

North Ottawa County  
Council on Aging, Inc., d/b/a Four Pointes

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

September 30, 2019 and 2018



North Ottawa County Council on Aging, Inc., d/b/a Four Pointes

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
Grand Haven, Michigan

We have audited the accompanying financial statements of North Ottawa County Council on Aging, Inc., d/b/a Four Pointes (a Michigan nonprofit corporation), which comprise the statements of financial position as of September 30, 2019 and 2018, 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.

**Auditor's 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. Those standards require that we plan and perform the audit 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.

BRICKLEY DELONG

Board of Directors  
North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Ottawa County Council on Aging, Inc., d/b/a Four Pointes as of September 30, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter – Change in Accounting Principle**

As described in Note J to the financial statements, North Ottawa County Council on Aging, Inc., d/b/a Four Pointes, implemented Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.



Muskegon, Michigan  
January 14, 2020

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2019 and 2018

**ASSETS**

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                                   |                   |                   |
| Cash and cash equivalents                               | \$ 227,878        | \$ 182,100        |
| Receivables   |                   |                   |
| Taxes   | 36,064            | 7,229             |
| Other   | 43,540            | 36,304            |
| Prepaid expenses  | 1,509             | 610               |
| Total current assets                                    | 308,991           | 226,243           |
| <b>BENEFICIAL INTEREST IN ASSETS<br/>HELD BY OTHERS</b> |                   |                   |
|   | 41,276            | 40,651            |
| <b>PROPERTY AND EQUIPMENT</b>                           |                   |                   |
| Leasehold improvements                                  | 1,016,343         | 1,016,343         |
| Furniture and fixtures                                  | 226,962           | 224,696           |
|   | 1,243,305         | 1,241,039         |
| Less accumulated depreciation and<br>amortization       | (661,266)         | (584,624)         |
|   | 582,039           | 656,415           |
| <b>OTHER ASSETS</b>                                     |                   |                   |
| Security deposit  | 5,667             | 5,667             |
|   | <b>\$ 937,973</b> | <b>\$ 928,976</b> |
| <b>LIABILITIES AND NET ASSETS</b>                       |                   |                   |
| <b>CURRENT LIABILITIES</b>                              |                   |                   |
| Accounts payable  | \$ 18,225         | \$ 5,403          |
| Accrued liabilities                                     | 13,304            | 11,415            |
| Total current liabilities                               | 31,529            | 16,818            |
| <b>NET ASSETS</b>                                       |                   |                   |
| Without donor restrictions                              | 876,201           | 881,615           |
| With donor restrictions                                 | 30,243            | 30,543            |
|   | 906,444           | 912,158           |
|   | <b>\$ 937,973</b> | <b>\$ 928,976</b> |

The accompanying notes are an integral part of these statements.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**STATEMENTS OF ACTIVITIES**  
Years ended September 30, 2019 and 2018

|  | <b>2019</b>                               |  | <b>Total</b>      |
|--|---|--|-------------------|
|  | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> |                   |
| <b>REVENUES AND SUPPORT</b>                  |   |  |                   |
| Grants and contracted services               |   |  |                   |
| Senior Resources                             | \$ 243,091                                | \$ -                                   | \$ 243,091        |
| Other  | 6,318                                     | -                                      | 6,318             |
| Contributions                                |   |  |                   |
| Local governmental units                     | 4,400                                     | -                                      | 4,400             |
| Greater Ottawa County United Way             | -   | 14,241                                 | 14,241            |
| Donations and memorials                      | 42,584                                    | -                                      | 42,584            |
| Memberships                                  | 29,685                                    | -                                      | 29,685            |
| Property taxes                               | 637,800                                   | -                                      | 637,800           |
| Rents  | 900                                       | -                                      | 900               |
| Senior projects                              | 39,620                                    | -                                      | 39,620            |
| Fundraising                                  | 1,693                                     | -                                      | 1,693             |
| Interest                                     | 604                                       | -                                      | 604               |
| Gain from beneficial interest in assets      |   |  |                   |
| held by others                               | 175                                       | 449                                    | 624               |
| Other  | 30,478                                    | -                                      | 30,478            |
| Net assets released from restrictions        | 14,990                                    | (14,990)                               | -                 |
| <b>Total revenues and support</b>            | <b>1,052,338</b>                          | <b>(300)</b>                           | <b>1,052,038</b>  |
| <b>EXPENSES</b>                              |   |  |                   |
| Program services                             |   |  |                   |
| Senior Center Staffing                       | 228,035                                   | -                                      | 228,035           |
| Case Coordination and Support                | 279,415                                   | -                                      | 279,415           |
| Independent Living Coordination              | 142,144                                   | -                                      | 142,144           |
| Homemaking                                   | 225,390                                   | -                                      | 225,390           |
| Senior Projects                              | 88,465                                    | -                                      | 88,465            |
| Support services                             |   |  |                   |
| Management and general                       | 94,303                                    | -                                      | 94,303            |
| <b>Total expenses</b>                        | <b>1,057,752</b>                          | <b>-</b>                               | <b>1,057,752</b>  |
| Change in net assets                         | (5,414)                                   | (300)                                  | (5,714)           |
| Net assets at beginning of year, as restated | 881,615                                   | 30,543                                 | 912,158           |
| Net assets at end of year                    | <b>\$ 876,201</b>                         | <b>\$ 30,243</b>                       | <b>\$ 906,444</b> |

The accompanying notes are an integral part of these statements.

| <b>2018</b>                               |  |                   |
|---|--|-------------------|
| <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b>      |
| \$ 157,541                                | \$ -                                   | \$ 157,541        |
| 9,753                                     | -                                      | 9,753             |
| 2,500                                     | -                                      | 2,500             |
| -   | 15,500                                 | 15,500            |
| 60,527                                    | -                                      | 60,527            |
| 29,155                                    | -                                      | 29,155            |
| 585,994                                   | -                                      | 585,994           |
| 900                                       | -                                      | 900               |
| 40,205                                    | -                                      | 40,205            |
| 244                                       | -                                      | 244               |
| 17  | -                                      | 17                |
| 1,521                                     | 2,138                                  | 3,659             |
| 40,440                                    | -                                      | 40,440            |
| 15,126                                    | (15,126)                               | -                 |
| 943,923                                   | 2,512                                  | 946,435           |
| 217,629                                   | -                                      | 217,629           |
| 237,403                                   | -                                      | 237,403           |
| 142,553                                   | -                                      | 142,553           |
| 188,281                                   | -                                      | 188,281           |
| 80,636                                    | -                                      | 80,636            |
| 90,851                                    | -                                      | 90,851            |
| 957,353                                   | -                                      | 957,353           |
| (13,430)                                  | 2,512                                  | (10,918)          |
| 895,045                                   | 28,031                                 | 923,076           |
| <b>\$ 881,615</b>                         | <b>\$ 30,543</b>                       | <b>\$ 912,158</b> |

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended September 30, 2019

|                                   | <b>Program Services</b>               |  |  |                   |                            | <b>Support Services</b>               |                                       | <b>Total</b>        |
|-----------------------------------|---------------------------------------|--|--|-------------------|----------------------------|---------------------------------------|---------------------------------------|---------------------|
|                                   | <b>Senior<br/>Center<br/>Staffing</b> | <b>Case<br/>Coordination<br/>and Support</b> | <b>Independent<br/>Living<br/>Coordination</b> | <b>Homemaking</b> | <b>Senior<br/>Projects</b> | <b>Total<br/>Program<br/>Services</b> | <b>Management<br/>and<br/>General</b> |                     |
| Compensation and related expenses |                                       |  |  |                   |                            |                                       |                                       |                     |
| Salaries and wages                | \$ 64,051                             | \$ 183,244                                   | \$ 62,993                                      | \$ 166,582        | \$ -                       | \$ 476,870                            | \$ 59,493                             | \$ 536,363          |
| Payroll taxes                     | 5,628                                 | 16,101                                       | 5,535  | 14,638            | -                          | 41,902                                | 5,228                                 | 47,130              |
| Employee benefits                 | 215                                   | 614  | 212  | 561               | -                          | 1,602                                 | 200                                   | 1,802               |
| Health insurance                  | 2,469                                 | 7,063  | 2,428  | 6,421             | -                          | 18,381                                | 2,293                                 | 20,674              |
|                                   | <u>72,363</u>                         | <u>207,022</u>                               | <u>71,168</u>                                  | <u>188,202</u>    | <u>-</u>                   | <u>538,755</u>                        | <u>67,214</u>                         | <u>605,969</u>      |
| Advertising                       | 2,019                                 | 1,033  | 1,013  | 529               | -                          | 4,594                                 | 373                                   | 4,967               |
| Depreciation and amortization     | 31,156                                | 15,940                                       | 15,639   | 8,158             | -                          | 70,893                                | 5,749                                 | 76,642              |
| Education                         | 2,346                                 | 1,200  | 1,177  | 614               | -                          | 5,337                                 | 432                                   | 5,769               |
| Insurance                         | 8,015                                 | 4,100  | 4,023  | 2,100             | -                          | 18,238                                | 1,479                                 | 19,717              |
| Miscellaneous                     | 4,149                                 | 2,123  | 2,083  | 1,088             | -                          | 9,443                                 | 766                                   | 10,209              |
| Newsletter                        | 183                                   | 224  | 114  | 182               | -                          | 703                                   | 2,110                                 | 2,813               |
| Office expense                    | 4,433                                 | 2,268  | 2,225  | 1,160             | -                          | 10,086                                | 818                                   | 10,904              |
| Prescription reimbursement        | -                                     | -  | -  | -                 | 3,856                      | 3,856                                 | -                                     | 3,856               |
| Professional fees                 | 6,342                                 | 3,245  | 3,183  | 1,660             | -                          | 14,430                                | 1,169                                 | 15,599              |
| Occupancy expense                 | 46,601                                | 23,842                                       | 23,393   | 12,201            | -                          | 106,037                               | 8,597                                 | 114,634             |
| Repairs and maintenance           | 3,463                                 | 1,771  | 1,738  | 906               | -                          | 7,878                                 | 639                                   | 8,517               |
| Senior projects                   | -                                     | -  | -  | -                 | 58,659                     | 58,659                                | -                                     | 58,659              |
| Senior services                   | 28,073                                | -  | -  | -                 | -                          | 28,073                                | -                                     | 28,073              |
| Service contracts                 | 15,740                                | 8,053  | 7,901  | 4,122             | -                          | 35,816                                | 2,903                                 | 38,719              |
| Staff travel                      | 130                                   | 7,048  | 6,970  | 3,675             | -                          | 17,823                                | 1,496                                 | 19,319              |
| Telephone                         | 3,022                                 | 1,546  | 1,517  | 793               | -                          | 6,878                                 | 558                                   | 7,436               |
| Transportation for seniors        | -                                     | -  | -  | -                 | 25,950                     | 25,950                                | -                                     | 25,950              |
|                                   | <u>\$ 228,035</u>                     | <u>\$ 279,415</u>                            | <u>\$ 142,144</u>                              | <u>\$ 225,390</u> | <u>\$ 88,465</u>           | <u>\$ 963,449</u>                     | <u>\$ 94,303</u>                      | <u>\$ 1,057,752</u> |

The accompanying notes are an integral part of these statements.



North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended September 30, 2018

|                                   | <u>Program Services</u>               |  |  |                   |                            | <u>Support Services</u>               |                                       | <u>Total</u>      |
|-----------------------------------|---------------------------------------|--|--|-------------------|----------------------------|---------------------------------------|---------------------------------------|-------------------|
|                                   | <u>Senior<br/>Center<br/>Staffing</u> | <u>Case<br/>Coordination<br/>and Support</u> | <u>Independent<br/>Living<br/>Coordination</u> | <u>Homemaking</u> | <u>Senior<br/>Projects</u> | <u>Total<br/>Program<br/>Services</u> | <u>Management<br/>and<br/>General</u> |                   |
| Compensation and related expenses |                                       |  |  |                   |                            |                                       |                                       |                   |
| Salaries and wages                | \$ 57,345                             | \$ 153,904                                   | \$ 70,316                                      | \$ 138,212        | \$ -                       | \$ 419,777                            | \$ 58,947                             | \$ 478,724        |
| Payroll taxes                     | 5,100                                 | 13,687                                       | 6,252  | 12,290            | -                          | 37,329                                | 5,242                                 | 42,571            |
| Employee benefits                 | 166                                   | 445  | 203  | 401               | -                          | 1,215                                 | 171                                   | 1,386             |
| Health insurance                  | 1,781                                 | 4,780  | 2,184  | 4,293             | -                          | 13,038                                | 1,831                                 | 14,869            |
|                                   | <u>64,392</u>                         | <u>172,816</u>                               | <u>78,955</u>                                  | <u>155,196</u>    | <u>-</u>                   | <u>471,359</u>                        | <u>66,191</u>                         | <u>537,550</u>    |
| Advertising                       | 3,798                                 | 1,937  | 1,909  | 989               | -                          | 8,633                                 | 700                                   | 9,333             |
| Depreciation and amortization     | 32,592                                | 16,624                                       | 16,382   | 8,490             | -                          | 74,088                                | 6,008                                 | 80,096            |
| Education                         | 2,114                                 | 1,078  | 1,063  | 550               | -                          | 4,805                                 | 389                                   | 5,194             |
| Insurance                         | 4,450                                 | 2,269  | 2,237  | 1,158             | -                          | 10,114                                | 820                                   | 10,934            |
| Miscellaneous                     | 3,990                                 | 2,035  | 2,005  | 1,040             | -                          | 9,070                                 | 737                                   | 9,807             |
| Newsletter                        | 184                                   | 201  | 121  | 159               | -                          | 665                                   | 1,994                                 | 2,659             |
| Office expense                    | 5,078                                 | 2,590  | 2,553  | 1,323             | -                          | 11,544                                | 937                                   | 12,481            |
| Prescription reimbursement        | -                                     | -  | -  | -                 | 3,413                      | 3,413                                 | -                                     | 3,413             |
| Professional fees                 | 3,784                                 | 1,930  | 1,902  | 986               | -                          | 8,602                                 | 698                                   | 9,300             |
| Occupancy expense                 | 42,157                                | 21,502                                       | 21,190   | 10,981            | -                          | 95,830                                | 7,769                                 | 103,599           |
| Repairs and maintenance           | 2,163                                 | 1,103  | 1,087  | 564               | -                          | 4,917                                 | 398                                   | 5,315             |
| Senior projects                   | -                                     | -  | -  | -                 | 59,261                     | 59,261                                | -                                     | 59,261            |
| Senior services                   | 34,657                                | -  | -  | -                 | -                          | 34,657                                | -                                     | 34,657            |
| Service contracts                 | 15,363                                | 7,836  | 7,722  | 4,003             | -                          | 34,924                                | 2,832                                 | 37,756            |
| Staff travel                      | 79                                    | 4,040  | 4,006  | 2,105             | -                          | 10,230                                | 857                                   | 11,087            |
| Telephone                         | 2,828                                 | 1,442  | 1,421  | 737               | -                          | 6,428                                 | 521                                   | 6,949             |
| Transportation for seniors        | -                                     | -  | -  | -                 | 17,962                     | 17,962                                | -                                     | 17,962            |
|                                   | <u>\$ 217,629</u>                     | <u>\$ 237,403</u>                            | <u>\$ 142,553</u>                              | <u>\$ 188,281</u> | <u>\$ 80,636</u>           | <u>\$ 866,502</u>                     | <u>\$ 90,851</u>                      | <u>\$ 957,353</u> |

The accompanying notes are an integral part of these statements.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**STATEMENTS OF CASH FLOWS**  
Years ended September 30, 2019 and 2018

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| Operating activities  |                   |                   |
| Change in net assets  | \$ (5,714)        | \$ (10,918)       |
| Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities |                   |                   |
| Depreciation and amortization   | 76,642            | 80,096            |
| Gain from beneficial interest in assets held by others  | (624)             | (3,659)           |
|   | 70,304            | 65,519            |
| (Increase) decrease in operating assets   |                   |                   |
| Receivables   | (36,071)          | (3,048)           |
| Prepaid expenses  | (899)             | 485               |
| Increase (decrease) in operating liabilities  |                   |                   |
| Accounts payable  | 12,822            | 3,933             |
| Accrued liabilities   | 1,889             | 1,068             |
|   | 48,045            | 67,957            |
| Net cash provided by (used for) operating activities  | 48,045            | 67,957            |
| Investing activities  |                   |                   |
| Property and equipment purchases  | (2,267)           | (11,493)          |
|   | (2,267)           | (11,493)          |
| Net cash provided by (used for) investing activities  | (2,267)           | (11,493)          |
| Financing activities  |                   |                   |
| Proceeds from (reduction in) short-term note payable  | -                 | (115,000)         |
|   | -                 | (115,000)         |
| Net cash provided by (used for) financing activities  | -                 | (115,000)         |
|   | -                 | (115,000)         |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | 45,778            | (58,536)          |
| Cash and cash equivalents at beginning of year  | 182,100           | 240,636           |
| Cash and cash equivalents at end of year  | <b>\$ 227,878</b> | <b>\$ 182,100</b> |

The accompanying notes are an integral part of these statements.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019 and 2018

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes (Organization), a Michigan nonprofit corporation, provides general information, outreach, referral, and home care services to senior citizens in northern Ottawa County, Michigan. A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows.

**Basis of Accounting**

The financial statements are presented on an accrual basis of accounting which recognizes income when earned and expenses when incurred.

**Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to the following net asset classes: without donor restrictions and with donor restrictions.

*Net assets without donor restrictions.* Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions.* Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those may or will be met by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature; whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Revenue Recognition**

The Organization records earned revenues on an accrual basis. The Organization records as revenue in the period received the following types of contributions, when they are received unconditionally, at their fair value: cash, promises to give (pledges), certain contributed services, and gifts of long-lived and other assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded net of estimated uncollectible amounts.

Revenue received for expenses to be incurred in the succeeding year is reported as deferred revenue and is not recognized as revenue until the year it is earned.

The Organization reports gifts of cash or other assets as increases in net assets with donor restrictions if they are received with donor stipulations limiting the use of the donated assets. When a donor restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction.

**Cash and Cash Equivalents**

The Organization considers all demand deposits and short-term investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents does not include cash held by investment managers and designated for investment.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019 and 2018

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Receivables**

Property taxes are levied, by local taxing authorities, each July 1 and December 1 (payable through September 14 and February 14, respectively, without penalty) on the taxable value of property located in eight municipalities. The millages levied by the local authorities expire on different dates through 2024. The 2019 state taxable value for real/personal property included in this levy totaled approximately \$2.5 billion. The ad valorem taxes levied ranged between .125 and .25 mills in all taxing authorities.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**Property and Equipment**

Property and equipment are recorded at cost or estimated fair market value on the date donated. Property and equipment are assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable and amortizable assets to operations over their estimated service lives utilizing the straight-line method.

**Volunteers**

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Organization's policy-making, program, and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

**Description of Activities**

Below is a summary of the program services administered by the Organization.

***Senior Center Staffing***

Provide wellness and social activities, educational programming and trips, and meals to older individuals through the Coopersville and Grand Haven Sites.

***Case Coordination and Support***

Case Coordinators work individually and confidentially with people to determine what services they need to remain living independently.

***Independent Living Coordination***

Manages activities and volunteers of a specialized program directed to assisting with independent living.

***Homemaking***

Provide homemaking, personal care, friendly reassurance and respite assistance to older individuals to allow them to continue living in their homes.

***Senior Projects***

Provide insurance counseling, medical transportation, income tax filing assistance, prescription assistance, and consumer advocacy for individuals over sixty.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019 and 2018

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Functional Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s analysis and estimates.

Expenses that are allocated include the following:

| <u>Expense</u>                    | <u>Method of Allocation</u> |
|-----------------------------------|-----------------------------|
| Compensation and related expenses |                             |
| Salaries and wages                | Time and effort             |
| Employee benefits                 | Time and effort             |
| Payroll taxes                     | Time and effort             |
| Facility overhead and other       |                             |
| Advertising                       | Direct costs                |
| Communications                    | Time and effort             |
| Contractual services              | Direct costs                |
| Depreciation and amortization     | Square footage              |
| Information management services   | Time and effort             |
| Insurance                         | Time and effort             |
| Occupancy                         | Square footage              |
| Office supplies                   | Time and effort             |
| Professional fees                 | Time and effort             |
| Repairs and maintenance           | Square footage              |
| Travel and conferences            | Time and effort             |
| Other                             | Time and effort             |

**Advertising Costs**

The Organization expenses the cost of advertising and promotions as incurred. Advertising expense was \$4,967 and \$9,333 in 2019 and 2018, respectively.

**Tax Status**

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3).

In the preparation of tax returns, tax positions are taken based on interpretation of federal and state income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal and state tax returns generally remain open for examination by the various taxing authorities for a period of three or four years.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Use of Estimates**

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 these estimates.

**Reclassification**

Certain prior year accounts have been reclassified for comparative purposes to conform to the current year presentation.

**Date of Management’s Review**

Subsequent events have been evaluated through January 14, 2020, which is the date the financial statements were available to be issued.

**NOTE B—AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets as of September 30, 2019 and 2018:

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| Financial assets at year end:   |                   |                   |
| Cash  | \$ 227,878        | \$ 182,100        |
| Receivables   | 79,604            | 43,533            |
| Beneficial interest in assets held by others                              | 41,276            | 40,651            |
| Total financial assets  | 348,758           | 266,284           |
| Less amounts not available to be used within one year:                    |                   |                   |
| Net assets with donor restrictions  | 30,243            | 30,543            |
| Less net assets with purpose restrictions to be met in less than one year | (30,243)          | (30,543)          |
|   | -                 | -                 |
| Financial assets available to meet general expenses over the next year    | <b>\$ 348,758</b> | <b>\$ 266,284</b> |

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenses and meeting its liabilities and other obligations as they become due.

**NOTE C—CASH AND CASH EQUIVALENTS**

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to certain limitations. At September 30, 2019, the Organization’s cash balances were fully insured.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
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**NOTE D—FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

- Level 1    Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2    Inputs to the valuation methodology include the following:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019 and 2018.

***Beneficial interests in assets held by others:*** The assets are valued based upon the Organization's allocable share of the Grand Haven Area Community Foundation's (Community Foundation) pooled investment portfolio. The allocable share is based on the value of the underlying assets owned by the fund, minus its liabilities.

The beneficial interests in assets held by others are valued monthly by the Community Foundation and are allocated based upon each organization's calculated share of the Community Foundation's pooled investment portfolio. Each entity with an interest within the pooled investments receives a statement from the Community Foundation indicating the additions to the investment (via contributions), withdrawals from the investment (via grants), and the investment returns allocated via a unitization process. The Organization calculates the fair value of its beneficial interest in the pooled investment assets held by the Community Foundation based on the estimated fair value of the underlying assets. The Community Foundation controls the investments and makes all management and investment decisions.

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**NOTE D—FAIR VALUE MEASUREMENTS—Continued**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of September 30, 2019 and 2018:

| <b>Assets at Fair Value as of September 30, 2019</b> |                |                |                |              |
|--|----------------|----------------|----------------|--------------|
|  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Beneficial interests in<br>assets held by others     | \$ -           | \$ 41,276      | \$ -           | \$ 41,276    |
|  |                |                |                |              |
| <b>Assets at Fair Value as of September 30, 2018</b> |                |                |                |              |
|  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Beneficial interests in<br>assets held by others     | \$ -           | \$ 40,651      | \$ -           | \$ 40,651    |
|  |                |                |                |              |

**NOTE E—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

**The Funds**

The Organization has three funds with the Grand Haven Area Community Foundation (Community Foundation).

***Designated Fund***

The North Ottawa County Council on Aging Designated Fund (Designated Fund) was established in 1998 by the Organization primarily to transfer Organization operational surpluses to fund any operational deficiencies and to receive Fund contributions. The agreement with the Community Foundation allows the use of the Designated Fund’s income and principal to be used for the Organization’s general operations.

***Endowment Fund***

The North Ottawa County Council on Aging Endowment Fund (Endowment Fund) was established in 1998 as a permanent endowment fund of the North Ottawa County Council on Aging. The fund agreement allows the use of the Endowment Fund’s income only in accordance with the Community Foundation’s spending policy.



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**NOTE E—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued**

**The Funds—Continued**

***Special Needs Fund***

The Gail Ringelberg Special Needs Fund (Special Needs Fund) was established in 2008 by the Organization to recognize the retiring Executive Director Gail Ringelberg's eight years of service. The agreement with the Community Foundation allows the use of the Special Need Fund's income and principal to be used at the Organization's discretion.

The Community Foundation invests the contributions to the funds in various types of marketable equity and debt securities, U.S. Treasuries, commercial paper, and certificates of deposit. The majority of investments are uninsured and uncollateralized.

**Reporting of the Assets of the Funds**

The investments held at the Community Foundation, which were contributed by the Organization to the Designated Fund and the Special Needs Fund, along with the earnings on these investments, are reported at fair value as net assets without donor restrictions of the Organization. The contributions to this fund made by third party donors directly to the Community Foundation have been excluded from the net assets of the Organization.

Contributions by the Organization to the Endowment Fund along with the earnings on these investments are reported at fair value as net assets without donor restrictions. The contributions to this fund made by third party donors directly to the Community Foundation have been excluded from the net assets of the Organization.

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**NOTE E—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued**

**Summary of Community Foundation Funds**

A summary of revenues, expenses, and changes in the net assets at fair value of the funds for the years ended September 30, 2019 and 2018 follows:

|  | 2019                   |                         |                         |                         | 2018                   |                         |                         |                         |
|--|------------------------|-------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|
|  | Designated<br>Fund     | Endowment<br>Fund       | Special Needs<br>Fund   | Totals                  | Designated<br>Fund     | Endowment<br>Fund       | Special Needs<br>Fund   | Totals                  |
| Revenues   |                        |                         |                         |                         |                        |                         |                         |                         |
| Contributions  | \$ -                   | \$ -                    | \$ 400                  | \$ 400                  | \$ -                   | \$ -                    | \$ 250                  | \$ 250                  |
| Dividends and interest                                       | 33                     | 1,437                   | 372                     | 1,842                   | 33                     | 1,352                   | 350                     | 1,735                   |
| Realized gains (losses) on<br>investments                    | 5                      | 214                     | 55                      | 274                     | 75                     | 3,126                   | 814                     | 4,015                   |
| Unrealized gains (losses)<br>on investments                  | (1)                    | 263                     | 65                      | 327                     | 56                     | 2,248                   | 577                     | 2,881                   |
|  | <u>37</u>              | <u>1,914</u>            | <u>892</u>              | <u>2,843</u>            | <u>164</u>             | <u>6,726</u>            | <u>1,991</u>            | <u>8,881</u>            |
| Expenses   |                        |                         |                         |                         |                        |                         |                         |                         |
| Investment fees  | 99                     | 632                     | 245                     | 976                     | 101                    | 612                     | 238                     | 951                     |
| Revenues over (under) expenses                               | (62)                   | 1,282                   | 647                     | 1,867                   | 63                     | 6,114                   | 1,753                   | 7,930                   |
| Net assets at<br>beginning of year                           | <u>1,547</u>           | <u>65,181</u>           | <u>16,909</u>           | <u>83,637</u>           | <u>1,484</u>           | <u>59,067</u>           | <u>15,156</u>           | <u>75,707</u>           |
| Net assets at end of year                                    | 1,485                  | 66,463                  | 17,556                  | 85,504                  | 1,547                  | 65,181                  | 16,909                  | 83,637                  |
| Less assets recorded as those<br>of the Foundation           | <u>-</u>               | <u>(43,221)</u>         | <u>(1,007)</u>          | <u>(44,228)</u>         | <u>-</u>               | <u>(42,388)</u>         | <u>(598)</u>            | <u>(42,986)</u>         |
| Net assets that are considered<br>assets of the Organization | <u><b>\$ 1,485</b></u> | <u><b>\$ 23,242</b></u> | <u><b>\$ 16,549</b></u> | <u><b>\$ 41,276</b></u> | <u><b>\$ 1,547</b></u> | <u><b>\$ 22,793</b></u> | <u><b>\$ 16,311</b></u> | <u><b>\$ 40,651</b></u> |

The Board of Trustees of the Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The authority to modify restrictions is sometimes referred to as “variance power” and is a legal standard imposed on all community foundations.

**NOTE F—NOTE PAYABLE TO BANK**

The Organization had an unsecured line of credit with borrowings limited to \$125,000 and interest payable monthly at the bank’s prime rate that expired August 5, 2019 and was not renewed.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE G—NET ASSETS**

Net assets without donor restrictions as of September 30, 2019 and 2018 are comprised of the following:

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| Undesignated  | \$ 294,162        | \$ 225,200        |
| Board-designated  |                   |                   |
| Invested in property and equipment, net of related debt | 582,039           | 656,415           |
| Total net assets without donor restrictions             | <b>\$ 876,201</b> | <b>\$ 881,615</b> |

Net assets with donor restrictions as of September 30, 2019 and 2018 are comprised of the following:

|                                   | <b>2019</b>      | <b>2018</b>      |
|-----------------------------------|------------------|------------------|
| Passage of time                   |                  |                  |
| Information and referral services | \$ 7,001         | \$ 7,750         |
| Specific purpose                  |                  |                  |
| Other donor restricted funds      | 23,242           | 22,793           |
|                                   | <b>\$ 30,243</b> | <b>\$ 30,543</b> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2019 and 2018:

|                                   | <b>2019</b>      | <b>2018</b>      |
|-----------------------------------|------------------|------------------|
| Passage of time                   |                  |                  |
| Information and referral services | <b>\$ 14,990</b> | <b>\$ 15,126</b> |

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes  
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**NOTE H—COMMITMENTS**

**Operating Leases**

The Organization leases office and program space at 1101 South Beacon Boulevard. The lease signed in September 2012 was initially for five years and includes an option for the tenant to extend the lease for two additional five year terms. The first extension was exercised in September 2017. Rent expense for this space for each of the years ended September 30, 2019 and 2018 was \$56,243.

In May 2018, the Organization entered into a five year office equipment lease expiring May 2023 requiring monthly payments of approximately \$920. Rent expense under this lease for each of the years ended September 30, 2019 and 2018 was \$11,040.

In October 2015, the Organization entered into a five-year office equipment lease expiring October 2020 requiring monthly payments of approximately \$158. Rent expense under this lease for each of the years ended September 30, 2019 and 2018 was \$1,890.

The following is a schedule of the approximate future minimum lease payments required under the above operating leases as of September 30:

| <b>Year ending<br/>September 30,</b> | <b>Amount</b>     |
|--------------------------------------|-------------------|
| 2020                                 | \$ 76,000         |
| 2021                                 | 74,000            |
| 2022                                 | 74,000            |
| 2023                                 | 70,000            |
| 2024                                 | 58,000            |
|                                      | <b>\$ 352,000</b> |

**NOTE I—CONTINGENCIES**

**Grant Programs**

The Organization participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

**NOTE J—CHANGE IN ACCOUNTING PRINCIPLE**

During the fiscal year ended September 30, 2019, the Organization adopted new accounting standard ASU 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As a result, the Organization began reporting net assets in two classes: net assets without donor restrictions and net assets with donor restrictions. The change in accounting principle was applied retrospectively to the prior period presented. The change resulted in net assets reclassification and had no effect on previously reported total net assets or total change in net assets. Effects of the implementation of the change in accounting principle were as follows:

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**NOTE J—CHANGE IN ACCOUNTING PRINCIPLE—Continued**

|  | <u>Unrestricted<br/>Net Assets</u> | <u>Net Assets<br/>Without<br/>Donor<br/>Restrictions</u> | <u>Temporarily<br/>Restricted Net<br/>Assets</u> | <u>Net Assets<br/>With Donor<br/>Restrictions</u> | <u>Total</u>       |
|--|------------------------------------|--|--|---|--------------------|
| Net assets at September 30, 2017,<br>as previously stated                                | \$ 895,045                         | \$ -   | \$ 28,031  | \$ -  | \$ 923,076         |
| Change in net asset classification   | (895,045)                          | 895,045  | (28,031)   | 28,031  | -                  |
| Net assets at September 30, 2017,<br>as restated   | <u>\$ -</u>                        | <u>\$ 895,045</u>  | <u>\$ -</u>                                      | <u>\$ 28,031</u>                                  | <u>\$ 923,076</u>  |
|  |                                    |  |  |   |                    |
|  | <u>Unrestricted<br/>Net Assets</u> | <u>Net Assets<br/>Without<br/>Donor<br/>Restrictions</u> | <u>Temporarily<br/>Restricted Net<br/>Assets</u> | <u>Net Assets<br/>With Donor<br/>Restrictions</u> | <u>Total</u>       |
| Change in net assets for the year<br>ended September 30, 2018, as<br>previously reported | \$ (13,430)                        | \$ -   | \$ 2,512   | \$ -  | \$ (10,918)        |
| Change in net asset classification   | 13,430                             | (13,430)   | (2,512)  | 2,512   | -                  |
| Change in net assets for the year ended<br>September 30, 2018, as restated               | <u>\$ -</u>                        | <u>\$ (13,430)</u>                                       | <u>\$ -</u>                                      | <u>\$ 2,512</u>                                   | <u>\$ (10,918)</u> |

**NOTE K—UPCOMING ACCOUNTING PRONOUNCEMENTS**

ASU 2014-09—*Revenue from Contracts with Customers (Topic 606)* was issued by the FASB in May 2014. This standard introduced a comprehensive, principles-based framework for recognizing revenue, and when effective, will supersede the revenue recognition requirements in FASB ASC 605—*Revenue Recognition*, and virtually all industry-specific revenue recognition guidance in the FASB ASC. However, the standards for the recognition of revenue from contributions by nonprofit organizations will be retained in FASB ASC 958-605 which will be retitled *Not-for-profit Entities—Revenue Recognition Contributions*. For nonpublic entities, this standard is effective for fiscal years beginning after December 15, 2018.

ASU 2016-02—*Leases (Topic 842)* was issued by the FASB in February 2016. The standard will increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statements of Financial Position and disclosing key information about leasing arrangements. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. For nonpublic entities, this standard is effective for fiscal years beginning after December 15, 2020.