

**AGE WELL SENIOR SERVICES, INC.**  
**Financial Statements**  
**June 30, 2021**  
**With Summarized Comparative Information**  
**For the Year Ended June 30, 2020**  
**With Independent Auditor's Report**

**Age Well Senior Services, Inc.**  
**Table of Contents**  
**June 30, 2021**  
**With Summarized Comparative Information for the Year Ended June 30, 2020**

---

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3-4
Statements of Activities	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-22
<b>Supplementary Information - Federally Assisted Programs with Selected State and County Awards</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the <i>Uniform Guidance</i>	25-26
Schedule of Expenditures of Federal Awards and Selected State and County Awards	27
Notes to Schedule of Expenditures of Federal Awards and Selected State and County Awards	28
Summary of Findings and Questioned Costs	29

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Age Well Senior Services, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of Age Well Senior Services, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of 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 is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 October 27, 2021 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

October 27, 2021

**Age Well Senior Services, Inc.**  
**Statements of Financial Position**  
**June 30, 2021**  
**With Summarized Comparative Information as of June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 514,399	\$ 433,986	\$ 948,385	\$ 1,547,094
Investments	8,788,455	-	8,788,455	570
Accounts receivable	537,769	-	537,769	603,339
Contributions receivable, net	-	115,000	115,000	115,000
Prepaid expenses	270	-	270	2,981
Total current assets	<u>9,840,893</u>	<u>548,986</u>	<u>10,389,879</u>	<u>2,268,984</u>
Property and equipment, net	<u>1,167,660</u>	<u>-</u>	<u>1,167,660</u>	<u>1,226,015</u>
Other long-term assets				
Deposits	8,508	-	8,508	24,872
Contributions receivable	-	-	-	111,137
Charitable remainder trusts	-	265,834	265,834	219,894
Endowment	-	816,673	816,673	631,297
Total other assets	<u>8,508</u>	<u>1,082,507</u>	<u>1,091,015</u>	<u>987,200</u>
Total assets	<u>\$ 11,017,061</u>	<u>\$ 1,631,493</u>	<u>\$ 12,648,554</u>	<u>\$ 4,482,199</u>

The Notes to Financial Statements are an integral part of these statements.

**Age Well Senior Services, Inc.**  
**Statements of Financial Position**  
**June 30, 2021**  
**With Summarized Comparative Information as of June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 265,165	\$ -	\$ 265,165	\$ 467,295
Accrued expenses	250,667	-	250,667	306,316
Current portion of debt	45,421	-	45,421	1,754,801
Deferred revenue	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>389,944</u>
Total current liabilities	<u>563,753</u>	<u>-</u>	<u>563,753</u>	<u>2,918,356</u>
Long-term liabilities				
Long-term accrued expenses	-	-	-	54,000
Long-term debt, net of current portion and unamortized loan costs	<u>1,919,146</u>	<u>-</u>	<u>1,919,146</u>	<u>234,092</u>
Total liabilities	<u>2,482,899</u>	<u>-</u>	<u>2,482,899</u>	<u>3,206,448</u>
Net assets				
Without and with donor restrictions	<u>8,534,162</u>	<u>1,631,493</u>	<u>10,165,655</u>	<u>1,275,751</u>
Total liabilities and net assets	<u>\$ 11,017,061</u>	<u>\$ 1,631,493</u>	<u>\$ 12,648,554</u>	<u>\$ 4,482,199</u>

The Notes to Financial Statements are an integral part of these statements.

**Age Well Senior Services, Inc.**  
**Statements of Activities**  
**June 30, 2021**  
**With Summarized Comparative Information as of June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<b>Revenue</b>				
Public support and revenue	\$ 1,242,008	\$ 452,509	\$ 1,694,517	\$ 1,901,638
Government support and revenue	23,631,064	-	23,631,064	5,118,168
PPP loan forgiveness	499,800	-	499,800	-
Change in value of charitable remainder trust and endowment fund	<u>-</u>	<u>131,316</u>	<u>131,316</u>	<u>(10,105)</u>
Total revenue	<u>25,372,872</u>	<u>583,825</u>	<u>25,956,697</u>	<u>7,009,701</u>
<b>Net assets released from restrictions</b>				
Satisfaction of program restrictions	183,783	(183,783)	-	-
Expiration of time restrictions	115,000	(115,000)	-	-
Repayment to donor endowment fund and subsequent satisfaction of any related donor restrictions	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total net assets released from restrictions	<u>198,783</u>	<u>(198,783)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>25,571,655</u>	<u>385,042</u>	<u>25,956,697</u>	<u>7,009,701</u>
<b>Operating expenses</b>				
Nutrition	14,717,883	-	14,717,883	3,767,199
Transportation	1,268,032	-	1,268,032	1,687,565
Case management	284,150	-	284,150	163,556
Senior centers	157,054	-	157,054	336,921
Corporate	509,341	-	509,341	616,341
Fundraising	<u>140,031</u>	<u>-</u>	<u>140,031</u>	<u>256,504</u>
Total operating expenses	<u>17,076,491</u>	<u>-</u>	<u>17,076,491</u>	<u>6,828,086</u>
<b>Other income (loss)</b>				
Miscellaneous income	1,183	-	1,183	-
Investment gain (loss)	<u>8,515</u>	<u>-</u>	<u>8,515</u>	<u>(1,650)</u>
Total other income (loss)	<u>9,698</u>	<u>-</u>	<u>9,698</u>	<u>(1,650)</u>
<b>Change in net assets</b>	8,504,862	385,042	8,889,904	179,965
<b>Net assets</b>				
Beginning of year	<u>29,300</u>	<u>1,246,451</u>	<u>1,275,751</u>	<u>1,095,786</u>
End of year	<u>\$ 8,534,162</u>	<u>\$ 1,631,493</u>	<u>\$ 10,165,655</u>	<u>\$ 1,275,751</u>

The Notes to Financial Statements are an integral part of these statements.

**Age Well Senior Services, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Services				Supporting Services		2021 Totals
	Nutrition	Transportation	Case Management	Senior Centers	Corporate	Fund Raising	
Salaries	\$ 1,014,317	\$ 646,585	\$ 166,441	\$ 47,754	\$ 15,300	\$ 60,873	\$ 1,951,270
Payroll taxes and employee benefits	205,651	185,277	24,405	25,477	39,605	9,063	489,478
Total salaries and related expenses	<u>1,219,968</u>	<u>831,862</u>	<u>190,846</u>	<u>73,231</u>	<u>54,905</u>	<u>69,936</u>	<u>2,440,748</u>
Accounting and auditing	10,744	5,372	10,744	-	5,773	-	32,633
Consultants	129,398	45,998	72,353	10,449	49,181	29,019	336,398
Advertising	5,752	-	-	1,841	2,000	9,700	19,293
Rent	18,212	10,905	-	40	49,950	-	79,107
Repairs and maintenance	43,793	79,062	-	8,941	4,713	-	136,509
Insurance	-	70,537	8,340	-	33,034	-	111,911
Office supplies	8,575	-	-	-	5,089	919	14,583
Food	13,166,492	-	-	-	13,984	-	13,180,476
Program supplies	50,448	42,615	450	10,068	23,665	9,900	137,146
Vehicle operation	-	166,821	-	-	-	-	166,821
Fund raising	-	-	-	-	-	20,170	20,170
Payroll services	6,531	4,166	1,110	301	520	387	13,015
Telephone	19,962	10,556	-	1,492	9,054	-	41,064
Utilities	16,174	-	-	-	-	-	16,174
Dues and subscriptions	895	-	-	585	15,550	-	17,030
Legal	19,803	-	-	-	156,205	-	176,008
Conferences and conventions	-	-	-	-	1,706	-	1,706
Interest	-	-	-	-	52,821	-	52,821
Local travel	1,047	138	307	-	-	-	1,492
Miscellaneous	89	-	-	1,694	9,877	-	11,660
Depreciation and amortization	-	-	-	48,412	21,314	-	69,726
	<u>13,497,915</u>	<u>436,170</u>	<u>93,304</u>	<u>83,823</u>	<u>454,436</u>	<u>70,095</u>	<u>14,635,743</u>
Total expenses	<u>\$ 14,717,883</u>	<u>\$ 1,268,032</u>	<u>\$ 284,150</u>	<u>\$ 157,054</u>	<u>\$ 509,341</u>	<u>\$ 140,031</u>	<u>\$ 17,076,491</u>

The Notes to Financial Statements are an integral part of this statement.



**Age Well Senior Services, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services				Supporting Services		2020 Totals
	Nutrition	Transportation	Case Management	Senior Centers	Corporate	Fund Raising	
Salaries	\$ 1,030,203	\$ 782,439	\$ 86,476	\$ 146,008	\$ 99,242	\$ 73,589	\$ 2,217,957
Payroll taxes and employee benefits	199,470	169,332	12,138	29,199	25,728	12,281	448,148
Total salaries and related expenses	<u>1,229,673</u>	<u>951,771</u>	<u>98,614</u>	<u>175,207</u>	<u>124,970</u>	<u>85,870</u>	<u>2,666,105</u>
Accounting and auditing	13,523	4,508	4,508	-	10,087	-	32,626
Consultants	100,565	343,246	59,074	14,349	50,543	53,749	621,526
Advertising	-	-	-	-	4,800	10,318	15,118
Rent	2,005	36,494	-	40	135,963	-	174,502
Repairs and maintenance	31,730	75,838	-	35,559	2,004	-	145,131
Insurance	-	67,822	-	8,019	36,477	-	112,318
Office supplies	7,995	-	-	1,901	4,736	-	14,632
Food	2,264,486	-	-	-	5,779	-	2,270,265
Program supplies	70,383	41,509	420	48,814	29,241	25,541	215,908
Vehicle operation	-	144,740	-	-	-	-	144,740
Fund raising	-	-	-	-	-	80,221	80,221
Payroll services	7,243	7,227	596	1,253	1,174	604	18,097
Telephone	19,010	10,393	-	1,413	6,692	-	37,508
Utilities	18,300	-	-	-	-	-	18,300
Dues and subscriptions	763	-	-	1,133	700	69	2,665
Legal	-	-	-	-	49,187	-	49,187
Conferences and conventions	-	43	-	-	1,264	52	1,359
Interest	-	-	-	-	120,000	-	120,000
Local travel	1,523	9	344	-	-	135	2,011
Miscellaneous	-	-	-	2,861	9,147	(55)	11,953
Depreciation and amortization	-	3,965	-	46,372	23,577	-	73,914
	<u>2,537,526</u>	<u>735,794</u>	<u>64,942</u>	<u>161,714</u>	<u>491,371</u>	<u>170,634</u>	<u>4,161,981</u>
Total expenses	<u>\$ 3,767,199</u>	<u>\$ 1,687,565</u>	<u>\$ 163,556</u>	<u>\$ 336,921</u>	<u>\$ 616,341</u>	<u>\$ 256,504</u>	<u>\$ 6,828,086</u>

The Notes to Financial Statements are an integral part of this statement.

**Age Well Senior Services, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating activities</b>		
Change in net assets	\$ 8,889,904	\$ 179,965
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	69,726	74,213
Change in present value of contributions receivable	(3,863)	(4,317)
Change in value of charitable remainder trusts and endowments	(131,315)	10,105
(Gain) loss on investments	(37,885)	1,650
PPP loan forgiveness	(499,800)	-
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	65,570	(5,855)
Contributions receivable, net	115,000	70,000
Prepaid expenses	2,711	7,911
Deposits	16,364	3,364
Increase (decrease) in liabilities		
Accounts payable	(202,130)	207,696
Accrued expenses	(109,649)	(10,816)
Deferred revenue	(387,444)	389,944
Net cash provided by operating activities	<u>7,787,189</u>	<u>923,860</u>
<b>Investing activities</b>		
Purchases of property and equipment	-	(69,925)
Purchases of investments	(8,750,000)	-
Proceeds from endowment fund	-	384,625
Net cash (used in) provided by investing activities	<u>(8,750,000)</u>	<u>314,700</u>
<b>Financing activities</b>		
Proceeds from long-term debt	2,000,000	499,800
Payment of long-term debt	(1,508,087)	-
Contribution to restricted endowment fund	(100,002)	(494,625)
Deferred loan fees	(27,809)	-
Net cash provided by financing activities	<u>364,102</u>	<u>5,175</u>
Net change in cash and cash equivalents	(598,709)	1,243,735
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,547,094</u>	<u>303,359</u>
End of year	<u>\$ 948,385</u>	<u>\$ 1,547,094</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	<u>\$ 52,821</u>	<u>\$ 120,000</u>

The Notes to Financial Statements are an integral part of these statements.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Age Well Senior Services, Inc. (the "Organization") was originally part of San Clemente Seniors, Inc., which was incorporated in 1975 as a private, nonprofit organization, exempt under the Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code. On July 1, 1995, South County Senior Services, Inc. was formed to assume most of the operations and some of the assets and liabilities of San Clemente Seniors, Inc. San Clemente Seniors, Inc. retained the operation of only the San Clemente Adult Day Health Care Center and all other existing programs were retained and operated by the new Organization. San Clemente Seniors, Inc. no longer operates as a separate entity.

In January 2010, the Organization changed its name from South County Senior Services, Inc. to Age Well Senior Services, Inc.; however, it continues to operate under the dba of South County Senior Services, Inc.

Age Well Senior Services, Inc. provides for the social, nutritional, cultural, health, transportation and educational needs of the elderly population of South Orange County. Special emphasis has been placed on outreach services and adult day health care. The Organization has provided support services on a local level that allow home-bound senior citizens to remain in their chosen environment as long as possible. The Organization's senior centers operate to keep seniors well and to enable them to socialize and receive health benefits.

The Board of Directors functions as the policy-making body and is governed by the Organization's by-laws. The Organization's Executive Director serves as the Chief Executive Officer.

**Activities**

The Organization's activities, which are in accordance with its primary purpose as described above, have been classified as follows:

- *Nutrition* – Provide nutritional meals in senior centers and nutrition sites. Deliver nutritional meals to home-bound elderly daily.
- *Transportation* – Provide non-emergency medical transportation for the elderly and services for senior centers, medical appointments, and all the cities located in South Orange County.
- *Case Management* – Contract for case management nurses and social workers to perform home visits and assessments of frail seniors needing more care.
- *Senior Centers* – Operate two senior centers and contracts with other senior sites for nutritional and social services, educational classes through emeritus and adult education, preventative health screening, elder care, case manager nurse, legal and tax assistance, insurance counseling, senior support groups, Medicare counselors and monthly surplus commodity distributions. Emphasis is on wellness and maintaining independence for the elderly.
- *Corporate* – Management and general activities that support the achievement of program objectives. This includes expenses not directly attributable to a program.
- *Fundraising* – Subcommittees of the general Board of Directors responsible for fund raising to generate revenues and to subsidize annual operations are the fund development committee and planned giving committee. These subcommittees are comprised of the Organization's Board Members, professionals in the community and key staff.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization records gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. Contributions with donor-imposed restrictions that are received and spent in the same year have been recorded as net assets without donor restrictions in the accompanying statement of activities.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers highly liquid investments and investments with original maturities of three months or less to be cash and cash equivalents. The Organization places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit.

**Property and Equipment**

Property and equipment are stated at cost, if purchased or estimated at fair value at the date of donation, if donated. The building improvements, equipment and furniture, and vehicles are depreciated using the straight-line method over estimated useful lives of 8 to 40 years.

Maintenance and repairs are charged to expense as incurred. Renewals and improvements of a significant nature are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income.

**Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**Charitable Remainder Trusts**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. The Organization is also a beneficiary in certain trusts. The Organization recognizes as revenue the present value of the estimated future benefits to be received upon distribution of irrevocable trusts for which the Organization is beneficiary but is not the trustee. When these gifts are revocable in nature, they are not reflected in the financial statements.

**Contributions**

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Made*. This update requires a recipient of funds from a resource provider to determine if those funds should be classified as a reciprocal exchange transaction or as a contribution based on the value that the resource provider is receiving from the transaction. Additionally, the update requires recipient organizations to determine whether a contribution is conditional based on if the agreement includes barriers that must be overcome, and either a right of return of assets transferred, or a right of release of a resource provider’s obligation to transfer assets. If the agreement includes both characteristics, the recipient is not entitled to the transferred assets, and therefore does not recognize the associated revenues, until the barrier is overcome.

Contributions, including unconditional promises to give, are recognized when received or pledged by the donor. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional promises to give are reported at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discount rate adopted at the time of the gift is the incremental borrowing rate of the Organization or the US Treasury bill rate for the term of the agreement. The discount rate remains consistent annually.

**Contributed Services and Gifts In-Kind**

Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2021 and 2020, such nonspecialized volunteer hours totaled 43,811 and 53,075, and the value of such hours is estimated by the Organization to be \$591,917 and \$659,129, respectively, which has not been recorded in the accompanying financial statements. Only those amounts that meet the criteria above are recorded in the accompanying financial statements.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**Program Expenses**

Program expenses on the statements of activities for the years ended June 30, 2021 and 2020 include congregate and home delivered meals, transportation, social services and other support and grants totaling \$16,427,119 and \$5,955,241, respectively.

**Compensated Absences**

The Organization accrues for employees' earned but unused time off.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and employee benefits	Time and effort
Consultants	Time and effort
Advertising	Time and effort
Contract services	Time and effort
Rent	Square footage
Repairs and maintenance	Direct usage
Insurance	Time and effort
Program supplies	Direct usage
Office supplies	Direct usage
Depreciation and amortization	Direct usage

**Advertising Expense**

Advertising costs are charged to operations when incurred. At June 30, 2021 and 2020, advertising costs totaled \$19,293 and \$15,118, respectively.

**Income Taxes**

The Organization is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of the California Revenue and Taxation Statute. However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. As a matter of course, various taxing authorities, including the Internal Revenue Service, have the authority to regularly audit the Organization. There were no tax years open to examination by major tax jurisdictions as of June 30, 2021. Management believes that the Organization's tax positions comply with applicable tax law and has adequately provided for these matters. Further, there are no income tax related penalties and interest included in these financial statements.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**Grantor Concentration**

The Organization economically depends on the government sector. A grantor is considered to be a major grantor if grant income from that grantor exceeds 10% of total grant income of the Organization. At June 30, 2021, one grantor accounted for 89% of the Organization's gross grants receivable and 98% of the Organization's grant income. At June 30, 2020, one grantor accounted for 95% of the Organization's gross grant receivable and 90% of the Organization's grant income.

The Organization has adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of any unrelated business income attributable to the Organization.

**Use of Estimates**

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 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.

**Comparative Data**

The financial statements include prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

**Recent Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). Under ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

ASU 2016-02 is effective for fiscal year ending after June 30, 2023. The Organization is in the process of assessing the potential impact of the ASU on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which is effective for the Organization's fiscal year ending after June 30, 2022, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization does not expect this ASU to have a significant impact on the financial statements.

In August 2018, the FASB issued ASU 2018-13, *Changes to the Disclosure Requirements for Fair Value Measurement* (Topic 820) which improved the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies and adds certain disclosure requirements. The adoption of this ASU did not have a significant impact on the financial statements.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**Risk of Uncertainties**

Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Reclassification**

The financial statements for the year ended June 30, 2020, contain certain reclassifications, which have no effect on changes in net assets, to conform to current period presentation for the year ended June 30, 2021.

**Subsequent Events**

The Organization evaluated subsequent events through October 27, 2021, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**2. AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year end		
Cash and cash equivalents	\$ 948,385	\$ 1,547,094
Accounts receivable	537,769	603,339
Investments	8,788,455	570
Charitable remainder trusts	265,834	219,894
Endowment	816,673	631,297
Contributions receivable	<u>115,000</u>	<u>226,137</u>
Total financial assets	<u>11,472,116</u>	<u>3,228,331</u>
Less: Amounts not available to be used within one year		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(814,820)	(615,154)
Subject to appropriation and satisfaction of donor restrictions	<u>(816,673)</u>	<u>(631,297)</u>
	<u>(1,631,493)</u>	<u>(1,246,451)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 9,840,623</u>	<u>\$ 1,981,880</u>

The Organization receives contributions and promises to give which are restricted by donors for program use. Management of liquidity and reserves is conducted under three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As part of the liquidity plan, excess cash is currently invested in short-term investments, such as money market accounts, when possible. The Organization forecasts its future cash flows, and monitors liquidity bi-monthly and monitors reserves annually during the budget review.



**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**3. FAIR VALUE MEASUREMENTS**

The carrying value of financial instruments in the financial statements approximates fair value.

For fair value measurements of financial assets and financial liabilities, and for fair value measurements of non-financial items that are recognized and disclosed at fair value in the financial statements on a recurring basis, the Organization has adopted GAAP standards that define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GAAP establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

*Level 1* - Fair values are based on quoted prices in active markets for identical assets and liabilities. The Organization's level 1 assets include institutional mutual funds, endowment, both equity and fixed income and charitable remainder trust.

*Level 2* - Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset. The Organization has no level 2 assets.

*Level 3* - Fair values are calculated using pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data. The Organization has no level 3 assets.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering from sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

*Money Market and Mutual Funds:* Valued at the daily closing price as reported by the fund. These funds held by the Organization are open-ended that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. These funds held by the Organization are deemed to be actively traded.

The Charitable Remainder Trusts consist of equities and fixed income securities.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

	<b>2021</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Investments				
Money market funds	\$ 95,812	\$ -	\$ -	\$ 95,812
Mutual funds	8,692,643	-	-	8,692,643
	<u>8,788,455</u>	<u>-</u>	<u>-</u>	<u>8,788,455</u>
Endowment				
Cash and cash equivalents	526,185			526,185
Equities and mutual funds	290,488	-	-	290,488
	<u>816,673</u>	<u>-</u>	<u>-</u>	<u>816,673</u>
Charitable remainder trusts	<u>265,834</u>	<u>-</u>	<u>-</u>	<u>265,834</u>
	<u>\$ 9,870,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,870,962</u>
	<b>2020</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Investments				
Mutual funds	\$ 570	\$ -	\$ -	\$ 570
	<u>570</u>	<u>-</u>	<u>-</u>	<u>570</u>
Endowment				
Money market funds	426,133			426,133
Equities and mutual funds	205,164	-	-	205,164
	<u>631,297</u>	<u>-</u>	<u>-</u>	<u>631,297</u>
Charitable remainder trusts	<u>219,894</u>	<u>-</u>	<u>-</u>	<u>219,894</u>
	<u>\$ 851,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,761</u>

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**4. CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using the three-year U.S. Treasury note rate applicable in the year in which the promise was made. Management believes that all contributions receivable are fully collectible.

Contributions receivable are the following unconditional promises to give at June 30:

	<u>2021</u>	<u>2020</u>
Amounts due in		
Less than one year	\$ 115,000	\$ 115,000
One to five years	<u>-</u>	<u>115,000</u>
Total promises to give	115,000	230,000
Unamortized discount	<u>-</u>	<u>(3,863)</u>
Net contributions receivable	<u>\$ 115,000</u>	<u>\$ 226,137</u>

**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 245,396	\$ 245,396
Buildings and improvements	1,790,320	1,790,320
Equipment and furniture	134,990	134,990
Vehicles	<u>63,429</u>	<u>63,428</u>
	2,234,135	2,234,134
Less: Accumulated depreciation	<u>(1,066,475)</u>	<u>(1,008,119)</u>
	<u>\$ 1,167,660</u>	<u>\$ 1,226,015</u>

Depreciation expense totaled \$58,355 and \$63,307 for fiscal years ended June 30, 2021 and 2020, respectively.

**6. ENDOWMENT**

In 2008, the Organization adopted Accounting Standards Codification (“ASC”) 958-205 (formerly FASB Staff Position No. FAS 117-1), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act [UPMIFA] and Enhanced Disclosures for All Endowment Funds* (the “FSP”). A key component of the FSP is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

The FSP provides guidance with respect to the accounting for donor-restricted endowment funds subject to UPMIFA, which the State of California has enacted. In addition, the FSP requires expanded disclosures for all endowment funds. The Board of Directors of the Organization has interpreted the FSP as requiring the preservation of the purchasing power of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of the gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) the net income (loss) on endowment investments. In accordance with the FSP, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Changes in endowment net assets for the year ended June 30, 2021:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, July 1, 2020	\$ -	\$ 631,297	\$ 631,297
Investment income	-	85,376	85,376
Contributions	-	100,000	100,000
Endowment net assets, June 30, 2021	<u>\$ -</u>	<u>\$ 816,673</u>	<u>\$ 816,673</u>

Changes in endowment net assets for the year ended June 30, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, July 1, 2019	\$ -	\$ 513,884	\$ 513,884
Investment income	-	7,413	7,413
Contributions	-	494,625	494,625
Appropriation of endowment for operations	384,625	(384,625)	-
Expenditure of appropriated funds	<u>(384,625)</u>	<u>-</u>	<u>(384,625)</u>
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 631,297</u>	<u>\$ 631,297</u>

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that provide a stream of funding for the operation and maintenance of the Florence Sylvester Memorial Senior Center, while maintaining the purchasing power of the endowment assets. Under these policies, the portfolio is to be invested with 1/3 in short-term, very liquid assets and 2/3 in low risk, conservative stocks and bonds. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 4% to 5% annually.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Organization's investment policy includes an endowment spending rate of 5% of the endowment funds' market value over a rolling two calendar year average. This spending rate constitutes the Board's annual appropriation for spending endowment earnings. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through investment returns.

**Underwater Endowment**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors. At June 30, 2021 and 2020, no funds with deficiencies were reported in net assets with donor restrictions.

The Organization did not withdraw from the endowment during the fiscal year ended June 30, 2021. The Organization received an infusion of funding as a result of COVID-19 which allowed it to restore the principal balance of the fund from the original gift amount. The amount contributed to the endowment totaled \$100,000 during the fiscal year ended June 30, 2021.

**7. ACCRUED EXPENSES**

Accrued expenses are summarized as follows June 30:

	<u>2021</u>	<u>2020</u>
Salaries and benefits	\$ 103,529	\$ 161,197
Compensated absences	115,456	104,683
Deferred rent	31,682	40,436
Long-term accrued expenses	-	54,000
	<u>\$ 250,667</u>	<u>\$ 360,316</u>

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**8. LONG-TERM DEBT**

Long-term debt is summarized as follows at June 30:

	<u>2021</u>	<u>2020</u>
3.85% secured note payable, payable in monthly installments of \$10,454, with payments starting in May 2021 through April 2031.	\$ 1,991,913	\$ -
8% secured note payable, payable in monthly interest only installments of \$10,000, with payments starting in August 2019 through June 2021. The principal is due in July 2021.	-	1,500,000
Paycheck Protection Program loan (see Note 14)	-	499,800
	1,991,913	1,999,800
Less: Current portion	(45,421)	(1,754,801)
Less: Unamortized deferred loan costs	(27,346)	(10,907)
	<u>\$ 1,919,146</u>	<u>\$ 234,092</u>

The maturities of long-term debt are as follows at June 30:

2022	\$ 45,421
2023	51,410
2024	53,425
2025	55,518
2026	57,964
Thereafter	<u>1,728,175</u>
	<u>\$ 1,991,913</u>

**9. RETIREMENT PLANS**

The Organization has a retirement plan formed under section 401(k) of the Internal Revenue Code. Under the provisions of the Plan, employees may make voluntary contributions from their salary up to the maximum amount allowed by the Internal Revenue Code. The Organization matches 50% of these contributions that do not exceed 6.0% of salary. Effective May 1, 2019, the Organization suspended matching contributions. For the years ended June 30, 2021 and 2020, the Organization had not made any matching contributions.

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**10. LEASE COMMITMENTS**

**Operating Lease**

The Organization leases its corporate office facilities, set to expire on November 30, 2023. The monthly lease payments increase on an annual basis and range from \$6,872 to \$7,735. The Organization leases equipment, set to expire September 30, 2023. The monthly lease payments are \$1,000 for the term of the lease. Future minimum lease payments under noncancelable operating leases as of June 30, 2021 are as follows:

	<u>Building</u>
2022	\$ 86,852
2023	89,458
2024	<u>37,998</u>
	<u>\$ 214,308</u>
	<u>Equipment</u>
2022	\$ 12,000
2023	12,000
2024	<u>3,000</u>
	<u>\$ 27,000</u>

Rent expense totaled \$79,107 and \$174,502 for the years ended June 30, 2021 and 2020, respectively.

**11. NET ASSETS**

Net assets with donor restrictions were released from restriction for the following purposes or periods at June 30:

	<u>2021</u>	<u>2020</u>
Expenditure for a specified purpose		
Home delivered meals	\$ 183,783	\$ 96,196
	<u>183,783</u>	<u>96,196</u>
Expiration of time restrictions		
Payments received from contributions receivable	<u>115,000</u>	<u>115,000</u>
Repayment from donor endowment and subsequent satisfaction of any related donor restrictions	<u>(100,000)</u>	<u>(110,000)</u>
	<u>\$ 198,783</u>	<u>\$ 101,196</u>

**Age Well Senior Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specified purpose		
Senior centers	\$ 102,949	\$ -
Nutrition program	298,773	169,123
Case management	<u>32,264</u>	<u>-</u>
	<u>433,986</u>	<u>169,123</u>
Time restrictions		
Charitable remainder trusts	265,834	219,894
Contributions receivable	<u>115,000</u>	<u>226,137</u>
	<u>380,834</u>	<u>446,031</u>
Subject to Organization's spending policy and appropriation		
Investment in perpetuity, which, once appropriated, is expendable to support		
Florence Sylvester Senior Center	<u>816,673</u>	<u>631,297</u>
	<u>\$ 1,631,493</u>	<u>\$ 1,246,451</u>

**12. LITIGATION**

The Organization may be subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of the Organization's management and its counsel, there are no matters which could have a material effect on the accompanying financial statements.

**13. LINE OF CREDIT**

The Organization had available a revolving line of credit with a bank for \$500,000. The line of credit expires in August 2021, unless extended. Borrowings under the line of credit bear interest at the greater of a floating rate equal to the Index plus 0.500% (the "Index Rate"), or the Floor Rate of 4.250%. All borrowings were collateralized by substantially all assets of the Organization. The Organization closed the line of credit during the fiscal year ended June 30, 2021.

The Organization has available a revolving line of credit with a bank for \$750,000. The line of credit expires in March 2031, unless extended. Borrowings under the line of credit bear interest at 4.00%. All borrowings are collateralized by substantially all assets of the Organization. There was no outstanding balance on the line of credit at June 30, 2021. Borrowings under the line of credit are subject to maintaining a minimum cash balance. As of June 30, 2021, the Organization is in compliance with all covenants.

**14. PAYCHECK PROTECTION PROGRAM**

On April 2020, the Organization issued an unsecured promissory note (the "PPP Loan") for \$499,800 through programs established under the CARES Act and administered by the U.S. Small Business Administration (the "SBA"). The PPP Loan was guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within a defined period, and otherwise satisfied PPP requirements. On March 2021, the Organization was informed that its application for forgiveness of \$499,800 of the PPP Loan was approved. Accordingly, the Organization recorded it as forgiveness of debt in the accompanying statement of activities.



**SUPPLEMENTARY INFORMATION**  
**FEDERALLY ASSISTED PROGRAMS**

**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
Age Well Senior 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 Age Well Senior Services, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, cash flows, and functional expenses for the year then ended and the related notes to the financial statements and have issued our report thereon dated October 27, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

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



October 27, 2021

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
Age Well Senior Services, Inc.:

#### **Report on Compliance for Each Major Federal Program**

We have audited Age Well Senior Services, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization'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* ("CFR") 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 the Organization'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 Organization's compliance.

### Opinion on Each Major Federal Program

In our opinion, the Organization 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 June 30, 2021.

### Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 Organization'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.

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.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, professional style.

October 27, 2021

**Age Well Senior Services, Inc.**  
**Schedule of Expenditures of Federal Awards and**  
**Selected State and County Awards**  
**Year Ended June 30, 2021**

Federal Grant / Pass-Through Grantor / Program	CFDA #	Expenditures	
		Federal	State*
<u>U.S. Department of Health and Human Services</u>			
Elderly Nutrition Program Services			
Passed through County of Orange Area Agency on Aging:			
C-1 (Congregate Meals)	NSIP	93.053 \$ 62,446	\$ -
C-2 (Home-Delivered Meals)	NSIP	93.053 172,474	-
		<u>234,920</u>	<u>-</u>
Passed through County of Orange Area Agency on Aging:			
B - (Case Management)	Title III, Part B	93.044 84,153	-
B - (In-Home Services)	Title III, Part B	93.044 72,933	-
B - (Transportation)	Title III, Part B	93.044 89,391	-
		<u>246,477</u>	<u>-</u>
Passed through County of Orange Area Agency on Aging:			
C-1 (Congregate Meals)	Title III, Part C	93.045 636,059	144,347
C-2 (Home-Delivered Meals)	Title III, Part C	93.045 373,816	234,503
		<u>1,009,875</u>	<u>378,850</u>
Special Programs for the Aging			
Passed through County of Orange Area Agency on Aging:			
B - CARES (Case Management)	Title III, Part B	93.044 15,484	-
B - CARES (In-Home Services)	Title III, Part B	93.044 39,016	-
		<u>54,500</u>	<u>-</u>
Passed through County of Orange Area Agency on Aging:			
C-1 FFCRA (Congregate Meals)	Title III, Part C	93.045 89,643	-
C-2 CARES (Home-Delivered Meals)	Title III, Part C	93.045 391,699	-
C-2 FFCRA (Home-Delivered Meals)	Title III, Part C	93.045 250,100	-
		<u>731,442</u>	<u>-</u>
Total U.S. Department of Health and Human Services		<u>2,277,214</u>	<u>378,850</u>
<u>U.S. Department of Homeland Security</u>			
Great Plates Delivered Program Services			
Passed through County of Orange Area Agency on Aging:		97.036 15,604,970	3,901,243
Total U.S. Department of Homeland Security		<u>15,604,970</u>	<u>3,901,243</u>
<u>U.S. Department of Treasury</u>			
Coronavirus Aid, Relief and Economic Security Act			
Passed through County of Orange Area Agency on Aging:			
Nutrition Gap Program		21.019 64,300	-
Passed through County of Orange Healthcare Agency:			
COVID-19 Meals Delivery Service		21.019 91,146	-
Total U.S. Department of Treasury		<u>155,446</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant			
Passed through:			
City of Rancho Santa Margarita		14.218 47,024	-
City of Mission Viejo		14.218 35,040	-
City of San Clemente		14.218 40,000	-
City of Laguna Niguel		14.218 10,000	-
City of Lake Forest		14.218 7,500	-
City of Newport Beach		14.218 30,000	-
Total U.S. Department of Housing and Urban Development		<u>169,564</u>	<u>-</u>
GRAND TOTALS		<u>\$ 18,207,194</u>	<u>\$ 4,280,093</u>

\* State matching funds are shown for memo purposes only

See accompanying Notes to Schedule of Expenditures of Federal Awards and Selected Stated and County Awards.

**Age Well Senior Services, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards and**  
**Selected State and County Awards**  
**Year Ended June 30, 2021**

---

**1. GENERAL INFORMATION**

The accompanying schedule of expenditures of federal awards and selected state and county awards presents the activity of federal, selected state and county award programs of Age Well Senior Services, Inc. (the "Organization"), and therefore, does not present the financial position of results of operations of the Organization.

**2. BASIS OF PRESENTATION**

The information in this schedule is presented under the accrual basis of accounting. Under the accrual basis of accounting, expenditures reported include any property or equipment acquisitions incurred under the award programs in the fiscal year.

**3. CONTINGENCIES**

Under the terms of federal, state and county grants, additional audits may be requested by the grantor agencies, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

**4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal, state, and county award expenditures are reported on the statement of functional expenses as program services and management and general. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of federal, state, and county awards due to program expenditures exceeding grant or contract budget limitations which are not included as federal, state, and county awards and differences between generally accepted accounting principles and applicable government regulations regarding eligible program expenditures.

**5. INDIRECT COST RATE**

Age Well Senior Services, Inc. does not receive any federal indirect costs.

**6. SUBRECIPIENT MONITORING**

Age Well Senior Services, Inc. did not pass through any federal awards to subrecipients during the year ended June 30, 2021.

**Age Well Senior Services, Inc.  
 Summary of Findings and Questioned Costs  
 Year Ended June 30, 2021**

---

**Section 1 – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting: <i>Material weaknesses</i> identified?	No
Control deficiencies identified that are not considered to be <i>material weaknesses</i> ?	None reported
Noncompliance material to financial statements noted?	No

**Federal, State and City Awards**

Internal control over major programs: <i>Material weaknesses</i> identified?	No
Control deficiencies identified that are not considered to be <i>material weaknesses</i> ?	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 200.516(a) of Uniform Guidance?	No

The following federal program was designated as a major program:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
97.036	Great Plates Delivered Program Services (Disaster Grants)

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section 2 – Financial Statement Findings**

None reported.

**Section 3 – Federal, State and City Award Findings and Questioned Costs**

None reported.

**Section 4 – Follow Up Prior Year Audit Findings**

None reported.