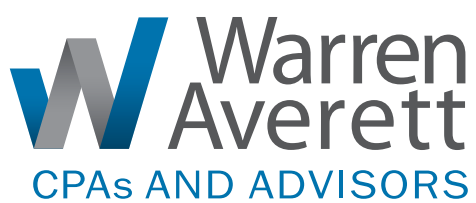


MONTGOMERY AREA COUNCIL ON AGING

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2022 AND 2021



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The report accompanying this deliverable was issued
by Warren Averett, LLC.

**MONTGOMERY AREA COUNCIL ON AGING
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SEPTEMBER 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Montgomery Area Council on Aging

Opinion

We have audited the accompanying financial statements of Montgomery Area Council on Aging (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, 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 Montgomery Area Council on Aging as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montgomery Area Council on Aging and to meet our other ethical responsibilities in accordance with the 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 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 Montgomery Area Council 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.

Auditors' 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 auditors' 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 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, 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 Montgomery Area Council 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 Montgomery Area Council 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.

Warren Averett, LLC

Montgomery, Alabama
December 12, 2022

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021**

ASSETS		
	2022	2021
Cash and cash equivalents	\$ 744,882	\$ 760,977
Contracts, grants and other receivables	26,711	47,038
United Way receivable (net)	7,744	8,113
Pledges receivable	20,510	42,142
Prepaid expenses	16,183	14,333
Land held for sale	350,000	350,000
Investments	496,013	595,863
Property and equipment (at depreciated cost)	615,406	612,205
Construction in progress	89,371	21,246
TOTAL ASSETS	\$ 2,366,820	\$ 2,451,917
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 22,909	\$ 16,525
Payroll taxes payable	8,870	1,900
Accrued salaries and related expenses	44,783	68,555
Deferred revenue and other liabilities	80,066	29,054
Accrued compensated absences	30,294	31,185
Capital lease obligation	2,340	4,395
TOTAL LIABILITIES	189,262	151,614
NET ASSETS		
Without donor restrictions		
Undesignated	1,010,717	1,137,185
Investment in property and equipment, net	702,437	629,056
Total net assets without donor restrictions	1,713,154	1,766,241
With donor restrictions		
Restricted by time or purpose	464,404	534,062
Total net assets with donor restrictions	464,404	534,062
TOTAL NET ASSETS	2,177,558	2,300,303
TOTAL LIABILITIES AND NET ASSETS	\$ 2,366,820	\$ 2,451,917

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE, GAINS AND OTHER SUPPORT			
Contributions	\$ 742,252	\$ 53,623	\$ 795,875
Noncash contributions	29,923	-	29,923
United Way	57,387	-	57,387
Governmental grants and fees	492,649	-	492,649
Fundraising	264,254	-	264,254
Program service fees from individuals	33,446	-	33,446
Investment income, net	25,356	-	25,356
Miscellaneous revenue	13,972	2,895	16,867
Net assets released from restrictions:			
Satisfaction of program restrictions	126,176	(126,176)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,785,415	(69,658)	1,715,757
EXPENSES			
Program services:			
Retired and Senior Volunteer Program	201,322	-	201,322
Senior Services	978,724	-	978,724
Archibald Multi-Purpose Center	47,933	-	47,933
Community Awareness	72,477	-	72,477
Total program services	1,300,456	-	1,300,456
Supporting services:			
Management and general	328,748	-	328,748
Fundraising	88,980	-	88,980
Total supporting services	417,728	-	417,728
TOTAL EXPENSES	1,718,184	-	1,718,184
LOSSES			
Realized loss on investments	(59)	-	(59)
Unrealized loss on investments	(120,259)	-	(120,259)
TOTAL LOSSES	(120,318)	-	(120,318)
CHANGE IN NET ASSETS	(53,087)	(69,658)	(122,745)
NET ASSETS AT BEGINNING OF YEAR	1,766,241	534,062	2,300,303
NET ASSETS AT END OF YEAR	\$ 1,713,154	\$ 464,404	\$ 2,177,558

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE, GAINS AND OTHER SUPPORT			
Contributions	\$ 683,461	\$ 87,326	\$ 770,787
Noncash contributions	34,817	-	34,817
United Way	130,084	-	130,084
Governmental grants and fees	518,560	-	518,560
Fundraising	243,983	-	243,983
Program service fees from individuals	35,046	-	35,046
Investment income, net	13,251	-	13,251
Miscellaneous revenue	5,000	3,608	8,608
Net assets released from restrictions:			
Satisfaction of program restrictions	154,384	(154,384)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,818,586	(63,450)	1,755,136
EXPENSES			
Program services:			
Retired and Senior Volunteer Program	206,193	-	206,193
Senior Services	890,541	-	890,541
Archibald Multi-Purpose Center	47,733	-	47,733
Community Awareness	50,717	-	50,717
Total program services	1,195,184	-	1,195,184
Supporting services:			
Management and general	288,902	-	288,902
Fundraising	91,768	-	91,768
Total supporting services	380,670	-	380,670
TOTAL EXPENSES	1,575,854	-	1,575,854
GAINS AND LOSSES			
Realized gains on investments	7,134	-	7,134
Unrealized gains on investments	80,326	-	80,326
Loss on disposal of assets	(5,173)	-	(5,173)
TOTAL GAINS AND LOSSES	82,287	-	82,287
CHANGE IN NET ASSETS	325,019	(63,450)	261,569
NET ASSETS AT BEGINNING OF YEAR	1,441,222	597,512	2,038,734
NET ASSETS AT END OF YEAR	\$ 1,766,241	\$ 534,062	\$ 2,300,303

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL ALL FUNCTIONS	
	Retired and Senior Volunteer Program	Senior Services	Archibald Multi-Purpose Center	Community Awareness	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries	\$ 120,416	\$ 238,574	\$ 9,276	\$ 31,252	\$ 399,518	\$ 228,036	\$ 31,253	\$ 259,289	\$ 658,807
Payroll taxes	8,216	19,643	1,006	2,491	31,356	18,106	2,491	20,597	51,953
Employee benefits	18,283	9,546	70	1,195	29,094	6,510	1,166	7,676	36,770
Pension expense	5,052	7,458	113	1,346	13,969	7,505	1,364	8,869	22,838
Total salaries and related expenses	151,967	275,221	10,465	36,284	473,937	260,157	36,274	296,431	770,368
Meals for clients	-	543,300	-	-	543,300	-	-	-	543,300
Activities for clients	-	44,653	-	-	44,653	-	-	-	44,653
Archibald Center activities	-	-	25	-	25	-	-	-	25
Volunteer activities	12,170	2,478	-	10,134	24,782	154	-	154	24,936
Promotional activities	157	-	-	21,393	21,550	-	-	-	21,550
Staff travel	9,635	10,044	263	174	20,116	272	174	446	20,562
Conferences and training	300	11,672	-	-	11,972	750	-	750	12,722
Professional fees and insurance	3,246	9,485	4,346	505	17,582	21,656	515	22,171	39,753
Dues and publications	423	589	120	64	1,196	1,728	64	1,792	2,988
Office supplies and equipment	4,297	11,784	87	748	16,916	7,262	2,306	9,568	26,484
Postage	352	1,227	56	-	1,635	438	498	936	2,571
Occupancy	17,431	34,016	22,315	2,312	76,074	11,645	2,326	13,971	90,045
Fundraising	-	-	-	-	-	-	45,664	45,664	45,664
Committee expense	-	-	-	-	-	4,255	-	4,255	4,255
Miscellaneous	7	613	4	-	624	16,394	39	16,433	17,057
Depreciation	1,337	33,642	10,252	863	46,094	3,873	1,120	4,993	51,087
Interest expense	-	-	-	-	-	164	-	164	164
TOTAL EXPENSES	\$ 201,322	\$ 978,724	\$ 47,933	\$ 72,477	\$ 1,300,456	\$ 328,748	\$ 88,980	\$ 417,728	\$ 1,718,184
PERCENT OF TOTAL	12%	57%	3%	4%	76%	18%	5%	23%	100%

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL ALL FUNCTIONS
	Retired and Senior Volunteer Program	Senior Services	Archibald Multi-Purpose Center	Community Awareness	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries	\$ 114,226	\$ 224,806	\$ 5,756	\$ 26,944	\$ 371,732	\$ 203,630	\$ 34,466	\$ 238,096	\$ 609,828
Payroll taxes	8,004	18,718	551	2,211	29,484	16,205	2,213	18,418	47,902
Employee benefits	17,353	10,003	538	536	28,430	7,512	1,217	8,729	37,159
Pension expense	4,928	7,832	123	742	13,625	6,588	790	7,378	21,003
Total salaries and related expenses	144,511	261,359	6,968	30,433	443,271	233,935	38,686	272,621	715,892
Meals for clients	-	468,308	-	-	468,308	-	-	-	468,308
Activities for clients	242	60,818	-	-	61,060	-	-	-	61,060
Archibald Center activities	-	-	16	-	16	-	-	-	16
Volunteer activities	15,959	1,533	16	118	17,626	492	-	492	18,118
Promotional activities	4,451	-	-	14,010	18,461	-	-	-	18,461
Staff travel	9,045	9,856	132	84	19,117	259	84	343	19,460
Conferences and training	-	100	-	-	100	1,084	226	1,310	1,410
Professional fees and insurance	2,992	9,013	3,675	343	16,023	20,654	618	21,272	37,295
Dues and publications	502	280	117	61	960	1,607	61	1,668	2,628
Office supplies and equipment	7,235	12,668	4,630	2,154	26,687	10,014	3,555	13,569	40,256
Postage	386	1,204	11	-	1,601	201	624	825	2,426
Occupancy	19,768	35,723	20,564	3,137	79,192	9,814	3,300	13,114	92,306
Fundraising	-	-	-	-	-	-	43,762	43,762	43,762
Committee expense	-	-	-	-	-	3,098	-	3,098	3,098
Miscellaneous	50	468	-	-	518	2,953	22	2,975	3,493
Depreciation	1,052	29,211	11,604	377	42,244	1,820	830	2,650	44,894
Interest expense	-	-	-	-	-	2,971	-	2,971	2,971
TOTAL EXPENSES	\$ 206,193	\$ 890,541	\$ 47,733	\$ 50,717	\$ 1,195,184	\$ 288,902	\$ 91,768	\$ 380,670	\$ 1,575,854
PERCENT OF TOTAL	13%	57%	3%	3%	76%	18%	6%	24%	100%

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (122,745)	\$ 261,569
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	51,087	44,894
Bad debt expense	14,800	1,400
Loss on disposal of assets	-	5,173
Unrealized loss on investments	120,259	(80,326)
Realized loss on investments	59	(7,134)
Changes in assets and liabilities:		
Contracts, grants and other receivables	20,327	(6,665)
United Way receivable	369	(56)
Pledges receivable	21,632	(29,327)
Prepaid expenses	(1,850)	(2,767)
Accounts payable	6,384	(24,219)
Accrued and other liabilities	33,319	35,093
Net cash provided by operating activities	143,641	197,635
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on construction in progress	(71,935)	(3,810)
Purchase of property and equipment	(53,699)	(71,002)
Purchase of investments	(48,400)	(85,806)
Proceeds from sale of investments	16,353	92,003
Net cash used in investing activities	(157,681)	(68,615)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital lease payments	(2,055)	(1,960)
Repayment on debt	-	(115,228)
Net cash used in financing activities	(2,055)	(117,188)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,095)	11,832
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	760,977	749,145
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 744,882	\$ 760,977

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	<u>2022</u>	<u>2021</u>
Cash paid for interest	<u>\$ 164</u>	<u>\$ 2,971</u>

See notes to the financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Montgomery Area Council on Aging (MACOA) is an incorporated nonprofit organization which provides various services for the elderly in Montgomery, Alabama and surrounding areas. MACOA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of state law. MACOA operates under the supervision of a Board of Directors.

Basis of Presentation

The financial statements of MACOA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of MACOA and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Investment in property and equipment, net – Assets invested by MACOA in property and equipment, net of accumulated depreciation and any related debt.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of MACOA and/or passage of time.

Cash Equivalents

For purposes of the statements of cash flows, MACOA considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Contracts, Grants and Other Receivables

MACOA reports receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against the allowance for uncollectible accounts.

Investments

MACOA carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and Equipment

Property and equipment are recorded at cost, or fair market value if donated, less accumulated depreciation. Buildings and equipment are depreciated over the estimated useful lives of the assets using the straight-line method. MACOA's policy is to capitalize items with a cost or donated value greater than \$1,500.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs which are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

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.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Noncash Contributions

Noncash contributions are recorded as support at their estimated fair value at the date of donation. Such contributions are reported as support without donor restrictions unless the donor has restricted the contribution to a specific purpose. Noncash contributions donated with explicit restrictions regarding their use are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated items must be maintained, MACOA reports expirations of donor restrictions when the donated or acquired items are placed in service as instructed by the donor.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of MACOA. Those expenses include depreciation and building operation and maintenance, printer and copier costs, postage costs, health and liability insurance, technology costs and salaries. Depreciation and building related costs are allocated based on square footage of the program. Printer, copier, and postage costs are allocated by department codes of actual usage. Costs of other categories are allocated on estimates of time and effort of employees providing direct program services.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

MACOA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the Code of Alabama. MACOA has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and qualifies for charitable contribution deduction by individual donors as stated in Section 170.

As of September 30, 2022 and 2021, MACOA had no uncertain tax positions, or interest and penalties that qualify for either recognition or disclosure in the financial statements.

Recently Adopted Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU clarifies the presentation and disclosure of contributed nonfinancial assets with an intention to provide a clearer understanding of the types of assets received and how they were used and recognized. MACOA concluded that, with the adoption of the new standard, no changes to the accounting and recognition of the nonfinancial assets are required rather the presentation and disclosure requirements were implemented in the financial statements. MACOA applied ASU 2020-07 on a retrospective basis for the annual period beginning October 1, 2020.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

In February 2016, The FASB issued ASU 2016-02, *Leases (Subtopic 842)*. The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on their statements of financial position and disclosing key information about leasing arrangements. The amendments in this ASU require that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their statements of financial position, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. Subtopic 842 requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The standard is effective for MACOA for the year ending September 30, 2023. MACOA is currently evaluating the impact of this guidance on the financial statements.

Subsequent Events

Management has evaluated subsequent events through December 12, 2022, which is the date the financial statements were available to be issued.

2. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses or acquiring assets satisfying the restricted purpose or by occurrence of events specified by donors. Purpose restrictions accomplished during the year ended September 30, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Program services:		
Senior Services	\$ 119,664	\$ 108,009
Retired and Senior Volunteer Program	772	71
Management and general	2,849	2,918
Capital Campaign	2,891	2,011
Renovation and maintenance	<u>-</u>	<u>41,375</u>
	<u>\$ 126,176</u>	<u>\$ 154,384</u>

3. RECEIVABLES

MACOA conducts a Senior Pledge Campaign each year. Unconditional pledges receivable totaling \$20,510 and \$42,142 were due in less than one year as of September 30, 2022 and 2021, respectively.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

4. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2022 and 2021, consisted of the following:

	2022	2021
Land	\$ 327,700	\$ 327,700
Buildings and improvements	1,216,302	1,178,443
Office equipment and furniture	214,059	206,439
	1,758,061	1,712,582
Less accumulated depreciation	1,147,416	1,100,377
Property and equipment (at depreciated cost)	\$ 610,645	\$ 612,205

During 2017, MACOA entered into an intent to sell a plot of land with a carrying value of \$350,000. This land is still for sale as of September 30, 2022.

5. PROGRAM SERVICES

MACOA's mission is to assist senior citizens by providing services to promote independent living, by offering opportunities to enhance quality of life, and by increasing community awareness of senior issues. Its many services include:

The Retired and Senior Volunteer Program (RSVP), which offers volunteer opportunities for seniors age 55 and older to donate their time, energy, talent and knowledge while performing services at nonprofit and health-related groups, organizations, and agencies in Autauga, Coosa, Elmore, Montgomery and Tallapoosa counties.

Senior Services, which provides programs and activities each month through Meals on Wheels, senior centers, information and referral and volunteer coordination to adults 60 years old and older.

Multi-Purpose Center, The Archibald Center, a multi-purpose facility which serves as a downtown Montgomery focal point and MACOA East Center serves senior citizens to socialize and learn through arts and crafts classes, educational programs, theme luncheons, recreational activities, physical exercise, computer offerings and trips, as well as providing a satellite facility. Due to the COVID 19 pandemic and out of concern for the safety of our senior members, senior activities at the Archibald Center were temporarily suspended April 1, 2020 and permanently suspended on August 3, 2022. Activities at the MACOA East Center were also temporarily suspended April 1, 2020 but have since resumed June 1, 2021 two days a week.

Community Awareness, which provides information about senior issues, recognizes their contributions to the world around them and promotes actions to enhance the quality of their lives.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

6. INVESTMENTS – PORTFOLIO

On October 28, 1992, MACOA established the Montgomery Area Council on Aging Endowment Fund. The fund's initial principal of \$100,000 was transferred from monies raised during a capital campaign to renovate the Archibald Multi-Purpose Center. Under the terms of this agreement, both principal and income from the fund may be used to benefit MACOA at the discretion of the MACOA's Board of Directors. MACOA may designate specific funds within the Endowment Fund. Contributions to the fund may be made by individuals, partnerships or corporations, subject to approval by MACOA's Board of Directors.

These investments are carried at market value and, as of September 30, 2022 and 2021, consisted of the following:

	2022	2021
Mutual funds – alternative strategies	\$ 19,304	\$ 22,034
Mutual funds	476,709	573,829
Total portfolio	\$ 496,013	\$ 595,863

For the years ended September 30, 2022 and 2021, realized gains (losses) on these investments totaled \$(59) and \$7,134 respectively, and unrealized gains on these investments totaled \$(120,259) and \$80,326, respectively. Investment income from these investments totaled \$25,356 and \$13,251, reported net of investment fees of \$7,506 and \$7,209, respectively.

The level of an asset or liability within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. As of September 30, 2022 and 2021, all investments are in exchange traded funds and mutual funds and are measured, on a recurring basis, using Level 1 inputs according to the valuation hierarchy.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

7. CONTRIBUTED NONFINANCIAL ASSETS

The following nonfinancial assets were contributed to MACOA during the years ended September 30, 2022 and 2021:

Nonfinancial Asset	2022	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Office Space	\$ 11,724	RSVP Program in Autauga and Coosa Counties	For use in RSVP program	Market value to rent the space to a paying tenant
Hot Meals	<u>18,199</u>	Meals on Wheels program	Hot meals delivered to clients	Estimated wholesale prices of identical or similar products if purchased in the region
Total	<u>\$ 29,923</u>			

Nonfinancial Asset	2021	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Folding Chairs	\$ 4,249	Archibald Senior Center	For use in Archibald Center	Estimated wholesale prices of identical or similar products if purchased in the region
Office Space	12,369	RSVP program in Autauga and Coosa Counties	For use in RSVP program	Market value to rent the space to a paying tenant
Hot Meals	<u>18,199</u>	Meals on Wheels program	Hot meals delivered to clients	Estimated wholesale prices of identical or similar products if purchased in the region
Total	<u>\$ 34,817</u>			

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

8. CAPITAL LEASE OBLIGATION

MACOA is obligated under a lease-purchase agreement for a copier. The terms of the lease include an option to purchase the copier at the end of the lease term. The capitalized lease agreement at September 30, 2022 and 2021 consisted of the following:

	2022	2021
Lease agreement with US Bank, payable in monthly installments of \$185, including interest at 4.75%, maturing September 2023, secured by equipment	<u>\$ 2,340</u>	<u>\$ 4,395</u>

Following is a summary of property held under capital lease as of September 30, 2022 and 2021:

	2022	2021
Copier	\$ 9,863	\$ 9,863
Less accumulated depreciation	8,054	6,082
	<u>\$ 1,809</u>	<u>\$ 3,781</u>

Future minimum payments under the capitalized lease agreement as of September 30, 2022, are as follows:

2023	\$ 2,396
Total lease payments	2,396
Less amount representing interest	56
Present value of minimum lease payments	<u>\$ 2,340</u>

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects MACOA's financial assets as of September 30, 2022 and 2021, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, restricted by an outside donor for a specific time or purpose or because the governing board has set aside the funds for specific contingency reserves and projects.

	2022	2021
Financial Assets:		
Cash and cash equivalents	\$ 744,882	\$ 760,977
Receivables	54,965	97,293
Investments	496,013	595,863
Financial assets, at year end	1,295,860	1,454,133
Less those unavailable for general expenditure within one year, due to:		
Assets and accumulated earnings subject to purpose restrictions beyond one year	(464,405)	(534,062)
Financial assets available to meet cash needs for general expenditures within one year	\$ 831,455	\$ 920,071

10. RETIREMENT PLAN

MACOA set up a Safe Harbor 401k plan during the current fiscal year, which is available to all employees who meet the eligibility requirements. Retirement contributions totaled \$22,838 and \$21,002 for the years ended September 30, 2022 and 2021, respectively.

11. CONTRACTUAL AGREEMENTS

MACOA performs various services under contracts that are subject to review and audit by federal and local agencies. Such audits could result in a request for reimbursement by the applicable agency for expenditures disallowed under the terms and conditions of the contracts. MACOA's management's opinion is that such disallowances, if any, would not be material to MACOA's financial statements.

**MONTGOMERY AREA COUNCIL ON AGING
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

12. CONCENTRATION OF CREDIT RISK

MACOA maintains its cash in bank deposit accounts in financial institutions which at times may exceed insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. MACOA's uninsured cash balances totaled \$353,720 and \$405,591 as of September 30, 2022 and 2021, respectively.

SUPPLEMENTARY INFORMATION

**MONTGOMERY AREA COUNCIL ON AGING
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Senior Services</u>	<u>Retired and Senior Volunteer Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Capital Campaign</u>	<u>Renovation and Maintenance</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT							
Contributions	\$ 53,623	\$ -	\$ 53,623	\$ -	\$ -	\$ -	\$ 53,623
Miscellaneous revenue	-	500	500	2,395	-	-	2,895
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>53,623</u>	<u>500</u>	<u>54,123</u>	<u>2,395</u>	<u>-</u>	<u>-</u>	<u>56,518</u>
EXPENSES AND ADDITIONS SATISFYING RESTRICTIONS							
Covid relief	30,921	-	30,921	-	-	-	30,921
Meals on Wheels	48,349	-	48,349	-	-	-	48,349
Frozen meals	35,358	-	35,358	-	-	-	35,358
Recognition expense	-	680	680	-	-	-	680
Miscellaneous repairs and maintenance	-	-	-	-	-	-	-
Special activities	5,036	92	5,128	-	-	-	5,128
Committee expense	-	-	-	2,849	-	-	2,849
Building renovation and maintenance	-	-	-	-	2,891	-	2,891
TOTAL EXPENSES AND ADDITIONS SATISFYING RESTRICTIONS	<u>119,664</u>	<u>772</u>	<u>120,436</u>	<u>2,849</u>	<u>2,891</u>	<u>-</u>	<u>126,176</u>
CHANGES IN NET ASSETS	(66,041)	(272)	(66,313)	(454)	(2,891)	-	(69,658)
NET ASSETS AT BEGINNING OF YEAR	<u>288,538</u>	<u>8,869</u>	<u>297,407</u>	<u>988</u>	<u>183,666</u>	<u>52,001</u>	<u>534,062</u>
NET ASSETS AT END OF YEAR	<u>\$ 222,497</u>	<u>\$ 8,597</u>	<u>\$ 231,094</u>	<u>\$ 534</u>	<u>\$ 180,775</u>	<u>\$ 52,001</u>	<u>\$ 464,404</u>

See independent auditors' report.

**MONTGOMERY AREA COUNCIL ON AGING
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Senior Services</u>	<u>Retired and Senior Volunteer Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Capital Campaign</u>	<u>Renovation and Maintenance</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT							
Contributions	\$ 87,326	\$ -	\$ 87,326	\$ -	\$ -	\$ -	\$ 87,326
Miscellaneous revenue	-	-	-	3,608	-	-	3,608
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>87,326</u>	<u>-</u>	<u>87,326</u>	<u>3,608</u>	<u>-</u>	<u>-</u>	<u>90,934</u>
EXPENSES AND ADDITIONS SATISFYING RESTRICTIONS							
Covid relief	30,417	-	30,417	-	-	-	30,417
Meals on Wheels	60,569	-	60,569	-	-	-	60,569
Frozen meals	13,109	-	13,109	-	-	-	13,109
Recognition expense	-	71	71	-	-	-	71
Miscellaneous repairs and maintenance	1,271	-	1,271	-	-	-	1,271
Miscellaneous expense – Employee fund	-	-	-	-	-	-	-
Special activities	2,643	-	2,643	-	-	-	2,643
Committee expense	-	-	-	2,918	-	-	2,918
Building renovation and maintenance	-	-	-	-	2,011	41,375	43,386
TOTAL EXPENSES AND ADDITIONS SATISFYING RESTRICTIONS	<u>108,009</u>	<u>71</u>	<u>108,080</u>	<u>2,918</u>	<u>2,011</u>	<u>41,375</u>	<u>154,384</u>
CHANGES IN NET ASSETS	(20,683)	(71)	(20,754)	690	(2,011)	(41,375)	(63,450)
NET ASSETS AT BEGINNING OF YEAR	<u>309,221</u>	<u>8,940</u>	<u>318,161</u>	<u>298</u>	<u>185,677</u>	<u>93,376</u>	<u>597,512</u>
NET ASSETS AT END OF YEAR	<u>\$ 288,538</u>	<u>\$ 8,869</u>	<u>\$ 297,407</u>	<u>\$ 988</u>	<u>\$ 183,666</u>	<u>\$ 52,001</u>	<u>\$ 534,062</u>

See independent auditors' report.