

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2021

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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 Combined Financial Statements

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, 2021 and 2020, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Northeast Iowa Area Agency on Aging, Inc. and Affiliate as of June 30, 2021 and 2020, 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.

Other Matters

Other 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 were derived from and relate 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 audits 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 8, 2021, on our consideration of Northeast Iowa Area Agency on Aging, Inc. and Affiliate's internal control over financial reporting and on our tests of their 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 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 Northeast Iowa Area Agency on Aging, Inc. and Affiliate's internal control over financial reporting and compliance.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 8, 2021

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
 COMBINED STATEMENTS OF FINANCIAL POSITION
 June 30, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,179,438	\$ 1,935,106
Certificates of deposits	769,722	594,224
Receivables (net of uncollectible amounts):		
Grants and contract fees	849,170	674,480
United Way support	45,623	45,623
Prepaid expenses	117,342	99,470
Total current assets	3,961,295	3,348,903
PROPERTY, EQUIPMENT AND IMPROVEMENTS, net	577,628	611,182
OTHER ASSETS		
Certificates of deposit	-	170,956
	\$ 4,538,923	\$ 4,131,041
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 499,582	\$ 520,215
Estimated revenue refunds	942,246	371,409
Accrued expenses	354,635	342,196
Current portion of long-term debt	12,401	10,877
Total current liabilities	1,808,864	1,244,697
LONG-TERM DEBT		
Notes payable, less current portion	302,828	316,239
NET ASSETS		
Without donor restrictions	2,381,608	2,524,482
With donor restrictions	45,623	45,623
Total net assets	2,427,231	2,570,105
Total liabilities and net assets	\$ 4,538,923	\$ 4,131,041

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
 COMBINED STATEMENTS OF ACTIVITIES
 Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS						
Contributions:						
Cash	\$ 125,574	\$ 45,623	\$ 171,197	\$ 82,469	\$ 45,623	\$ 128,092
In-kind			-	202,469		202,469
Government grants	8,614,691		8,614,691	7,278,588		7,278,588
Fees for service	467,919		467,919	641,963		641,963
Program income	380,216		380,216	445,708		445,708
Other	87,642		87,642	84,258		84,258
Total revenues and gains	9,676,042	45,623	9,721,665	8,735,455	45,623	8,781,078
EXPENSES						
Program expenses:						
Congregate and home-delivered meals	3,429,459		3,429,459	3,368,532		3,368,532
Senior Medicare patrol project	1,286,466		1,286,466	786,546		786,546
State health insurance assistance	1,303,122		1,303,122	1,181,548		1,181,548
Information and assistance	569,261		569,261	568,303		568,303
Case management	392,041		392,041	241,418		241,418
Counseling	419,289		419,289	409,560		409,560
Respite	232,971		232,971	117,770		117,770
Homemaker	268,502		268,502	112,013		112,013
Other	770,965		770,965	999,382		999,382
Total program expenses	8,672,076	-	8,672,076	7,785,072	-	7,785,072
Administrative support activities:						
Management and general	1,192,463		1,192,463	1,047,536		1,047,536
Total functional expenses	9,864,539	-	9,864,539	8,832,608	-	8,832,608
Change in net assets from operations	(188,497)	45,623	(142,874)	(97,153)	45,623	(51,530)
Net assets released from restrictions	45,623	(45,623)	-	45,623	(45,623)	-
Change in net assets	(142,874)	-	(142,874)	(51,530)	-	(51,530)
NET ASSETS, beginning of year	2,524,482	45,623	2,570,105	2,576,012	45,623	2,621,635
NET ASSETS, end of year	\$ 2,381,608	\$ 45,623	\$ 2,427,231	\$ 2,524,482	\$ 45,623	\$ 2,570,105

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, 2021 and 2020

Functional Expenses	2021										Total Program Services	Management and General	Total
	Congregate and Home Delivered Meals	Senior Medicare Patrol Project	State Health Insurance Assistance	Information and Assistance	Case Management	Counseling	Respite	Homemaker	Other				
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					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

Functional Expenses	2020										Total Program Services	Management and General	Total
	Congregate and Home Delivered Meals	Senior Medicare Patrol Project	State Health Insurance Assistance	Information and Assistance	Case Management	Counseling	Respite	Homemaker	Other				
Salaries	\$ 462,863	\$ 291,212	\$ 305,416	\$ 277,002	\$ 148,766	\$ 259,733			\$ 293,257		\$ 2,038,249	\$ 508,609	\$ 2,546,858
Payroll taxes and benefits	170,755	127,298	117,585	106,592	60,398	103,898			103,038		789,564	219,082	1,008,646
Total salaries and related expenses	633,618	418,510	423,001	383,594	209,164	363,631	\$ -	\$ -	396,295		2,827,813	727,691	3,555,504
Premise costs	325,313	1,639	1,555	15,561	5,521	8,062			11,327		368,978	23,075	392,053
Telephone	35,630	20,826	32,515	10,255	5,834	3,521			4,260		112,841	21,636	134,477
Insurance	5,006	3,463	3,238	4,443	2,340	3,871			4,310		26,671	14,233	40,904
Interest	2,317	2,536	2,453	1,270	777	1,485			1,255		12,093	4,352	16,445
Travel expenses	16,982	23,096	24,743	4,701	3,346	8,502			26,666		108,036	9,908	117,944
Equipment and repairs	18,631	7,942	5,502	15,862	2,795	700			3,724		55,156	34,104	89,260
Depreciation									1,829		1,829	31,863	33,692
Advertising	5,742			11,213		500			5,556		23,011	995	24,006
Printing	3,566	1,140	4,025	7,604	479	283			29,924		47,021	5,086	52,107
Supplies	8,264	489	4,935	3,353	257	129			8,119		25,696	13,847	39,543
Dues and subscriptions				150							150	20,345	20,495
Postage	1,185	681	296	55	39	43			17		2,316	13,458	15,774
Contractual expense	2,311,447	298,980	679,060	108,084	10,635	18,275	117,620	112,013	503,595		4,159,709	118,329	4,278,038
Training	786	7,244	225	2,158	107	558			2,505		13,583	5,590	19,173
Miscellaneous	45				124						169	3,024	3,193
	\$ 3,368,532	\$ 786,546	\$ 1,181,548	\$ 568,303	\$ 241,418	\$ 409,560	\$ 117,770	\$ 112,013	\$ 999,382		\$ 7,785,072	\$ 1,047,536	\$ 8,832,608

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
 COMBINED STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (142,874)	\$ (51,530)
Adjustment to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	33,554	33,692
Interest income added to certificates of deposit	(4,542)	(17,942)
Increase in accounts receivable	(174,690)	(294,878)
Increase in prepaid expenses	(17,872)	(17,839)
(Decrease) increase in accounts payable	(20,633)	112,233
Increase (decrease) in estimated revenue refunds	570,837	(236,701)
Increase (decrease) in accrued expenses	12,439	45,250
Net cash flows provided by (used in) operating activities	<u>256,219</u>	<u>(427,715)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, equipment and improvements	<u>-</u>	<u>(11,334)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	<u>(11,887)</u>	<u>(10,357)</u>
Net increase (decrease) in cash and cash equivalents	244,332	(449,406)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,935,106</u>	<u>2,384,512</u>
End of year	<u>\$ 2,179,438</u>	<u>\$ 1,935,106</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest and income taxes	<u>\$ 15,261</u>	<u>\$ 16,445</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Matured certificates of deposit reinvested	<u>\$ 597,011</u>	<u>\$ 462,275</u>

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

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, 2021, 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, Aging Properties Corporation. Aging Properties Corporation is 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. All intercompany balances and transactions between the two entities 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 financial statements.

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.

1. Summary of Significant Accounting Policies (Continued)

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 each of the years ended June 30, 2021 and 2020, 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 \$159,975 and \$173,664 for June 30, 2021 and 2020, 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, 2021 and 2020.

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 89% 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

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, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 2,949,160	\$ 2,529,330
Accounts receivable	894,793	720,103
Less amounts restricted by donor	(45,623)	(45,623)
Total	\$ 3,798,330	\$ 3,203,810

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.

3. Deposits and Investments

The Agency's deposits in banks at June 30, 2021 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 \$769,722 and \$765,180 are included in investments in the accompanying combined financial statements as of June 30, 2021 and 2020, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

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, 2021 and 2020. During the years ended June 30, 2021 and 2020, the Agency received approximately 5,531 and 38,750 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, 2021 and 2020, both revenue and expenses were increased by \$0 and \$202,469, 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, 2021 and 2020 are summarized as follows:

	2021	2020
Land	\$ 12,892	\$ 12,892
Buildings and improvements	575,730	575,730
Leasehold improvements	227,485	227,485
Equipment and furnishings	576,755	576,755
	1,392,862	1,392,862
Less accumulated depreciation	815,234	781,680
Total	\$ 577,628	\$ 611,182

Depreciation expense totaled \$33,354 and \$33,692 for the years ended June 30, 2021 and 2020, respectively. No interest costs were capitalized during the years ended June 30, 2021 and 2020.

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Long-term Debt

Details of long-term debt as of June 30, 2021 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.	\$ 315,229	\$ 12,401

Maturities of long-term debt during the years following June 30, 2021 are as follows:

Long-term debt maturities	Amount
2022	\$ 12,401
2023	12,912
2024	13,412
2025	13,997
2026	14,572
2027-2029	247,935
Total	\$ 315,229

Interest expense totaled \$15,261 and \$16,445 for the years ended June 30, 2021 and 2020, respectively.

8. Restrictions on Net Assets

Net assets with donor restrictions restricted for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Subsequent year's program activities	\$ 45,623	\$ 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 publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 6.29% in 2021 and 2020 of their annual covered salary and the Agency is required to contribute 9.44% in 2021 and 2020 of annual covered payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2021 and 2020 was \$247,237 and \$234,739, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

10. Operating Leases

The Agency leases kitchen space and other office space in Waterloo under an operating lease which expired in November 2020. It also 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, 2021 is \$54,524.

Rent expense for all operating leases, including in-kind rent, was \$95,434 and \$308,582 for the years ended June 30 2021 and 2020, respectively.

11. Aging Properties Corporation

The June 30 balance sheets of Aging Properties Corporation consisted of money market funds and real estate used for rental purposes:

	2021	2020
Cash and cash equivalents	\$ 122,286	\$ 118,930
Land	12,892	12,892
Buildings and improvements	64,872	64,872
Less accumulated depreciation	55,964	54,841
Total assets	\$ 144,086	\$ 141,853
Liabilities		\$ 2,885
Net assets without donor restrictions	\$ 144,086	138,968
Total liabilities and net assets	\$ 144,086	\$ 141,853

During the years ended June 30, 2021 and 2020, Aging Properties Corporation received \$6,984 and \$7,034 in rental income from the Agency, respectively. As of June 30, 2021 and 2020, Aging Properties Corporation reported a liability of \$0 and \$2,885, respectively, payable to the Agency. These items have 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, 2021 and 2020, 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.

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 \$294,645 and \$280,314 as of June 30, 2021 and 2020, 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 financial statements and disclosures.

16. Subsequent Events

Management has evaluated subsequent events through December 8, 2021, the date on which the combined financial statements were available to be issued.

Supplementary Information

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION
Year Ended June 30, 2021

Funds/Service Category	Budget	Current Authorization	Accrued Receipts	Accrued Expenditures	Administration 01A	Personal Care 1	Homemaker 2	Chore 3	Home Delivered Nutrition 4
Iowa Department on Aging:									
Elderly Services General	\$ 1,429,280	\$ 1,429,280	\$ 1,429,280	\$ 1,429,280	\$ 101,031	\$ 6,201		\$ 26,331	\$ 718,456
LifeLong Links	141,529	141,529	141,529	141,529	10,614				
Elderly Abuse Prevention Awareness Program	69,380	69,380	69,380	69,380	5,204				
Title IIIB Supportive Services	794,536	795,934	795,934	795,934	71,844	20,428	\$ 292,977		
Title IIIB Supportive Services - CARES	328,417	328,417	328,417	328,417	83,974				205,341
Title IIIB Supportive Services - Vaccines		90,911		-					
Title IIIB Supportive Services - ARPA		785,214		-					
Title IIIC(1) Congregate Meals	987,124	989,553	989,553	989,553	86,698				901,173
Title IIIC(1) Congregate Meals - SupplNutr	304,645			-					
Title IIIC(1) Congregate Meals - ARPA		512,094		-					
Title IIIC(2) Home Delivered Meals	473,098	481,778	481,778	481,778	42,700				439,078
Title IIIC(2) Home Delivered Meals - CARES	526,640	526,640	526,640	526,640					526,640
Title IIIC(2) Home Delivered Meals - SupplNutr		304,645	10,938	10,938					
Title IIIC(2) Home Delivered Meals - ARPA		768,141		-					
Title IIIE Caregiver Support	493,529	493,937	388,620	388,620	31,453				
Title IIIE Caregiver Support - CARES	166,588	166,588	166,588	166,588					129,563
Title IIIE Family Caregiver - ARPA		249,914		-					
Title IIID Prevention Health	40,402	40,134	19,630	19,630					
Title IIID Preventive Health - ARPA		70,349		-					
NSIP Cash	147,452	146,517	146,517	146,517					146,517
Subtotal IDA	5,902,620	8,390,955	5,494,804	5,494,804	433,518	26,629	292,977	26,331	3,066,768
Iowa Non-Department on Aging									
Federal Non-IDA	145,000		155,351	155,351					
State Non-IDA	3,000		3,166	3,166					3,166
Local Public Funds	160,300		88,986	88,986	39,099				3,945
Other Local Cash	179,853		415,721	415,721	124,256				160,863
Program Income IIIC(1) Congregate Meals	10		201	201					
Program Income IIIC(2) Home Delivered Meals	250,000		248,477	248,477					248,477
Program Income IIIE Caregiver Support	7,000		7,572	7,572					
Program Income - Other	17,850		20,104	20,104		1,257	2,375	390	
Program Income III - CARES			103,835	103,835					99,889
Subtotal Non-IDA	763,013	-	1,043,413	1,043,413	163,355	1,257	2,375	390	516,340
Total Cash	6,665,633	8,390,955	6,538,217	6,538,217	596,873	27,886	295,352	26,721	3,583,108
Noncash	115,255	-	124,522	124,522	8,299	-	-	-	78,030
Totals per Financial Status Report	\$ 6,780,888	\$ 8,390,955	6,662,739	6,662,739	\$ 605,172	\$ 27,886	\$ 295,352	\$ 26,721	\$ 3,661,138
Reconciling Items to Audit:									
Sources Not Listed on Report			3,181,553	3,258,646					
Combination of Affiliate			7,241	2,123					
Adjustment to Investments			1,638						
Prior Year Adjustments				(38,262)					
Fraud Loss				89,700					
Adjustments to Fixed Assets				21,099					
Adjustments to In-kind Amounts			(124,522)	(124,522)					
Adjustments to Record Intercompany Elimination			(6,984)	(6,984)					
Totals per Combined Statements of Activities			\$ 9,721,665	\$ 9,864,539					

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION
Year Ended June 30, 2021

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	\$ 99,154			\$ 25,699				\$ 76,782	\$ 57,271	
LifeLong Links								130,915		
Elderly Abuse Prevention Awareness Program										
Title IIIB Supportive Services	229,245		\$ 608		\$ 3,449	\$ 29,738	\$ 19,686			
Title IIIB Supportive Services - CARES									2,700	
Title IIIB Supportive Services - Vaccines										
Title IIIB Supportive Services - ARPA										
Title IIIC(1) Congregate Meals		\$ 1,682								
Title IIIC(1) Congregate Meals - SupplNutr										
Title IIIC(1) Congregate Meals - ARPA										
Title IIIC(2) Home Delivered Meals										
Title IIIC(2) Home Delivered Meals - CARES										
Title IIIC(2) Home Delivered Meals - SupplNutr		10,938								
Title IIIC(2) Home Delivered Meals - ARPA										
Title IIIE Caregiver Support										
Title IIIE Caregiver Support - CARES										
Title IIIE Family Caregiver - ARPA										
Title IIID Prevention Health										
Title IIID Preventive Health - ARPA										
NSIP Cash										
Subtotal IDA	328,399	12,620	608	25,699	3,449	29,738	19,686	207,697	59,971	\$ -
Iowa Non-Department on Aging										
Federal Non-IDA								67,759		
State Non-IDA										
Local Public Funds				20,670				1,600		18,049
Other Local Cash	24,609							30,309		5,000
Program Income IIIC(1) Congregate Meals		201								
Program Income IIIC(2) Home Delivered Meals										
Program Income IIIE Caregiver Support										
Program Income - Other				2,746	1,835			25		
Program Income III - CARES										
Subtotal Non-IDA	24,609	201	-	23,416	1,835	-	-	99,693	-	23,049
Total Cash	353,008	12,821	608	49,115	5,284	29,738	19,686	307,390	59,971	23,049
Noncash	-	-	-	2,957	-	3,574	-	3,124	-	-
Totals per Financial Status Report	\$ 353,008	\$ 12,821	\$ 608	\$ 52,072	\$ 5,284	\$ 33,312	\$ 19,686	\$ 310,514	\$ 59,971	\$ 23,049

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION
Year Ended June 30, 2021

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	\$ 32,719	\$ 21,163		\$ 6,551	\$ 173		\$ 62,525	\$ 109,617		\$ 22,261	
LifeLong Links											
Elderly Abuse Prevention Awareness Program				9,657	52,442	\$ 2,077					
Title IIIB Supportive Services								71,621	\$ 56,338		
Title IIIB Supportive Services - CARES							6,062		30,340		
Title IIIB Supportive Services - Vaccines											
Title IIIB Supportive Services - ARPA											
Title IIIC(1) Congregate Meals											
Title IIIC(1) Congregate Meals - SupplNutr											
Title IIIC(1) Congregate Meals - ARPA											
Title IIIC(2) Home Delivered Meals											
Title IIIC(2) Home Delivered Meals - CARES											
Title IIIC(2) Home Delivered Meals - SupplNutr											
Title IIIC(2) Home Delivered Meals - ARPA											
Title IIIE Caregiver Support											\$ 11,763
Title IIIE Caregiver Support - CARES								37,025			
Title IIIE Family Caregiver - ARPA											
Title IIID Prevention Health			\$ 19,630								
Title IIID Preventive Health - ARPA											
NSIP Cash											
Subtotal IDA	32,719	21,163	19,630	16,208	52,615	2,077	68,587	218,263	86,678	22,261	11,763
Iowa Non-Department on Aging											
Federal Non-IDA								87,592			
State Non-IDA											
Local Public Funds											623
Other Local Cash							4,481	24,611	17,312		
Program Income IIIC(1) Congregate Meals											
Program Income IIIC(2) Home Delivered Meals											
Program Income IIIE Caregiver Support											
Program Income - Other		1,947	656				465		7,534	874	
Program Income III - CARES									3,946		
Subtotal Non-IDA	-	1,947	656	-	-	-	4,946	112,203	28,792	1,497	-
Total Cash	32,719	23,110	20,286	16,208	52,615	2,077	73,533	330,466	115,470	23,758	11,763
Noncash	-	-	520	-	-	-	660	-	-	-	-
Totals per Financial Status Report	\$ 32,719	\$ 23,110	\$ 20,806	\$ 16,208	\$ 52,615	\$ 2,077	\$ 74,193	\$ 330,466	\$ 115,470	\$ 23,758	\$ 11,763

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION
Year Ended June 30, 2021

Funds/Service Category	CG Information Services CG4	CG Supplemental Services CG6	CG Options Counseling CG8	CG Case Management CG9	CG Information and Assistance CG10	CG Support Groups CG11	CG Emergency Response System CG14	CG Respite Care: In-Home CG23	CG Respite Care: Out-of-Home (Day) CG24
Iowa Department on Aging:									
Elderly Services General			\$ 9,890	\$ 12,093	\$ 1,668	\$ 700		\$ 38,995	
LifeLong Links									
Elderly Abuse Prevention Awareness Program									
Title IIIB Supportive Services									
Title IIIB Supportive Services - CARES									
Title IIIB Supportive Services - Vaccines									
Title IIIB Supportive Services - ARPA									
Title IIIC(1) Congregate Meals									
Title IIIC(1) Congregate Meals - SupplNutr									
Title IIIC(1) Congregate Meals - ARPA									
Title IIIC(2) Home Delivered Meals									
Title IIIC(2) Home Delivered Meals - CARES									
Title IIIC(2) Home Delivered Meals - SupplNutr									
Title IIIC(2) Home Delivered Meals - ARPA									
Title IIIE Caregiver Support	\$ 3,732	\$ 34,106	25,998	37,035	24,564	9,365	\$ 1,447	209,157	
Title IIIE Caregiver Support - CARES									
Title IIIE Family Caregiver - ARPA									
Title IIID Prevention Health									
Title IIID Preventive Health - ARPA									
NSIP Cash									
Subtotal IDA	3,732	34,106	35,888	49,128	26,232	10,065	1,447	248,152	\$ -
Iowa Non-Department on Aging									
Federal Non-IDA									
State Non-IDA									
Local Public Funds								4,769	231
Other Local Cash			24,280						
Program Income IIIC(1) Congregate Meals									
Program Income IIIC(2) Home Delivered Meals									
Program Income IIIE Caregiver Support		2,268					138	5,166	
Program Income - Other									
Program Income III - CARES									
Subtotal Non-IDA	-	2,268	24,280	-	-	-	138	9,935	231
Total Cash	3,732	36,374	60,168	49,128	26,232	10,065	1,585	258,087	231
Noncash	4,010	919	-	-	-	1,929	-	20,500	-
Totals per Financial Status Report	\$ 7,742	\$ 37,293	\$ 60,168	\$ 49,128	\$ 26,232	\$ 11,994	\$ 1,585	\$ 278,587	\$ 231

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

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:
 - 93.052 National Family Caregiver Support, Title III, Part E
 - 93.324 State Health Insurance 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:

Instances of noncompliance: no matters were noted.

Significant deficiencies: no matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

Instances of noncompliance: no matters were noted.

Significant deficiencies: no matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated December 8, 2021

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing 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	\$ 1,283,870
State Health Insurance Assistance Program	93.324	1,305,983
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	19,630
Aging Cluster:		
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	829,091
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	328,417
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1,482,269
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	526,640
Nutrition Services Incentive Program	93.053	146,517
Total Aging Cluster		3,312,934
National Family Caregiver Support, Title III, Part E	93.052	388,620
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	166,588
Total National Family Caregiver Support		555,208
Medicare Enrollment Assistance Program	93.071	25,136
Medical Assistance Program	93.778	155,351
Subtotal U.S. Department of Health and Human Services		6,658,112
U.S. Department of Education:		
Passed through Iowa Department of Education:		
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	69,244
U.S. Department of Treasury:		
Passed through Iowa Department on Aging Special Programs for Aging:		
Coronavirus Relief Fund	21.019	5,991
Total Federal Financial Assistance		\$ 6,733,347

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, 2021

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, 2021. 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 U.S. generally accepted auditing standards and 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, 2021, 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 8, 2021. The financial statements of Aging Properties Corporation 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 Aging Properties Corporation.

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 may exist that have not been identified.

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.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 8, 2021



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

We have audited Northeast Iowa Area Agency on Aging, Inc.'s (nonprofit corporation) compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northeast Iowa Area Agency on Aging, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Iowa Area Agency on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northeast Iowa Area Agency on Aging, Inc.'s compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

Management of Northeast Iowa Area Agency on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northeast Iowa Area Agency on Aging, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Iowa Area Agency on Aging, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 8, 2021



Hacker Nelson & Co., CPAs

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, 2021, 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 8, 2021, contains our report on the Agency's internal control. This letter does not affect our report dated December 8, 2021, 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. Affiliate Properties Corporation Tax-Exempt Status

During our audit, we noted that Aging Properties Corporation (Affiliate), which is a 501(c)(2) tax-exempt organization is not in compliance with Internal Revenue Service (IRS) definition of a title-holding corporation. The IRS requires that a title-holding corporation qualify for exemption only if there is effective ownership and control over an affiliate by another exempt organization. Based on the Articles of Incorporation and By-Laws of the Affiliate, the Agency does not have direct control over the Affiliate. Also, according to IRS Publication 557, a 501(c)(2) tax-exempt organization is required to turn over its entire income from property, less expenses, in a timely manner. During our audit, we noted the Affiliate has not done this. The potential effect is the risk of the Affiliate losing its tax-exempt status and becoming a corporation that is subject to corporate taxes.

3. Affiliate Properties Corporation Tax-Exempt Status (Continued)

Recommendation

We recommend the Affiliate continue to work with their attorney to resolve this matter. It is our understanding the Affiliate has been working with their attorney to dissolve Aging Properties Corporation and establish a new LLC during the fiscal year ending June 30, 2022.

Response and Corrective Action Planned

Aging Properties Corporation has now been dissolved as of July 1, 2021, and the assets were transferred into a new company named NEI3A Properties, LLC.

Conclusion

Response accepted.

4. Signature Cards Not Updated

During our audit, we noted that a few 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

We will update the signature cards to show only the current person responsible for signing.

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.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 8, 2021