

**Cincinnati Area Senior Services, Inc.**

Financial Statements and  
Additional Financial Information  
December 31, 2018 and 2017  
with Independent Auditors' Report

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Cincinnati Area Senior Services, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Cincinnati Area Senior Services, Inc. (a not-for-profit organization) which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati Area Senior Services, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2019 on our consideration of Cincinnati Area Senior Services, Inc.'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 Cincinnati Area Senior Services, Inc.'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 Cincinnati Area Senior Services, Inc.'s internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
May 15, 2019

Cincinnati Area Senior Services, Inc.  
 Statements of Financial Position  
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Cash	\$ 31,446	173,741
Accounts receivable	334,845	295,657
Contributions receivable	220,800	276,000
Prepaid expenses	20,440	4,283
Investments at fair value	855,365	1,007,482
Restricted cash	332,474	491,700
Property and equipment, net	<u>265,708</u>	<u>291,090</u>
	<b>\$ <u>2,061,078</u></b>	<b><u>2,539,953</u></b>
<b>Liabilities and net assets:</b>		
<b>Liabilities:</b>		
Note payable - bank	\$ 150,000	214,092
Accounts payable	182,914	151,673
Accrued expenses	144,590	142,379
Deferred revenue	16,904	15,377
Custodial funds	<u>332,474</u>	<u>491,700</u>
	<u>826,882</u>	<u>1,015,221</u>
<b>Net assets:</b>		
Without donor restrictions	988,296	1,227,726
With donor restrictions	<u>245,900</u>	<u>297,006</u>
	<u>1,234,196</u>	<u>1,524,732</u>
	<b>\$ <u>2,061,078</u></b>	<b><u>2,539,953</u></b>

See accompanying notes to the financial statements.

Cincinnati Area Senior Services, Inc.  
Statement of Activities  
Year Ended December 31, 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains and support:			
Grants from governmental agencies	\$ 3,453,445	-	3,453,445
United Way of Greater Cincinnati	-	220,800	220,800
Contributions and bequests	124,740	25,100	149,840
Contributed facilities	89,000	-	89,000
Program service fees	139,477	-	139,477
Net investment loss	(41,023)	-	(41,023)
Special events	25,190	-	25,190
Other income	26,029	-	26,029
Net assets released from restrictions	<u>297,006</u>	<u>(297,006)</u>	<u>-</u>
Total revenues, gains and support	<u>4,113,864</u>	<u>(51,106)</u>	<u>4,062,758</u>
Expenses:			
Home Delivered Meals	1,857,824	-	1,857,824
Protection of Adults from Abuse	801,754	-	801,754
Congregate Meals and Social Development	616,560	-	616,560
Transportation Services	<u>589,659</u>	<u>-</u>	<u>589,659</u>
Total program expenses	3,865,797	-	3,865,797
Management and general	429,872	-	429,872
Fundraising	<u>57,625</u>	<u>-</u>	<u>57,625</u>
Total expenses	<u>4,353,294</u>	<u>-</u>	<u>4,353,294</u>
Change in net assets	(239,430)	(51,106)	(290,536)
Net assets at beginning of year	<u>1,227,726</u>	<u>297,006</u>	<u>1,524,732</u>
Net assets at end of year	\$ <u>988,296</u>	<u>245,900</u>	<u>1,234,196</u>

See accompanying notes to the financial statements.

Cincinnati Area Senior Services, Inc.  
Statement of Activities  
Year Ended December 31, 2017

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains and support:			
Grants from governmental agencies	\$ 3,406,310	-	3,406,310
United Way of Greater Cincinnati	-	276,000	276,000
Contributions and bequests	122,509	21,006	143,515
Contributed facilities	89,000	-	89,000
Program service fees	129,231	-	129,231
Net investment income	145,110	-	145,110
Special events	32,904	-	32,904
Other income	26,997	-	26,997
Net assets released from restrictions	<u>333,866</u>	<u>(333,866)</u>	<u>-</u>
 Total revenues, gains and support	 <u>4,285,927</u>	 <u>(36,860)</u>	 <u>4,249,067</u>
 Expenses:			
Home Delivered Meals	1,799,810	-	1,799,810
Protection of Adults from Abuse	669,239	-	669,239
Congregate Meals and Social Development	528,263	-	528,263
Transportation Services	<u>540,374</u>	<u>-</u>	<u>540,374</u>
 Total program expenses	 3,537,686	 -	 3,537,686
 Management and general	 488,165	 -	 488,165
Fundraising	<u>40,902</u>	<u>-</u>	<u>40,902</u>
 Total expenses	 <u>4,066,753</u>	 <u>-</u>	 <u>4,066,753</u>
 Change in net assets	 219,174	 (36,860)	 182,314
 Net assets at beginning of year	 <u>1,008,552</u>	 <u>333,866</u>	 <u>1,342,418</u>
 Net assets at end of year	 \$ <u>1,227,726</u>	 <u>297,006</u>	 <u>1,524,732</u>

See accompanying notes to the financial statements.

Cincinnati Area Senior Services, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2018

	Home Delivered Meals	Protection of Adults from Abuse	Congregate Meals and Social Development	Transportation Services	Total Program Expenses	Management and General	Fundraising	Total
Salaries	\$ 358,867	603,671	239,421	318,589	1,520,548	270,986	31,482	1,823,016
Payroll taxes and benefits	54,179	94,795	29,285	51,168	229,427	50,958	7,310	287,695
Professional fees	16,855	12,138	1,750	9,306	40,049	54,130	5,717	99,896
Food costs	1,242,238	-	182,827	-	1,425,065	-	825	1,425,890
Supplies and postage	15,551	10,865	9,745	6,399	42,560	7,560	4,889	55,009
Telephone	32,043	17,382	4,335	6,938	60,698	9,153	-	69,851
Occupancy	42,238	29,382	41,416	10,092	123,128	11,448	1,030	135,606
Equipment maintenance and rental	4,444	3,514	310	1,033	9,301	1,034	-	10,335
Vehicle expenses	36,409	-	9	97,989	134,407	-	-	134,407
Staff and volunteer travel	12,003	17,657	418	49	30,127	744	398	31,269
Conferences and meetings	9	7,378	300	174	7,861	50	572	8,483
Membership fees	300	861	-	-	1,161	5,113	-	6,274
Insurance	14,477	3,964	3,285	25,536	47,262	4,449	500	52,211
Interest	-	-	-	-	-	8,095	-	8,095
Other	247	147	350	74	818	-	4,902	5,720
In-kind rent	-	-	89,000	-	89,000	-	-	89,000
Depreciation	<u>27,964</u>	<u>-</u>	<u>14,109</u>	<u>62,312</u>	<u>104,385</u>	<u>6,152</u>	<u>-</u>	<u>110,537</u>
Total expenses	\$ <u>1,857,824</u>	<u>801,754</u>	<u>616,560</u>	<u>589,659</u>	<u>3,865,797</u>	<u>429,872</u>	<u>57,625</u>	<u>4,353,294</u>

See accompanying notes to the financial statements.



Cincinnati Area Senior Services, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2017

	Home Delivered Meals	Protection of Adults from Abuse	Congregate Meals and Social Development	Transportation Services	Total Program Expenses	Management and General	Fundraising	Total
Salaries	\$ 398,157	487,767	181,483	305,631	1,373,038	308,866	11,112	1,693,016
Payroll taxes and benefits	54,206	79,670	25,556	38,207	197,639	53,836	1,975	253,450
Professional fees	14,317	12,125	935	7,659	35,036	30,494	3,374	68,904
Food costs	1,160,318	-	162,453	-	1,322,771	-	245	1,323,016
Supplies and postage	13,225	10,862	5,429	6,218	35,734	9,669	8,028	53,431
Telephone	22,398	17,623	4,300	6,959	51,280	9,373	-	60,653
Occupancy	41,721	30,761	38,787	9,270	120,539	9,583	-	130,122
Equipment maintenance and rental	3,496	2,713	947	808	7,964	808	-	8,772
Vehicle expenses	33,712	-	-	85,138	118,850	-	-	118,850
Staff and volunteer travel	10,320	15,597	95	-	26,012	836	16	26,864
Conferences and meetings	719	8,647	354	533	10,253	1,133	10,887	22,273
Membership fees	225	80	-	-	305	5,351	-	5,656
Insurance	12,557	3,187	3,240	21,955	40,939	4,780	455	46,174
Interest	-	-	-	-	-	9,401	-	9,401
Other	-	207	201	-	408	30,989	4,810	36,207
In-kind rent	-	-	89,000	-	89,000	-	-	89,000
Depreciation	<u>34,439</u>	<u>-</u>	<u>15,483</u>	<u>57,996</u>	<u>107,918</u>	<u>13,046</u>	<u>-</u>	<u>120,964</u>
Total expenses	<u>\$ 1,799,810</u>	<u>669,239</u>	<u>528,263</u>	<u>540,374</u>	<u>3,537,686</u>	<u>488,165</u>	<u>40,902</u>	<u>4,066,753</u>

See accompanying notes to the financial statements.

Cincinnati Area Senior Services, Inc.  
 Statements of Cash Flows  
 Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (290,536)	182,314
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	110,537	120,964
Net realized and unrealized (gain) loss on investments	74,461	(122,356)
Effects of change in operating assets and liabilities:		
Accounts receivable	(39,188)	19,125
Contributions receivable	55,200	47,640
Prepaid expenses	(16,157)	4,585
Accounts payable	31,241	(110)
Accrued expenses	2,211	(4,855)
Deferred revenue	<u>1,527</u>	<u>(3,506)</u>
Net cash provided (used) by operating activities	<u>(70,704)</u>	<u>243,801</u>
Cash flows from investing activities:		
Purchase of property and equipment	(85,155)	(146,798)
Proceeds from sale of investments	342,251	250,229
Purchase of investments	<u>(264,595)</u>	<u>(142,032)</u>
Net cash used by investing activities	<u>(7,499)</u>	<u>(38,601)</u>
Cash flows from financing activities:		
Change in note payable - bank	<u>(64,092)</u>	<u>(145,992)</u>
Net change in cash	(142,295)	59,208
Cash at beginning of year	<u>173,741</u>	<u>114,533</u>
Cash at end of year	\$ <u>31,446</u>	<u>173,741</u>
Supplemental Disclosure:		
Interest paid	\$ <u>8,095</u>	<u>9,401</u>

See accompanying notes to the financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Cincinnati Area Senior Services, Inc. (the "Organization") are set forth to facilitate the understanding of data presented in the financial statements.

### Organization

Cincinnati Area Senior Services, Inc. is an Ohio not-for-profit corporation whose mission and principal activities are to promote the independence and preserve the dignity of older adults. The Organization's revenue and other support are derived principally from contributions and federal and state grants, and its activities are conducted in Greater Cincinnati.

### Adoption of new accounting standard

During 2018, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about investment return and functional expenses, including allocation methodologies. The Organization has implemented this guidance and applied retrospectively to all periods presented. To conform to the current year presentation, certain items from 2017 have been reclassified.

### Financial statement presentation

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no perpetually restricted net assets as of December 31, 2018 and 2017.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Income taxes

The Organization is a not-for-profit entity exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization other than a private foundation under Section 509(a)(1) of the Internal Revenue Code. Management does not believe the Organization has any revenue subject to unrelated business income tax regulations.

**Cash concentrations**

The Organization maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Allowance for doubtful accounts**

Accounts receivable are stated at the amount billed to customers and government agencies. Accounts receivable are ordinarily due 30 days after the issuance of an invoice. Accounts past due more than 180 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. No allowance for doubtful accounts is deemed necessary at December 31, 2018 and 2017.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Net changes in fair value of investments and realized gains (losses) on investments disposed are accumulated with interest and dividends received net of investment expenses and are reported in the statements of activities as net investment income (loss).

**Property and equipment**

Property and equipment is stated at historic cost less accumulated depreciation. Depreciation is determined using the straight-line method based upon the estimated useful lives of the related assets. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

**Deferred revenue**

Deferred revenue consists of contract funding received for purchased services to be provided in a future period.

**Contributions**

Contributions of cash and other assets without donor stipulations concerning the use of such assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used in accordance with donor stipulations are reported as revenues of the net assets with donor restrictions classes.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports gifts of long-lived assets as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated long-lived assets are placed in service.

**In-kind contributions**

The Organization records in-kind contributions of rent from the City of Cincinnati for one of its facilities. The Organization records the estimated fair value of the in-kind rent contribution as revenue and expense.

**Grant revenue**

Grant revenue is recorded when awarded or as earned under reimbursement agreements.

**Functional allocation of expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Specific identification is used for direct costs when known. Salaries, payroll taxes and benefits costs are allocated among the program, management and general and fundraising categories based on estimated time and effort spent by the Organization's personnel and other costs have been allocated based on full time equivalents. There were no joint costs in 2018 and 2017.

**Reclassifications**

Certain items from 2017 have been reclassified to conform to the current year presentation.

**Subsequent events**

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 15, 2019, the date on which the financial statements were available to be issued.

**2. CONTRIBUTIONS RECEIVABLE:**

The Organization has recorded contributions receivable representing funding that is expected to be received during the subsequent year. Management believes all contributions receivable are fully collectible. Contributions receivable consists of United Way grants of \$220,800 and \$276,000 as of December 31, 2018 and 2017, respectively.

**3. INVESTMENTS:**

Investments are maintained in pooled accounts at fair value as follows at December 31:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 11,237	26,300
Corporate, government and mortgage bonds	282,403	234,887
Bond funds	-	13,057
Equity funds	<u>561,725</u>	<u>733,238</u>
	<u>\$ 855,365</u>	<u>1,007,482</u>

Investment income consists of the following for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 37,534	26,855
Realized and unrealized gain (loss) on investments	(74,461)	122,356
Investment fees	<u>(4,096)</u>	<u>(4,101)</u>
	<u>\$ (41,023)</u>	<u>145,110</u>

**4. PROPERTY AND EQUIPMENT:**

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Building and leasehold improvements	\$ 513,064	513,064
Furniture and equipment	1,219,688	1,214,254
Vehicles	<u>1,024,022</u>	<u>944,301</u>
	2,756,774	2,671,619
Less accumulated depreciation	<u>2,491,066</u>	<u>2,380,529</u>
	<u>\$ 265,708</u>	<u>291,090</u>

Included in property and equipment are assets which could revert to the provider should the related funding or program be terminated. The assets in service have a cost of approximately \$1,123,000 and \$1,024,000 at December 31, 2018 and 2017, respectively. The assets had a net book value of approximately \$192,000 and \$168,000 at December 31, 2018 and 2017, respectively.

**5. NOTE PAYABLE - BANK:**

The Organization had a \$500,000 demand line of credit with a bank which was paid off in 2018. In October 2018, the Organization entered a \$300,000 demand line of credit with a new bank. The line of credit bears interest at prime less 0.50% (5.00% at December 31, 2018) and is due in October 2019. The line of credit is collateralized by the Organization's inventory, chattel paper, accounts, equipment and general intangibles. As of December 31, 2018 and 2017, amounts outstanding under line of credit were \$150,000 and \$214,092, respectively.

**6. CUSTODIAL FUNDS:**

As part of its Protection of Adults from Abuse program, the Organization has custody of cash belonging to certain individuals. As custodian for these individuals, the Organization generally operates under a durable power of attorney. These custodial funds are recorded as restricted cash with an offsetting liability and total \$332,474 and \$491,700 at December 31, 2018 and 2017, respectively.

**7. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for a specific purpose:		
Purpose restrictions	\$ 25,100	21,006
Subject to the passage of time:		
Contributions receivable	<u>220,800</u>	<u>276,000</u>
Total net assets with donor restrictions:	\$ <u>245,900</u>	<u>297,006</u>

Net assets released from restrictions during 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
United Way allocation	\$ 276,000	323,640
Program services	<u>21,006</u>	<u>10,226</u>
	\$ <u>297,006</u>	<u>333,866</u>

**8. OPERATING LEASES:**

The Organization leases office space under a non-cancellable lease that expires in February 2019. In February 2019, the Organization signed a new non-cancellable lease that expires in January 2029. The Organization also leases certain office equipment under a non-cancellable lease that expires in March 2023.

Future minimum lease payments are as follows at December 31:

2019	\$ 111,297
2020	112,116
2021	112,116
2022	117,936
2023	111,297
Thereafter	<u>587,655</u>
	\$ <u>1,152,417</u>

Rent expense was \$102,757 and \$99,660 in 2018 and 2017, respectively. The Organization recorded \$89,000 of in-kind rent during 2018 and 2017, for one of its facilities leased from the City of Cincinnati.

## **9. CONCENTRATIONS:**

Two funders together provided 75% and 70% of the Organization's funding during 2018 and 2017, respectively. During 2018 and 2017, these same two funders made up 84% and 85% of accounts and contributions receivable at year end, respectively. The Organization is economically dependent on these two funders.

## **10. FAIR VALUE MEASUREMENTS:**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Fair value methods and assumptions on investments in mutual funds, money market funds and U.S. treasury bonds are based on the Level 1 market approach. Investments in corporate, government agencies and mortgage bonds that are not quoted on an exchange, but are traded in active markets, are valued on Level 2 inputs using prices obtained from our custodians, which used third party data service providers.



The following tables present the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2018 and 2017.

	<u>Fair Value Measurements at Reporting Date</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2018</u>				
Investments:				
Corporate bonds	\$ 164,111	-	164,111	-
Government agency bonds	48,647	-	48,647	-
Mortgage bonds	4,611	-	4,611	-
U.S. treasury bonds	65,034	65,034	-	-
Mutual funds:				
Equity funds	561,725	561,725	-	-
Money market fund	<u>11,237</u>	<u>11,237</u>	<u>-</u>	<u>-</u>
Total	\$ <u>855,365</u>	<u>637,996</u>	<u>217,369</u>	<u>-</u>

	<u>Fair Value Measurements at Reporting Date</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2017</u>				
Investments:				
Corporate bonds	\$ 153,759	-	153,759	-
Government agency bonds	34,943	-	34,943	-
Mortgage bonds	5,903	-	5,903	-
U.S. treasury bonds	40,282	40,282	-	-
Mutual funds:				
Equity funds	733,238	733,238	-	-
Bond funds	13,057	13,057	-	-
Money market fund	<u>26,300</u>	<u>26,300</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,007,482</u>	<u>812,877</u>	<u>194,605</u>	<u>-</u>

#### 11. COMMITMENTS AND CONTINGENCIES:

The Organization is subject to claims and lawsuits that arise primarily in the ordinary course of operation. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Organization.

**12. LIQUIDITY DISCLOSURES:**

The Organization is substantially supported by earned revenue and contributions from donors. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash	\$ 31,446	173,741
Restricted cash	332,474	491,700
Accounts receivable	334,845	295,657
Contributions receivable	220,800	276,000
Investments at fair value	<u>855,365</u>	<u>1,007,482</u>
Financial assets available at year-end	<u>1,774,930</u>	<u>2,244,580</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donor for specific purpose	25,100	21,006
Restricted cash	<u>332,474</u>	<u>491,700</u>
	<u>357,574</u>	<u>512,706</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,417,356</u>	<u>1,731,874</u>

**13. RECENT ACCOUNTING PRONOUNCEMENTS:**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the Organization's year ending December 31, 2019.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard will assist entities in determining whether transactions should be recorded as a contribution (nonreciprocal transaction) or as an

exchange (reciprocal transaction). The standard also provides expanded guidance on determining whether or not a contribution is conditional. This standard will be effective for the Organization's year ending December 31, 2019.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending December 31, 2020.

The Organization is currently in the process of evaluating the impact of adoption of these ASU's on the financial statements.

Cincinnati Area Senior Services, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2018

<u>Federal Grantor / Pass-Through Entity / Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation:</u>		
Southwest Ohio Regional Transit Authority Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	\$ <u>79,715</u>
<u>U.S. Department of Health and Human Services:</u>		
Ohio Department of Aging / Council on Aging of Southwestern Ohio		
Special Programs for the Aging Cluster:		
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	394,515
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	315,024
Nutrition Services Incentive Program	93.053	<u>37,786</u>
Total Special Programs for the Aging Cluster		747,325
The Council on Aging of Southwestern Ohio		
Low-Income Home Energy Assistance	93.568	<u>2,708</u>
Total U.S. Department of Health and Human Services		
		<u>750,033</u>
		\$ <u>829,748</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Cincinnati Area Senior Services, Inc. under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cincinnati Area Senior Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cincinnati Area Senior Services, Inc.

**NOTE B - 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.

**NOTE C - INDIRECT COST RATE**

Cincinnati Area Senior Services, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Board of Directors  
Cincinnati Area Senior Services, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cincinnati Area Senior Services, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cincinnati Area Senior Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cincinnati Area Senior Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cincinnati Area Senior Services, Inc.'s internal control.

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

Our consideration of the 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 Cincinnati Area Senior Services, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
May 15, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Cincinnati Area Senior Services, Inc.:

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

We have audited Cincinnati Area Senior Services, Inc.'s (a not-for-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cincinnati Area Senior Services, Inc.'s major federal programs for the year ended December 31, 2018. Cincinnati Area Senior Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Cincinnati Area Senior Services, 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs 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 Cincinnati Area Senior Services, 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 Cincinnati Area Senior Services, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Cincinnati Area Senior Services, 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 December 31, 2018.

### **Report on Internal Control over Compliance**

Management of Cincinnati Area Senior Services, 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 Cincinnati Area Senior Services, 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 Cincinnati Area Senior Services, 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 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.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
May 15, 2019



**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of report issued on financial statements:	unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	none
Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	none
Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with the Uniform Guidance?	no

Identification of major programs:

Special Programs for the Aging Cluster:	
CFDA 93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
CFDA 93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services
CFDA 93.053	Nutrition Services Incentive Program

Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	no

**Section II – Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

