

VALLEY PROGRAM FOR AGING SERVICES, INC.
FINANCIAL AND COMPLIANCE REPORTS
YEAR ENDED SEPTEMBER 30, 2020



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, 2020 and 2019, 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, 2020 and 2019, 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, 2019, Valley Program for Aging Services, Inc. implemented Accounting Standards Update 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. 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 26, 2021 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.

PB Maerz, LLP

Harrisonburg, Virginia
January 26, 2021

BASIC FINANCIAL STATEMENTS

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,499,797	\$ 1,197,489
Certificate of deposit	6,280	6,195
Current portion of pledges receivable	355,530	313,126
Accounts receivable - federal, net	52,961	13,066
Accounts receivable - non-federal, net	52,931	13,743
Accounts receivable - MRHC	6,688	25,940
Inventory, at cost	11,300	6,956
Prepaid expenses	36,316	18,518
Total current assets	2,021,803	1,595,033
Property and Equipment, net	385,336	412,086
Long-Term Pledges Receivable	356,252	415,038
Interest in Net Assets of Community Foundations	149,347	145,855
Total assets	\$ 2,912,738	\$ 2,568,012
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 126,709	\$ 130,830
Accrued expenses	179,947	149,775
Current maturities of long-term debt	27,984	20,220
Refundable advances and deferred revenue	149,442	73,893
Total current liabilities	484,082	374,718
Long-Term Debt	322,393	200,353
Total liabilities	806,475	575,071
Net Assets		
Without donor restrictions, undesignated	162,495	124,388
Without donor restrictions, board designated	537,000	500,000
With donor restrictions	1,406,768	1,368,553
Total net assets	2,106,263	1,992,941
Total liabilities and net assets	\$ 2,912,738	\$ 2,568,012

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 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
Fundraising revenue	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 FUNCTIONAL EXPENSES

Year Ended September 30, 2020

	Program	Management and General	Fundraising	Total
Salaries, payroll taxes and benefits	\$ 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	-	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
Advertisement 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 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
Amortization	21,992	18,999	-	40,991
Depreciation	49,215	-	-	49,215
Client expenses	17,037	360	-	17,397
Phone and internet	24,096	8,435	666	33,197
Computer	5,853	8,952	2,016	16,821
Professional fees	3	22,400	115	22,518
Travel	33,981	7,417	471	41,869
General insurance	1,548	13,948	-	15,496
Office supplies	9,917	2,766	339	13,022
Interest	7,459	6,444	-	13,903
Postage	2,014	3,257	284	5,555
Training	5,597	3,380	85	9,062
Copier rental	5,334	1,184	399	6,917
Resources and memberships	4,648	2,761	135	7,544
Food and beverage - center and other	4,531	822	31	5,384
Staff and volunteer recruitment and recognition	8,371	740	16	9,127
Advertisement and public notices	888	-	-	888
Printing	1,067	1,084	558	2,709
Licenses and permits	2,220	25	-	2,245
Marketing expense	1,657	674	427	2,758
Penalty fees	-	3,780	-	3,780
Fundraising	-	-	165	165
Total expenses	\$ 2,459,128	\$ 623,301	\$ 52,350	\$ 3,134,779

VALLEY PROGRAM FOR AGING SERVICES, INC.

STATEMENTS OF CASH FLOWS Years Ended September 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 113,322	\$ 80,064
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on disposal of equipment	-	(3,022)
Depreciation and amortization	81,438	90,206
Unrealized gain on investments	(3,492)	(8,930)
Change in current assets and liabilities		
Decrease (increase) in:		
Pledges receivable	16,382	15,504
Accounts receivable, federal	(39,895)	39,150
Accounts receivable, non-federal	(39,188)	(3,303)
Accounts receivable - MRHC	19,252	19,908
Inventory	(4,344)	(402)
Prepaid expenses	(17,798)	829
Increase (decrease) in:		
Accounts payable	(4,121)	19,859
Accrued expenses	30,172	(2,578)
Returnable advances and deferred revenue	75,549	30,239
Net cash provided by operating activities	227,277	277,524
Cash Flows from Investing Activities		
Purchase of property and equipment	(54,688)	-
Proceeds from certificates of deposit	(85)	(62)
Proceeds from disposal of equipment	-	3,022
Net cash provided by (used in) investing activities	(54,773)	2,960
Cash Flows from Financing Activities		
Proceeds from long-term debt	150,000	-
Payments on long-term debt	(20,196)	(19,077)
Net cash provided by (used in) financing activities	129,804	(19,077)
Increase in cash and cash equivalents	302,308	261,407
Cash and Cash Equivalents		
Beginning	1,197,489	936,082
Ending	\$ 1,499,797	\$ 1,197,489

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, provides fee-based personal care and homemaker services in the Buena Vista, Lexington, and Rockbridge region. The Organization has decided to discontinue these services in the coming year.

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 deferred revenue 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 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, 2020 and 2019, 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.

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, 2020, 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.

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

Subsequent events: Subsequent events were considered through January 26, 2021, 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, 2020:

Cash Portion of Net Assets with Donor Restrictions	\$ 694,987
Board Designated for Cash Reserves, included in cash balance	537,000
General Operating Cash Balance	<u>267,810</u>
Total cash and cash equivalents	1,499,797
Certificates of Deposit	6,280
Current Portion of Pledges Receivable	296,744
Accounts Receivable, net	<u>105,892</u>
	<u><u>\$ 1,908,713</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 \$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.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Pledges Receivable

Pledges receivable consist of the following at September 30, 2020 and 2019:

	2020	2019
Support Included in Local Municipal Budgets for Next Fiscal Year	\$ 255,193	\$ 216,943
Support from Local United Way	41,551	38,560
Current Portion of Below Market Lease Rights for Operating and Administrative Facilities	58,786	57,623
Current portion of pledges receivable	\$ 355,530	\$ 313,126
Long-term Portion of Below Market Lease Rights:		
Realizable in one to five years	\$ 332,750	\$ 332,750
Realizable in more than five years	44,367	110,917
Less Discount for Time Value	(20,865)	(28,629)
Long-term portion of pledges receivable	\$ 356,252	\$ 415,038

Note 5. Property and Equipment

Property and equipment consisted of the following at September 30, 2020 and 2019:

	Estimated Useful Life	2020	2019
Land	-	\$ 3,000	\$ 3,000
Building	40 years	97,685	97,685
Equipment	2-10 years	890,551	835,864
Leasehold improvements	3-15 years	654,012	654,012
Parking lot	15 years	20,716	20,716
		1,665,964	1,611,277
Less accumulated depreciation and amortization		(1,280,628)	(1,199,191)
		\$ 385,336	\$ 412,086

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, 2020 and 2019 were \$24,600 and \$20,600, respectively.

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

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 \$0 and \$5,090 for the years ended September 30, 2020 and 2019, 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, 2020 and 2019 was \$127,179 and \$129,606, respectively.

Note 8. Net Assets With Donor Restrictions

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

	2020	2019
Time Restricted Pledges Receivable	\$ 296,744	\$ 255,503
Time Restricted Below Market Lease Rights (in-kind)	415,037	472,661
Purpose Restrictions for Specific Programs	694,987	640,389
	<u>\$ 1,406,768</u>	<u>\$ 1,368,553</u>

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

	2020	2019
Time Restricted Pledges Receivable	\$ 38,560	40,979
Time Restricted Below Market Lease Rights (in-kind)	57,623	56,483
Purpose Restrictions for Specific Programs	432,025	466,171
	<u>\$ 528,208</u>	<u>\$ 563,633</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, 2020 and 2019, rent expense of \$66,550 for each year was recognized under this lease, respectively. 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, and 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.

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, 2020 and 2019 was \$33,380 and \$33,145, 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 March 31, 2022. Rent expense under these operating leases totaled \$37,407 and \$52,249 during the years ended September 30, 2020 and 2019, respectively.

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

Years	Amount
2021	\$ 5,275
2022	2,110
	<u>\$ 7,385</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Debt

VPAS's long-term debt at September 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</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.	\$ 200,377	\$ 220,573
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 is unsecured, bears interest at 1%, and requires monthly payments of principal and interest of \$6,346 per month beginning August 2021 through July, 2023. The note contains forgiveness provisions that the Organization has not met as of September 30, 2020. The Organization intends to apply for forgiveness for at least of portion of this loan pursuant to provision of the CARES Act.	<u>150,000</u>	<u>-</u>
Total long-term debt	350,377	220,573
Less current maturities	<u>(27,984)</u>	<u>(20,220)</u>
	<u>\$ 322,393</u>	<u>\$ 200,353</u>

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

Years	Amount
2021	27,894
2022	97,718
2023	93,562
2024	25,934
2025	27,520
Thereafter	<u>77,749</u>
	<u>\$ 350,377</u>

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 11. Interest in Net Assets of Community Foundations

Investments at September 30, 2020 and 2019, carried at fair value as determined by quoted market prices, are as follows:

	2020	2019
Interest in Net Assets of Community Foundations	\$ 149,347	\$ 145,855

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

	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

REQUIRED SUPPLEMENTARY INFORMATION

VALLEY PROGRAM FOR AGING SERVICES, INC.
SCHEDULE A
STATUS OF FUNDS
September 30, 2020

Fund	Unencumbered Funds on Hand (in Deficit) at Beginning of Period	Total Funds Received During Period	Funds in Transit at 43,738.00	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	\$ 30,934	\$ 341,597	\$ -	\$ 372,531	\$ 319,569	\$ 52,962
Title III-C(1)	1,832	181,426	-	183,258	155,390	27,868
Title III-C(2)	942	240,448	-	241,390	188,694	52,696
Title III-D	-	4,038	-	4,038	3,132	906
Title III-E	23,109	78,570	-	101,679	99,390	2,289
Title VII-Elder Abuse	-	4,797	-	4,797	4,797	-
Title VII-Ombudsman	-	26,292	-	26,292	18,809	7,483
NSIP	-	82,597	-	82,597	82,597	-
Families First COVID Response C(1)	-	71,804	-	71,804	71,804	-
Families First COVID Response C(2)	-	143,609	-	143,609	143,609	-
CARES Act III-B	-	156,836	-	156,836	156,836	-
CARES Act III-C2	-	453,502	-	453,502	453,502	-
CARES Act III-E	-	88,484	-	88,484	88,484	-
CARES Act VII-Ombudsman	-	17,616	-	17,616	20,313	(2,697)
Other Federal:				-		
VICAP-(PY 03/31/20 Award)	256	18,951	-	19,207	19,207	-
VICAP-(PY 03/31/21 Award)	-	8,225	-	8,225	12,392	(4,167)
DMAS Ombudsman FY 18	-	-	-	-	-	-
DMAS Ombudsman FY 19	-	5,052	-	5,052	5,512	(460)
DMAS Ombudsman FY 20	-	-	-	-	-	-
MIPPA - Priority 1 - SHIP	-	23,954	-	23,954	23,954	-
Senior Farmers Market	-	200	-	200	200	-
CDSME Grant	-	-	-	-	-	-
Falls Prevention Grant	-	9,121	-	9,121	3,132	5,989
General Funds				-		
OAA General-(PY 06/30/20)	-	82,356	-	82,356	82,356	-
OAA General-(PY 06/30/21)	-	-	-	-	8,401	(8,401)
Community Based-(PY 06/30/20)	14,661	159,871	-	174,532	174,532	-
Community Based-(PY 06/30/21)	-	43,466	-	43,466	43,466	-
Transportation-(PY 06/30/20)	-	47,057	-	47,057	47,057	-
Home Delivered Meals-(PY 06/30/20)	-	165,711	-	165,711	165,711	-
Home Delivered Meals-(PY 06/30/21)	-	-	-	-	16,140	(16,140)
Supplemental Nutrition-(PY 06/30/20)	-	35,991	-	35,991	35,991	-
Supplemental Nutrition-(PY 06/30/21)	-	-	-	-	110	(110)
Ombudsman-(PY 06/30/20)	(455)	15,105	-	14,650	14,650	-
Ombudsman-(PY 06/30/21)	-	2,030	-	2,030	-	2,030
Care Coordination CCEVP-(PY 06/30/20)	1,888	52,367	-	54,255	54,255	-
Care Coordination CCEVP-(PY 06/30/21)	-	11,515	-	11,515	8,580	2,935
Senior Cool Care	-	1,892	-	1,892	1,892	-
	\$ 73,167	\$ 2,574,480	\$ -	\$ 2,647,647	\$ 2,524,464	\$ 123,183

*Note: PY means Program Year Ending

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE B

Page 1 of 4

COST BY PROGRAM ACTIVITY

September 30, 2020

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)										
Checking	\$5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Homemaker	16,403	-	-	-	-	-	-	-	-	-
Res. Repair and Renovation	1,715	-	-	-	-	-	-	-	-	-
Care Coordination Level 2	2,520	-	-	-	-	-	-	-	-	759
Service Coordination Level 1	-	-	-	-	-	-	-	-	-	-
Care Transitions	-	-	-	-	-	-	-	-	-	-
S.O.S.	-	-	-	-	-	-	-	-	-	-
Comm. Referral Info. & Assist	130,742	-	-	-	-	-	-	-	-	45,949
Options Counseling	-	-	-	-	-	-	-	-	-	-
Transportation	50,170	-	-	-	-	-	-	-	-	25,816
Assisted Transportation	-	-	-	-	-	-	-	-	-	-
Congregate Meals	-	127,839	-	-	-	-	-	12,661	-	-
Home Delivered Meals	-	-	168,222	-	32,754	-	-	53,054	143,609	-
Home Delivered Fee for Service	-	-	-	-	-	-	-	-	-	-
Nutrition Counseling	-	-	-	-	-	-	-	-	-	-
Disease Prevention	-	-	-	-	-	-	-	-	-	-
CDSME	-	-	-	-	-	-	-	-	-	-
Falls Prevention	-	-	-	3,132	-	-	-	-	-	-
Emergency Services	886	-	-	-	-	-	-	-	-	25,582
Employment	-	-	-	-	-	-	-	-	-	-
Health Education Screening	-	-	-	-	-	-	-	-	-	-
LTC Coordinating Activity	-	-	-	-	-	-	-	-	-	-
Medication Management	-	-	-	-	-	-	-	-	-	-
Money Management	-	-	-	-	-	-	-	-	-	-
Outreach/Public Information & Education	13,060	-	-	-	-	-	-	-	-	-
Socialization/Recreation	70,602	-	-	-	-	-	-	-	-	54,132
Volunteer Programs	-	-	-	-	-	-	-	-	-	-
Legal Assistance	13,284	-	-	-	-	-	-	-	-	-
Elder Abuse Prevention	-	-	-	-	-	-	-	-	-	-
LTC Ombudsman Program	826	-	-	-	-	4,797	18,809	-	-	-
Prep. and Admin.	14,360	27,551	20,472	-	-	-	-	6,089	-	4,599

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE B

Page 2 of 4

COST BY PROGRAM ACTIVITY

September 30, 2020

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	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-E, Older American Act Funds										
Individual Counseling	-	-	-	-	3,012	-	-	-	-	-
Support Groups	-	-	-	-	7,238	-	-	-	-	-
Caregiver Training	-	-	-	-	-	-	-	-	-	-
Outreach/Public Information/Education	-	-	-	-	1,342	-	-	-	-	-
Adult Day Care	-	-	-	-	-	-	-	-	-	-
Homemaker	-	-	-	-	26,758	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-	-
Institutional Respite	-	-	-	-	-	-	-	-	-	-
Direct Respite Services Payments	-	-	-	-	-	-	-	-	-	-
Other Respite Services	-	-	-	-	-	-	-	-	-	-
Chore	-	-	-	-	-	-	-	-	-	-
Congregate Meals	-	-	-	-	-	-	-	-	-	-
Home Delivered Meals	-	-	-	-	-	-	-	-	-	-
Direct Supplemental Service Pymnts	-	-	-	-	-	-	-	-	-	-
Other Supplemental Services	-	-	-	-	6,199	-	-	-	-	-
Comm. Referral Info. & Assist	-	-	-	-	572	-	-	-	-	-
Care Coordination Level 2	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	15,075	-	-	-	-	-
Assisted Transportation	-	-	-	-	-	-	-	-	-	-
Prep. and Admin.	-	-	-	-	6,439	-	-	-	-	-
Total costs calculated	\$ 319,568	\$ 155,390	\$ 188,694	\$ 3,132	\$ 99,389	\$ 4,797	\$ 18,809	\$ 71,804	\$ 143,609	\$ 156,837

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE B

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COST BY PROGRAM ACTIVITY

September 30, 2020

Fund	Costs to Federal CARES Act III-C2 Funds	Costs to Federal CARES Act III-E Funds	Costs to Federal CARES Act VII Ombudsman Funds	Voluntary Contributions	Costs to Other Non- Federal Funds	Fees	Costs to DMAS Ombudsman	Costs to Other Local Federal Funding	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 E, Older American																		
Act Funds																		
Individual Counseling	\$ -	\$ 3,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,035
Support Groups	-	6,514	-	-	140	-	-	-	-	-	-	-	-	-	-	-	-	13,892
Caregiver Training	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outreach/Public Information/Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,342
Adult Day Care	-	-	-	-	-	709	-	-	-	-	3,425	-	-	-	-	-	25	4,159
Homemaker	-	-	-	-	-	2,090	-	-	-	-	68,373	-	-	-	-	-	139	97,360
Personal Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutional Respite	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct Respite Services Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Respite Services	-	-	-	345	3,660	-	-	-	-	-	50,436	-	-	-	-	-	9	54,450
Chore	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Congregate Meals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Delivered Meals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct Supplemental Service Pymnts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Supplemental Services	-	14,451	-	-	647	-	-	-	-	-	-	-	-	-	-	-	120	21,417
Comm. Referral Info. & Assist	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	572
Care Coordination Level 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,075
Assisted Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prep. and Admin.	-	-	-	-	2,166	-	-	-	-	-	-	-	-	-	-	-	-	8,605
Total costs calculated	\$ 453,502	\$ 88,484	\$ 20,313	\$ 27,993	\$ 153,747	\$ 3,097	\$ 5,512	\$ 60,213	\$ 82,597	\$ 90,758	\$ 217,997	\$ 47,057	\$ 181,851	\$ 36,101	\$ 62,834	\$ 14,650	\$ 162,886	\$ 2,871,621

VALLEY PROGRAM FOR AGING SERVICES, INC.**SCHEDULE C****STATUS OF INVENTORIES****September 30, 2020**

Fund Source	Inventory Type	Value on Hand at October 1, 2019	Increase (Decrease) During the Period	Value on Hand at September 30, 2020
Federal Transit Act Section 5310	Vehicles	\$ 214,390	\$ 9,669	\$ 224,059
Agency Real Estate and Leasehold Improvements	Real Property and Leasehold Improvements	344,116	(43,433)	300,683
Contributions	Vehicles	-	9,795	9,795
		<u>\$ 558,506</u>	<u>\$ (23,969)</u>	<u>\$ 534,537</u>

OTHER SUPPLEMENTARY INFORMATION

VALLEY PROGRAM FOR AGING SERVICES, INC.
SCHEDULE D
COMBINING SCHEDULE OF FINANCIAL POSITION
September 30, 2020

	VPAS	Maury River Home Care	Inter- Departmental Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,488,450	\$ 11,347	\$ -	\$ 1,499,797
Certificate of deposit	6,280	-	-	6,280
Unconditional promises to give	355,530	-	-	355,530
Accounts receivable - federal, net	52,961	-	-	52,961
Accounts receivable - other, net	107,492	-	(54,561)	52,931
Accounts receivable - MRHC	-	6,688	-	6,688
Interdepartmental receivable from MRHC	351,675	-	(351,675)	-
Inventory, at cost	11,300	-	-	11,300
Prepaid expenses	36,316	-	-	36,316
Total current assets	2,410,004	18,035	(406,236)	2,021,803
Property and Equipment, net	385,336	-	-	385,336
Long-Term Pledges Receivable	356,252	-	-	356,252
Interest in Net Assets of Community Foundations	149,347	-	-	149,347
Total assets	\$ 3,300,939	\$ 18,035	\$ (406,236)	\$ 2,912,738
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 128,156	\$ 53,114	\$ (54,561)	\$ 126,709
Accrued expenses	171,788	8,159	-	179,947
Interdepartmental payable to VPAS	-	351,675	(351,675)	-
Current maturities of long-term debt	27,984	-	-	27,984
Refundable advances and deferred revenue	149,442	-	-	149,442
Total current liabilities	477,370	412,948	(406,236)	484,082
Long-Term Debt	322,393	-	-	322,393
Total liabilities	799,763	412,948	(406,236)	806,475
Net Assets				
Without donor restrictions	557,408	(394,913)	-	162,495
Without donor restrictions - board designated	537,000	-	-	537,000
With donor restrictions	1,406,768	-	-	1,406,768
Total net assets	2,501,176	(394,913)	-	2,106,263
Total liabilities and net assets	\$ 3,300,939	\$ 18,035	\$ (406,236)	\$ 2,912,738

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	-	(92,989)	13,743
Accounts receivable - MRHC	-	25,940	-	25,940
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	476,064	(351,676)	-	124,388
Without donor restrictions - board designated	500,000	-	-	500,000
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 E
COMBINING SCHEDULE OF ACTIVITIES
Year Ended September 30, 2020

	VPAS	Maury River Home Care	Inter- Departmental Eliminations	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	44,959	-	-	44,959
Program income and fees	7,126	129,467	(43,812)	92,781
Contributions and other income	164,972	-	-	164,972
Investment income	17,958	-	-	17,958
Fundraising revenue	70,978	-	-	70,978
Gain on disposition of equipment	-	-	-	-
In-kind contributions	40,209	2,098	-	42,307
Total revenues and support	3,412,113	131,565	(43,812)	3,499,866
Expenses				
Salaries, wages, and benefits	1,795,453	157,039	-	1,952,492
Meals	689,932	-	-	689,932
Contractual services	180,492	645	(43,812)	137,325
Rent and utilities	100,657	1,286	-	101,943
In-kind	97,732	2,097	-	99,829
Vehicle costs	63,640	22	-	63,662
Leasehold amortization	40,678	314	-	40,992
Depreciation	40,446	-	-	40,446
Client expenses	36,285	732	-	37,017
Phone and internet	34,948	1,488	-	36,436
Computer expenses	28,611	1,888	-	30,499
Professional fees	26,174	596	-	26,770
Travel	18,708	4,368	-	23,076
General insurance	16,118	739	-	16,857
Office supplies	15,699	500	-	16,199
Interest	12,578	166	-	12,744
Postage	9,656	195	-	9,851
Training	9,605	18	-	9,623
Copier rental	8,490	775	-	9,265
Resources and memberships	8,591	6	-	8,597
Food and beverage - center and other	7,261	119	-	7,380
Staff and volunteer recruitment and recognition	4,950	428	-	5,378
Advertisement and public notices	4,102	-	-	4,102
Printing	3,811	18	-	3,829
Licenses and permits	545	803	-	1,348
Marketing expense	115	554	-	669
Penalties	191	3	-	194
Fundraising	89	-	-	89
Total expenses	3,255,557	174,799	(43,812)	3,386,544
Change in net assets	156,556	(43,234)	-	113,322
Net Assets				
Beginning	2,266,747	(273,806)	-	1,992,941
Ending	\$ 2,423,303	\$ (317,040)	\$ -	\$ 2,106,263

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
Advertisement and public notices	304	584	-	888
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
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

COMPLIANCE SECTION

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Department of Agriculture				
<i>Pass-through payments:</i>				
Virginia Department for Aging and Rehabilitative Services Senior Farmers' Market Nutrition Program	10.576	Not provided	\$ -	\$ 200
Total Department of Agriculture			-	200
Department of Housing and Urban Development				
<i>Entitlement Grants Cluster</i>				
<i>Pass-through payments:</i>				
City of Harrisonburg:				
Community Development Block Grant Entitlement Grants	14.218	Not provided	-	25,213
City of Staunton:				
Community Development Block Grant Entitlement Grants	14.218	Not provided	-	20,000
Total Entitlement Grants Cluster				45,213
Total Department of Housing and Urban Development			-	45,213
Department of Transportation				
<i>Transit Services Programs Cluster:</i>				
<i>Pass-through payments:</i>				
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	-	8,421
Community Transportation Association of America through Easterseals, Inc. Public Transportation Research - Health Care Access Design Challenge	20.514	Not provided	-	31,984
Total Transit Services Programs Cluster				40,405
Total Department of Transportation			-	40,405
Department of Health and Human Services:				
<i>Pass-through payments:</i>				
Community Action Partnership of Staunton, Augusta, and Waynesboro Community Services Block Grant	93.569	Not provided	-	24,438
Virginia Department for the Aging:				
<i>Aging Cluster:</i>				
Special Programs for the Aging - Title III, Part B - Grants for Supporting Services and Senior Centers	93.044	Not provided	-	319,569
COVID-19 - Special Programs for the Aging - Title III, Part B - Grants for Supporting Services and Senior Centers	93.044	Not provided	-	156,836
Subtotal - Special Programs for the Aging - Title III, Part B - Grants for Supporting Services and Senior Centers	93.044	Not provided		476,405
Special Programs for the Aging - Title III, Part C1 - Nutrition Services - Congregate	93.045	Not provided	-	155,390
COVID-19 - Special Programs for the Aging - Title III, Part C1 - Nutrition Services - Congregate	93.045	Not provided	-	71,804
Subtotal - Special Programs for the Aging - Title III, Part C1 - Nutrition Services - Congregate	93.045	Not provided		227,194
Special Programs for the Aging - Title III, Part C2 - Nutrition Services - Home-Delivered	93.045	Not provided	-	188,694
COVID-19 - Families First C2-Home Delivered Meals	93.045	Not provided		143,609
COVID-19 - Special Programs for the Aging - Title III, Part C2 - Nutrition Services	93.045	Not provided		453,502
Subtotal - Special Programs for the Aging - Title III, Part C2 - Nutrition Services - Home-Delivered				785,805

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Continued				
Nutrition Services Incentive Program	93.053	Not provided	-	82,597
Total Aging Cluster			-	1,572,001
Medicaid Cluster:				
DMAS Ombudsman	93.778	Not provided	\$ -	\$ 5,512
Total Medicaid Cluster			-	5,512
National Family Caregivers Program, Title III, Part E	93.052	Not provided	-	99,390
COVID-19 - National Family Caregivers Program, Title III, Part E	93.052	Not provided	-	88,484
Subtotal - National Family Caregivers Program, Title III, Part E			-	187,874
Special Programs for the Aging Title VII, Chapter 2 - Programs Long Term Care Ombudsman Services for Older Individuals	93.042	Not provided	-	18,809
COVID-19 - Special Programs for the Aging Title VII, Chapter 2 - Programs Long Term Care Ombudsman Services for Older Individuals	93.042	Not provided	-	20,313
Subtotal - Special Programs for the Aging Title VII, Chapter 2 - Programs Long Term Care Ombudsman Services for Older Individuals			-	39,122
Special Programs for the Aging Title VII, Chapter 3 - Programs for the prevention of Elder Abuse, Neglect, and Exploitation	93.041	Not provided	-	4,797
Title III-D Preventative Health	93.043	Not provided	-	3,132
Medicare Enrollment Assistance Program	93.071	Not provided	-	23,954
State Health Insurance Assistance Program	93.324	Not provided	-	31,599
Evidence Based Falls Prevention Program - Financed by Prevention and Public Health Funds (PPHF)	93.763	Not provided	-	9,121
Total Department of Health and Human Services			-	1,901,550
Total Expenditures of Federal Awards			\$ -	\$ 1,987,368

VALLEY PROGRAM FOR AGING SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended September 30, 2020

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, 2020. 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, 2020, 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 26, 2021.

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 "PBMart, LLP".

Harrisonburg, Virginia
January 26, 2021



**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, 2020. 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, 2020.

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 26, 2021

VALLEY PROGRAM FOR AGING SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2020

Page 1

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, 2020

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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, 2020

No matters were reported.