

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

FINANCIAL REPORT

June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2025 and 2024, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heritage Area Agency on Aging and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Heritage Area Agency on Aging's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Heritage Area Agency on Aging's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Heritage Area Agency on Aging's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, which consists of the 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 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 supplementary 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 February 26, 2026, 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 CPA LLP
Denman CPA LLP

West Des Moines, Iowa
February 26, 2026

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

		June 30	
		2025	2024
ASSETS			
Cash and cash equivalents		\$ 996,537	\$ 943,688
Amounts held by others		953,715	884,385
Grants receivable		88,680	352,001
Prepaid expenses		14,796	18,684
Equipment, net		3,769	5,099
Total assets		\$ 2,057,497	\$ 2,203,857
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable		\$ 151,897	\$ 176,358
Accrued expenses		170,673	166,465
Deferred revenue		-	20,800
Total liabilities		322,570	363,623
NET ASSETS			
Net assets without donor restrictions		781,212	955,849
Net assets with donor restrictions		953,715	884,385
Total net assets		1,734,927	1,840,234
Total liabilities and net assets		\$ 2,057,497	\$ 2,203,857

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

	<u>Year ended June 30, 2025</u>			<u>Year ended June 30, 2024</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>
REVENUES AND SUPPORT						
Grants						
Supportive services	\$ 511,803	\$ —	\$ 511,803	\$ 538,262	\$ —	\$ 538,262
Home delivered meals	753,994	—	753,994	940,364	—	940,364
Congregate meals	488,838	—	488,838	525,885	—	525,885
Caregiver support	247,459	—	247,459	271,321	—	271,321
VOCA	136,063	—	136,063	127,989	—	127,989
Elderly services	813,423	—	813,423	845,952	—	845,952
LifeLong links	124,328	—	124,328	124,328	—	124,328
Other nutrition	87,755	—	87,755	238,165	—	238,165
Other services	401,839	—	401,839	503,235	—	503,235
Other income	82,066	—	82,066	51,833	—	51,833
Non-government grants and contributions	280,851	8,738	289,589	246,832	—	246,832
Contributed facilities	43,142	—	43,142	49,940	—	49,940
Contributed services and supplies	206,900	—	206,900	235,163	—	235,163
Investment income	11,086	100,807	111,893	4,898	93,445	98,343
Net assets released from restriction	40,215	(40,215)	—	38,175	(38,175)	—
Total revenues and other support	<u>4,229,762</u>	<u>69,330</u>	<u>4,299,092</u>	<u>4,742,342</u>	<u>55,270</u>	<u>4,797,612</u>
EXPENSES						
Program services	4,333,369	—	4,333,369	4,514,087	—	4,514,087
Supporting services						
Management and general	71,030	—	71,030	67,781	—	67,781
Total expenses	<u>4,404,399</u>	<u>—</u>	<u>4,404,399</u>	<u>4,581,868</u>	<u>—</u>	<u>4,581,868</u>
CHANGE IN NET ASSETS	(174,637)	69,330	(105,307)	160,474	55,270	215,744
NET ASSETS, beginning of year	<u>955,849</u>	<u>884,385</u>	<u>1,840,234</u>	<u>795,375</u>	<u>829,115</u>	<u>1,624,490</u>
NET ASSETS, end of year	<u>\$ 781,212</u>	<u>\$ 953,715</u>	<u>\$ 1,734,927</u>	<u>\$ 955,849</u>	<u>\$ 884,385</u>	<u>\$ 1,840,234</u>

See Notes to Financial Statements.

Heritage Area Agency on Aging
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2025

	Program Services									Supporting Services	Total expenses	
	Supportive services	Home delivered meals	Congregate meals	Caregiver support	VOCA	Elderly services	LifeLong links	Other nutrition	Other services	Total program services		Management and general
Salaries	\$ 199,208	\$ 49,668	\$ 252,910	\$ 104,439	\$ 90,275	\$ 370,580	\$ 75,330	\$ 934	\$ 317,517	\$ 1,460,861	\$ -	\$ 1,460,861
Payroll taxes and benefits	60,184	14,371	77,938	29,623	26,452	105,543	21,683	218	93,587	429,599	-	429,599
Total salaries, payroll taxes and benefits	259,392	64,039	330,848	134,062	116,727	476,123	97,013	1,152	411,104	1,890,460	-	1,890,460
Grants to other organizations	190,134	704,822	253,670	104,997	-	245,889	-	96,556	121,369	1,717,437	-	1,717,437
Program supplies	52,889	3,652	160,158	19,827	13,753	39,800	15	-	30,716	320,810	-	320,810
Occupancy	7,660	43	36,039	1,724	1,549	11,895	6,279	-	5,230	70,419	19,226	89,645
Travel and conferences	6,464	823	10,118	3,380	-	7,391	2,728	-	11,484	42,388	105	42,493
Phone	3,246	1,276	6,264	2,599	308	6,388	3,866	3	4,585	28,535	-	28,535
Office expenses	35,039	39,090	53,096	31,023	125	26,456	14,246	829	41,496	241,400	50,369	291,769
Printing and outreach	2,319	1,237	1,111	1,923	-	416	567	234	14,113	21,920	-	21,920
Total expenses before depreciation	557,143	814,982	851,304	299,535	132,462	814,358	124,714	98,774	640,097	4,333,369	69,700	4,403,069
Depreciation	-	-	-	-	-	-	-	-	-	-	1,330	1,330
Totals	<u>\$ 557,143</u>	<u>\$ 814,982</u>	<u>\$ 851,304</u>	<u>\$ 299,535</u>	<u>\$ 132,462</u>	<u>\$ 814,358</u>	<u>\$ 124,714</u>	<u>\$ 98,774</u>	<u>\$ 640,097</u>	<u>\$ 4,333,369</u>	<u>\$ 71,030</u>	<u>\$ 4,404,399</u>

See Notes to Financial Statements.

Heritage Area Agency on Aging
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2024

	Program Services									Supporting Services	Total expenses	
	Supportive services	Home delivered meals	Congregate meals	Caregiver support	VOCA	Elderly services	LifeLong links	Other nutrition	Other services	Total program services		Management and general
Salaries	\$ 210,187	\$ 175,755	\$ 127,018	\$ 98,261	\$ 88,863	\$ 377,351	\$ 76,934	\$ 1,385	\$ 352,777	\$ 1,508,531	\$ -	\$ 1,508,531
Payroll taxes and benefits	62,591	50,387	40,063	25,819	25,441	104,405	20,859	329	100,058	429,952	-	429,952
Total salaries, payroll taxes and benefits	272,778	226,142	167,081	124,080	114,304	481,756	97,793	1,714	452,835	1,938,483	-	1,938,483
Grants to other organizations	197,652	642,273	258,465	86,772	-	286,253	-	227,354	55,382	1,754,151	-	1,754,151
Program supplies	104,295	463	170,681	41,946	12,818	19,341	-	-	54,142	403,686	3	403,689
Occupancy	6,911	789	32,285	3,171	2,562	12,076	4,864	-	7,522	70,180	24,934	95,114
Travel and conferences	10,517	3,814	6,537	3,374	-	6,169	4,065	-	16,132	50,608	735	51,343
Phone	3,857	2,708	3,261	2,369	684	6,375	4,283	-	5,361	28,898	-	28,898
Office expenses	30,014	40,420	26,555	30,243	294	40,082	14,374	-	52,514	234,496	40,779	275,275
Printing and outreach	751	1,610	1,839	25,833	-	2,118	488	-	946	33,585	-	33,585
Total expenses before depreciation	626,775	918,219	666,704	317,788	130,662	854,170	125,867	229,068	644,834	4,514,087	66,451	4,580,538
Depreciation	-	-	-	-	-	-	-	-	-	-	1,330	1,330
Totals	<u>\$ 626,775</u>	<u>\$ 918,219</u>	<u>\$ 666,704</u>	<u>\$ 317,788</u>	<u>\$ 130,662</u>	<u>\$ 854,170</u>	<u>\$ 125,867</u>	<u>\$ 229,068</u>	<u>\$ 644,834</u>	<u>\$ 4,514,087</u>	<u>\$ 67,781</u>	<u>\$ 4,581,868</u>

See Notes to Financial Statements.

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

	Year ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (105,307)	\$ 215,744
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,330	1,330
Realized and unrealized (gains) on amounts held by others	(80,700)	(74,497)
Interest and dividends reinvested	(20,107)	(18,948)
Contributions recognized for long-term purposes	(8,738)	-
Change in assets and liabilities		
Grants receivable	263,321	(160,412)
Prepaid expenses	3,888	(7,645)
Accounts payable	(24,461)	35,436
Accrued expenses	4,208	(4,913)
Deferred revenue	(20,800)	(1,499)
Net cash flows from operating activities	12,634	(15,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	40,215	38,175
Net cash flows from investing activities	40,215	38,175
NET CHANGE IN CASH AND CASH EQUIVALENTS	52,849	22,771
CASH AND CASH EQUIVALENTS		
Beginning	943,688	920,917
Ending	\$ 996,537	\$ 943,688

**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 in the state of Iowa: 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 of Health and Human Services, Division of Aging and Disability Services.

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 is recorded as grants receivable until funded by the grantor.

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. Contributions received for special events are presumed to be conditioned on the event taking place. Accordingly, contributions received before the financial statement date for special events that will take place after the financial statement date are recorded as deferred revenue until the event has taken place or the donor explicitly waives the condition of the event taking place. Unconditional contributions are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

**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)

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.

Other Income

Other income is generated through activities supported by federal grants received and generally consists of fees earned for services performed under the related grants. Other income is recognized as the related services are performed. Other 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.

Contributed Nonfinancial Assets

Heritage receives supplies, services, and facilities donated by individuals and corporations. Contributed supplies, services, and facilities are reported as unrestricted revenues and support unless the donor has restricted the donation for a specific time or purpose. Contributed items are recorded at their fair values on the date of donation. Contributed 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 and are recorded at their fair values in the period received. Contributed facilities are recognized for the difference between the market value rent for comparable office space and the amount paid by Heritage for the space.

Numerous volunteers have donated significant amounts of time to help Heritage fulfill its mission. The value of these services has not been recorded to the financial statements as the criteria for recognition have not been met.

During the years ended June 30, 2025 and 2024, contributed facilities of \$43,142 and \$49,940, respectively, were recognized as revenues and expenses. Contributed facilities are valued at the rental cost of comparable properties in the local market. Contributed facilities related to office space and congregate meals space used by Heritage.

During the years ended June 30, 2025 and 2024, contributed services of \$50,020 and \$61,715, respectively, were recognized as revenues and expenses. Contributed services are valued at the price the Organization would have paid for similar services in the local market. Contributed services primarily related to printing and outreach services and management and administrative services.

During the years ended June 30, 2025 and 2024, contributed supplies of \$156,880 and \$173,448, respectively, were recognized as revenue and expenses. Contributed supplies are valued at the price the Organization would have paid for similar supplies in a comparable retail market. Contributed supplies were primarily utilized in the Organization's congregate meals programs.

All contributed services and supplies were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the contributed services and supplies.

Cash and Cash Equivalents

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

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

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

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 grant. All grants receivable are considered collectible, therefore, no allowance for doubtful accounts was recorded at June 30, 2025 or 2024.

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, 2025 and 2024, Heritage reported restricted contributions of \$8,738 and \$-0-, respectively, and restricted investment income of \$100,807 and \$93,445, respectively, from these funds.

Equipment

Equipment greater than \$5,000 and with an estimated useful life of more than one year is recorded at cost. Contributed property and equipment is recorded at estimated fair market value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Depreciation is provided over the estimated useful lives of the respective assets (5 years) on a straight-line basis. Expenditures for improvements and replacements are capitalized and costs of maintenance and repairs are charged to expense.

Leases

Heritage determines if an arrangement is a lease at inception based on whether Heritage has the right to control the asset during the contract period and other facts and circumstances. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the statements of financial position. Finance leases are included in equipment and finance lease liabilities on the statements of financial position. Heritage had no operating or finance leases at June 30, 2025 and 2024.

Short-term leases (leases with a term of 12 months or less) are recognized as expenses on the straight-line basis over the lease term, and any related variable lease payments are recognized in the period in which the obligation for the payment is incurred.

Estate Gift

During the year ended June 30, 2023, the Organization was notified that it was a beneficiary of an estate. Management determined that this estate gift was unconditional and irrevocable, however, at the time of notification, there was not sufficient information available to estimate the potential amount of the gift. Therefore, this gift was recorded as contribution revenue when received. No restrictions on the amounts were noted. Partial distributions in the amount of \$138,178 and \$39,614 were received during the years ended June 30, 2025 and 2024, respectively. No significant additional distributions are expected related to this gift.

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

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

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. Management believes Heritage is no longer subject to income tax examinations for years prior to the fiscal year ended June 30, 2022.

NOTE 2 LIQUIDITY AND AVAILABILITY

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:

	June 30	
	2025	2024
Cash and cash equivalents	\$ 996,537	\$ 943,688
Grants receivable	88,680	352,001
Totals	<u>\$ 1,085,217</u>	<u>\$ 1,295,689</u>

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

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, 2025 and 2024 were related to the following programs:

	June 30	
	2025	2024
Supportive services	\$ —	\$ 104,015
Home delivered meals	—	99,576
Congregate meals	—	13,654
Caregiver support	—	37,283
VOCA	36,493	33,317
Other services	52,187	64,156
Totals	\$ 88,680	\$ 352,001

NOTE 4 EQUIPMENT

Equipment consists of the following:

	June 30	
	2025	2024
Computer equipment	\$ 6,651	\$ 6,651
Less accumulated depreciation	(2,882)	(1,552)
Equipment, net	\$ 3,769	\$ 5,099

NOTE 5 RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions of \$953,715 and \$884,385 at June 30, 2025 and 2024, respectively, consisted of amounts to be held in perpetuity to provide a source of long term income for Heritage programs and operations.

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. 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.

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

NOTE 6 ENDOWMENT FUND (continued)

At June 30, 2025 and 2024, the endowment fund composition consisted entirely of donor-restricted funds held in perpetuity. Changes in the endowment fund for the years ended June 30, 2025 and 2024, respectively, were as follows:

	June 30	
	2025	2024
Endowment fund, beginning of year	\$ 884,385	\$ 829,115
Contributions	8,738	-
Interest and dividends	20,107	18,948
Realized and unrealized gains, net	80,700	74,497
Appropriated for expenditure	(40,215)	(38,175)
Endowment fund, end of year	\$ 953,715	\$ 884,385

NOTE 7 AGREEMENT WITH KIRKWOOD COMMUNITY COLLEGE

The Organization has entered into an agreement with Kirkwood Community College (the College) to provide various management and administrative services. Heritage pays the College directly for rent, desk and cell phones, use of the College fleet, and College printing services utilized. Any other services provided by the College, unless a separate reimbursement arrangement is negotiated, are considered to be contributed services. The term of the management services agreement continued through June 30, 2025, 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.

During the years ended June 30, 2025 and 2024, Heritage paid the College \$21,526 and \$22,272, respectively, and recognized contributed services and office expenses of \$50,020 and \$38,865, respectively.

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 \$3,572 through September 30, 2020, with the annual base rent due increasing each October 1 by an amount equal to the percentage increase in the Consumer Price Index for all Urban Consumers for the twelve-month period ending on March 31 of the then current year. The lease 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. The lease is considered a short-term lease by the Organization. Rent expense incurred under this agreement during the years ended June 30, 2025 and 2024 was \$46,503 and \$45,173, respectively. Heritage has determined that the rent charged by the College is less than the market value of the leased space and has recognized contributed facilities and occupancy expense in the amount of \$19,567 and \$25,265 during the years ended June 30, 2025 and 2024, respectively.

The Organization had amounts due to the College of \$1,793 and \$3,685 included in accounts payable at June 30, 2025 and 2024.

NOTE 8 PENSION PLANS

The Organization's employees participate in the Iowa Public Employees Retirement System defined benefit 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.

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

NOTE 8 PENSION PLANS (continued)

Iowa Public Employees Retirement System (continued)

During the years ended June 30, 2025 and 2024, Plan members were required to contribute 6.29% of their annual covered salary. During the years ended June 30, 2025 and 2024, 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, 2025 and 2024 were \$137,568 and \$138,385, respectively.

At June 30, 2025 and 2024, the Organization's potential liability for its proportionate share of the net pension liability was approximately \$578,000 and \$762,000, respectively. The Organization's net pension liability was measured as of June 30, 2025 and 2024, 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. Because IPERS is a governmental defined benefit pension plan and the Organization prepares its financial statements under generally accepted accounting principles, the Organization does not record the potential net pension liability in these financial statements; rather, the Organization recognizes pension contributions as expenses when incurred.

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.

NOTE 10 SUBSEQUENT EVENTS

Heritage has evaluated subsequent events through February 26, 2026, the date which the financial statements were available to be issued. Recently, legislation has been introduced to change the state of Iowa Area Agency on Aging maps, which could have an impact on the Organization's service area. Nothing related to this potential legislation has been passed at this time, therefore, timelines and potential implications to the Organization are still unknown. There were no other 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, 2025

Federal grantor/pass-through grantor/ pass-through grant description and identifying number	Assistance listing number	Agency or pass-through number	Federal expenditures	Amounts provided to subrecipients
United States Department of Justice				
<i>Passed through Iowa Department of Justice</i>				
Crime Victim Assistance, Elder Rights Program	16.575	VOCA-2024-HeritageAAA-00031		
		VOCA-2025-HeritageAAA-00040	\$ 75,197	\$ —
Total United States Department of Justice			<u>75,197</u>	<u>—</u>
United States Department of the Treasury				
<i>Passed through Iowa Department of Justice</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	VOCA-2025-HeritageAAA-00040	50,000	—
<i>Passed through Iowa Department of the Treasury</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>37,902</u>	<u>31,616</u>
Total United States Department of the Treasury			<u>87,902</u>	<u>31,616</u>
United States Department of Education				
<i>Passed through Iowa Department of Education</i>				
Rehabilitation Services Vocational Rehabilitation Grants	84.126	21-AAA-HER-01	<u>13,449</u>	<u>—</u>
Total United States Department of Education			<u>13,449</u>	<u>—</u>
United States Department of Health and Human Services				
<i>Aging Cluster</i>				
<i>Passed through Iowa Department of Health and Human Services,</i>				
<i>Division of Aging and Disability Services</i>				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	N/A	33,085	—
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	541,043	190,134
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	1,473,211	958,492
National Family Caregiver Support, Title III, Part E	93.052	N/A	295,901	104,997
Nutritional Services Incentive Program	93.053	N/A	<u>96,556</u>	<u>96,556</u>
Subtotal			2,439,796	1,350,179
<i>Passed through Connections Area Agency on Aging</i>				
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	N/A	<u>62,909</u>	<u>40,000</u>
Total Aging Cluster			2,502,705	1,390,179
<i>Passed through Iowa Department of Health and Human Services,</i>				
<i>Division of Aging and Disability Services</i>				
Medicare Improvements for Patients and Providers Act	93.071	N/A	43,550	—
Elder Abuse Prevention Interventions Program	93.747	N/A	<u>30,996</u>	<u>—</u>
Total United States Department of Health and Human Services			<u>2,577,251</u>	<u>1,390,179</u>
Total expenditures of federal awards			<u>\$ 2,753,799</u>	<u>\$ 1,421,795</u>

See accompanying independent auditor's report.

Heritage Area Agency on Aging
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

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, 2025. 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Heritage Area Agency on Aging has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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, 2025, 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 February 26, 2026.

Report on 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) as a basis for determining 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 CPA LLP
Denman CPA LLP

West Des Moines, Iowa
February 26, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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 Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Heritage Area Agency on Aging's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Heritage Area Agency on Aging's major federal programs for the year ended June 30, 2025. Heritage Area Agency on Aging's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Heritage Area Agency on Aging and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Heritage Area Agency on Aging's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Heritage Area Agency on Aging's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Heritage Area Agency on Aging's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Heritage Area Agency on Aging's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Heritage Area Agency on Aging's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Heritage Area Agency on Aging's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Heritage Area Agency on Aging's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 CPA LLP

West Des Moines, Iowa
February 26, 2026

**Heritage Area Agency on Aging
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2025**

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 X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X 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 X No

Identification of major federal programs:

**Assistance Listing Numbers
93.043, 93.044, 93.045, 93.048,
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?

 X Yes _____ No

**Heritage Area Agency on Aging
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2025**

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.