

MISSOULA AGING SERVICES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020



MISSOULA AGING SERVICES

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of net position	5
Consolidated statements of revenues, expenses and changes in net position	6
Consolidated statements of functional revenues and expenses	7 - 8
Consolidated statements of cash flows	9
Notes to consolidated financial statements	10 - 23
SINGLE AUDIT SECTION	
Schedule of expenditures of federal awards	24 - 25
Notes to schedule of expenditures of federal awards	26
ADDITIONAL REPORTS	
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	27 - 28
Independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	29 - 30
Schedule of findings and questioned costs	31 - 32



INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Missoula Aging Services
Missoula, Montana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Missoula Aging Services (a nonprofit organization), which comprise the consolidated statements of net position as of June 30, 2021 and 2020, and the related consolidated statements of revenues, expenses, and changes in net position, functional revenues and expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Missoula Aging Services, as of June 30, 2021 and 2020, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the omission of this information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 November 15, 2021, on our consideration of Missoula Aging Services' 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 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 Missoula Aging Services' 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 Missoula Aging Services' internal control over financial reporting and compliance.

Junkermier, Clark, Campanella, Stevens, P.C.

Missoula, Montana
November 15, 2021

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
CONSOLIDATED STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,718,014	\$ 1,458,959
Receivables	902,830	932,787
Prepaid expenses and other current assets	-	28
Agency funds	1,733,160	1,475,763
Total Current Assets	4,354,004	3,867,537
Investments	2,961,346	2,317,890
Capital Assets		
Land, property and equipment	2,395,666	2,317,813
Accumulated depreciation	(1,199,567)	(1,153,412)
Net Capital Assets	1,196,099	1,164,401
Total Assets	\$ 8,511,449	\$ 7,349,828
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 387,321	\$ 284,010
Accrued payroll liabilities	321,675	297,132
Unearned revenue	7,500	40,803
Agency funds payable	1,733,160	1,475,763
Total Current Liabilities	2,449,656	2,097,708
Net Position		
Net position without donor restriction		
Net investment in capital assets	1,196,099	1,164,401
Board designated	665,362	557,359
Undesignated	2,722,147	2,268,457
Total net position without donor restriction	4,583,608	3,990,217
Net position with donor restriction - expendable	726,082	538,840
Net position with donor restriction - nonexpendable	752,103	723,063
Total Net Position	6,061,793	5,252,120
Total Liabilities and Net Position	\$ 8,511,449	\$ 7,349,828

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET
POSITION
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue		
Grants		
Federal	\$ 2,117,019	\$ 1,525,071
State of Montana	617,460	614,659
Missoula County	831,897	782,999
City of Missoula	<u>255,955</u>	<u>239,663</u>
Total Grants	<u>3,822,331</u>	<u>3,162,392</u>
Contributions		
Program	926,605	943,217
Donated services and materials	<u>9,480</u>	<u>53,773</u>
Total Contributions	<u>936,085</u>	<u>996,990</u>
Other		
Fund development	1,175,297	892,466
Investment income	<u>439,628</u>	<u>100,636</u>
Total Other	<u>1,614,925</u>	<u>993,102</u>
Total Revenues	6,373,341	5,152,484
Expenses		
Program		
Community programs	2,242,263	1,968,211
In-home services	810,325	653,935
Resource center	870,496	682,844
RCCOA pass through	649,234	542,333
406 Financial Services	<u>213,959</u>	<u>204,283</u>
Total Program	<u>4,786,277</u>	<u>4,051,606</u>
Supportive		
General and administrative	583,911	730,483
Fundraising	<u>193,480</u>	<u>231,566</u>
Total Supportive	<u>777,391</u>	<u>962,049</u>
Total Expenses	<u>5,563,668</u>	<u>5,013,655</u>
Change in Net Position	809,673	138,829
Net Position at Beginning of the Year	<u>5,252,120</u>	<u>5,113,291</u>
Net Position at End of the Year	<u>\$ 6,061,793</u>	<u>\$ 5,252,120</u>

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
June 30, 2021

	General & Administrative	Fundraising	Endowment	RCCOA Pass Through	406 Financial Services	In-Home Services	Resource	Nutrition	SMP	Senior Corp	Total 2021
Revenue											
Older Americans' Act	\$ 119,401	\$ -	\$ -	\$ 418,677	\$ -	\$ 53,913	\$ 226,408	\$ 528,551	\$ -	\$ -	\$ 1,346,950
Federal Grants	-	-	-	26,398	-	31,684	44,873	26,178	254,681	-	383,814
Corp. for National Svc	-	-	-	-	-	-	-	-	-	386,255	386,255
State of Montana	65,247	-	-	204,159	-	-	228,390	119,664	-	-	617,460
Missoula County	140,085	-	-	-	-	138,461	104,944	292,635	-	155,772	831,897
City Funding	60,714	-	-	-	-	4,961	128,780	27,787	-	33,713	255,955
Program Revenue	5,591	-	-	-	164,922	655,110	16,694	76,739	-	7,548	926,604
Endowment Gifts	-	-	28,924	-	-	-	-	-	-	-	28,924
Fund Development	43,316	193,480	-	-	1,801	153,307	184,605	565,643	-	4,223	1,146,375
Investment Income	144,364	-	295,245	-	-	18	-	-	-	-	439,627
In-Kind	-	-	-	-	-	336	5,136	4,008	-	-	9,480
Total Revenue	578,718	193,480	324,169	649,234	166,723	1,037,790	939,830	1,641,205	254,681	587,511	6,373,341
Expenses											
Wage & Benefits	373,227	121,754	-	-	194,592	694,437	736,295	332,020	108,844	320,621	2,881,790
Operations Expense	64,372	57,563	-	-	10,970	50,662	38,776	12,921	34,380	15,399	285,043
Occupancy Expense	34,073	5,289	-	-	2,138	11,335	23,458	8,320	2,332	8,988	95,933
Specific Assistance	1,221	-	-	-	-	149	-	760,742	-	150,998	913,110
Program Expense	27,948	628	-	649,234	5,962	16,308	19,663	20,631	31	3,299	743,704
Professional Services	24,776	-	-	-	-	16,963	6,138	-	-	-	47,877
Contracts, Grants & Awards	-	-	-	-	-	-	14,000	323,513	106,880	-	444,393
Travel & Training Expense	1,201	6	-	-	297	5,915	869	1,997	302	378	10,965
In-Kind Donations	-	-	-	-	-	336	5,136	4,008	-	-	9,480
Fundraising Expense	-	3,308	-	-	-	-	-	1,426	-	-	4,734
Capital Costs	30,798	851	-	-	-	5,473	8,058	685	232	8,159	54,256
Total expenses before depreciation	557,616	189,399	-	649,234	213,959	801,578	852,393	1,466,263	253,001	507,842	5,491,285
Depreciation	26,295	4,081	-	-	-	8,747	18,103	6,420	1,800	6,937	72,383
Total Expenses	583,911	193,480	-	649,234	213,959	810,325	870,496	1,472,683	254,801	514,779	5,563,668
Change in net position	\$ (5,193)	\$ -	\$ 324,169	\$ -	\$ (47,236)	\$ 227,465	\$ 69,334	\$ 168,522	\$ (120)	\$ 72,732	\$ 809,673

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
June 30, 2020

	General & Administrative	Fundraising	Endowment	RCCOA Pass Through	406 Financial Services	In-Home Services	Resource	Nutrition	SMP	Senior Corp	Total 2020
Revenue											
Older Americans' Act	\$ 42,164	\$ -	\$ -	\$ 326,833	\$ -	\$ 60,378	\$ 106,552	\$ 329,996	\$ -	\$ -	\$ 865,923
Federal Grants	26,065	-	-	-	-	-	44,308	32,367	209,650	-	312,390
Corp. for National Svc	-	-	-	-	-	-	-	-	-	346,758	346,758
State of Montana	30,624	-	-	215,500	-	44,543	204,328	119,664	-	-	614,659
Missoula County	225,455	-	-	-	-	39,196	151,167	228,829	-	138,353	783,000
City Funding	61,495	-	-	-	-	-	120,583	26,018	-	31,567	239,663
Program Revenue	-	-	-	-	117,465	666,341	19,056	116,277	-	24,078	943,217
Endowment Gifts	-	-	26,001	-	-	-	-	-	-	-	26,001
Fund Development	293,412	231,566	-	-	-	101,721	24,698	211,006	250	3,811	866,464
Investment Income	29,395	-	71,241	-	-	-	-	-	-	-	100,636
In-Kind	-	-	-	-	-	26,535	20,782	6,456	-	-	53,773
Total Revenue	708,610	231,566	97,242	542,333	117,465	938,714	691,474	1,070,613	209,900	544,567	5,152,484
Expenses											
Wage & Benefits	529,360	134,929	-	-	183,894	536,152	566,560	318,109	86,872	309,122	2,664,998
Operations Expense	30,514	71,744	-	-	3,990	30,320	21,418	30,708	28,270	13,786	230,750
Occupancy Expense	48,181	2,311	-	-	2,441	4,953	10,375	3,741	1,019	4,307	77,328
Specific Assistance	682	-	-	-	-	9,691	13	607,356	-	181,374	799,116
Program Expense	11,188	743	-	-	10,612	4,280	8,506	18,194	411	7,146	61,080
Professional Services	32,022	6,694	-	-	-	10,913	11,576	12,693	4,276	7,297	85,471
Contracts, Grants & Awards	11,990	-	-	542,333	-	10,000	14,000	218,903	84,487	-	881,713
Travel & Training Expense	11,459	191	-	-	895	9,617	7,030	2,545	1,778	2,142	35,657
In-Kind Donations	-	-	-	-	-	26,535	20,782	6,456	-	-	53,773
Fundraising Expense	-	7,307	-	-	-	-	-	-	-	-	7,307
Capital Costs	6,718	5,327	-	-	-	6,502	12,169	966	1,515	5,636	38,833
Total expenses before depreciation	682,114	229,246	-	542,333	201,832	648,963	672,429	1,219,671	208,628	530,810	4,936,026
Depreciation	48,369	2,320	-	-	2,451	4,972	10,415	3,755	1,023	4,324	77,629
Total Expenses	730,483	231,566	-	542,333	204,283	653,935	682,844	1,223,426	209,651	535,134	5,013,655
Change in net position	\$ (21,873)	\$ -	\$ 97,242	\$ -	\$ (86,818)	\$ 284,779	\$ 8,630	\$ (152,813)	\$ 249	\$ 9,433	\$ 138,829

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Receipts from grants	\$ 3,800,230	\$ 2,993,302
Receipts from donors	1,181,309	886,454
Receipts from others	983,981	1,040,728
Payments to suppliers	(2,291,789)	(1,989,409)
Payments to employees	(2,979,262)	(2,745,564)
Payments to others	<u>(92,351)</u>	<u>(103,865)</u>
Net cash flows from operating activities	<u>602,118</u>	<u>81,646</u>
 Cash Flows From Investing Activities		
Purchases of property and equipment	(104,083)	(11,846)
Investment purchases and reinvestments	<u>(238,980)</u>	<u>(93,348)</u>
Net cash flows from investing activities	<u>(343,063)</u>	<u>(105,194)</u>
 Net change in cash and cash equivalents	259,055	(23,548)
 Cash and cash equivalents at beginning of year	<u>1,458,959</u>	<u>1,482,507</u>
 Cash and cash equivalents at end of year	<u>\$ 1,718,014</u>	<u>\$ 1,458,959</u>
 Reconciliation of Change in Net Position to Net Cash Flows From Operating Activities		
Change in net position	\$ 809,673	\$ 138,829
Adjustments to reconcile change in net position to net cash flows from operating activities:		
Depreciation	72,384	77,629
Unrealized gain on investments	(404,475)	(41,889)
Bad debt expense	-	2,265
Changes in assets and liabilities:		
Receivables	29,957	(233,179)
Prepaid expenses and other current assets	28	244
Accounts payable	103,311	47,949
Accrued leave and expenses	24,543	48,995
Unearned revenue	<u>(33,303)</u>	<u>40,803</u>
Net cash flows from operating activities	<u>\$ 602,118</u>	<u>\$ 81,646</u>

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Organization

The Missoula Area Agency on Aging, Inc., doing business as Missoula Aging Services ("MAS"), is a governmental non-profit organization incorporated under the laws of Montana that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. 406 Financial Services, LLC is a wholly owned disregarded entity of MAS. Missoula Aging Services and 406 Financial Services, LLC are collectively referred to herein as the "Organization."

The Organization's Board of Directors is appointed, and may be removed at will, by the Board of County Commissioners of Missoula County. Missoula County appoints 14 board members. The Government Accounting Standards Board classifies organizations such as MAS and its subsidiary as "governmental non-profit organizations," because of the control over the Organization's governing board by the County. As a result of Missoula County appointing the Organization's board members, the Organization is considered a component unit of Missoula County.

Nature of Operations

MAS promotes the independence, dignity and health of older adults and those that care for them through advocacy, education, services and volunteer opportunities.

MAS is a multi-county, non-profit agency responsible for planning, coordinating, and delivering services which support the aging process. Programs for the elderly include nutrition and other programs under the Older Americans Act and programs for senior citizens administered by the Corporation for National and Community Service - Retired and Senior Volunteer Program (RSVP), Foster Grandparent, and Senior Companion Programs.

MAS received the majority of its revenue and support from federal, state and local grants, awards, and other support in 2021 and 2020. The loss of these grants or revenue could have a significant impact on operations.

406 Financial Services, LLC was established in January 2018 as a wholly owned limited liability company of Missoula Aging Services. 406 Financial Services, LLC acts as fiscal employer agent for the Veterans Directed Care Program by providing payroll services for veteran employers, contracts with Ravalli County Council on Aging to provide financial and accounting services, and provides money management services on a limited basis for older adults.

Principles of Consolidation

The consolidated financial statements include the accounts of MAS and its subsidiary, 406 Financial Services, LLC. All significant inter-company accounts and transactions have been eliminated upon consolidation.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation and Net Position

As a governmental non-profit, the Organization's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, and follow proprietary fund reporting. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). The Organization's consolidated financial statements are presented using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The consolidated statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position. The Organization follows the provisions of GASB Statement No. 29 and presents its consolidated financial statements according to the AICPA Not-for-Profit model. As a result, the Organization is required to report information regarding its financial information and activities according to the following categories:

Net position without donor restrictions represent net amounts that have been earned and expended according to contract restrictions and net amounts from general activities without donor restriction. Net position without donor restrictions include cash and fixed assets that are contractually designated for operations as of June 30, 2021 and 2020. The Organization had \$2,722,147 and \$2,268,457 net position without donor restrictions as of June 30, 2021 and 2020, respectively.

Net position with donor restrictions represent gifts for which donor-imposed restrictions have not been met and funds for which the ultimate purpose is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had \$1,478,185 and \$1,261,903 net position with donor restrictions as of June 30, 2021 and 2020, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization maintains various accounts at a local bank that are insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, certain bank accounts that are subjected to limited FDIC coverage exceed their insured limits. The Organization believes it is not exposed to any significant risk related to its cash balances.

Management of Liquid Resources

The Organization is primarily funded by grant revenues. Additional funding is obtained from program participants, investment earnings, and donations. Some of the Organization's funds are placed in an endowment with restrictions on use. These restrictions require the Organization to use resources in a certain manner or for future time periods. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As a result, the Organization must maintain adequate reserves. As part of the Organization's liquidity management, the financial assets are structured to be available as general expenditures, liabilities, and other obligations come due.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Receivables

The Organization uses the allowance method for uncollectible receivables. The collectability of an account is reviewed on a case by case basis. Accounts receivable are stated at unpaid balances less an allowance for uncollectible accounts. Accounts receivable, including donor promises to give, are considered impaired if payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts when management determines they are uncollectible. During the years ended June 30, 2021 and 2020, the Organization had no bad debt expense. Interest is not charged on accounts receivable. There were no significant amounts over 90 days past due at June 30, 2021 or 2020. Management estimates the allowance to be zero as of June 30, 2021 and 2020.

Agency Funds

406 Financial Services, LLC holds agency funds for the Veterans Directed Care Program and money management services. MAS holds agency funds for money management services. As a result, these funds created an asset and a corresponding liability of \$1,733,160 and \$1,475,763 as of June 30, 2021 and 2020, respectively. As of June 30, 2021, \$172,404 of agency funds were held for the Veterans Directed Care Program and \$1,554,815 were held in trust or conservatorship for individuals by 406 Financial Services, LLC. As of June 30, 2021, \$5,941 of representative payee funds were held for individuals by MAS in cash accounts. As of June 30, 2020, \$185,291 of funds were held for the Veterans Directed Care Program and \$1,290,472 were held in trust or conservatorship for individuals. As of June 30, 2020, no funds were held by MAS. Funds held for the Veterans Directed Care Program consist of cash accounts. Funds held in trust or conservatorship consist of investments measured at fair value using Level 1 inputs (quoted market prices in active markets for identical assets or liabilities).

Prepaid Expenses

Expenditures made in the current year for costs attributable to future years are recorded as prepaid expenses. These expenditures are recognized when used (consumption method).

Investments

Investments are recorded at fair value based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Interest, dividends, and realized and unrealized gains and losses are included in investment income.

Capital Assets

Capital assets consist of property and equipment and are stated at cost and depreciated on the straight-line method over estimated useful lives. Equipment is depreciated over estimated useful lives of 3 to 5 years. Building and building improvements are depreciated over 30 years. Repairs, maintenance, and purchases of minor equipment (equipment costing less than \$5,000) are not capitalized.

Accrued Leave

Employees earn paid leave based on years of service and may accumulate a maximum of 228 hours.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense totaled \$38,522 and \$45,551 for the years ended June 30, 2021 and 2020, respectively.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Grant revenue is recognized when earned, generally when related expenses are incurred. Unearned grant revenue and unearned program advances are reported as unearned revenues. Grant revenue from Missoula County is primarily from a three mill tax levy approved by the voters for Missoula County senior residents. All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net position with donor restriction and increase the respective class of net position. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restriction. Investment income that is limited to specific uses by donor restrictions is reported as increases in net position without donor restriction if the restrictions are met in the same reporting period as the income is recognized.

Donated Material and Services

Donated materials and services are recorded at fair market value. The value of contributed services, materials, and advertising meeting the requirements for recognition in the financial statements was \$9,480 and \$53,773 for the years ended June 30, 2021 and 2020, respectively. Donated items and time were given for the nutrition, volunteer service, in-home services, and Senior Medicare Patrol programs and also for administrative functions. These volunteers performed services such as explanation of benefit reconciliations and other specialized jobs. In addition, many individuals volunteer their time and skills to perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit, and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of net position.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been recorded in the accompanying financial statements as the Organization did not have any significant unrelated business income in 2021 and 2020. 406 Financial Services, LLC is treated as a disregarded entity of MAS for income tax purposes.

Use of Estimates

Preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expense. Accordingly, actual results could differ from those estimates.

**MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and activities are summarized on a functional basis in the statement of activities. The primary activity groups and their related purposes are summarized as follows:

Administrative Expenses - Expenses which allow the Organization to operate and provide services to clients, but are not directly attributable to client services.

Program Services - Expenses which are associated with the Organization's objectives and purpose.

Fundraising Expenses - Expenses for fundraising activities.

Specifically identifiable expenses are allocated to the program benefited. Non-specifically identifiable expenses that are allocated and the method of allocation are as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and fringe benefits	Time and effort
Rent and lease expense	Purpose and location
Supplies and office expense	Purpose
Utilities	Purpose
Depreciation expense	Time and location

Note 2. Program Services

Fiscal Year 2021 was unlike any other. It may forever be remembered as the first year of providing services during a pandemic. Our beneficiaries, supporters, and Organization were all profoundly impacted during this time. Some programs expanded to meet greater needs, new programs developed to meet new needs, some programs changed dramatically, as MAS closed its doors to the public for everyone's safety. Staff worked offsite to safely plan and continued to provide essential services to older adults in innovative ways, while following shelter-in-place orders.

Community Programs

Meals on Wheels serves housebound older adults and people with disabilities throughout all of Missoula County. Liquid Nutrition (Ensure®) is provided at cost. During the COVID-19 pandemic, food insecurity was a significant issue for older adults and people with disabilities. In addition, most of the community lunch programs held in Senior Centers in Missoula County (Missoula, Seeley Lake, and Condon) transitioned to "grab and go" lunches, while others closed for the entire year (Lolo and Frenchtown). A total of 176,880 home delivered meals were provided in fiscal year 2021 compared to 143,888 in fiscal year 2020.

Congregate Dining Programs (also known as Community Lunch Programs) provide older adults the opportunity to share weekday meals in a social atmosphere at the Missoula Senior Center. As a result of the pandemic the number of community lunches declined from 29,333 to 19,845 because only one site continued to offer the community lunch program, while other sites transitioned to "grab and go" lunches.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 2. Program Services (Continued)

Senior Farmers' Market Nutrition Program provides older adults who meet income guidelines with vouchers to purchase fresh, locally grown fruit and vegetables at local markets. In 2021, 278 seniors were served through this program with vouchers to local farmers. In 2020, 651 seniors were served through this program.

Montana SMP (Senior Medicare Patrol) funded by the Administration on Aging, is a statewide program which utilizes trained volunteers to help reduce Medicare and Medicaid waste, fraud and abuse. In 2021, 6,956 Medicare beneficiaries were educated by Montana SMP compared to 12,806 beneficiaries in 2020.

Retired and Senior Volunteer Program (RSVP) encourages volunteers aged 55 and older to use their skills and life experience to help service agencies address critical needs in their communities. RSVP volunteers serve up to twenty hours a week. These volunteers provide a wide variety of services such as tutoring children, serving at food banks and hospitals, all while promoting independence and dignity for older adults in the community.

Foster Grandparents Program offers volunteers aged 55 and older the opportunity to serve as mentors and provide extra support for children and youth with special needs. They provide, on average, 20 hours of service weekly to local schools and day care centers. This program strengthens the community and builds bridges across generations by providing the next generation with services that school budgets cannot afford.

Senior Companions are volunteers aged 55 and older who provide assistance and companionship to elderly individuals who are homebound and generally living alone. They offer contact with the outside world for our older neighbors who are isolated. They often provide the support that more vulnerable individuals need to live independently. They may provide respite care to relieve live-in caregivers for short periods of time.

In 2021, a new program, **Lifelong Connections**, enlisted volunteers to provide 65 and older adults the technology and training they need to access telehealth appointments and connect with the community.

406 Financial Services is a wholly owned limited liability company of Missoula Aging Services. Its purposes are threefold; 1) act as fiscal employer agent for the Veterans Directed Care Program by providing payroll services for veteran employers, 2) contract with Ravalli County Council on Aging to provide financial and accounting services, and 3) provide money management services on a limited basis for older adults in need of financial services through bill pay, organizational support, and trust management. During 2021, 253 veteran employers paid 487 PCA employees, compared to 242 veteran employers paid 385 PCA employees in 2020, to support their home care in 7 western Montana counties and the panhandle of Idaho.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 2. Program Services (Continued)

In-home Services

The Family Caregiver Support Program coordinates services designed to assist adult family members and other individuals who are informal providers of in-home care to older adults. Caregiver support may include any of the following: the placement of Senior Companion volunteers, Homemaker services to help with housekeeping, Respite care to provide caregivers temporary relief from caregiving responsibilities, the "Powerful Tools for Caregivers" class series to gives caregivers the tools needed to care for themselves while caring for someone else and Caregiver Support Groups which meet monthly via Zoom. The services all help develop the skills necessary to embrace the role of caregiver.

Veterans Directed Care Program empowers qualifying veterans to hire, employ and supervise Personal Care Attendants to help with daily needs in support of independence. Care Coordinators review program guidelines to assist with the development and implementation of care plans for the veteran that best support them meeting their personal goals. In 2021, 104 veterans were enrolled in the veterans' program compared to 123 veterans in 2020.

Care Management Program staff identify needs to address the social determinants of health and develop individual care plans for older adults with complex needs, including those transitioning from the hospital or a nursing facility back home. Staff worked with a total of 421 clients this year compared to 290 clients last year, and 90% of them report that Care Management helps them remain living independently at home.

Resource Center

The Resource Center provides information, assistance and one-on-one consultation for seniors and their caregivers and is especially helpful to adult children seeking referrals to senior services locally or from a distance. Information is available on topics such as long-term care, estate planning, Medicare, and Medicaid. A lender's library is also available, with free access to a computer and the internet. In 2021, \$749,684 was saved on Medicare prescription drug plans, homeowner/renter tax credits and Medicare Savings Plans, through staff consultations prior to the pandemic, compared to \$708,633 in 2020.

The Ombudsman Program protects the rights of residents living long-term care facilities by helping them understand and exercise their right to good care. Ombudsmen are impartial mediators who investigate resident concerns and provide information, suggest solutions and press for improvements on behalf of residents. In 2021, Ombudsman visited 2,322 residents in nursing homes and assisted living facilities compared to 4,630 residents in 2020.

Senior Transportation Program actively works on solutions to transportation issues and provides assistance to special transportation services via a contract with the city bus service. Mountain Line provides rides on their ADA paratransit service or shuttle van to those who are unable to drive. In 2021, approximately 30,466 rides to seniors and persons with disabilities were provided compared to 40,069 rides in 2020.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 3. Financial Assets

The following table reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to board, contractual, or donor imposed restrictions within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets as of June 30:		
Cash and cash equivalents	\$ 1,718,014	\$ 1,458,959
Receivables	902,830	932,787
Agency funds	1,733,160	1,475,763
Investments	<u>2,961,346</u>	<u>2,317,890</u>
Total financial assets	7,315,350	6,185,399
Less financial assets unavailable for general expenditures within one year:		
Agency funds	1,733,160	1,475,763
Receivables	891,699	903,685
Endowment funds	1,478,185	1,261,903
Board designated funds	<u>665,362</u>	<u>557,359</u>
Total financial assets unavailable for general expenditure within one year:	<u>4,768,406</u>	<u>4,198,710</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,546,944</u>	<u>\$ 1,986,689</u>

Note 4. Receivables

Receivables consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Grants	\$ 867,657	\$ 900,353
Contributions	-	6,012
Other	<u>35,173</u>	<u>26,422</u>
Total	<u>\$ 902,830</u>	<u>\$ 932,787</u>

Included in contributions are donor promises to give which have been made by donors but have not yet been received. The Organization considers donor promises to give to be fully collectible; accordingly, no allowance for uncollectible promises has been provided by management. All promises to give are due in less than one year and totaled zero and \$6,012 at June 30, 2021 and 2020, respectively.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 5. Investments

Investments are presented in the financial statements at fair value. Investments are maintained in custodial accounts with investment firms and are primarily composed of cash instruments and mutual funds at their listed prices (Level 1 inputs based on FASB ASC 820, *Fair Value Measurements and Disclosures*). A summary of the cost and fair value of investments follows at June 30:

	2021		
	Cost	Unrealized Gain (Loss)	Fair Value
Cash and money markets	\$ 112,992	\$ 4,372	\$ 117,364
Fixed income	478,952	697	479,649
Mutual funds	971,958	126,395	1,098,353
Equities	1,231,182	34,798	1,265,980
Total	\$ 2,795,084	\$ 166,262	\$ 2,961,346
	2020		
	Cost	Unrealized Gain (Loss)	Fair Value
Cash and money markets	\$ 117,198	\$ 342	\$ 117,540
Fixed income	490,000	976	490,976
Mutual funds	1,391,562	202,037	1,593,599
Equities	120,120	(4,345)	115,775
Total	\$ 2,118,880	\$ 199,010	\$ 2,317,890

The Organization has an investment policy approved by its board of directors utilizing guidance from the Internal Revenue Service and the prudent expert principle. The investment policy allows investments in cash, cash equivalents, certificates of deposit, and equity investments in mutual funds, corporate stocks and corporate bonds, providing the company is listed on a principal U.S. stock exchange or traded on NASDAQ. Bond investments require investment grade ratings with Standard and Poor's or Moody's. The Organization does not have significant custodial risk nor does the Organization believe it is exposed to any significant credit risk or interest rate risk.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year. Investment expenses are waived by the investment custodian. Components of investment income for the year ended June 30, 2021 and 2020 consist of the following:

	2021	2020
Interest income	\$ 35,153	\$ 58,747
Unrealized gains	404,475	41,889
Total	\$ 439,628	\$ 100,636

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 6. Endowment

Although the Organization follows GAAP as set forth by GASB, the following expanded disclosures are made regarding MAS' endowment. MAS' endowment consists of individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by GAAP, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

MAS's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, MAS classifies as net position with donor restriction - nonexpendable (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not classified as net position with donor restriction - nonexpendable is classified as net position with donor restrictions - expendable until those amounts are appropriated for expenditure by MAS in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, MAS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the organization
- 7) The investment policies of the organization

Return Objectives and Risk Parameters

MAS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that MAS must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve favorable returns when compared to inflation as measured by the Consumer Price Index (CPI). Actual returns in any given year may vary from this amount.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 6. Endowment (Continued)

Endowment Net Position

Changes in endowment net position is as follows:

	With Donor Restriction Expendable	With Donor Restriction Nonexpendable	Total
Endowment net position, June 30, 2019	\$ 481,887	\$ 697,100	\$ 1,178,987
Investment return			
Investment income	23,429	-	23,429
Net appreciation	33,524	-	33,524
Total	<u>56,953</u>	<u>-</u>	<u>56,953</u>
Contributions	<u>-</u>	<u>25,963</u>	<u>25,963</u>
Endowment net position, June 30, 2020	538,840	723,063	1,261,903
Investment return			
Investment income	13,033	-	13,033
Net appreciation	174,209	-	174,209
Total	<u>187,242</u>	<u>-</u>	<u>187,242</u>
Contributions	<u>-</u>	<u>29,040</u>	<u>29,040</u>
Endowment net position, June 30, 2021	<u>\$ 726,082</u>	<u>\$ 752,103</u>	<u>\$ 1,478,185</u>

The portion of perpetual endowment funds that is required to be retained in perpetuity either by explicit donor stipulation or by UPMIFA at June 30, 2021 and 2020 was \$752,103 and \$723,063, respectively. There were \$726,082 and \$538,840 expendable net position with donor restriction within the endowment fund that were subject to a time, but not purpose, restriction under UPMIFA at June 30, 2021 and 2020, respectively.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires MAS to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature reported in net position with donor restrictions as of June 30, 2021 and 2020.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, MAS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MAS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 6. Endowment (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

MAS has a policy where the organization may appropriate for distribution each year 5 percent of its endowment fund's average fair value over the prior 8 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, MAS considered the long-term expected return on its endowment. Accordingly, over the long term, MAS expects the current spending policy to allow its endowment to grow at an average consistent with inflation. This is consistent with MAS' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 7. Capital Assets

Changes in capital assets and accumulated depreciation is as follows for the year ended June 30, 2021:

	<u>2020</u>	<u>Additions</u>	<u>Removals</u>	<u>2021</u>
Capital asset not being depreciated:				
Land	\$ 132,000	\$ -	\$ -	\$ 132,000
Capital assets being depreciated:				
Buildings	2,045,871	104,083	-	2,149,954
Equipment	<u>139,942</u>	<u>-</u>	<u>(26,230)</u>	<u>113,712</u>
	2,185,813	104,083	(26,230)	2,263,666
Less accumulated depreciation	<u>(1,153,412)</u>	<u>(72,385)</u>	<u>(26,230)</u>	<u>(1,199,567)</u>
Net capital assets being depreciated	<u>\$ 1,032,401</u>	<u>\$ 31,698</u>	<u>\$ -</u>	<u>1,064,099</u>
Net capital assets				1,196,099
Less related debt				<u>-</u>
Net investment in capital assets				<u>\$ 1,196,099</u>

Changes in capital assets and accumulated depreciation is as follows for the year ended June 30, 2020:

	<u>2019</u>	<u>Additions</u>	<u>Removals</u>	<u>2020</u>
Capital asset not being depreciated:				
Land	\$ 132,000	\$ -	\$ -	\$ 132,000
Capital assets being depreciated:				
Buildings	2,034,025	11,846	-	2,045,871
Equipment	<u>139,942</u>	<u>-</u>	<u>-</u>	<u>139,942</u>
	2,173,967	11,846	-	2,185,813
Less accumulated depreciation	<u>(1,075,783)</u>	<u>(77,629)</u>	<u>-</u>	<u>(1,153,412)</u>
Net capital assets being depreciated	<u>\$ 1,098,184</u>	<u>\$ (65,783)</u>	<u>\$ -</u>	<u>1,032,401</u>
Net capital assets				1,164,401
Less related debt				<u>-</u>
Net investment in capital assets				<u>\$ 1,164,401</u>

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 8. Risk Management

The Organization faces a number of risks including (a) loss or damage to property, (b) general liability, (c) workers' compensation, and (d) employee medical insurance. There were no significant changes in how the Organization covered its risks in 2021 or 2020.

Commercial insurance policies are purchased for loss or damage to property, general liability, directors and officers liability, and medical insurance for excess costs for members of the Missoula Senior Service Corps program.

Workers' compensation insurance is purchased through the Missoula County Workers' Compensation Group Insurance Authority. The Organization is jointly and severally liable with other members of the plan for the full amount of any claims applicable to the plan.

The Organization provides medical insurance for employees through the Missoula County Employee Benefits Plan, the County's medical self-insurance program. Information about these plans, the amount of claims liabilities, changes in claims liability, amount of claims paid, operating results, and other information on the programs administered by Missoula County is available from the County at 200 West Broadway, Missoula, Montana 59802.

Note 9. Operating Leases

In January and March of 2019, the Organization entered into new lease agreements for copiers and fax machines. The agreement signed in January 2019 had a term of 48 months with minimum monthly payments of \$212. The agreement signed in March 2019 had a term of 60 months with minimum monthly payments of \$95. Total lease payments for these leases for the years ended June 30, 2021 and 2020, were \$3,684. Per these lease agreements, the Organization will also pay a monthly usage fee based off the volume of copies created on the machines.

Note 10. Contractual Commitments

The Organization contracts with other organizations to provide meals and other services under Title III of the Older Americans Act nutrition programs. The Organization also subcontracts with other Area Agencies on Aging and the Montana Senior Citizens Association for its statewide effort, SMP, a direct grant from the Administration on Aging. These contracts are renewed annually subject to the terms of MAS' grant funding.

Note 11. Retirement Plan

The Organization has a voluntary, tax sheltered annuity retirement plan under Section 403(b) of the Internal Revenue Code. The plan covers substantially all employees who have been employed one year and work at least one-half time. Section 403(b) plans are individual plans owned by each employee; in effect, contributions immediately vest with the employee. The Organization matches participant contributions up to 5-8% of the employee's compensation depending on the employee's years of service. Employees may contribute additional amounts as permitted by law. The amount contributed to the retirement plan by the Organization was \$94,684 and \$73,642 for the years ended June 30, 2021 and 2020, respectively.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 12. Related Parties

As described in Note 1, the Organization's Board of Directors is appointed, and may be removed at will, by the Board of County Commissioners of Missoula County. The County provides funds to the Organization from a tax levy under Montana Code Annotated (MCA) Section 7-16-101 totaling \$831,897 and \$782,999 in 2021 and 2020, respectively.

Note 13. Other Post-Employment Benefits

The Organization participates in the Missoula County Employee Benefits Plan, a self-insured multiple-employer plan, by providing medical insurance to its employees via this plan. Benefits are established and may be amended by Missoula County. The plan issues stand-alone financial statements which may be obtained from Missoula County Risks & Benefits, 200 West Broadway, Missoula, Montana 59802.

The Organization has reviewed the provisions of GASB Statement 75, "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions" (GASB 75). Because the health plan premium for retirees is not fully age adjusted to consider higher benefits costs for retired plan participants, an implicit rate subsidy is built into active employees' premiums which keep the retirees' portion lower. GASB 75 recognizes that active employees are actually earning this implicit rate subsidy currently and suggests that the related expense should be recognized when the subsidy is earned.

In complying with GASB 75, the Organization has estimated the value of the implicit rate subsidy for active employees. That estimation resulted in an immaterial amount, and therefore, no liability for post-employment benefits has been recorded.

Note 14. Subsequent Events

Management has evaluated subsequent events through November 15, 2021, the date which the consolidated financial statements were available to be issued. No additional disclosures were deemed necessary.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

<u>Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Total Expenditures</u>	<u>Passed Through to Subrecipient</u>
U.S. Department of Agriculture				
MT Department of Public Health and Human Services				
Commodities	10.570	21-221-13008-0	\$ 15,004	\$ -
Senior Farmers Market Nutrition Program	10.576	20-221-13024-0	<u>11,174</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>26,178</u>	<u>-</u>
U.S. Department of Health and Human Services				
Federally Administered				
Montana SMP Project	93.048	90MPPG0552-02-00	5,092	-
Montana SMP Project	93.048	90MPPG0552-03-00	<u>249,589</u>	<u>106,880</u>
Total			<u>254,681</u>	<u>106,880</u>
MT Department of Public Health & Human Services Administered				
Special Programs for the Aging, Title VII- Chapter 2				
Long Term Care Ombudsman Services for Older Individuals	93.042	20-221-13008-0 VII OMB	11,694	5,531
CARES Act	93.042	20-221-13008-0 VII OMB	<u>4,800</u>	<u>-</u>
Total			<u>16,494</u>	<u>5,531</u>
Special Programs for the Aging, Title III, Part D				
Disease Prevention and Health Promotion Services	93.043	21-221-13008-0 IIID	16,949	6,278
Aging Cluster				
Special Programs for the Aging, Title III, Part B				
Grants for Supportive Services and Senior Centers	93.044	21-221-13008-0 IIIB	191,025	96,125
CARES Act	93.044	21-221-13008-0 IIIB	98,722	-
Program Income	93.044		<u>15,715</u>	<u>-</u>
Total			<u>305,462</u>	<u>96,125</u>
Special Programs for the Aging, Title III, Part C				
Nutrition Services	93.045	21-221-13008-0 IIIC1	267,579	74,239
Nutrition Services	93.045	21-221-13008-0 IIIC2	171,985	146,541
CARES Act	93.045	21-221-13008-0 IIIC2	267,653	-
Program Income	93.045		<u>68,456</u>	<u>-</u>
Total			<u>775,673</u>	<u>220,780</u>
Nutrition Services Incentive Program				
Cash -in-lieu of Commodities	93.053	21-221-13008-0	<u>142,666</u>	<u>29,502</u>
Total Aging Cluster			<u>1,223,801</u>	<u>346,407</u>

See accompanying notes to the schedule of expenditures of federal awards.

**MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2021**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Total Expenditures</u>	<u>Passed Through to Subrecipient</u>
U.S. Department of Health and Human Services (Continued)				
MT Department of Public Health & Human Services Administered (Continued)				
National Family Caregiver Support	93.052	21-221-13008-0 IIIIE	\$ 110,583	\$ 60,461
CARES Act	93.052	21-221-13008-0 IIIIE	63,294	-
Program Income	93.052		<u>6,512</u>	<u>-</u>
Total			<u>180,389</u>	<u>60,461</u>
Center for Medicare and Medicaid Services				
Research, Demonstrations and Evaluations	93.779	21-221-13008-0 SHIP	54,547	20,203
Medicare Improvements for Patients and Providers Outreach				
Research, Demonstrations and Evaluations	93.071	21-221-13008-0 MIPPA	16,724	6,195
ACL-ADP-Alzheimers	93.470	90ADPI0059-01-00	<u>31,684</u>	<u>4,931</u>
Total U.S. Department of Health and Human Services			<u>1,795,269</u>	<u>556,886</u>
Corporation for National & Community Service				
Federally Administered				
Retired Senior Volunteer Program	94.002	18SRPMT006	87,198	-
Foster Grandparent Program	94.011	18SFPMT002	150,549	-
Senior Companion Program	94.016	18SCPMT001	<u>148,508</u>	<u>-</u>
Total Corporation for National & Community Service			<u>386,255</u>	<u>-</u>
U.S. Department of the Treasury				
Missoula County Administered				
Coronavirus Relief Fund	21.019		<u>80,173</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 2,287,875</u>	<u>\$ 556,886</u>

See accompanying notes to the schedule of expenditures of federal awards.

MISSOULA AGING SERVICES
A COMPONENT UNIT OF MISSOULA COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Note 1. Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Missoula Aging Services under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Missoula Aging Services, it is not intended to and does not present the consolidated financial position, changes in net position, or cash flows of Missoula Aging Services.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Programs

The Organization receives a significant portion of funding from the Department of Health and Human Services and the Corporation for National and Community Service. The major program for the year ended June 30, 2021, was the Aging Cluster comprised of CFDA numbers 93.044, 93.045, and 93.053.

Note 5. Subrecipients

Expenditures of federal awards presented in the above schedule include federal awards passed-through to subrecipients as follows:

<u>Program</u>	<u>CFDA Number</u>	<u>Amount to Subrecipient</u>
Special Programs for the Aging, Title III, Part D	93.043	\$ 6,278
Special Programs for the Aging, Title III, Part B	93.044	96,125
Special Programs for the Aging, Title III, Part C	93.045	220,780
Special Programs for the Aging, Title VII, Chapter 2	93.042	5,531
National Family Caregiver Support	93.052	60,461
Cash-in-lieu Commodities	93.053	29,502
Montana SMP Project	93.048	106,880
ACL-ADP-Alzheimers	93.470	4,931
Center for Medicare and Medicaid Services	93.779	20,203
Medicare Improvements for Patients and Providers Outreach	93.071	<u>6,195</u>
Total		<u>\$ 556,886</u>



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

Board of Directors and Management
Missoula Aging Services
Missoula, Montana

We have audited, in accordance with the 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 consolidated financial statements of Missoula Aging Services (a nonprofit organization), which comprise the consolidated statement of net position as of June 30, 2021, and the related consolidated statements of revenues, expenses and changes in net position, functional revenues and expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Missoula Aging Services' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Missoula Aging Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Missoula Aging Services' 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 Missoula Aging Services' consolidated 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 the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Junkermier, Clark, Campanella, Stevens, P.C.

Missoula, Montana
November 15, 2021



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

Board of Directors and Management
Missoula Aging Services
Missoula, Montana

Report on Compliance for Each Major Federal Program

We have audited Missoula Aging Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Missoula Aging Services' major federal programs for the year ended June 30, 2021. Missoula Aging Services' major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Missoula Aging Services' 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 Missoula Aging Services' 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 Missoula Aging Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Missoula Aging Services 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 Missoula Aging Services 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 Missoula Aging Services' 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 Missoula Aging Services' 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.

Junkermier, Clark, Campanella, Stevens, P.C.

Missoula, Montana
November 15, 2021

MISSOULA AGING SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

I. Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Missoula Aging Services were prepared in accordance with U.S. GAAP.
2. No material weaknesses or significant deficiencies relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Missoula Aging Services, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for Missoula Aging Services expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program included the following: U.S Department of Health and Human Services: Aging Cluster CFDA No. 93.044, 93.045, and 93.053.
8. The threshold for distinguishing Types A and B programs was \$750,000 in expenditures.
9. The Organization was determined to be a low-risk auditee.

**MISSOULA AGING SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021**

II. Findings - Consolidated Financial Statements Audit

No matters were reported.

III. Findings and Questioned Costs - Major Federal Award Programs

No matters were reported.

IV. Status of Prior Year Findings

2020-001 AGENCY FUNDS

Condition and Criteria: During the audit of the year ending June 30, 2020, we discovered that the Organization had failed to report funds that were held by the Organization as an agent including trust funds and representative payee accounts. This resulted in assets and liabilities being understated by \$1,475,763. Controls should be in place to determine when and how to record agency funds.

Current Status: The issue related to agency funds appears to be resolved as agency funds were correctly reported by the Organization during the audit of the year ending June 30, 2021.