

**NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS	1-3
COMBINED FINANCIAL STATEMENTS	<u>Exhibit</u>
Combined Statements of Financial Position	A 4
Combined Statements of Activities	B 5
Combined Statements of Functional Expenses - Programs	C 6
Combined Statements of Cash Flows	D 7
Notes to Combined Financial Statements	8-15
SUPPLEMENTARY INFORMATION	<u>Schedule</u>
Iowa Department on Aging Area Plan Financial Status Report/Audit Reconciliation	1 16-19
Schedule of Findings and Questioned Costs	2 20
Schedule of Expenditures of Federal Awards	3 21
Notes to the Schedule of Expenditures of Federal Awards	4 22
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23-24
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	25-27
MANAGEMENT LETTER	28-29



# Hacker Nelson & Co., CPAs

## INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS

To the Board of Directors  
Northeast Iowa Area Agency on Aging, Inc. and Affiliate  
Waterloo, Iowa

### Report on the Audit of the Combined Financial Statements

#### Opinion

We have audited the accompanying combined financial statements of Northeast Iowa Area Agency on Aging, Inc. and Affiliate (nonprofit corporations), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities, functional expenses - programs, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Northeast Iowa Area Agency on Aging, Inc. and Affiliate as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

#### Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards 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 Combined Financial Statements section of our report. We are required to be independent of the Northeast Iowa Area Agency on Aging, Inc. and Affiliate 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 opinions.

#### Responsibilities of Management for the Combined Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 the Northeast Iowa Area Agency on Aging, Inc. and Affiliate'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northeast Iowa Area Agency on Aging, Inc. and Affiliate'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 combined financial statements as a whole. The supplementary information on Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is also not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the combined 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 December 12, 2022, on our consideration of the Northeast Iowa Area Agency on Aging, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northeast Iowa Area Agency on Aging, Inc. and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Northeast Iowa Area Agency on Aging, Inc. and Affiliate's internal control over financial reporting and compliance.

Hacker, Nelson & Co., CPAs

Decorah, Iowa  
December 12, 2022

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE  
COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS	2022	2021
	2022	2021
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,605,462	\$ 2,179,438
Certificates of deposits	637,412	769,722
Receivables (net of uncollectible amounts):		
Grants and contract fees	611,108	849,170
United Way support	29,000	45,623
Prepaid expenses	107,971	117,342
	2,990,953	3,961,295
<b>Total current assets</b>		
	529,863	577,628
<b>PROPERTY, EQUIPMENT AND IMPROVEMENTS, net</b>		
	\$ 3,520,816	\$ 4,538,923
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 377,383	\$ 499,582
Estimated revenue refunds	21,056	942,246
Accrued expenses	389,504	354,635
Current portion of long-term debt	12,912	12,401
	800,855	1,808,864
<b>Total current liabilities</b>		
	289,881	302,828
<b>LONG-TERM DEBT</b>		
Notes payable, less current portion		
	2,401,080	2,381,608
<b>NET ASSETS</b>		
Without donor restrictions	29,000	45,623
With donor restrictions		
	2,430,080	2,427,231
<b>Total net assets</b>		
	\$ 3,520,816	\$ 4,538,923
<b>Total liabilities and net assets</b>		

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE  
 COMBINED STATEMENTS OF ACTIVITIES  
 Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND GAINS</b>						
Contributions:						
Cash	\$ 115,311	\$ 29,000	\$ 144,311	\$ 125,574	\$ 45,623	\$ 171,197
In-kind	82,080		82,080			-
Government grants	8,237,708		8,237,708	8,614,691		8,614,691
Fees for service	362,588		362,588	467,919		467,919
Program income	351,336		351,336	380,216		380,216
Other	343,589		343,589	87,642		87,642
Total revenues and gains	<u>9,492,612</u>	<u>29,000</u>	<u>9,521,612</u>	<u>9,676,042</u>	<u>45,623</u>	<u>9,721,665</u>
<b>EXPENSES</b>						
Program expenses:						
Congregate and home-delivered meals	3,161,204		3,161,204	3,429,459		3,429,459
Senior Medicare patrol project	1,145,986		1,145,986	1,286,466		1,286,466
State health insurance assistance	1,313,956		1,313,956	1,303,122		1,303,122
Information and assistance	473,012		473,012	569,261		569,261
Case management	383,600		383,600	392,041		392,041
Counseling	353,357		353,357	419,289		419,289
Respite	233,641		233,641	232,971		232,971
Homemaker	319,411		319,411	268,502		268,502
Other	1,091,697		1,091,697	770,965		770,965
Total program expenses	<u>8,475,864</u>	<u>-</u>	<u>8,475,864</u>	<u>8,672,076</u>	<u>-</u>	<u>8,672,076</u>
Administrative support activities:						
Management and general	1,084,624	-	1,084,624	1,192,463	-	1,192,463
Total functional expenses	<u>9,560,488</u>	<u>-</u>	<u>9,560,488</u>	<u>9,864,539</u>	<u>-</u>	<u>9,864,539</u>
Change in net assets from operations	<u>(67,876)</u>	<u>29,000</u>	<u>(38,876)</u>	<u>(188,497)</u>	<u>45,623</u>	<u>(142,874)</u>
Gain on disposal of property, equipment and improvements	41,725	-	41,725	-	-	-
Net assets released from restrictions	45,623	(45,623)	-	45,623	(45,623)	-
Change in net assets	<u>19,472</u>	<u>(16,623)</u>	<u>2,849</u>	<u>(142,874)</u>	<u>-</u>	<u>(142,874)</u>
NET ASSETS, beginning of year	<u>2,381,608</u>	<u>45,623</u>	<u>2,427,231</u>	<u>2,524,482</u>	<u>45,623</u>	<u>2,570,105</u>
NET ASSETS, end of year	<u>\$ 2,401,080</u>	<u>\$ 29,000</u>	<u>\$ 2,430,080</u>	<u>\$ 2,381,608</u>	<u>\$ 45,623</u>	<u>\$ 2,427,231</u>

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE  
 COMBINED STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAMS  
 Years Ended June 30, 2022 and 2021

2022												
Functional Expenses	Congregate and Home Delivered Meals	Senior Medicare Patrol Project	State Health Insurance Assistance	Information and Assistance	Case Management	Counseling	Respite	Homemaker	Other	Total Program Services	Management and General	Total
Salaries	\$ 392,514	\$ 379,526	\$ 341,726	\$ 199,215	\$ 242,712	\$ 223,920			\$ 338,477	\$ 2,118,090	\$ 566,780	\$ 2,684,870
Payroll taxes and benefits	153,329	168,100	134,536	79,530	98,070	90,808			130,999	855,372	227,388	1,082,760
Total salaries and related expenses	545,843	547,626	476,262	278,745	340,782	314,728	\$ -	\$ -	469,476	2,973,462	794,168	3,767,630
Premise costs	128,911	1,422	1,402	3,732	5,972	5,983			20,266	167,688	58,335	226,023
Telephone	32,513	22,610	21,412	8,590	5,663	4,495			4,337	99,620	33,901	133,521
Insurance	7,037	5,877	5,195	4,039	4,473	4,191			7,601	38,413	12,568	50,981
Interest										-	12,487	12,487
Travel expenses	21,784	8,922	3	1,124	3,918	2,005			22,408	60,164	5,342	65,506
Equipment and repairs	11,749	2,635	2,915	2,910	196	300				20,705	2,058	22,763
Depreciation									13,694	13,694	18,010	31,704
Advertising	60		1,020	35,238					11,690	48,008	789	48,797
Printing	3,594	198		16,742					1,962	22,496	91	22,587
Supplies	20,631	265	1,391	967	261	46			8,516	32,077	8,819	40,896
Dues and subscriptions										-	22,275	22,275
Postage	2,471	66		106	337	27			18,622	21,629	12	21,641
Contractual expense	2,383,527	542,645	803,176	119,267	21,888	21,582	233,641	319,411	510,260	4,955,397	89,426	5,044,823
Training	1,859	13,720	1,060	2,690	110				1,375	20,814	3,068	23,882
Miscellaneous	1,225		120	(1,138)					1,490	1,697	23,275	24,972
	\$ 3,161,204	\$ 1,145,986	\$ 1,313,956	\$ 473,012	\$ 383,600	\$ 353,357	\$ 233,641	\$ 319,411	\$ 1,091,697	\$ 8,475,864	\$ 1,084,624	\$ 9,560,488

  

2021												
Functional Expenses	Congregate and Home Delivered Meals	Senior Medicare Patrol Project	State Health Insurance Assistance	Information and Assistance	Case Management	Counseling	Respite	Homemaker	Other	Total Program Services	Management and General	Total
Salaries	\$ 455,144	\$ 321,788	\$ 375,777	\$ 214,094	\$ 235,657	\$ 263,149			\$ 178,066	\$ 2,043,675	\$ 591,831	\$ 2,635,506
Payroll taxes and benefits	186,067	147,945	156,737	87,767	99,968	111,160			63,029	852,673	227,491	1,080,164
Total salaries and related expenses	641,211	469,733	532,514	301,861	335,625	374,309	\$ -	\$ -	241,095	2,896,348	819,322	3,715,670
Premise costs	77,239	5,509	4,555	7,910	13,512	11,066			8,758	128,549	30,600	159,149
Telephone	35,252	30,082	30,880	13,846	7,291	4,802			3,743	125,896	36,805	162,701
Insurance	5,635	4,566	3,602	3,344	5,083	4,590			3,385	30,205	14,178	44,383
Interest	2,084	2,450	2,125	904	690	1,104			251	9,608	5,653	15,261
Travel expenses	11,693			162	580	143			6,743	19,321	(135)	19,186
Equipment and repairs	6,218	1,622	5,482	183	126					13,631	3,798	17,429
Depreciation									1,123	1,123	32,431	33,554
Advertising	92	264	13,242	33,246	225	419			1,566	49,054	283	49,337
Printing	6,185	162,308		10,094	95	824			20,885	200,391	4,167	204,558
Supplies	14,634	1,038	11,179	651	1,058	37			1,528	30,125	6,444	36,569
Dues and subscriptions									20	20	18,808	18,828
Postage	2,108	76		89	125	167			162	2,727	18,801	21,528
Contractual expense	2,626,303	605,817	698,097	192,001	25,629	20,476	232,971	268,502	479,930	5,149,726	104,530	5,254,256
Training	455	3,036	1,446	4,970	2,002	1,352			1,776	15,037	6,328	21,365
Fraud loss										-	89,700	89,700
Miscellaneous	350	(35)								315	750	1,065
	\$ 3,429,459	\$ 1,286,466	\$ 1,303,122	\$ 569,261	\$ 392,041	\$ 419,289	\$ 232,971	\$ 268,502	\$ 770,965	\$ 8,672,076	\$ 1,192,463	\$ 9,864,539

See Notes to Combined Financial Statements.



NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE  
 COMBINED STATEMENTS OF CASH FLOWS  
 Years Ended June 30, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,849	\$ (142,874)
Adjustment to reconcile change in net assets to net cash flows (used in) provided by operating activities:		
Depreciation	31,704	33,554
Gain on disposal of property, equipment and improvements	(41,725)	
Decrease (increase) in accounts receivable	254,685	(174,690)
Decrease (increase) in prepaid expenses	9,371	(17,872)
(Decrease) in accounts payable	(122,199)	(20,633)
(Decrease) increase in estimated revenue refunds	(921,190)	570,837
Increase in accrued expenses	34,869	12,439
Net cash flows (used in) provided by operating activities	<u>(751,636)</u>	<u>260,761</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, equipment and improvements	84,504	
Purchase of property, equipment and improvements	(26,718)	
Purchase of investments	(639,052)	(601,553)
Proceeds from sale of investments	771,362	597,011
Net cash flows provided by (used in) investing activities	<u>190,096</u>	<u>(4,542)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on debt	(12,436)	(11,887)
Net (decrease) increase in cash and cash equivalents	(573,976)	244,332
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,179,438</u>	<u>1,935,106</u>
End of year	<u>\$ 1,605,462</u>	<u>\$ 2,179,438</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash payments for interest and income taxes	<u>\$ 12,487</u>	<u>\$ 15,261</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Matured certificates of deposit reinvested	<u>\$ 637,199</u>	<u>\$ 597,011</u>

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies

a. Nature of Activities

Northeast Iowa Area Agency on Aging, Inc. (the Agency) is a nonprofit corporation organized as an Area Agency on Aging designated under Section 305 of the Older Americans Act of 1965 and by the Iowa Department on Aging (IDA). The Agency's purpose is to provide supportive services for the elderly, serving an 18-county area in Iowa including Allamakee, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Clayton, Delaware, Dubuque, Fayette, Grundy, Hardin, Howard, Jackson, Marshall, Poweshiek, Tama, and Winneshiek counties. The Agency was given the authority to develop an area plan to administer a program of service to the aging and to carry it out either directly or through contractual or other arrangements. The Agency accomplishes its purpose by providing meals, transportation, and other services to persons primarily over the age of sixty residing in the aforementioned counties.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the combined financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying combined financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

c. Combined Financial Statement Presentation

The Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- 1) Net assets without donor restrictions are composed of all resources not included in the net assets with donor restrictions category.
- 2) Net assets with donor restrictions carry restrictions that expire upon the passage of a prescribed period, upon the occurrence of a stated event as specified by the donor, or those that may never be spent by the Agency, including gifts of endowment, as well as the earnings on those assets when restricted by the donor.

However, in reality a substantial portion of these assets are not available for general purposes. Included in net assets without donor restrictions are significant resources subject to contractual agreements with external parties. In addition, a significant portion of these net assets as of June 30, 2022, is invested in the Agency's property and equipment. While Financial Accounting Standards Board (FASB) requires that all these resources be reported as net assets without donor restrictions, the Agency manages them in compliance with Board designations, legal requirements, and contractual obligations.

1. Summary of Significant Accounting Policies (Continued)

c. Combined Financial Statement Presentation (Continued)

Federal and state grants are recorded as revenue when earned and the expenses for the purpose of the grant are recognized when incurred. The combined financial statements present any funds received and not expended as refundable advances. Expenses are recorded when the liability is incurred. Disbursements for the purchase of fixed assets providing future benefits whose title remains with the funding source are recorded as expenses in the program at the time of purchase.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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

d. Principles of Combination

The combined financial statements include the accounts of Northeast Iowa Area Agency on Aging, Inc. and its Affiliate. For fiscal year June 30, 2021, the Agency's affiliate was Aging Properties Corporation. Aging Properties Corporation was a nonprofit 501(c)(2) title-holding corporation which provides rental facilities, primarily to the Agency and pays out its net profits to the Agency. As of July 1, 2021, Aging Properties Corporation dissolved, and the assets were transferred to NEI3A Properties LLC (a disregarded entity). NEI3A Properties LLC also provides rental facilities to the Agency. All intercompany balances and transactions between the Agency and its Affiliate have been eliminated.

e. Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Agency considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

f. Receivables

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an organization to recognize revenue for the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The Agency adopted this ASU on July 1, 2020, using the modified retrospective approach. The impact of adopting this ASU was not material to the Agency's combined financial statements.

1. Summary of Significant Accounting Policies (Continued)

f. Receivables (Continued)

Grants and contract fees receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

g. Property, Equipment and Improvements

Property, equipment and improvements are capitalized at cost if purchased, or at fair value as of the date of the gift, if donated, with depreciation computed under the straight-line method over estimated useful lives of the assets from 3 to 40 years.

h. Certificates of Deposits

Non-negotiable certificates of deposits are stated at cost, which approximates fair value.

i. Estimated Revenue Refunds

Certain fee revenue is reported at amounts billed to the State of Iowa and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

Laws and regulations concerning the Medicaid program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that reported estimates will change by a material amount in the near term. For the year ended June 30, 2021, management's estimate of revenue refunds was \$128,480, based upon the annual cost reports to be submitted to the State of Iowa. On July 30, 2021, the Agency settled with Medicaid and remitted a check for \$128,480.

j. Annual/Vacation Leave

The Agency's employees accumulate sick leave and annual leave for subsequent use. The accumulation of annual/vacation leave is recognized when earned; however, the accumulation of sick leave is not funded and is not recognized as an expense by the Agency until used. Accumulated sick leave is not paid out at separation from the Agency. Annual/vacation leave is paid for any unused amounts when the employee ends their employment with the Agency. The amount is computed based on hours available at their current rate of pay. Annual/vacation leave of \$170,858 and \$159,975 for June 30, 2022 and 2021, respectively, is included in accrued expenses on the combined statements of financial position.

k. Income Taxes

The Agency and its Affiliate are exempt from federal income tax under Section 501(c)(3) and 501(c)(2), respectively, of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying combined financial statements. In addition, the Agency has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2022 and 2021.

NOTES TO COMBINED FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies (Continued)

l. Concentrations of Credit Risk and Contribution of Revenue

Financial instruments that potentially subject the Agency to significant concentrations of credit risk consist principally of receivables and cash. Receivables are primarily from the U.S. government, the State of Iowa and local governments in Iowa. These receivables are uncollateralized.

The Agency receives substantially all of its support from federal, state, and local governments. The federal and state government is the source for 87% of the Agency's revenue and support. A significant reduction in the level of this support, if this were to occur, would have a material effect on the Agency's programs and activities.

m. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities and in the combined statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocated expenses are those that are not 100% program specific and are allocated monthly based on total direct expenses.

n. Management Estimates

The preparation of combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Liquidity and Availability

Financial assets for general expenditure, that is, without donor, board, or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following as of June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 1,605,462	\$ 2,179,438
Certificates of deposits	637,412	769,722
Accounts receivable	640,108	894,793
Less amounts restricted by donor	(29,000)	(45,623)
<b>Total</b>	<b>\$ 2,853,982</b>	<b>\$ 3,798,330</b>

As part of the liquidity policy, cash in excess of daily requirements is invested in savings and money market funds. Financial assets are structured to be available as its general expenditures, liabilities, and other obligations come due.

NOTES TO COMBINED FINANCIAL STATEMENTS

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3. Deposits and Investments

The Agency's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. Certificates of deposit totaling \$637,412 and \$769,722 are included in investments in the accompanying combined financial statements as of June 30, 2022 and 2021, respectively.

4. Contributed Resources

The Agency receives federal funding through Iowa Department on Aging (IDA) under agreements which require the Agency to match of portion of certain grants.

The Agency provides a portion of the required match through in-kind contributions of services by volunteers. The value of these in-kind volunteer services is based on reports filed by the Agency's subcontractors. The Agency also occasionally receives, without charge, services used in its operations to develop its programs, principally in the transportation, counseling, home health care, congregate and home-delivered meals, and resource development programs. When these contributed services require specialized skills or create or enhance nonfinancial assets, the Agency records these services at their fair value. There were no contributed services with specialized skills or contributed services that create or enhance nonfinancial assets for the years ended June 30, 2022 and 2021. During the years ended June 30, 2022 and 2021, the Agency received approximately 25,970 and 5,531 hours, respectively, of nonspecialized contributed services.

The Agency utilizes several sites for meal distribution without charge. For those sites where the value of these contributed facilities is susceptible to objective measurement or valuation, their value is recorded as contribution revenue at fair value. For the years ended June 30, 2022 and 2021, both revenue and expenses were increased by \$82,080 and \$0, respectively, to reflect the fair value of these donations. Due to COVID-19, meal sites were not utilized during the year ended June 30, 2021.

5. Cost Allocation

Allocated costs are certain administrative expenditures incurred for a common or joint purpose benefiting more than one program and not readily assignable to the programs specifically benefited. The cost allocation plan was approved by the Board of Directors, however, there is no requirement that the cost allocation plan be approved by its oversight agency, the Iowa Department on Aging. These allocated costs are calculated monthly and allocated based on total direct expenses.

6. Property, Equipment and Improvements

Major classifications of property and equipment as of June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Land	\$ 12,892	\$ 12,892
Buildings and improvements	534,447	575,730
Leasehold improvements	227,485	227,485
Equipment and furnishings	561,425	576,755
	1,336,249	1,392,862
Less accumulated depreciation	806,386	815,234
<b>Total</b>	\$ 529,863	\$ 577,628

NOTES TO COMBINED FINANCIAL STATEMENTS

6. **Property, Equipment and Improvements (Continued)**

Depreciation expense totaled \$31,704 and \$33,354 for the years ended June 30, 2022 and 2021, respectively. No interest costs were capitalized during the years ended June 30, 2022 and 2021.

7. **Long-term Debt**

Details of long-term debt as of June 30, 2022 is as follows:

	Balance Due	
	Total	Current
Lincoln Savings Bank, Waterloo		
3.99% interest bearing note payable, due \$2,077 per month including interest through March 2029, with a balloon payment of \$206,732 in March 2029, collateralized by real estate with a carrying value of \$437,180.	\$ 302,793	\$ 12,912

Maturities of long-term debt during the years following June 30, 2022 are as follows:

Long-term debt maturities	Amount
2023	\$ 12,912
2024	13,412
2025	13,997
2026	14,572
2027	15,173
2028 - 2029	232,727
Total	\$ 302,793

Interest expense totaled \$12,487 and \$15,261 for the years ended June 30, 2022 and 2021, respectively.

8. **Restrictions on Net Assets**

Net assets with donor restrictions restricted for the following purposes as of June 30, 2022 and 2021:

	2022	2021
Subsequent year's program activities	\$ 29,000	\$ 45,623

9. **Retirement Plan**

The Agency 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, which are established by state statute to plan members and beneficiaries. IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

Plan members are required to contribute 6.29% in 2022 and 2021 of their annual covered salary and the Agency is required to contribute 9.44% in 2022 and 2021 of annual covered payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2022 and 2021 was \$250,646 and \$247,237, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

10. Operating Leases

The Agency leases other office space and meal sites in Bellevue, Cascade, Cresco, Decorah, Dubuque, Grundy Center, Marshalltown, and Oelwein on a month-to-month or annual basis.

The future minimum lease payments for the year ended June 30, 2022 is \$76,007.

Rent expense for all operating leases, including in-kind rent, was \$165,368 and \$95,434 for the years ended June 30 2022 and 2021, respectively.

11. NEI3A Properties LLC (formerly Aging Properties Corporation)

The June 30, 2022 balance sheet of NEI3A Properties LLC, and the June 30, 2021 balance sheet of Aging Properties Corporation consisted of money market funds and real estate used for rental purposes:

	NEI3A Properties LLC 2022	Aging Properties Corporation 2021
Cash and cash equivalents	\$ 196,478	\$ 122,286
Land	12,892	12,892
Buildings and improvements	534,447	64,872
	743,817	200,050
Less accumulated depreciation	97,173	55,964
Total assets	\$ 646,644	\$ 144,086
Accounts payable	\$ 26,718	
Notes payable	302,793	
Net assets without donor restrictions	317,133	\$ 144,086
Total liabilities and net assets	\$ 646,644	\$ 144,086

During the years ended June 30, 2022 and 2021, the Affiliate's received \$34,565 and \$6,984 in rental income from the Agency, respectively. This has been eliminated in combination.

12. Contingent Liabilities

The Agency participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the Agency may be required to reimburse the grantor government. As of June 30, 2022 and 2021, significant amounts of grant expenditures have not been audited by granting authorities but the Agency believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Agency.



12. Contingent Liabilities (Continued)

Agency employees accumulate sick leave days for subsequent use. Because the sick leave is non-vesting, the accumulations are not recognized as an expense by the Agency until used. The Agency's unrecognized accrued sick leave benefits totaled \$279,988 and \$294,645 as of June 30, 2022 and 2021, respectively. Sick leave becomes payable when used by the employees to the extent of the number of hours of accumulation, which is limited to a maximum of 480 hours.

13. Agency Risk Management

The Agency 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. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

14. COVID-19

The recent COVID-19 outbreak in the United States has disrupted the Agency's operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Accordingly, the Agency expects this matter to impact its net assets, however, the related financial impact and duration cannot be reasonably estimated at this time. The Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted in March 2020 in response to the outbreak, which among other things contains numerous tax, emergency funding and other provisions. The Agency directly received money from the CARES Act.

15. New Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lease assets and liabilities to be recorded on the combined statements of financial position. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new standard is effective for the Agency's year ending June 30, 2023. The Agency is currently evaluating the effect that implementation of the new standard will have on its combined financial statements and disclosures.

16. Subsequent Events

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

**Supplementary Information**

NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION  
Year Ended June 30, 2022

Funds/Service Category	Budget	Current Authorization	Accrued Receipts	Accrued Expenditures	Administration 01A	Personal Care 1	Homemaker 2	Chore 3	Home Delivered Nutrition 4
<b>Iowa Department on Aging:</b>									
Elderly Services General	\$ 1,279,732	\$ 1,279,732	\$ 1,279,732	\$ 1,279,732	\$ 94,370	\$ 8,159	\$ 28,207	\$ 16,876	\$ 652,363
LifeLong Links	140,528	140,528	140,528	140,528	10,540				
Elderly Abuse Prevention Awareness Program	69,380	69,380	69,380	69,380	5,204				
Title IIIB Supportive Services	786,013	714,349	714,349	714,349	71,664	11,214	155,293		
Title IIIB Supportive Services- Vaccines	90,911	90,911	13,507	13,507					
Title IIIB Supportive Services - ARPA	280,566	785,214	256,358	256,358	30,816	12,500	148,412	7,987	27,548
Title IIIC(1) Congregate Meals	938,913	851,248	851,248	851,248	77,518				290,820
Title IIIC(1) Congregate Meals - ARPA	153,630	512,094	153,630	153,630	17,204				136,426
Title IIIC(2) Home Delivered Meals	542,660	497,141	497,141	497,141	44,836				452,305
Title IIIC(2) Home Delivered Meals - SupplNutr	293,707	293,707	293,707	293,707	29,735				
Title IIIC(2) Home Delivered Meals - ARPA	400,443	768,141	400,364	400,364	9,010				391,354
Title IIIE Caregiver Support	561,797	424,816	400,191	400,191	31,663				
Title IIIE Family Caregiver - ARPA	114,974	249,914	74,974	74,974	8,396				66,578
Title IIID Prevention Health	84,478	63,974	40,415	40,415					
Title IIID Preventive Health - ARPA	21,103	70,349	21,103	21,103					21,103
NSIP Cash	154,268	154,268	154,268	154,268					154,268
<b>Subtotal IDA</b>	<b>5,913,103</b>	<b>6,965,766</b>	<b>5,360,895</b>	<b>5,360,895</b>	<b>430,956</b>	<b>31,873</b>	<b>331,912</b>	<b>24,863</b>	<b>2,192,765</b>
<b>Iowa Non-Department on Aging</b>									
Federal Non-IDA	145,000		181,162	181,162					
State Non-IDA	3,400								
Local Public Funds	81,770		132,983	132,983	38,957				8,947
Other Local Cash	357,645		218,841	218,841	29,541	428	12,323		42,455
Program Income IIIC(1) Congregate Meals	44,500		52,670	52,670					
Program Income IIIC(2) Home Delivered Meals	264,000		255,733	255,733					255,733
Program Income IIIE Caregiver Support	7,400								
Program Income - Other	17,084		25,024	25,024		614	6,927	657	
Program Income III - ARPA			406	406		216	190		
<b>Subtotal Non-IDA</b>	<b>920,799</b>	<b>-</b>	<b>866,819</b>	<b>866,819</b>	<b>68,498</b>	<b>1,258</b>	<b>19,440</b>	<b>657</b>	<b>307,135</b>
<b>Total Cash</b>	<b>6,833,902</b>	<b>6,965,766</b>	<b>6,227,714</b>	<b>6,227,714</b>	<b>499,454</b>	<b>33,131</b>	<b>351,352</b>	<b>25,520</b>	<b>2,499,900</b>
<b>Noncash</b>	<b>245,324</b>	<b>-</b>	<b>310,367</b>	<b>310,367</b>	<b>5,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221,051</b>
<b>Totals per Financial Status Report</b>	<b>\$ 7,079,226</b>	<b>\$ 6,965,766</b>	<b>6,538,081</b>	<b>6,538,081</b>	<b>\$ 505,404</b>	<b>\$ 33,131</b>	<b>\$ 351,352</b>	<b>\$ 25,520</b>	<b>\$ 2,720,951</b>
<b>Reconciling Items to Audit:</b>									
Sources Not Listed on Report			3,303,386	3,197,801					
Combination of Affiliate			35,323	38,091					
Adjustment to Investments				20,823					
Adjustments to Receivables			(16,623)						
Adjustments to Fixed Assets			(33,978)	18,010					
Adjustments to Payables				10,534					
Adjustments to In-kind Amounts			(228,287)	(228,287)					
Adjustments to Record Intercompany Elimination			(34,565)	(34,565)					
<b>Totals per Combined Statements of Activities</b>			<b>\$ 9,563,337</b>	<b>\$ 9,560,488</b>					

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION  
Year Ended June 30, 2022

Funds/Service Category	Case Management 6	Congregate Nutrition 7	Nutrition Counseling 8	Assisted Transportation 9	Transportation 10	Legal Assistance 11	Nutrition Education 12	Information and Assistance 13	Outreach 14	Material Aid: Home Mod/Repair A01
Iowa Department on Aging:										
Elderly Services General	\$ 54,076		\$ 1	\$ 13,588			\$ 1	\$ 67,866	\$ 66,907	
LifeLong Links								17,265		
Elderly Abuse Prevention Awareness Program										
Title IIIB Supportive Services	257,715		2,618	12,204	\$ 8,230	\$ 22,952	37,898			
Title IIIB Supportive Services- Vaccines									11,550	
Title IIIB Supportive Services - ARPA	10,830			15,127	3,138					
Title IIIC(1) Congregate Meals		\$ 482,910								
Title IIIC(1) Congregate Meals - ARPA										
Title IIIC(2) Home Delivered Meals										
Title IIIC(2) Home Delivered Meals - SupplNutr		263,972								
Title IIIC(2) Home Delivered Meals - ARPA										
Title IIIE Caregiver Support										
Title IIIE Family Caregiver - ARPA										
Title IIID Prevention Health										
Title IIID Preventive Health - ARPA										
NSIP Cash										
<b>Subtotal IDA</b>	<b>322,621</b>	<b>746,882</b>	<b>2,619</b>	<b>40,919</b>	<b>11,368</b>	<b>22,952</b>	<b>37,899</b>	<b>85,131</b>	<b>78,457</b>	<b>\$ -</b>
Iowa Non-Department on Aging										
Federal Non-IDA								67,222		
State Non-IDA										
Local Public Funds				20,670						20,643
Other Local Cash	24,399			3,502				27,719		
Program Income IIIC(1) Congregate Meals		52,670								
Program Income IIIC(2) Home Delivered Meals										
Program Income IIIE Caregiver Support										
Program Income - Other				2,189	2,467			50		
Program Income III - ARPA										
<b>Subtotal Non-IDA</b>	<b>24,399</b>	<b>52,670</b>	<b>-</b>	<b>26,361</b>	<b>2,467</b>	<b>-</b>	<b>-</b>	<b>94,991</b>	<b>-</b>	<b>20,643</b>
<b>Total Cash</b>	<b>347,020</b>	<b>799,552</b>	<b>2,619</b>	<b>67,280</b>	<b>13,835</b>	<b>22,952</b>	<b>37,899</b>	<b>180,122</b>	<b>78,457</b>	<b>20,643</b>
<b>Noncash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,288</b>	<b>8,091</b>	<b>-</b>	<b>1,200</b>	<b>-</b>	<b>-</b>
<b>Totals per Financial Status Report</b>	<b>\$ 347,020</b>	<b>\$ 799,552</b>	<b>\$ 2,619</b>	<b>\$ 67,280</b>	<b>\$ 16,123</b>	<b>\$ 31,043</b>	<b>\$ 37,899</b>	<b>\$ 181,322</b>	<b>\$ 78,457</b>	<b>\$ 20,643</b>

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION  
Year Ended June 30, 2022

Funds/Service Category	Health Promotion: Nonevidence-Based B02	Emergency Response System B04	Health Promotion: Evidence-Based B07	EAPA Consultation C07	EAPA Assessment and Intervention C08	EAPA Training and Education C09	Training and Education D01	Options Counseling E05	Material Aid: Consumable Supplies F07	Material Aid: Consumable Supplies F08	CG Counseling CG3
Iowa Department on Aging:											
Elderly Services General	\$ 30,333	\$ 21,185		\$ 2,700	\$ 20,197	\$ 250	\$ 41,261	\$ 120,373		\$ 13,377	
LifeLong Links								29,489			
Elderly Abuse Prevention Awareness Program				9,944	52,508	1,724					
Title IIIB Supportive Services	100	6,036					56,857	36,250	\$ 19,814	15,504	
Title IIIB Supportive Services- Vaccines	1,957										
Title IIIB Supportive Services - ARPA											
Title IIIC(1) Congregate Meals											
Title IIIC(1) Congregate Meals - ARPA											
Title IIIC(2) Home Delivered Meals											
Title IIIC(2) Home Delivered Meals - SupplNutr											
Title IIIC(2) Home Delivered Meals - ARPA											
Title IIIE Caregiver Support											\$ 9,325
Title IIIE Family Caregiver - ARPA											
Title IIID Prevention Health			\$ 40,415								
Title IIID Preventive Health - ARPA											
NSIP Cash											
<b>Subtotal IDA</b>	<b>32,390</b>	<b>27,221</b>	<b>40,415</b>	<b>12,644</b>	<b>72,705</b>	<b>1,974</b>	<b>98,118</b>	<b>186,112</b>	<b>19,814</b>	<b>28,881</b>	<b>9,325</b>
Iowa Non-Department on Aging											
Federal Non-IDA								113,940			
State Non-IDA											
Local Public Funds							39,266				
Other Local Cash			50				20,779	24,399		413	
Program Income IIIC(1) Congregate Meals											
Program Income IIIC(2) Home Delivered Meals											
Program Income IIIE Caregiver Support											
Program Income - Other	5	1,246	1,914				617		1,368	1,429	
Program Income III - ARPA											
<b>Subtotal Non-IDA</b>	<b>5</b>	<b>1,246</b>	<b>1,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,662</b>	<b>138,339</b>	<b>1,368</b>	<b>1,842</b>	<b>-</b>
<b>Total Cash</b>	<b>32,395</b>	<b>28,467</b>	<b>42,379</b>	<b>12,644</b>	<b>72,705</b>	<b>1,974</b>	<b>158,780</b>	<b>324,451</b>	<b>21,182</b>	<b>30,723</b>	<b>9,325</b>
<b>Noncash</b>	<b>-</b>	<b>-</b>	<b>1,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals per Financial Status Report</b>	<b>\$ 32,395</b>	<b>\$ 28,467</b>	<b>\$ 43,517</b>	<b>\$ 12,644</b>	<b>\$ 72,705</b>	<b>\$ 1,974</b>	<b>\$ 169,580</b>	<b>\$ 324,451</b>	<b>\$ 21,182</b>	<b>\$ 30,723</b>	<b>\$ 9,325</b>

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION  
Year Ended June 30, 2022

Funds/Service Category	CG Information Services CG4	CG Options Counseling CG8	CG Case Management CG9	CG Information and Assistance CG10	CG Support Groups CG11	CG Training CG12	CG Emergency Response System CG14	CG Supportive Services: Other CG22	CG Respite Care: In-Home CG23	CG Respite Care: Out-of-Home (Day) CG24
Iowa Department on Aging:										
Elderly Services General	\$ 1	\$ 1	\$ 16,936	\$ 4,052	\$ 1,351	\$ 1		\$ 5,299	\$ 1	
LifeLong Links		21,627		61,607						
Elderly Abuse Prevention Awareness Program										
Title IIIB Supportive Services										
Title IIIB Supportive Services- Vaccines										
Title IIIB Supportive Services - ARPA										
Title IIIC(1) Congregate Meals										
Title IIIC(1) Congregate Meals - ARPA										
Title IIIC(2) Home Delivered Meals										
Title IIIC(2) Home Delivered Meals - SupplNutr										
Title IIIC(2) Home Delivered Meals - ARPA										
Title IIIE Caregiver Support	18,263	22,296	47,561	56	5,136	4,873	\$ 3,219	13,959	239,331	\$ 4,509
Title IIIE Family Caregiver - ARPA										
Title IIID Prevention Health										
Title IIID Preventive Health - ARPA										
NSIP Cash										
<b>Subtotal IDA</b>	<b>18,264</b>	<b>43,924</b>	<b>64,497</b>	<b>65,715</b>	<b>6,487</b>	<b>4,874</b>	<b>3,219</b>	<b>19,258</b>	<b>239,332</b>	<b>4,509</b>
Iowa Non-Department on Aging										
Federal Non-IDA										
State Non-IDA										
Local Public Funds									4,500	
Other Local Cash		24,399							8,434	
Program Income IIIC(1) Congregate Meals										
Program Income IIIC(2) Home Delivered Meals										
Program Income IIIE Caregiver Support										
Program Income - Other						10	155	2,125	2,986	265
Program Income III - ARPA										
<b>Subtotal Non-IDA</b>	<b>-</b>	<b>24,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>155</b>	<b>2,125</b>	<b>15,920</b>	<b>265</b>
<b>Total Cash</b>	<b>18,264</b>	<b>68,323</b>	<b>64,497</b>	<b>65,715</b>	<b>6,487</b>	<b>4,884</b>	<b>3,374</b>	<b>21,383</b>	<b>255,252</b>	<b>4,774</b>
<b>Noncash</b>	<b>1,219</b>	<b>6,254</b>	<b>5,848</b>	<b>5,486</b>	<b>5,510</b>	<b>5,322</b>	<b>-</b>	<b>-</b>	<b>30,210</b>	<b>-</b>
<b>Totals per Financial Status Report</b>	<b>\$ 19,483</b>	<b>\$ 74,577</b>	<b>\$ 70,345</b>	<b>\$ 71,201</b>	<b>\$ 11,997</b>	<b>\$ 10,206</b>	<b>\$ 3,374</b>	<b>\$ 21,383</b>	<b>\$ 285,462</b>	<b>\$ 4,774</b>

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2022

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**Part I: Summary of the Independent Auditor's Results:**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Northeast Iowa Area Agency on Aging, Inc. were prepared in accordance with U.S. generally accepted accounting principles.
2. No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Northeast Iowa Area Agency on Aging, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award programs were disclosed by the audit of the financial statements. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Northeast Iowa Area Agency on Aging, Inc. expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
  - Federal Assistance Listing Number 93.048 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects
  - Federal Assistance Listing Number 93.778 Medical Assistance Program
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Northeast Iowa Area Agency on Aging, Inc. was determined to be a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

**Part III: Findings and Questioned Costs for Major Federal Awards:**

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

See management letter dated December 12, 2022.

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Health and Human Services:			
Direct:			
Special Programs for the Aging:			
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		\$ 1,325,335
State Health Insurance Assistance Program	93.324		1,259,504
Passed through Iowa Department on Aging Special Programs for Aging:			
Special Programs for the Aging:			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	DH21/DH22	40,415
COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	DH21/DH22	21,103
Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			61,518
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	BS21/BS22/AD21	742,506
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	BS21/BS22	269,865
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			1,012,371
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	C121/C122/C221/C222/N221	1,642,096
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	C121/C122/C221/C222/N221	553,995
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			2,196,091
Nutrition Services Incentive Program	93.053	NP21/NP22	154,268
Total Aging Cluster			3,362,730
National Family Caregiver Support, Title III, Part E	93.052	EC21/EC22	400,190
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	EC21/EC22	74,974
Total National Family Caregiver Support			475,164
Medicare Enrollment Assistance Program	93.071	MA20	554
Medical Assistance Program	93.778	MC22	181,162
Subtotal U.S. Department of Health and Human Services			6,665,967
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		72,355
Total Federal Financial Assistance			\$ 6,738,322

See Independent Auditor's Report.



NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2022

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**Basis of Presentation:**

- The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Northeast Iowa Area Agency on Aging, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Northeast Iowa Area Agency on Aging, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northeast Iowa Area Agency on Aging, Inc.

**Summary of Significant Accounting Policies:**

- Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Pass through entity identifying numbers are presented where available.

**Indirect Cost Rate:**

- Northeast Iowa Area Agency on Aging, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Subrecipients:**

- There were no awards passed through to subrecipients.

See Independent Auditor's Report.



# Hacker Nelson & Co., CPAs

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

To the Board of Directors  
Northeast Iowa Area Agency on Aging, Inc. and Affiliate  
Waterloo, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statement of Northeast Iowa Area Agency on Aging, Inc. and Affiliate (nonprofit corporations), which comprise the combined statement of financial position as of June 30, 2022, and the related combined statements of activities, functional expenses - programs, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 12, 2022. The financial statements of NEI3A Properties LLC were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with NEI3A Properties LLC.

### Report on Internal Control over Financial Reporting

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

### Purpose of this Report

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

Hatcher, Nelson & Co., CPAs

Decorah, Iowa  
December 12, 2022



Hacker Nelson  
& Co., CPAs

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

To the Board of Directors  
Northeast Iowa Area Agency on Aging, Inc.  
Waterloo, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northeast Iowa Area Agency on Aging, Inc.'s (nonprofit corporation) 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 Northeast Iowa Area Agency on Aging, Inc.'s major federal programs for the year ended June 30, 2022. Northeast Iowa Area Agency on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northeast Iowa Area Agency on Aging, Inc. 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Northeast Iowa Area Agency on Aging, Inc. 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 Northeast Iowa Area Agency on Aging, Inc.'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 Northeast Iowa Area Agency on Aging, Inc.'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 Northeast Iowa Area Agency on Aging, Inc.'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 generally accepted auditing standards, *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 Northeast Iowa Area Agency on Aging, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Northeast Iowa Area Agency on Aging, Inc.'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 Northeast Iowa Area Agency on Aging, Inc.'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 Northeast Iowa Area Agency on Aging, Inc.'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.

Report on Internal Control over Compliance (Continued)

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.

*Hatcher, Nelson + Co., CPAs*

Decorah, Iowa  
December 12, 2022



MANAGEMENT LETTER

To the Board of Directors  
Northeast Iowa Area Agency on Aging, Inc. and Affiliate  
Waterloo, Iowa

In planning and performing our audit of the combined financial statements of Northeast Iowa Area Agency on Aging, Inc. and Affiliate for the year ended June 30, 2022, we considered the Agency's internal control to determine our auditing procedures for the purpose of expressing an opinion on the combined financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. A separate report dated December 12, 2022, contains our report on the Agency's internal control. This letter does not affect our report dated December 12, 2022, on the combined financial statements of Northeast Iowa Area Agency on Aging, Inc. and Affiliate. Comment three is an unresolved comment from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the Agency's responses and, accordingly, we express no opinion on them.

1. Questionable Disbursements

We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

2. Deposits and Investments

We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12C.2 of the Code of Iowa.

3. Signature Cards Not Updated

During our audit, we noted that one of the smaller bank accounts still listed the previous Chief Executive Officer as a check signer.

Recommendation

We recommend updating the signature cards to include only those who are currently responsible for signing.

Response and Corrective Action Planned

The bank account has been closed.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Northeast Iowa Area Agency on Aging, Inc. and Affiliate during the course of our audit.

If you have any questions concerning these or other matters, we would be happy to discuss them with you at your convenience.

*Hacher, Nelson & Co., CPAs*

Decorah, Iowa  
December 12, 2022