

VALLEY PROGRAM FOR AGING SERVICES, INC.
FINANCIAL AND COMPLIANCE REPORTS
YEAR ENDED SEPTEMBER 30, 2019



ASSURANCE, TAX & ADVISORY SERVICES

VALLEY PROGRAM FOR AGING SERVICES, INC.

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valley Program for Aging Services, Inc. as of September 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective October 1, 2018, Valley Program for Aging Services, Inc. implemented Accounting Standard Update 2016-14, *Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

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 29, 2020 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 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.



Harrisonburg, Virginia
January 29, 2020

BASIC FINANCIAL STATEMENTS

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,197,489	\$ 936,082
Certificate of deposit	6,195	6,133
Current portion of pledges receivable	313,126	271,007
Accounts receivable - federal, net	13,066	52,216
Accounts receivable - other, net	39,683	56,288
Inventory, at cost	6,956	6,554
Prepaid expenses	18,518	19,347
Total current assets	1,595,033	1,347,627
Property and Equipment, net	412,086	502,293
Long-Term Pledges Receivable	415,038	472,661
Interest in Net Assets of Community Foundations	145,855	136,925
Total assets	\$ 2,568,012	\$ 2,459,506
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 130,830	\$ 110,971
Accrued expenses	149,775	152,353
Current maturities of long-term debt	20,220	19,274
Refundable advances and deferred revenue	73,893	43,654
Total current liabilities	374,718	326,252
Long-Term Debt	200,353	220,377
Total liabilities	575,071	546,629
Net Assets		
Without donor restrictions, undesignated	124,388	137,721
Without donor restrictions, board designated	500,000	500,000
With donor restrictions	1,368,553	1,275,156
Total net assets	1,992,941	1,912,877
Total liabilities and net assets	\$ 2,568,012	\$ 2,459,506

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grant revenues:			
Federal	\$ 1,485,467	\$ -	\$ 1,485,467
State	706,653	-	706,653
Local governments	-	404,257	404,257
Other grants and support	15,616	98,883	114,499
Program income and fees	189,133	-	189,133
Contributions and other income	73,310	147,538	220,848
Investment income	17,395	-	17,395
Gain on disposal of equipment	3,022	-	3,022
Special event income, net of expenses	24,005	6,352	30,357
In-kind contributions	43,212	-	43,212
Net assets released from restrictions	563,633	(563,633)	-
Total revenues and support	3,121,446	93,397	3,214,843
Expenses			
Program	2,459,128	-	2,459,128
Management and general	623,301	-	623,301
Fundraising	52,350	-	52,350
Total expenses	3,134,779	-	3,134,779
Change in net assets	(13,333)	93,397	80,064
Net Assets			
Beginning	637,721	1,275,156	1,912,877
Ending	\$ 624,388	\$ 1,368,553	\$ 1,992,941

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF ACTIVITIES **Year Ended September 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grant revenues:			
Federal	\$ 1,519,727	\$ -	\$ 1,519,727
State	724,847	-	724,847
Local governments	-	408,757	408,757
Other grants and support	11,123	30,812	41,935
Program income and fees	223,246	-	223,246
Contributions and other income	119,839	120,543	240,382
Investment income	4,050	-	4,050
Fundraising revenue	15,135	2,322	17,457
In-kind contributions	36,110	-	36,110
Net assets released from restrictions	603,864	(603,864)	-
Total revenues and support	3,257,941	(41,430)	3,216,511
Expenses			
Program	2,536,769	-	2,536,769
Management and general	604,672	-	604,672
Fundraising	56,036	-	56,036
Total expenses	3,197,477	-	3,197,477
Change in net assets	60,464	(41,430)	19,034
Net Assets			
Beginning	577,257	1,316,586	1,893,843
Ending	\$ 637,721	\$ 1,275,156	\$ 1,912,877

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2019

	Program	Management and General	Fundraising	Total
Salaries, payroll taxes and benefits	\$ 1,345,472	\$ 468,203	\$ 40,631	\$ 1,854,306
Meals	524,426	-	-	524,426
Contractual services	134,814	4,376	1,372	140,562
Rent and utilities	109,058	21,051	3,912	134,021
In-kind	76,828	22,139	728	99,695
Vehicle costs	61,102	104	-	61,206
Depreciation	49,215	-	-	49,215
Amortization	21,992	18,999	-	40,991
Travel	33,981	7,417	471	41,869
Phone and internet	24,096	8,435	666	33,197
Professional fees	3	22,400	115	22,518
Computer	5,853	8,952	2,016	16,821
Client expenses	17,037	360	-	17,397
Interest	7,459	6,444	-	13,903
Office supplies	9,917	2,766	339	13,022
General insurance	1,548	13,948	-	15,496
Resources and memberships	4,648	2,761	135	7,544
Training	5,597	3,380	85	9,062
Staff and volunteer recruitment and recognition	8,371	740	16	9,127
Food and beverage - center and other	4,531	822	31	5,384
Copier rental	5,334	1,184	399	6,917
Postage	2,014	3,257	284	5,555
Marketing expense	1,657	674	427	2,758
Printing	1,067	1,084	558	2,709
Licenses and permits	2,220	25	-	2,245
Penalty fees	-	3,780	-	3,780
Fundraising	-	-	165	165
Advertisement and public notices	888	-	-	888
Total expenses	\$ 2,459,128	\$ 623,301	\$ 52,350	\$ 3,134,779

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2018

	Program	Management and General	Fundraising	Total
Salaries, payroll taxes and benefits	\$ 1,353,182	\$ 456,403	\$ 48,829	\$ 1,858,414
Meals	523,573	-	-	523,573
Contractual services	201,401	4,455	-	205,856
Rent and utilities	99,528	18,377	1,009	118,914
In-kind	66,378	24,039	1,058	91,475
Vehicle costs	70,268	1,931	43	72,242
Depreciation	49,670	-	-	49,670
Amortization	29,904	11,087	-	40,991
Travel	30,281	6,268	479	37,028
Phone and internet	22,456	6,803	332	29,591
Professional fees	-	22,782	94	22,876
Computer	8,464	11,505	267	20,236
Client expenses	19,476	59	-	19,535
Interest	9,324	8,055	-	17,379
Office supplies	11,380	3,269	989	15,638
General insurance	1,538	13,747	-	15,285
Resources and memberships	8,599	2,695	63	11,357
Training	5,104	4,488	55	9,647
Staff and volunteer recruitment and recognition	7,977	1,050	-	9,027
Food and beverage - center and other	6,160	1,906	30	8,096
Copier rental	5,389	1,620	524	7,533
Postage	2,526	1,818	658	5,002
Marketing expense	1,516	1,290	245	3,051
Printing	247	1,025	1,107	2,379
Licenses and permits	2,376	-	-	2,376
Fundraising	-	-	254	254
Advertisement and public notices	52	-	-	52
Total expenses	\$ 2,536,769	\$ 604,672	\$ 56,036	\$ 3,197,477

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENTS OF CASH FLOWS Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ 80,064	\$ 19,034
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on disposal of equipment	(3,022)	-
Depreciation and amortization	90,206	90,661
Unrealized (gain) loss on investments	(8,930)	3,023
Change in current assets and liabilities		
Decrease (increase) in:		
Pledges receivable	15,504	271,892
Accounts receivable, federal	39,150	(40,762)
Accounts receivable, other	16,605	(16,666)
Inventory	(402)	(1,982)
Prepaid expenses	829	(3,267)
Increase (decrease) in:		
Accounts payable	19,859	13,141
Accrued expenses	(2,578)	8,418
Returnable advances and deferred revenue	30,239	20,115
Net cash provided by operating activities	277,524	363,607
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(56,812)
Proceeds from certificates of deposit	(62)	(121)
Proceeds from disposal of equipment	3,022	-
Net cash provided by (used in) investing activities	2,960	(56,933)
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	247,395
Payments on long-term debt	(19,077)	(260,816)
Net cash used in financing activities	(19,077)	(13,421)
Increase in cash and cash equivalents	261,407	293,253
Cash and Cash Equivalents		
Beginning	936,082	642,829
Ending	\$ 1,197,489	\$ 936,082

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, operates as a fee-based service, providing personal care and homemaker services in the Buena Vista, Lexington, and Rockbridge region. This service is certified to provide personal care.

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: 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.

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

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Support and revenue recognition (continued):

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 is not reflected in these statements since it does not meet the criteria for recognition.

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.

Grant awards are recognized when notification is received. Grant funds received in advance of related expenditures are recorded as refundable advances.

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.

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, 2019 and 2018, no allowance was deemed necessary.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

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.

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.

Recently issued accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. This ASU will be effective for annual reporting periods beginning after December 15, 2018. VPAS has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Recently issued accounting pronouncements (continued):

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, 2019, 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 June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous U.S. GAAP. This ASU should be applied on a modified prospective basis. Retrospective application is permitted. The ASU is effective for years beginning after December 31, 2018.

Adopted accounting pronouncements: In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, intended to improve financial reporting for a not-for-profit entity. The ASU reduced the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the statement of activities. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. VPAS adopted ASU 2016-14 effective with the beginning of the fiscal year on October 1, 2018, and applied it retrospectively to all periods presented.

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 29, 2020, 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, 2019:

Cash portion of net assets with donor restrictions	\$	640,389
Board designated for cash reserves, included in cash balance		500,000
General operating cash balance		57,100
Total cash and cash equivalents		<u>1,197,489</u>
Certificates of deposit		6,195
Current portion of pledges receivable		255,503
Accounts receivable, net		<u>52,749</u>
	\$	<u><u>1,511,936</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 designates \$500,000 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.

Note 4. Pledges Receivable

Pledges receivable consist of the following at September 30, 2019 and 2018:

	2019	2018
Support included in local municipal budgets for next fiscal year	\$ 216,943	\$ 174,005
Support from local United Way	38,560	40,519
Current portion of below market lease rights for operating and administrative facilities	57,623	56,483
Current portion of pledges receivable	\$ 313,126	\$ 271,007
Long-term portion of below market lease rights:		
Realizable in one to five years	\$ 332,750	\$ 332,750
Realizable in more than five years	110,917	177,467
Less discount for time value	(28,629)	(37,556)
Long-term portion of pledges receivable	\$ 415,038	\$ 472,661

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Property and Equipment

Property and equipment consisted of the following at September 30, 2019 and 2018:

	Estimated Useful Life	2019	2018
Land	-	\$ 3,000	\$ 3,000
Building	40 years	97,685	97,685
Equipment	2-10 years	835,864	963,136
Leasehold improvements	3-15 years	654,012	654,012
Parking lot	15 years	20,716	20,716
		<u>1,611,277</u>	<u>1,738,549</u>
Less accumulated depreciation and amortization		<u>(1,199,191)</u>	<u>(1,236,256)</u>
		<u>\$ 412,086</u>	<u>\$ 502,293</u>

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, 2019 and 2018 were \$20,600 and \$14,000, 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 \$5,090 and \$5,125 for the years ended September 30, 2019 and 2018, 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 is distributed to VPAS. The value of the underlying investments held by CFCBR at September 30, 2019 and 2018 was \$129,606 and \$136,666, respectively.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 8. Net Assets With Donor Restrictions

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

	2019	2018
Time restricted pledges receivable	\$ 255,503	\$ 214,524
Time restricted below market lease rights (in-kind)	472,661	529,144
Purpose restrictions for specific programs	640,389	531,488
	<u>\$ 1,368,553</u>	<u>\$ 1,275,156</u>

Note 9. Operating Leases

VPAS currently 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 Notes 1 and 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, 2019 and 2018, rent expense of \$66,550 for each year was recognized under this lease, respectively. For the year ended September 30, 2019, corresponding contributions of \$10,067 and release of time restrictions of \$56,483 were recognized as support and revenue, and for the year ended September 30, 2018, corresponding contributions of \$11,185 and release of time restrictions of \$55,365 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, 2019 and 2018 totaled \$33,145 and \$24,925, respectively.

VPAS also rents facilities in Staunton, East Rockingham, Timberville, South High, and Harrisonburg for use as senior centers and providing services and programs. Lease terms for these facilities expire on varying dates through March 31, 2022. Rent expense under these operating leases totaled \$52,249 and \$45,695 during the years ended September 30, 2019 and 2018, respectively.

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

Years	Amount
2020	\$ 21,475
2021	8,425
2022	6,313
2023	4,201
2024 and thereafter	<u>2,804</u>
	<u>\$ 43,218</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Debt

VPAS's long-term debt at September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Note to First Bank for leasehold improvements, 119 monthly payments of \$2,751, interest rate of 5.95%, collateralized by a deed of trust and all equipment and inventory of VPAS.	<u>\$ 220,573</u>	<u>\$ 239,651</u>
Total long-term debt	220,573	239,651
Less current maturities	<u>(20,220)</u>	<u>(19,274)</u>
	<u><u>\$ 200,353</u></u>	<u><u>\$ 220,377</u></u>

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

<u>Years</u>	<u>Amount</u>
2020	\$ 20,220
2021	21,704
2022	23,031
2023	24,439
2024	25,934
Thereafter	<u>105,245</u>
	<u><u>\$ 220,573</u></u>

Note 11. Interest in Net Assets of Community Foundations

Investments at September 30, 2019 and 2018, carried at fair value as determined by quoted market prices, are as follows:

	<u>2019</u>	<u>2018</u>
Interest in net assets of Community Foundations	<u><u>\$ 145,855</u></u>	<u><u>\$ 136,925</u></u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2019			
	Level 1	Level 2	Level 3	Total
Interest in net assets of Community Foundations	\$ -	\$ 145,855	\$ -	\$ 145,855
	\$ -	\$ 145,855	\$ -	\$ 145,855

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
Interest in net assets of Community Foundations	\$ -	\$ 136,925	\$ -	\$ 136,925
	\$ -	\$ 136,925	\$ -	\$ 136,925

REQUIRED SUPPLEMENTARY INFORMATION

VALLEY PROGRAM FOR AGING SERVICES, INC.
SCHEDULE A
STATUS OF FUNDS
September 30, 2019

Fund	Unencumbered Funds on Hand (in Deficit) at Beginning of Period	Total Funds Received During Period	Funds in Transit at 9/30/2018	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	\$ 31,919	\$ 500,750	\$ -	\$ 532,669	\$ 501,735	\$ 30,934
Title III-C(1)	1,832	267,210	-	269,042	267,210	1,832
Title III-C(2)	942	315,118	-	316,060	315,118	942
Title III-D	(2,425)	25,688	-	23,263	23,263	-
Title III-E	5,866	120,067	-	125,933	102,823	23,110
Title VII-Elder Abuse	-	4,674	-	4,674	4,674	-
Title VII-Ombudsman	-	18,392	-	18,392	18,392	-
NSIP	1,572	88,525	-	90,097	90,097	-
Other Federal:						
VICAP-(PY 03/31/19 Award)	-	26,535	-	26,535	26,535	-
VICAP-(PY 03/31/20 Award)	-	13,534	-	13,534	13,278	256
DMAS Ombudsman FY 19	-	5,444	-	5,444	5,444	-
MIPPA - Priority 1 - SHIP	-	22,277	-	22,277	22,277	-
Senior Farmers Market	-	175	-	175	175	-
CDSME Grant	-	11,339	-	11,339	11,339	-
Falls Prevention Grant	-	9,460	-	9,460	9,460	-
VHQC -Diabetes Self Mgmt Program	-	450	-	450	450	-
General Funds						
OAA General-(PY 06/30/19)	-	86,770	-	86,770	86,770	-
OAA General-(PY 06/30/20)	-	28,923	-	28,923	28,923	-
Community Based-(PY 06/30/19)	-	132,738	-	132,738	132,738	-
Community Based-(PY 06/30/20)	-	14,750	-	14,750	89	14,661
Transportation-(PY 06/30/19)	-	47,948	-	47,948	47,948	-
Transportation-(PY 06/30/20)	-	15,982	-	15,982	15,982	-
Home Delivered Meals-(PY 06/30/19)	-	168,885	-	168,885	168,885	-
Home Delivered Meals-(PY 06/30/20)	-	56,295	-	56,295	56,295	-
Supplemental Nutrition-(PY 06/30/19)	-	37,523	-	37,523	37,523	-
Supplemental Nutrition-(PY 06/30/20)	-	12,508	-	12,508	12,508	-
Ombudsman-(PY 06/30/19)	-	12,670	-	12,670	12,670	-
Ombudsman-(PY 06/30/20)	-	1,878	-	1,878	2,333	(455)
Care Coordination CCEVP-(PY 06/30/19)	1,248	51,288	-	52,536	52,536	-
Care Coordination CCEVP-(PY 06/30/20)	-	13,604	-	13,604	11,716	1,888
Senior Cool Care	-	1,786	-	1,786	1,786	-
	\$ 40,954	\$ 2,113,186	\$ -	\$ 2,154,140	\$ 2,080,972	\$ 73,168

*Note: PY means Program Year Ending

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE B

Page 1 of 2

COST BY PROGRAM ACTIVITY

September 30, 2019

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	Costs to Federal Title VII Elder Abuse Funds	Costs to Federal Title VII Ombudsman Funds	Voluntary Contributions	Costs to Other Non- Federal Funds	Fees
Title III (Except Title III-E, Older American Act Funds)										
Personal Care	\$ 25,087	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650	\$ 686
S.O.S.	-	-	-	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	191,379	-	-	-	-	-	-	-	28,609	-
Options Counseling	-	-	-	-	-	-	-	-	-	-
Transportation	64,231	-	-	-	-	-	-	4,247	1,007	-
Congregate Meals	-	252,266	-	-	-	-	-	12,407	99,591	-
Home Delivered Meals	-	-	301,110	-	-	-	-	19,088	114,856	-
Disease Prevention	-	-	-	19,538	-	-	-	5	3,048	-
CDSME	-	-	-	3,725	-	-	-	-	12,863	-
Emergency Services	2,565	-	-	-	-	-	-	-	350	-
Public Information & Education	11,836	-	-	-	-	-	-	-	3,276	-
Socialization/Recreation	118,005	-	-	-	-	-	-	1,019	9,245	-
Legal Assistance	13,284	-	-	-	-	-	-	-	3,775	-
LTC Ombudsman Program	826	-	-	-	-	4,674	18,392	-	-	-
Prep. and Admin.	74,522	14,944	14,008	-	-	-	-	-	18,633	-
Title III-E, Older American Act Funds										
Caregiver Training	-	-	-	-	3,694	-	-	-	-	-
Personal Care	-	-	-	-	15,677	-	-	-	-	2,595
Other Respite Services	-	-	-	-	47,283	-	-	505	6,296	-
Other Supplemental Services	-	-	-	-	11,771	-	-	-	2,375	-
Transportation	-	-	-	-	16,461	-	-	-	-	-
Prep. and Admin.	-	-	-	-	7,937	-	-	-	2,646	-
Total costs calculated	\$ 501,735	\$ 267,210	\$ 315,118	\$ 23,263	\$ 102,823	\$ 4,674	\$ 18,392	\$ 37,271	\$ 307,220	\$ 3,281

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE B

Page 2 of 2

COST BY PROGRAM ACTIVITY

September 30, 2019

Fund	Costs to DMAS Ombudsman	Costs to Title V Funds	Costs to NSIP Funds	Costs to GF OAA General Funds	Costs to GF Community Based Funds	Costs to GF Special Transportation Funds	Costs to GF HD Meals Funds	Costs to GF Supp. Nutrition Funds	Costs to GF CCEVP Funds	Costs to GF Ombudsman Funds	In-Kind	Total Title III & VII Costs
Title III (Except Title III-E, Older American Act Funds)												
Personal Care	\$ -	\$ -	\$ -	\$ -	\$ 40,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34	\$ 66,481
S.O.S.	-	-	-	-	-	-	-	-	57,716	-	4,264	61,980
Comm. Referral Info. & Assist	-	-	-	18,653	-	-	-	-	-	-	11,823	250,464
Options Counseling	-	-	-	-	-	-	-	-	6,531	-	9	6,540
Transportation	-	5,375	-	-	-	63,930	-	-	-	-	1,029	139,819
Congregate Meals	-	15,355	6,000	9,904	-	-	-	25,031	-	-	49,671	470,225
Home Delivered Meals	-	20,589	84,097	74,388	-	-	225,180	25,000	-	-	105,145	969,453
Disease Prevention	-	-	-	-	-	-	-	-	-	-	35	22,626
CDSME	-	-	-	-	-	-	-	-	-	-	28	16,616
Emergency Services	-	-	-	-	-	-	-	-	-	-	-	2,915
Public Information & Education	-	-	-	-	-	-	-	-	-	-	219	15,331
Socialization/Recreation	-	4,153	-	11,856	-	-	-	-	-	-	22,130	166,408
Legal Assistance	-	-	-	-	-	-	-	-	-	-	-	17,059
LTC Ombudsman Program	5,444	-	-	892	-	-	-	-	-	15,003	1,080	46,311
Prep. and Admin.	-	-	-	-	-	-	-	-	-	-	16,306	138,413
Title III E, Older American Act Funds												
Caregiver Training	-	-	-	-	-	-	-	-	-	-	56	3,750
Personal Care	-	-	-	-	92,071	-	-	-	-	-	225	110,568
Other Respite Services	-	-	-	-	732	-	-	-	-	-	16	54,832
Other Supplemental Services	-	-	-	-	-	-	-	-	-	-	7	14,153
Transportation	-	-	-	-	-	-	-	-	-	-	-	16,461
Prep. and Admin.	-	-	-	-	-	-	-	-	-	-	-	10,583
Total costs calculated	\$ 5,444	\$ 45,472	\$ 90,097	\$ 115,693	\$ 132,827	\$ 63,930	\$ 225,180	\$ 50,031	\$ 64,247	\$ 15,003	\$ 212,077	\$ 2,600,988

VALLEY PROGRAM FOR AGING SERVICES, INC.**SCHEDULE C****STATUS OF INVENTORIES****September 30, 2019**

Fund Source	Inventory Type	Value on Hand at October 1, 2018	Increase (Decrease) During the Period	Value on Hand at September 30, 2019
Federal Transit Act Section 5310	Vehicles	\$ 292,139	\$ (77,749)	\$ 214,390
Agency Real Estate and Leasehold Improvements	Real Property and Leasehold Improvements	388,933	(44,817)	344,116
		<u>\$ 681,072</u>	<u>\$ (122,566)</u>	<u>\$ 558,506</u>

OTHER SUPPLEMENTARY INFORMATION

VALLEY PROGRAM FOR AGING SERVICES, INC.
SCHEDULE D
COMBINING SCHEDULE OF FINANCIAL POSITION
September 30, 2019

	VPAS	Maury River Home Care	Inter- Departmental Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,162,689	\$ 34,800	\$ -	\$ 1,197,489
Certificate of deposit	6,195	-	-	6,195
Unconditional promises to give	313,126	-	-	313,126
Accounts receivable - federal, net	13,066	-	-	13,066
Accounts receivable - other, net	106,732	25,940	(92,989)	39,683
Interdepartmental receivable from MRHC	309,473	-	(309,473)	-
Inventory, at cost	6,956	-	-	6,956
Prepaid expenses	18,518	-	-	18,518
Total current assets	1,936,755	60,740	(402,462)	1,595,033
Property and Equipment, net	412,086	-	-	412,086
Long-Term Pledges Receivable	415,038	-	-	415,038
Interest in Net Assets of Community Foundations	145,855	-	-	145,855
Total assets	\$ 2,909,734	\$ 60,740	\$ (402,462)	\$ 2,568,012
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 134,406	\$ 89,413	\$ (92,989)	\$ 130,830
Accrued expenses	136,245	13,530	-	149,775
Interdepartmental payable to VPAS	-	309,473	(309,473)	-
Current maturities of long-term debt	20,220	-	-	20,220
Refundable advances and deferred revenue	73,893	-	-	73,893
Total current liabilities	364,764	412,416	(402,462)	374,718
Long-Term Debt	200,353	-	-	200,353
Total liabilities	565,117	412,416	(402,462)	575,071
Net Assets				
Without donor restrictions	878,225	(351,676)	-	526,549
Without donor restrictions - board designated	97,839	-	-	97,839
With donor restrictions	1,368,553	-	-	1,368,553
Total net assets	2,344,617	(351,676)	-	1,992,941
Total liabilities and net assets	\$ 2,909,734	\$ 60,740	\$ (402,462)	\$ 2,568,012

VALLEY PROGRAM FOR AGING SERVICES, INC.
SCHEDULE D
COMBINING SCHEDULE OF FINANCIAL POSITION
September 30, 2018

	VPAS	Maury River Home Care	Inter- Departmental Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 932,126	\$ 3,956	\$ -	\$ 936,082
Certificate of deposit	6,133	-	-	6,133
Unconditional promises to give	271,007	-	-	271,007
Accounts receivable - federal, net	52,216	-	-	52,216
Accounts receivable - other, net	81,247	45,848	(70,807)	56,288
Interdepartmental receivable from MRHC	278,025	-	(278,025)	-
Inventory, at cost	6,554	-	-	6,554
Prepaid expenses	19,347	-	-	19,347
Total current assets	1,646,655	49,804	(348,832)	1,347,627
Property and Equipment, net	502,293	-	-	502,293
Long-Term Pledges Receivable	472,661	-	-	472,661
Interest in Net Assets of Community Foundations	136,925	-	-	136,925
Total assets	\$ 2,758,534	\$ 49,804	\$ (348,832)	\$ 2,459,506
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 117,061	\$ 64,717	\$ (70,807)	\$ 110,971
Accrued expenses	135,819	16,534	-	152,353
Interdepartmental payable to VPAS	-	278,025	(278,025)	-
Current maturities of long-term debt	19,274	-	-	19,274
Refundable advances and deferred revenue	43,654	-	-	43,654
Total current liabilities	315,808	359,276	(348,832)	326,252
Long-Term Debt	220,377	-	-	220,377
Total liabilities	536,185	359,276	(348,832)	546,629
Net Assets				
Unrestricted	850,074	(309,472)	-	540,602
Unrestricted - board designated	97,119	-	-	97,119
Temporarily restricted	1,275,156	-	-	1,275,156
Total net assets	2,222,349	(309,472)	-	1,912,877
Total liabilities and net assets	\$ 2,758,534	\$ 49,804	\$ (348,832)	\$ 2,459,506

VALLEY PROGRAM FOR AGING SERVICES, INC.
SCHEDULE E
COMBINING SCHEDULE OF ACTIVITIES
Year Ended September 30, 2019

	VPAS	Maury River Home Care	Inter- Departmental Eliminations	Total
Revenues and Support				
Grant revenues:				
Federal	\$ 1,485,467	\$ -	\$ -	\$ 1,485,467
State	706,653	-	-	706,653
Local governments	404,257	-	-	404,257
Other grants and support	114,499	-	-	114,499
Program income and fees	7,391	259,554	(77,812)	189,133
Contributions and other income	220,831	17	-	220,848
Investment income	17,395	-	-	17,395
Fundraising revenue	30,357	-	-	30,357
Gain on disposition of equipment	3,022	-	-	3,022
In-kind contributions	41,113	2,099	-	43,212
Total revenues and support	3,030,985	261,670	(77,812)	3,214,843
Expenses				
Salaries, wages, and benefits	1,582,499	271,807	-	1,854,306
Meals	524,426	-	-	524,426
Contractual services	218,301	73	(77,812)	140,562
Rent and utilities	132,300	1,721	-	134,021
In-kind	97,596	2,099	-	99,695
Vehicle costs	61,143	63	-	61,206
Depreciation	49,215	-	-	49,215
Leasehold amortization	40,391	600	-	40,991
Travel	28,326	13,543	-	41,869
Phone and internet	31,772	1,425	-	33,197
Professional fees	21,395	1,123	-	22,518
Computer expenses	14,769	2,052	-	16,821
Client expenses	16,688	709	-	17,397
Interest	13,554	349	-	13,903
Office supplies	11,719	1,303	-	13,022
General insurance	14,424	1,072	-	15,496
Resources and memberships	7,543	1	-	7,544
Training	9,062	-	-	9,062
Penalties	3,780	-	-	3,780
Staff and volunteer recruitment and recognition	7,201	1,926	-	9,127
Food and beverage - center and other	5,333	51	-	5,384
Copier rental	6,395	522	-	6,917
Postage	5,147	408	-	5,555
Marketing expense	2,016	742	-	2,758
Printing	2,709	-	-	2,709
Licenses and permits	545	1,700	-	2,245
Fundraising	165	-	-	165
Advertisement and public notices	304	584	-	888
Total expenses	2,908,718	303,873	(77,812)	3,134,779
Change in net assets	122,267	(42,203)	-	80,064
Net Assets				
Beginning, as restated	2,186,683	(273,806)	-	1,912,877
Ending	\$ 2,308,950	\$ (316,009)	\$ -	\$ 1,992,941

VALLEY PROGRAM FOR AGING SERVICES, INC.
SCHEDULE E
COMBINING SCHEDULE OF ACTIVITIES
Year Ended September 30, 2018

	VPAS	Maury River Home Care	Inter- Departmental Eliminations	Total
Revenues and Support				
Grant revenues:				
Federal	\$ 1,519,727	\$ -	\$ -	\$ 1,519,727
State	724,847	-	-	724,847
Local governments	408,757	-	-	408,757
Other grants and support	41,935	-	-	41,935
Program income and fees	16,245	311,578	(104,577)	223,246
Contributions and other income	239,762	620	-	240,382
Investment income	4,050	-	-	4,050
Fundraising revenue	17,457	-	-	17,457
In-kind contributions	34,525	1,585	-	36,110
Total revenues and support	3,007,305	313,783	(104,577)	3,216,511
Expenses				
Salaries, wages, and benefits	1,548,965	309,449	-	1,858,414
Meals	523,573	-	-	523,573
Contractual services	310,188	245	(104,577)	205,856
Rent and utilities	117,228	1,686	-	118,914
In-kind	89,890	1,585	-	91,475
Vehicle costs	72,145	97	-	72,242
Depreciation	49,670	-	-	49,670
Leasehold amortization	40,328	663	-	40,991
Travel	21,484	15,544	-	37,028
Phone and internet	28,419	1,172	-	29,591
Professional fees	21,584	1,292	-	22,876
Computer	17,792	2,444	-	20,236
Client expenses	18,822	713	-	19,535
Interest	16,897	482	-	17,379
Office supplies	14,405	1,233	-	15,638
General insurance	14,141	1,144	-	15,285
Resources and memberships	11,356	1	-	11,357
Training	8,893	754	-	9,647
Staff and volunteer recruitment and recognition	6,908	2,119	-	9,027
Food and beverage - center and other	8,029	67	-	8,096
Copier rental	6,904	629	-	7,533
Postage	4,566	436	-	5,002
Marketing expense	2,032	1,019	-	3,051
Printing	2,379	-	-	2,379
Licenses and permits	540	1,836	-	2,376
Fundraising	254	-	-	254
Advertisement and public notices	52	-	-	52
Total expenses	2,957,444	344,610	(104,577)	3,197,477
Change in net assets	49,861	(30,827)	-	19,034
Net Assets				
Beginning, as restated	2,167,649	(273,806)	-	1,893,843
Ending	\$ 2,217,510	\$ (304,633)	\$ -	\$ 1,912,877

COMPLIANCE SECTION

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided 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	\$ -	\$ 175
<i>Department of Housing and Urban Development</i>				
Pass-through payments:				
City of Harrisonburg: Community Development Block Grant Entitlement Grants	14.218	Not provided	-	20,589
<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	-	20,386
Community Transportation Association of America through Easterseals, Inc. Public Transportation Research - Health Care Access Design Challenge	20.514	Not provided	-	6,722
Total Department of Transportation				27,108
<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	-	25,500
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	-	501,735
Special Programs for the Aging - Title III, Part C1 - Nutrition Services - Congregate	93.045	Not provided	-	267,210
Special Programs for the Aging - Title III, Part C2 - Nutrition Services - Home-Delivered	93.045	Not provided	-	315,118
Nutrition Services Incentive Program	93.053	Not provided	-	90,097
Total Aging Cluster			-	1,174,160
Title III-D Preventative Health	93.043	Not provided	-	23,263
DMAS Ombudsman	93.778	Not provided	-	5,444
National Family Caregivers Program, Title III, Part E	93.052	Not provided	-	102,823
Special Programs for the Aging Title VII, Chapter 3 - Programs for the prevention of Elder Abuse, Neglect, and Exploitation	93.041	Not provided	-	4,674
Special Programs for the Aging Title VII, Chapter 2 - Programs Long Term Care Ombudsman Services for Older Individuals	93.042	Not provided	-	18,392
Medicare Enrollment Assistance Program	93.071	Not provided	-	22,277
State Health Insurance Assistance Program	93.324	Not provided	-	39,813
Center for Medicare and Medicaid Services NGA PPHR-2016 Everyone with Diabetes Counts	93.734	Not provided	-	450
Falls Prevention - Expanding Live Well - A Matter of Balance	93.763	Not provided	-	9,460
Empowering Older Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	93.734	Not provided	-	11,339
Total Department of Health and Human Services			-	1,437,595
Total Expenditures of Federal Awards			\$ -	\$ 1,485,467

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended September 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Valley Program for Aging Services, Inc. under programs of the federal government for the year ended September 30, 2019. 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 Accounting Principles

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



**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, 2019, 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 29 2020.

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.

Handwritten signature in black ink that reads "PB Maer, LLP".

Harrisonburg, Virginia
January 29 2020



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

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, 2019. 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 requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 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, 2019.

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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.



Harrisonburg, Virginia
January 29 2020

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2019

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Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes √ No

Significant deficiencies identified?

_____ Yes √ None Reported

Noncompliance material to financial statements noted?

_____ Yes √ No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ Yes √ No

Significant deficiencies identified?

_____ Yes √ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with section 2 CFR 200.516(a)?

_____ Yes √ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
Aging Cluster:	
93.044	Special Programs for the Aging – Title III Part B – Grants for Supporting Services and Senior Centers
93.045	Special Programs for the Aging – Title III, Part C1 – Nutrition Services – Congregate
93.045	Special Programs for the Aging – Title III Part C2 – Nutrition Services – Home-Delivered
93.053	Nutrition Services Incentive Program

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes √ No

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2019

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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.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2019

No matters were reported.