

**Heritage Area Agency on Aging  
Cedar Rapids, Iowa**

**FINANCIAL REPORT**

**June 30, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Heritage Area Agency on Aging  
Cedar Rapids, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of Heritage Area Agency on Aging (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

## 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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022, on our consideration of Heritage Area Agency on Aging'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 Heritage Area Agency on Aging'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 Heritage Area Agency on Aging's internal control over financial reporting and compliance.



**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
March 24, 2022

**Heritage Area Agency on Aging  
STATEMENTS OF FINANCIAL POSITION**

		<b>June 30</b>	
		<b>2021</b>	<b>2020</b>
<b>ASSETS</b>			
Cash and cash equivalents		\$ 996,330	\$1,173,583
Amounts held by others		864,743	647,335
Grants receivable		319,323	250,325
Other receivables		-	6,965
Equipment, net		-	16,399
Total assets		<b>\$2,180,396</b>	<b>\$2,094,607</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable		\$ 243,039	\$ 789,150
Accrued expenses		111,698	130,934
Total liabilities		354,737	920,084
<b>NET ASSETS</b>			
Net assets without donor restrictions		960,916	527,188
Net assets with donor restrictions		864,743	647,335
Total net assets		1,825,659	1,174,523
Total liabilities and net assets		<b>\$2,180,396</b>	<b>\$2,094,607</b>

See Notes to Financial Statements.

**Heritage Area Agency on Aging  
STATEMENTS OF ACTIVITIES**

	<u>Year ended June 30, 2021</u>			<u>Year ended June 30, 2020</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>						
Grants						
Supportive services	\$1,138,009	\$ -	\$1,138,009	\$1,203,324	\$ -	\$1,203,324
Home delivered meals	2,220,617	-	2,220,617	2,523,554	-	2,523,554
Congregate meals	589,793	-	589,793	716,804	-	716,804
Caregiver support	518,706	-	518,706	379,404	-	379,404
VOCA	144,139	-	144,139	140,297	-	140,297
Elderly services	827,273	-	827,273	827,273	-	827,273
Life long links	149,089	-	149,089	413,011	-	413,011
Other services	461,816	-	461,816	428,385	-	428,385
Program income	620,366	-	620,366	1,146,182	-	1,146,182
Contributions	20,152	376	20,528	358	55,059	55,417
In-kind contributions	134,221	-	134,221	237,245	-	237,245
Investment income	3	217,032	217,035	21	14,146	14,167
Total revenues and other support	<u>6,824,184</u>	<u>217,408</u>	<u>7,041,592</u>	<u>8,015,858</u>	<u>69,205</u>	<u>8,085,063</u>
<b>EXPENSES</b>						
Program services	6,244,273	-	6,244,273	7,604,095	-	7,604,095
Supporting services						
Management and general	146,183	-	146,183	252,986	-	252,986
Fundraising	-	-	-	-	-	-
Total supporting services	<u>146,183</u>	<u>-</u>	<u>146,183</u>	<u>252,986</u>	<u>-</u>	<u>252,986</u>
Total expenses	<u>6,390,456</u>	<u>-</u>	<u>6,390,456</u>	<u>7,857,081</u>	<u>-</u>	<u>7,857,081</u>
<b>CHANGE IN NET ASSETS</b>	433,728	217,408	651,136	158,777	69,205	227,982
<b>NET ASSETS</b> , beginning of year	<u>527,188</u>	<u>647,335</u>	<u>1,174,523</u>	<u>368,411</u>	<u>578,130</u>	<u>946,541</u>
<b>NET ASSETS</b> , end of year	<u>\$ 960,916</u>	<u>\$ 864,743</u>	<u>\$1,825,659</u>	<u>\$ 527,188</u>	<u>\$ 647,335</u>	<u>\$1,174,523</u>

See Notes to Financial Statements.

**Heritage Area Agency on Aging**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended June 30, 2021**

	<b>Program Services</b>					
	<u>Supportive services</u>	<u>Home delivered meals</u>	<u>Congregate meals</u>	<u>Caregiver support</u>	<u>VOCA</u>	<u>Elderly services</u>
Salaries	\$ 136,740	\$ 149,469	\$ 152,689	\$ 98,023	\$ 105,813	\$ 195,192
Payroll taxes and benefits	<u>43,303</u>	<u>42,386</u>	<u>42,666</u>	<u>30,168</u>	<u>35,086</u>	<u>86,925</u>
Total salaries and related benefits	<u>180,043</u>	<u>191,855</u>	<u>195,355</u>	<u>128,191</u>	<u>140,899</u>	<u>282,117</u>
Grants to other organizations	748,658	1,860,097	261,355	340,461	-	374,797
Program supplies	121,272	329,240	7,937	84,554	17,403	32,262
Office occupancy	5,575	26,563	835	2,869	2,010	176
Travel and conferences	62	1,100	5,584	88	660	1,922
Phone	3,567	3,113	1,189	2,403	1,952	3,798
Office expenses	34,809	80,418	3,451	28,263	13,025	11,158
Advertising	<u>779</u>	<u>1,610</u>	<u>6,771</u>	<u>1,728</u>	<u>1,340</u>	<u>395</u>
Total expenses before depreciation	1,094,765	2,493,996	482,477	588,557	177,289	706,625
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$1,094,765</u>	<u>\$2,493,996</u>	<u>\$ 482,477</u>	<u>\$ 588,557</u>	<u>\$ 177,289</u>	<u>\$ 706,625</u>

See Notes to Financial Statements.

**Supporting services**

<b>Life long links</b>	<b>Other services</b>	<b>Total</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total expenses</b>
\$ 109,519	\$ 150,961	\$1,098,406	\$ 53,957	\$ —	\$ 53,957	\$1,152,363
<u>28,850</u>	<u>49,784</u>	<u>359,168</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>359,168</u>
<u>138,369</u>	<u>200,745</u>	<u>1,457,574</u>	<u>53,957</u>	<u>—</u>	<u>53,957</u>	<u>1,511,531</u>
—	234,002	3,819,370	—	—	—	3,819,370
134	31,295	624,097	—	—	—	624,097
2,525	1,066	41,619	—	—	—	41,619
95	1,813	11,324	—	—	—	11,324
1,268	2,024	19,314	—	—	—	19,314
6,743	79,973	257,840	92,226	—	92,226	350,066
<u>248</u>	<u>264</u>	<u>13,135</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,135</u>
<u>11,013</u>	<u>350,437</u>	<u>4,786,699</u>	<u>92,226</u>	<u>—</u>	<u>92,226</u>	<u>4,878,925</u>
149,382	551,182	6,244,273	146,183	—	146,183	6,390,456
—	—	—	—	—	—	—
<u>\$ 149,382</u>	<u>\$ 551,182</u>	<u>\$6,244,273</u>	<u>\$ 146,183</u>	<u>\$ —</u>	<u>\$ 146,183</u>	<u>\$6,390,456</u>



**Heritage Area Agency on Aging**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended June 30, 2020**

	<b>Program Services</b>					
	<u>Supportive services</u>	<u>Home delivered meals</u>	<u>Congregate meals</u>	<u>Caregiver support</u>	<u>VOCA</u>	<u>Elderly services</u>
Salaries	\$ 171,108	\$ 57,821	\$ 112,059	\$ 75,039	\$ 83,849	\$ 409,217
Payroll taxes and benefits	<u>42,117</u>	<u>11,027</u>	<u>31,679</u>	<u>22,968</u>	<u>27,792</u>	<u>118,134</u>
Total salaries and related benefits	<u>213,225</u>	<u>68,848</u>	<u>143,738</u>	<u>98,007</u>	<u>111,641</u>	<u>527,351</u>
Grants to other organizations	885,136	2,177,983	507,241	213,766	15,952	205,242
Program supplies	242,310	613,195	63,523	138,065	8,753	17,891
Office occupancy	12,173	17,917	8,353	6,784	2,860	4,292
Travel and conferences	9,935	4,281	9,854	3,396	2,836	5,287
Phone	3,185	660	2,203	1,563	1,192	5,534
Office expenses	58,529	79,648	37,122	41,953	2,787	60,492
Advertising	<u>881</u>	<u>14,089</u>	<u>1,484</u>	<u>1,557</u>	<u>2,583</u>	<u>1,184</u>
	<u>1,212,149</u>	<u>2,907,773</u>	<u>629,780</u>	<u>407,084</u>	<u>36,963</u>	<u>299,922</u>
Total expenses before depreciation	1,425,374	2,976,621	773,518	505,091	148,604	827,273
Depreciation	—	—	—	—	—	—
Totals	<u>\$1,425,374</u>	<u>\$2,976,621</u>	<u>\$ 773,518</u>	<u>\$ 505,091</u>	<u>\$ 148,604</u>	<u>\$ 827,273</u>

See Notes to Financial Statements.

**Supporting services**

<u>Life long links</u>	<u>Other services</u>	<u>Total</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total expenses</u>
\$ 81,068	\$ 159,803	\$1,149,964	\$ 14,714	\$ -	\$ 14,714	\$1,164,678
<u>24,478</u>	<u>60,978</u>	<u>339,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,173</u>
<u>105,546</u>	<u>220,781</u>	<u>1,489,137</u>	<u>14,714</u>	<u>-</u>	<u>14,714</u>	<u>1,503,851</u>
324,707	254,219	4,584,246	-	-	-	4,584,246
4	10,723	1,094,464	-	-	-	1,094,464
3,831	4,320	60,530	-	-	-	60,530
2,170	9,208	46,967	-	-	-	46,967
1,694	2,507	18,538	-	-	-	18,538
1,661	6,002	288,194	233,836	-	233,836	522,030
<u>108</u>	<u>133</u>	<u>22,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,019</u>
<u>334,175</u>	<u>287,112</u>	<u>6,114,958</u>	<u>233,836</u>	<u>-</u>	<u>233,836</u>	<u>6,348,794</u>
439,721	507,893	7,604,095	248,550	-	248,550	7,852,645
-	-	-	<u>4,436</u>	<u>-</u>	<u>4,436</u>	<u>4,436</u>
<u>\$ 439,721</u>	<u>\$ 507,893</u>	<u>\$7,604,095</u>	<u>\$ 252,986</u>	<u>\$ -</u>	<u>\$ 252,986</u>	<u>\$7,857,081</u>

**Heritage Area Agency on Aging  
STATEMENTS OF CASH FLOWS**

	<b>Year ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ <u>651,136</u>	\$ <u>227,982</u>
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	–	4,436
Loss on disposal of equipment	16,399	–
Realized and unrealized (gains) on amounts held by others	(207,995)	(2,428)
Interest and dividends reinvested	(9,037)	(11,718)
Contributions recognized for long-term purposes	(376)	(55,059)
Change in assets and liabilities		
Grants receivable	(68,998)	(165,930)
Other receivables	6,965	640,368
Prepaid expenses	–	12,263
Accounts payable	(546,111)	466,605
Accrued expenses	<u>(19,236)</u>	<u>57,064</u>
Total adjustments	<u>(828,389)</u>	<u>945,601</u>
Net cash from operating activities	<u>(177,253)</u>	<u>1,173,583</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(177,253)	1,173,583
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>1,173,583</u>	<u>–</u>
Ending	\$ <u>996,330</u>	\$ <u>1,173,583</u>

See Notes to Financial Statements.

**Heritage Area Agency on Aging  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Heritage Area Agency on Aging (Heritage or the Organization) serves the needs of older adults, caregivers, their families and people with disabilities in the following ways:

- Planning: Developing and implementing plans that identify and meet the needs of older adults in its service area.
- Funding: Obtaining federal, state, and other (i.e. grants, etc.) funding for older-adult programs.
- Advocating: Standing strong for older adults' needs at the national, state and local levels.

The Organization's service area includes seven counties: Benton, Cedar, Iowa, Johnson, Jones, Linn and Washington. The Heritage region is also referenced as Planning and Service Area (PSA) 4 in relationship to the county designations of the state of Iowa and the Iowa Department on Aging.

Heritage had been a department of Kirkwood Community College (the College) since its beginning in 1971, and its activity was included as a restricted fund in the College financial statements. In April 2018, Heritage became a separate 501(c)(3) organization.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board as required by the classification of net assets topic of the *FASB Accounting Standards Codification*. Heritage is required to report information regarding its financial position and operations according to two classes of net assets:

*Net assets without donor restrictions* are those assets which are not restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of the Organization's operations.

*Net assets with donor restrictions* represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions.

**Revenue Recognition**

*Grants and Contributions*

Revenue from grants is generally considered to be subject to conditions that must be met before Heritage is entitled to funding. Heritage recognizes revenue from grants when all material barriers have been overcome in order for Heritage to be entitled to the funding. Typically, these barriers are overcome when qualifying expenditures have been incurred or defined outcomes have been achieved. Certain grants provide for payments in advance based upon estimated budgets. These advance payments are considered unconditional, as there are no material barriers to overcome in order for Heritage to be entitled to the funding nor is there a refund requirement. Revenue from grants whose conditions have been met are recorded as grants receivable until funded by the grantor.

**Heritage Area Agency on Aging  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition (continued)**

*Grants and Contributions (continued)*

Contributions are recognized as revenue when the donor makes a promise to give to Heritage which is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Unconditional contributions are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

*Program Income*

Program income is generated through activities supported by federal grants received and generally consists of fees earned for services performed under the related grants. Program income is recognized as the related services are performed. Program income is used to support the program that generated the income and is considered expended as it is earned and is, therefore, reported as without donor restrictions in the statements of activities.

*In-kind Contributions*

Heritage receives supplies and services donated by individuals and corporations. Donated items are recorded at their fair value on the date of donation. Donated services are recognized as contributions if the services received create or enhance a long-lived asset or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Heritage receives various types of in-kind support including contributed time. Heritage uses volunteers to fulfill their mission. The use of volunteers to fulfill its mission is not recognized as revenue and support by the Organization.

**Cash and Cash Equivalents**

Cash and cash equivalents consists of cash deposits in federally insured financial institutions and money market funds.

**Grants Receivable**

Unconditional grants receivable are recorded as receivables and grant revenue in the year received. Conditional grants receivable are recognized when the conditions on which they depend are substantially met. An allowance for doubtful accounts is provided for receivables based upon management's judgment, including such factors as prior history and nature of the contribution. All grants receivable are considered collectible, therefore, no allowance for doubtful accounts was recorded at June 30, 2021 or 2020.

**Heritage Area Agency on Aging  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Amounts Held by Others**

The Kirkwood Community College Foundation and the Greater Cedar Rapids Community Foundation (the Foundations) hold amounts designated for Heritage in an agency capacity. These amounts are maintained by the Foundations in the Foundations' investments, which consist of both fixed income and equity mutual funds. The Foundations do not have variance power over these funds. Heritage reports these funds as amounts held by others at fair value in its statements of financial position. Contributions received through these funds during the year, if any, are reported as contributions with donor restrictions in the statements of activities, as donors make contributions to these funds as an endowment to provide perpetual benefits to Heritage. Gains and losses resulting from market fluctuations or sales of the underlying investments are recognized in the period in which the fluctuations occur as increases or decreases in net assets with donor restrictions. Interest and dividend income are reported as an increase in net assets with donor restrictions to the extent distributions are not taken during the year. During the years ended June 30, 2021 and 2020, Heritage reported restricted contributions of \$376 and \$55,059, respectively, and restricted investment income of \$217,032 and \$14,146, respectively, from these funds.

**Equipment and Depreciation**

Equipment purchases of major assets are capitalized and recognized at cost when placed in service. Donated items are recorded at estimated fair market value. Maintenance, repairs, and minor replacements are expensed. Depreciation is provided using the straight-line method over the estimated useful lives ranging from three to ten years.

**Credit Risk**

Heritage at various times throughout the year has amounts on deposit with financial institutions in excess of FDIC limits. Management believes the credit risk related to the uninsured balance is minimal.

**Economic Dependency**

Heritage receives substantially all of its support from federal, state, and local governments. A significant reduction in this level of support, if this were to occur, would have a material effect on its programs and activities.

**Functional Expenses**

The Organization's functional expenses have been allocated on the basis of time spent on the activity or the usage breakdown of the related asset. Accordingly, certain costs have been allocated to the programs or other categories benefited.

**Income Taxes**

Heritage is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Heritage and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Heritage is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. As Heritage became a separate 501(c)(3) organization in April 2018, management believes all tax years for Heritage remain subject to income tax examinations.

**Heritage Area Agency on Aging  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 LIQUIDITY**

Heritage regularly monitors the availability of resources required to meet its operating needs and other commitments while striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Heritage considers all expenditures related to its ongoing activities as well as the conduct of services to support those activities to be general expenditures.

The following table shows the total financial assets held by Heritage which are available to meet its general expenditures and future needs as of the statement of financial position date:

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 996,330	\$1,173,583
Grants receivable	319,323	250,325
Other receivables	—	6,965
Totals	<u>\$1,315,653</u>	<u>\$1,430,873</u>

**NOTE 3 GRANTS RECEIVABLE**

Heritage has grants receivable from both federal and state sources that represent revenues from grants whose conditions have been met but have not yet been funded by the grantor. These receivables are considered unrestricted, as the amounts related to them have already been expended for their restricted purpose. Grants receivable at June 30, 2021 and 2020 were related to the following programs:

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Supportive services	\$ 209	\$ 36,765
Home delivered meals	100,573	—
Congregate meals	74,034	91,865
Caregiver support	54,779	16,972
VOCA	33,142	34,607
Other services	56,586	70,116
Totals	<u>\$319,323</u>	<u>\$250,325</u>

**NOTE 4 EQUIPMENT**

Equipment consisted of the following at June 30, 2021 and 2020:

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Equipment	\$ —	\$ 34,827
Less accumulated depreciation	—	(18,428)
Equipment, net	<u>\$ —</u>	<u>\$ 16,399</u>

**NOTE 5 RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions of \$864,743 and \$647,335 at June 30, 2021 and 2020, respectively, consisted of amounts to be held in perpetuity to provide a source of long term income for Heritage programs and operations.

**Heritage Area Agency on Aging  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 ENDOWMENT FUND**

The Organization's endowment fund consists of donor restricted net assets to be held in perpetuity to provide a source of long term income for a variety of Heritage programs as well as long term support for operations. The majority of the endowment fund is held for Heritage by Kirkwood Community College Foundation (the Foundation) in an agency capacity. The Foundation does not have variance power over these funds.

In accordance with the Financial Statements of Not-for-Profit Organizations Topic of the *FASB Accounting Standards Codification* and the Uniform Prudent Management of Institutional Funds Act (Act), Heritage has adopted the practice of preserving the fair value of the original gift as of the gift date of the donor restricted endowment fund absent explicit donor stipulations to the contrary. Accordingly, Heritage classifies as donor restricted net assets held in perpetuity the original value of the gifts donated to the endowment fund, the original value of subsequent gifts to the endowment fund, and accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the Foundation's spending policy for the endowment fund, the yearly interest on the fund may be distributed for use; however, if it is not spent, it is returned to the corpus of the fund to further build the endowment. No distributions have been taken from the endowment fund to-date; therefore, all interest and dividend income has become a part of the corpus of the fund and is perpetually restricted. Gains and losses resulting from market fluctuations or sales of the underlying investments are recognized in the period in which the fluctuations occur as increases or decreases in net assets with donor restrictions. Interest and dividend income is reported as an increase in net assets with donor restrictions to the extent distributions are not taken during the year. The Foundation's overall investment objectives are preservation of principal, preservation of purchasing power through growth, competitive investment returns, and moderate investment risk.

At June 30, 2021 and 2020, the endowment fund composition consisted entirely of donor-restricted funds held in perpetuity. Changes in the endowment fund for the years ended June 30, 2021 and 2020, respectively, were as follows:

	<u>2021</u>	<u>2020</u>
Endowment fund, beginning of year	\$647,335	\$578,130
Interest and dividends	9,037	11,718
Realized and unrealized gains, net	207,995	2,428
Contributions	<u>376</u>	<u>55,059</u>
Endowment fund, end of year	<u>\$864,743</u>	<u>\$647,335</u>

**NOTE 7 AGREEMENT WITH KIRKWOOD COMMUNITY COLLEGE**

The Organization entered into a management services agreement with Kirkwood Community College (the College) during the year ended June 30, 2020. As part of the agreement, the College provides management services and oversight of the day-to-day operations of Heritage through, among other things, the assignment of two co-directors to be employed by the College and assigned exclusively to Heritage, leased operations staff utilized to provide services related to the day-to-day operations of Heritage, information technology services, facilities and maintenance support services, risk management and insurance administration services, and other additional services as deemed necessary. The co-directors were only utilized through June 30, 2020, as Heritage hired its own executive director effective July 1, 2020. Salaries and related expenses reimbursed to the College under this agreement were \$1,589,104 and \$1,503,851 during the years ended June 30, 2021 and 2020, respectively. Compensation for the services provided under the management services agreement includes a fixed management services fees of \$54,960 annually, with an agreed upon fair value of \$150,000. Heritage paid the College \$54,960 and \$41,220, respectively, and recognized in-kind revenues and office expenses related to the agreed upon fair value of this fee of \$95,040 and \$71,280, respectively, during the years ended June 30, 2021 and 2020. The term of the management services agreement continued through June 30, 2020, and will be automatically renewed for successive one-year terms unless one party provides written notice to the other party at least six months in advance of the end of the then existing term. As of the date of these financial statements, no such notice has been provided by either party.



**Heritage Area Agency on Aging  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 AGREEMENT WITH KIRKWOOD COMMUNITY COLLEGE (continued)**

The Organization also entered into a lease agreement with the College for the space used by Heritage. The lease calls for monthly rental payments of \$3,250 through September 30, 2020, and will be automatically renewed for successive one-year terms unless one party provides written notice to the other party at least ninety days in advance of the end of the then existing term. As of the date of these financial statements, no such notice has been provided by either party. Rent expense incurred under this agreement during the years ended June 30, 2021 and 2020 was \$39,000 and \$29,250, respectively.

The Organization had amounts due to the College under this management services agreement of \$114,308 and \$463,517 included in accounts payable at June 30, 2021 and 2020, respectively.

**NOTE 8 PENSION PLANS**

As discussed in Note 7, Heritage leases its employees from Kirkwood Community College. The employees participate in the Iowa Public Employees Retirement System (IPERS) defined benefit pension plan or in the Teachers Insurance and Annuity Association (TIAA) defined contribution pension plan.

**Iowa Public Employees Retirement System**

Heritage contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits to plan members and beneficiaries. IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

During the years ended June 30, 2021 and 2020, Plan members were required to contribute 6.29% of their annual covered salary. During the years ended June 30, 2021 and 2020, Heritage was required to contribute 9.44% of annual covered payroll. Contribution requirements are established by state statute. The Organization's contributions to IPERS for the years ended June 30, 2021 and 2020 were \$90,683 and \$77,184, respectively.

At June 30, 2021 and 2020, the Organization's potential liability for its proportionate share of the net pension liability was approximately \$695,000 and \$537,000, respectively. The Organization's net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those respective dates. The Organization's proportion of the net pension liability was based on the Organization's share of contributions to the pension plan relative to the contributions of all IPERS participating employers.

**Teachers Insurance and Annuity Association**

In lieu of participating in IPERS, eligible employees may participate in the Iowa Association of Community College Trustees 403(a) Plan, which is a defined contribution pension plan administered by the Teachers Insurance and Annuity Association (TIAA). The defined contribution retirement plan provides individual annuities for each plan participant.

Benefit terms, including contribution requirements, for TIAA are established and specified by the plan with TIAA and in accordance with the Code of Iowa. During the years ended June 30, 2021 and 2020, for each employee in the pension plan, the Organization was required to contribute 9.44% of annual salary, including overtime pay, to an individual employee account. Each employee was required to contribute 6.29%. Contributions made by both the Organization and the employees vest immediately. The Organization's contributions to TIAA for the years ended June 30, 2021 and 2020 were \$28,258 and \$29,902, respectively.

**Heritage Area Agency on Aging  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 RISKS AND UNCERTAINTIES**

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no claims from these risks that have exceeded commercial insurance coverage for the past three years.

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. The pandemic has resulted in economic disruptions and uncertainties across the global economy. Heritage has worked with, and continues to work with, its governmental and local grantors to maximize its financial resources and program services during the pandemic. Heritage is unable to predict the overall impact that the pandemic will ultimately have on its operations, liquidity, and capital resources.

**NOTE 10 SUBSEQUENT EVENTS**

Heritage has evaluated subsequent events through March 24, 2022, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

**SUPPLEMENTARY INFORMATION**

**Heritage Area Agency on Aging**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2021**

<u>Federal grantor/pass-through grantor/ pass through grant description and identifying number</u>	<u>Assistance listing number</u>	<u>Agency or pass-through number</u>	<u>Federal expenditures</u>	<u>Amounts provided to subrecipients</u>
<b>United States Department of Justice</b>				
<i>Passed through Iowa Department of Justice</i>				
Crime Victim Assistance, Elder Rights Program	16.575	VS-21-100-SP VP-21-100-SP	\$ 141,113	\$ —
Total United States Department of Justice			<u>141,113</u>	<u>—</u>
<b>United States Department of Education</b>				
<i>Passed through Iowa Vocational Rehabilitation Services</i>				
Rehabilitation Services Vocational Rehabilitation Grants	84.126	21-AAA-HER-01 14-AAA-HER-01	78,127	—
Total United States Department of Education			<u>78,127</u>	<u>—</u>
<b>United States Department of Health and Human Services</b>				
<i>Passed through Iowa Department on Aging</i>				
Aging Cluster				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	N/A	14,871	—
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	294,196	71,956
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	1,105,102	601,855
CARES Act - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	119,806	119,806
Total Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	<u>1,224,908</u>	<u>721,661</u>
National Family Caregiver Support, Title III, Part E	93.052	N/A	275,719	112,692
CARES Act - National Family Caregiver Support, Title III, Part E	93.052	N/A	60,297	60,297
Total National Family Caregiver Support, Title III, Part E	93.052	N/A	<u>336,016</u>	<u>172,989</u>
Nutrition Services Incentive Program	93.053	N/A	224,002	224,002
COVID-19 - Nutrition Services Incentive Program	93.053	N/A	6,650	—
Total Nutrition Services Incentive Program	93.053	N/A	<u>230,652</u>	<u>224,002</u>
Total Aging Cluster			<u>2,100,643</u>	<u>1,017,619</u>
Aging Research	93.866	N/A	14,779	—
Total United States Department of Health and Human Services			<u>2,115,422</u>	<u>1,190,608</u>
Total expenditures of federal awards			<u>\$2,334,662</u>	<u>\$1,190,608</u>

See Notes to Financial Statements.

**Heritage Area Agency on Aging**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Heritage Area Agency on Aging 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 Heritage Area Agency on Aging, it is not intended to and does not present the financial position, change in net assets, or cash flows of Heritage Area Agency on Aging.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular 122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Heritage Area Agency on Aging has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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

Board of Directors  
Heritage Area Agency on Aging  
Cedar Rapids, Iowa

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 Heritage Area Agency on Aging (a nonprofit 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, and have issued our report thereon dated March 24, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Heritage Area Agency on Aging's (Heritage) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Heritage's internal control. Accordingly, we do not express an opinion on the effectiveness of Heritage'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 Heritage's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

  
DENMAN & COMPANY, LLP

West Des Moines, Iowa  
March 24, 2022

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

Board of Directors  
Heritage Area Agency on Aging  
Cedar Rapids, Iowa

**Report on Compliance for the Major Federal Program**

We have audited Heritage Area Agency on Aging's (Heritage) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Heritage's major federal program for the year ended June 30, 2021. Heritage's major federal program is identified in the summary of independent 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 Heritage's major federal program 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 Heritage'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 the major federal program. However, our audit does not provide a legal determination of Heritage's compliance.

**Opinion on the Major Federal Program**

In our opinion, Heritage Area Agency on Aging complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.



## Report on Internal Control Over Compliance

Management of Heritage 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 Heritage's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 Heritage'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 a 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.

*Denman & Company, LLP*  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
March 24, 2022

**Heritage Area Agency on Aging  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021**

**SECTION 1 – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor’s report issued on compliance for major federal programs: **Unmodified opinion**

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs: **Assistance Listing Numbers  
93.043, 93.044, 93.045, 93.052,  
93.053 – Aging Cluster**

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

Auditee qualified as low-risk auditee?  Yes  No

**Heritage Area Agency on Aging  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**INTERNAL CONTROL DEFICIENCIES**

None.

**INSTANCES OF NONCOMPLIANCE**

No matters were noted.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL DEFICIENCIES**

None.

**INSTANCES OF NONCOMPLIANCE**

No matters were noted.