectively) is not reflected in these statements since it does not meet the criteria for recognition.

In-kind contributions are recorded at the estimated fair market value at the date of donation. VPAS recognizes in-kind 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.

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 a 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, 2021, and 2020, 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, 2021, the organization received advertising refunds totaling \$511. For the year ended September 30, 2020, advertising and public notices expenses were \$4,102.

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.

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.

Subsequent events: Subsequent events were considered through January 24, 2022, 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, 2021:

Current Portion of Net Assets with Donor Restrictions	\$ 810,951
Board Designated for Cash Reserves, included in cash balance	537,000
General Operating Cash Balance	<u>321,413</u>
Total cash and cash equivalents	1,669,364
Certificates of Deposit	6,280
Current portion of Pledges Receivable	281,189
Accounts Receivable, net	<u>37,126</u>
	 <u><u>\$ 1,993,959</u></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 \$537,000 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, 2021 and 2020:

	2021	2020
Support Included in Local Municipal Budgets for Next Fiscal Year	\$ 226,863	\$ 255,193
Support from Local United Way	54,326	41,551
Current Portion of Below Market Lease Rights for Operating and Administrative Facilities	59,973	58,786
Current portion of pledges receivable	\$ 341,162	\$ 355,530
Long-term Portion of Below Market Lease Rights:		
Realizable in one to five years	\$ 310,567	\$ 332,750
Realizable in more than five years	-	44,367
Less Discounts for Time Value (2%)	(14,288)	(20,865)
Long-term portion of pledges receivable	\$ 296,279	\$ 356,252

Note 5. Property and Equipment

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

	Estimated Useful Life	2021	2020
Land	-	\$ 3,000	\$ 3,000
Landscaping	-	5,700	-
Building	40 years	110,085	97,685
Equipment	2-10 years	949,928	890,551
Leasehold Improvements	3-15 years	751,058	654,012
Parking lot	15 years	20,716	20,716
		1,840,487	1,665,964
Less accumulated depreciation and amortization		(1,370,585)	(1,280,628)
		\$ 469,902	\$ 385,336

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, 2021, and 2020 were \$26,800 and \$24,600, 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 \$5,200 and \$0 for the years ended September 30, 2021, and 2020, 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, 2021 and 2020 was \$154,361 and \$127,179, respectively.

Note 8. Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Time Restricted Pledges Receivable	\$ 281,189	\$ 296,744
Time Restricted Below Market Lease Rights (in-kind)	356,252	415,037
Purpose Restrictions for Specific Programs	<u>810,951</u>	<u>694,987</u>
	<u>\$ 1,448,392</u>	<u>\$ 1,406,768</u>

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

	<u>2021</u>	<u>2020</u>
Time Restricted Pledges Receivable	\$ 42,747	\$ 38,560
Time Restricted Below Market Lease Rights (in-kind)	58,786	57,623
Purpose Restrictions for Specific Programs	<u>299,884</u>	<u>432,025</u>
	<u>\$ 401,417</u>	<u>\$ 528,208</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, 2021, and 2020, rent expense of \$66,550 for each year was recognized under this lease, respectively. 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, and for the year ended September 30, 2020, corresponding contributions of \$8,927 and release of time restrictions of \$57,623 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, 2021, and 2020 was \$33,000 and \$33,380, respectively.

VPAS also rents facilities in Staunton, East Rockingham, Timberville, 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 \$37,407 and \$52,249 during the years ended September 30, 2021, and 2020, respectively.

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

Years	Amount
2022	\$ 40,086
2023	33,521
2024	<u>24,037</u>
	<u>\$ 97,644</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Debt

VPAS's long-term debt at September 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</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.	\$ 178,826	\$ 200,377
F&M Bank note issued in the amount of \$150,000 on April 15, 2020 under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The note was unsecured, bore interest at 1%, and required monthly payments of principal and interest of \$6,346 per month beginning August 2021 through July 2023. \$64,163 of the loan was forgiven under the terms of the Paycheck Protection Program. The remaining balance of \$85,837 was paid off in April 2021.	-	150,000
Total long-term debt	178,826	350,377
Less current maturities	<u>(22,844)</u>	<u>(27,984)</u>
	<u>\$ 155,982</u>	<u>\$ 322,393</u>

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

<u>Years</u>	<u>Amount</u>
2022	22,844
2023	24,261
2024	25,745
2025	27,363
2026	29,060
Thereafter	<u>49,553</u>
	<u>\$ 178,826</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 11. Interest in Net Assets of Community Foundations

Investments at September 30, 2021 and 2020, carried at fair value as determined by quoted market prices, are as follows:

	<u>2021</u>	<u>2020</u>
Interest in Net Assets of Community Foundations	<u>\$ 174,348</u>	<u>149,347</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, 2021			
	Level 1	Level 2	Level 3	Total
Interest in net assets of Community Foundations	\$ -	\$ 174,348	\$ -	\$ 174,348
	\$ -	\$ 174,348	\$ -	\$ 174,348

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Interest in net assets of Community Foundations	\$ -	\$ 149,347	\$ -	\$ 149,347
	\$ -	\$ 149,347	\$ -	\$ 149,347

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE A

STATUS OF FUNDS

Year Ended September 30, 2021

Fund	Unencumbered Funds on Hand (in Deficit) at Beginning of Period	Total Funds Received During Period	Funds in Transit at 9/30/2021	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	\$ 52,962	\$ 579,710	\$ -	\$ 632,672	\$ 563,123	\$ 69,549
Title III-C(1)	27,868	170,443	-	198,311	171,117	27,194
Title III-C(2)	52,696	502,594	-	555,290	555,290	-
Title III-D	906	9,535	-	10,441	8,416	2,025
Title III-E	2,290	278,257	-	280,547	244,883	35,664
Title VII-Elder Abuse	0	4,595	-	4,595	4,595	-
Title VII-Ombudsman	7,483	4,682	-	12,165	4,664	7,501
NSIP	0	86,332	-	86,332	86,332	-
Families First COVID Response C(1)	0	0	-	-	-	-
Families First COVID Response C(2)	0	0	-	-	-	-
CARES Act III-B	0	0	-	-	-	-
CARES Act III-C2	0	0	-	-	-	-
CARES Act III-E	-	-	-	-	-	-
CARES Act VII-Ombudsman	(2,697)	2,697	-	-	-	-
Supplemental Nutrition C2	-	148,148	-	148,148	148,148	-
Vaccine Access	-	15,864	-	15,864	7,688	8,176
Other Federal:	-	-	-	-	-	-
VICAP-(PY 03/31/21 Award)	(4,167)	27,230	-	23,063	23,063	-
VICAP-(PY 03/31/22 Award)	-	15,821	-	15,821	16,001	(180)
DMAS Ombudsman FY 19	-	-	-	-	-	-
DMAS Ombudsman FY 20	-	-	-	-	-	-
DMAS Ombudsman FY 21	(460)	7,578	-	7,118	7,118	-
MIPPA - Priority 1 - SHIP	-	23,283	-	23,283	23,283	-
Senior Farmers Market	-	300	-	300	300	-
CDSME Grant	-	213	-	213	213	-
Falls Prevention Grant	-	3,000	-	3,000	3,000	-
General Funds						
OAA General-(PY 06/30/21)	(8,401)	108,998	-	100,597	100,597	-
OAA General-(PY 06/30/22)	-	10,675	-	10,675	-	10,675
Community Based-(PY 06/30/21)	-	129,342	-	129,342	129,342	-
Community Based-(PY 06/30/22)	-	24,682	-	24,682	22,465	2,217
Transportation-(PY 06/30/21)	-	62,346	-	62,346	62,346	-
Transportation-(PY 06/30/22)	-	8,765	-	8,765	13,696	(4,931)
Home Delivered Meals-(PY 06/30/21)	(16,140)	219,539	-	203,399	203,399	-
Home Delivered Meals-(PY 06/30/22)	-	54,767	-	54,767	54,767	-
Supplemental Nutrition-(PY 06/30/21)	(110)	47,308	-	47,198	47,198	-
Supplemental Nutrition-(PY 06/30/22)	-	11,770	-	11,770	11,770	-
Ombudsman-(PY 06/30/21)	2,030	29,724	-	31,754	31,754	-
Ombudsman-(PY 06/30/22)	-	-	-	-	-	-
Care Coordination CCEVP-(PY 06/30/21)	2,935	54,456	-	57,391	57,391	-
Care Coordination CCEVP-(PY 06/30/22)	-	6,471	-	6,471	2,488	3,983
Respite Care Initiative-(PY 06/30/21)	-	-	-	-	-	-
Respite Care Initiative-(PY 06/30/22)	-	-	-	-	-	-
Guardianship VDA-(PY 06/30/21)	-	-	-	-	-	-
Guardianship VDA-(PY 06/30/22)	-	-	-	-	-	-
Guardianship VDA Mental Health-(PY 06/30/21)	-	-	-	-	-	-
Guardianship VDA Mental Health-(PY 06/30/22)	-	-	-	-	-	-
Guardianship DBHDS ID/DDS-(PY 06/30/21)	-	-	-	-	-	-
Guardianship DBHDS ID/DDS-(PY 06/30/22)	-	-	-	-	-	-
Guardianship DBHDS Mental Illness-(PY 06/30/21)	-	-	-	-	-	-
Guardianship DBHDS Mental Illness-(PY 06/30/22)	-	-	-	-	-	-
Transportation Services for the Elderly	-	-	-	-	-	-
Senior Cool Care	-	1,439	-	1,439	1,767	(328)
*Note: PY means Program Year Ending	\$ 117,195	\$ 2,650,564	\$ -	\$ 2,767,759	\$ 2,606,214	\$ 161,545

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE B
Page 1 of 4

COST BY PROGRAM ACTIVITY
Year Ended September 30, 2021

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 FFCRA III C-1 Funds	Costs to Federal FFCRA III C-2 Funds	Costs to Federal CARES Act III-B Funds
Title III (Except Title III-E, Older American Act Funds)										
Adult Day Care	\$			\$		\$		\$		\$
Checking	11,902									
Chore										
Homemaker	12,023									
Personal Care										
Res. Repair and Renovation	4,241									
Care Coordination Level 2										
Service Coordination Level 1										
Care Transitions										
S.O.S.										
Comm. Referral Info. & Assist	235,613									
Options Counseling	1,276									
Transportation	77,082									
Assisted Transportation										
Congregate Meals		130,001								
Home Delivered Meals			555,290							
Home Delivered Fee for Service										
Nutrition Counseling										
Other "EB" Disease Prevention										
CDSME				4,034						
Falls Prevention				4,382						
Emergency Services	11,542									
Employment										
Health Education Screening										
LTC Coordinating Activity										
Medication Management										
Money Management										
Outreach/Public Information & Education	8,364									
Socialization/Recreation	145,605									
Volunteer Programs										
Legal Assistance	28,050									
Elder Abuse Prevention										
LTC Ombudsman Program	826					4,595	4,664			
COVID-19 Vaccine Activity Planning										
Prep. and Admin.	26,599	41,116								

COST BY PROGRAM ACTIVITY
Year Ended September 30, 2021

Fund	Title III-E, Older American Act Funds	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 FFCRA III C-1 Funds	Costs to Federal FFCRA III C-2 Funds	Costs to Federal CARES Act III-B Funds
Individual Counseling	-	-	-	-	-	8,950	-	-	-	-	-
Support Groups	-	-	-	-	-	19,370	-	-	-	-	-
Caregiver Training	-	-	-	-	-	10,028	-	-	-	-	-
Outreach/Public Information/Education	-	-	-	-	-	1,624	-	-	-	-	-
Adult Day Care	-	-	-	-	-	151	-	-	-	-	-
Homemaker	-	-	-	-	-	114,374	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-	-	-
Institutional Respite	-	-	-	-	-	-	-	-	-	-	-
Other Respite Services	-	-	-	-	-	-	-	-	-	-	-
Chore	-	-	-	-	-	-	-	-	-	-	-
Congregate Meals	-	-	-	-	-	-	-	-	-	-	-
Home Delivered Meals	-	-	-	-	-	13,370	-	-	-	-	-
Direct Supplemental Service Pymnts	-	-	-	-	-	-	-	-	-	-	-
Other Supplemental Services	-	-	-	-	-	16,399	-	-	-	-	-
Comm. Referral Info & Assist	-	-	-	-	-	1,296	-	-	-	-	-
Care Coordination Level 2	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	36,307	-	-	-	-	-
Assisted Transportation	-	-	-	-	-	-	-	-	-	-	-
Prep. and Admin.	-	-	-	-	-	23,015	-	-	-	-	-
Total costs calculated	\$ 563,123	\$ 171,117	\$ 555,290	\$ 8,416	\$ 244,884	\$ 4,595	\$ 4,664	\$ -	\$ -	\$ -	\$ -

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE C

STATUS OF INVENTORIES

September 30, 2021

Fund Source	Inventory Type	Value on Hand at October 1, 2020	Increase (Decrease) During the Period	Value on Hand at September 30, 2021
Federal Transit Act Section 5310	Vehicles	\$ 224,059	\$ 133,363	\$ 357,422
Agency Real Estate and Leasehold Improvements	Real Property and Leasehold Improvements	300,683	59,122	359,805
Contributions	Vehicles	9,795	1,532	11,327
		<u>\$ 534,537</u>	<u>\$ 194,017</u>	<u>\$ 728,554</u>

VALLEY PROGRAM FOR AGING SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	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		\$ 300
<i>Department of Housing and Urban Development</i>				
Pass-through payments:				
City of Harrisonburg:				
Community Development Block Grant Entitlement Grants	14.218	Not provided		39,469
City of Staunton				
Community Development Block Grant Entitlement Grants	14.218			20,000
				<u>59,469</u>
<i>Department of Transportation</i>				
Pass-through payments:				
Virginia Department of Rail and Public Transportation				
Operation of the Enhanced Mobility of Seniors and				
Individuals with Disabilities Program (Section 5310)	20.513	Not provided		11,674
Capital Assistance Program for Elderly Persons and				
Persons with Disabilities	20.513	Not provided		49,875
				<u>61,549</u>
Total Department of Transportation				61,549
<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		21,250
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		563,123
Special Programs for the Aging - Title III, Part CI -				
Nutrition Services	93.045	Not provided		171,117
Special Programs for the Aging - Title III, Part C2 -				
Nutrition Services	93.045	Not provided		555,290
Supplemental Nutrition Title III-C(2)	93.045			148,148
Nutrition Services Incentive Program	93.053	Not provided		<u>86,332</u>
Total Aging Cluster				1,524,010
Title 111-D Preventative Health	93.043	Not provided		8,416
DMAS Ombudsman	93.778	Not provided		7,118
National Family Caregivers Program, Title III, Part E	93.052	Not provided		244,883
Special Programs for the Aging Title VII, Chapter 3 -				
Programs for the prevention of Elder Abuse, Neglect,				
and Exploitation	93.041	Not provided		4,595
Special Programs for the Aging Title VII, Chapter 2 -				
Programs Long Term Care Ombudsman Services				
for Older Individuals	93.042	Not provided		4,664
Medicare Enrollment Assistance Program	93.071	Not provided		23,283
State Health Insurance Assistance Program	93.324	Not provided		39,064
Evidence Based Falls Prevention Program Financed Solely by				
Prevention and Public Health Funds (PPHF)	93.761	Not provided		3,000
Expanding Access to COVID-19 Vaccine	93.044			7,688

VALLEY PROGRAM FOR AGING SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs - financed by Prevention and Public Health Funds (PPHF)	93.734	Not provided		213
Total Department of Health and Human Services				<u>1,888,183</u>
Total Expenditures of Federal Awards				\$ 2,009,501

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended September 30, 2021

Note1. 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, 2021. 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.

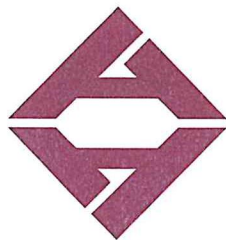
Note 2. Summary of Significant Account Principles

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 State, the financial statements of the Valley Program for Aging Services, Inc. (VPAS) which comprise the statement of financial position as of September 30, 2021, 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 24, 2022.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

Compliance and Other Matters

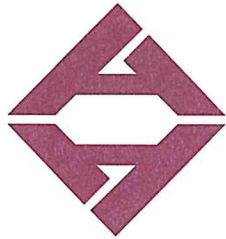
As part of obtaining reasonable assurance about whether VPAS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Arehart Associates, LLC

Waynesboro, Virginia
January 24, 2022



AREHART ASSOCIATES LTD.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTORL 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

We have audited Valley Program for Aging Services, Inc.'s (VPAS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on VPAS's major federal programs for the year ended September 30, 2021. VPAS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of VPAS's major federal programs based on our audit of the types of compliance require3ments referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about VPAS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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.

Aurehart Associates, Ltd.

Waynesboro, Virginia
January 24, 2022

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended September 30, 2021

Page 1

Section I. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Valley Program for Aging Services, Inc.
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. 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.
6. There were no audit findings relative to the major federal award programs for Valley Program for Aging Services, Inc.
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, 2021

Page2

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.