

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

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

September 30, 2021 and 2020



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, 2021 and 2020, 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 auditor's 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, 2021 and 2020 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.

Handwritten signature of Brickley DeLong, P.C. in black ink.

Grand Haven, Michigan
January 4, 2022

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 916,651	\$ 548,566
Receivables		
Taxes	8,333	7,342
Other	35,861	38,169
Prepaid expenses	1,033	1,033
	961,878	595,110
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS		
	192,544	45,337
PROPERTY AND EQUIPMENT		
Leasehold improvements	1,016,343	1,016,343
Furniture and fixtures	191,484	236,528
	1,207,827	1,252,871
Less accumulated depreciation and amortization	(762,986)	(736,778)
	444,841	516,093
OTHER ASSETS		
Security deposit	5,667	5,667
	\$ 1,604,930	\$ 1,162,207
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ -	\$ 24,546
Accounts payable	6,015	7,341
Accrued liabilities	16,101	14,744
Deferred revenue	13,334	-
	35,450	46,631
LONG-TERM DEBT , less current maturities	-	91,354
	35,450	137,985
NET ASSETS		
Without donor restrictions	1,538,237	995,980
With donor restrictions	31,243	28,242
	1,569,480	1,024,222
	\$ 1,604,930	\$ 1,162,207

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, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants and contracted services			
Senior Resources	\$ 251,835	\$ -	\$ 251,835
Other	30,760	-	30,760
Contributions			
Local governmental units	2,500	-	2,500
Greater Ottawa County United Way	4,424	-	4,424
Donations and memorials	179,323	-	179,323
Memberships	10,163	-	10,163
Property taxes	660,722	-	660,722
Rents	900	-	900
Senior projects	8,494	-	8,494
Fundraising	1,733	-	1,733
Interest	385	-	385
Gain (loss) from beneficial interest in assets held by others	11,449	5,758	17,207
Gain (loss) on disposal of assets	1,500	-	1,500
Other	70,087	-	70,087
Forgiveness of debt	115,900	-	115,900
Net assets released from restrictions	2,757	(2,757)	-
Total revenues and support	1,352,932	3,001	1,355,933
EXPENSES			
Program services			
Senior Center Staffing	165,375	-	165,375
Case Coordination and Support	151,507	-	151,507
Independent Living Coordination	170,998	-	170,998
Homemaking	203,923	-	203,923
Support services			
Management and general	118,872	-	118,872
Total expenses	810,675	-	810,675
Change in net assets	542,257	3,001	545,258
Net assets at beginning of year	995,980	28,242	1,024,222
Net assets at end of year	\$ 1,538,237	\$ 31,243	\$ 1,569,480

The accompanying notes are an integral part of these statements.

2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 234,871	\$ -	\$ 234,871
50,409	-	50,409
2,500	-	2,500
-	6,791	6,791
23,269	-	23,269
19,210	-	19,210
665,726	-	665,726
733	-	733
16,355	-	16,355
1,577	-	1,577
1,124	-	1,124
1,818	2,243	4,061
-	-	-
43,300	-	43,300
-	-	-
11,035	(11,035)	-
1,071,927	(2,001)	1,069,926
149,781	-	149,781
291,933	-	291,933
185,049	-	185,049
254,838	-	254,838
70,547	-	70,547
952,148	-	952,148
119,779	(2,001)	117,778
876,201	30,243	906,444
\$ 995,980	\$ 28,242	\$ 1,024,222

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2021

	Program Services				Support Services		Total
	Senior Center Staffing	Case Coordination and Support	Independent Living Coordination	Home making	Total Program Services	Management and General	
Compensation and related expenses							
Salaries and wages	\$ 37,442	\$ 82,931	\$ 66,659	\$ 148,951	\$ 335,983	\$ 78,072	\$ 414,055
Payroll taxes	3,092	6,849	5,505	12,301	27,747	6,447	34,194
Employee benefits	146	322	259	579	1,306	304	1,610
Health insurance	1,515	3,356	2,698	6,028	13,597	3,160	16,757
	42,195	93,458	75,121	167,859	378,633	87,983	466,616
Advertising	495	248	248	124	1,115	124	1,239
Depreciation and amortization	30,026	15,013	15,013	7,507	67,559	7,507	75,066
Education	1,219	609	609	305	2,742	305	3,047
Insurance	7,281	3,641	3,641	1,820	16,383	1,820	18,203
Miscellaneous	2,976	1,488	1,488	744	6,696	746	7,442
Newsletter	161	356	286	640	1,443	335	1,778
Occupancy expense	42,079	21,039	21,039	10,520	94,677	10,520	105,197
Office expense	1,028	2,277	1,830	4,089	9,224	2,143	11,367
Prescription reimbursement	-	1,625	-	-	1,625	-	1,625
Professional fees	750	1,662	1,336	2,985	6,733	1,565	8,298
Repairs and maintenance	1,917	958	958	479	4,312	479	4,791
Senior projects	-	-	23,775	-	23,775	-	23,775
Senior services	19,710	-	-	-	19,710	-	19,710
Service contracts	11,472	5,736	5,736	2,868	25,812	2,868	28,680
Staff travel	796	1,762	1,416	3,165	7,139	1,659	8,798
Telephone	3,270	1,635	1,635	818	7,358	818	8,176
Transportation for seniors	-	-	16,867	-	16,867	-	16,867
	\$ 165,375	\$ 151,507	\$ 170,998	\$ 203,923	\$ 691,803	\$ 118,872	\$ 810,675

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, 2020

	Program Services				Support Services		Total
	Senior Center Staffing	Case Coordination and Support	Independent Living Coordination	Home making	Total Program Services	Management and General	
Compensation and related expenses							
Salaries and wages	\$ 56,454	\$ 169,170	\$ 56,894	\$ 168,346	\$ 450,864	\$ 41,027	\$ 491,891
Payroll taxes	4,460	13,365	4,495	13,299	35,619	3,242	38,861
Employee benefits	174	521	175	516	1,386	126	1,512
Health insurance	2,037	6,106	2,054	6,075	16,272	1,481	17,753
	<u>63,125</u>	<u>189,162</u>	<u>63,618</u>	<u>188,236</u>	<u>504,141</u>	<u>45,876</u>	<u>550,017</u>
Advertising	692	1,046	691	703	3,132	255	3,387
Depreciation and amortization	15,444	23,316	15,404	15,684	69,848	5,664	75,512
Education	728	1,099	726	740	3,293	266	3,559
Insurance	3,941	5,950	3,931	4,003	17,825	1,445	19,270
Miscellaneous	1,644	2,483	1,641	1,672	7,440	604	8,044
Newsletter	30	59	27	51	167	500	667
Occupancy expense	20,925	31,587	20,869	21,250	94,631	7,672	102,303
Office expense	2,164	3,267	2,158	2,197	9,786	793	10,579
Prescription reimbursement	-	2,411	-	-	2,411	-	2,411
Professional fees	5,702	8,608	5,687	5,792	25,789	2,091	27,880
Repairs and maintenance	1,438	2,171	1,434	1,460	6,503	528	7,031
Senior projects	-	-	37,715	-	37,715	-	37,715
Senior services	24,220	-	-	-	24,220	-	24,220
Service contracts	8,181	12,351	8,160	8,308	37,000	3,001	40,001
Staff travel	79	6,207	6,123	3,251	15,660	1,314	16,974
Telephone	1,468	2,216	1,465	1,491	6,640	538	7,178
Transportation for seniors	-	-	15,400	-	15,400	-	15,400
	<u>\$ 149,781</u>	<u>\$ 291,933</u>	<u>\$ 185,049</u>	<u>\$ 254,838</u>	<u>\$ 881,601</u>	<u>\$ 70,547</u>	<u>\$ 952,148</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, 2021 and 2020

	2021	2020
Operating activities		
Change in net assets	\$ 545,258	\$ 117,778
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	75,066	75,512
(Gain) loss from beneficial interest in assets held by others	(17,207)	(4,061)
(Gain) loss on disposal of assets	(1,500)	-
Forgiveness of long-term debt	(115,900)	-
	485,717	189,229
(Increase) decrease in operating assets		
Receivables	1,317	34,093
Prepaid expenses	-	476
Increase (decrease) in operating liabilities		
Accounts payable	(1,326)	(10,884)
Accrued liabilities	1,357	1,440
Deferred revenue	13,334	-
	500,399	214,354
Net cash provided by (used for) operating activities	500,399	214,354
Investing activities		
Contributions to beneficial interest in assets held by others	(130,000)	-
Proceeds from sale of assets	1,500	-
Property and equipment purchases	(3,814)	(9,566)
	(132,314)	(9,566)
Net cash provided by (used for) investing activities	(132,314)	(9,566)
Financing activities		
Proceeds from long-term debt financing	-	115,900
	-	115,900
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	368,085	320,688
Cash and cash equivalents at beginning of year	548,566	227,878
Cash and cash equivalents at end of year	\$ 916,651	\$ 548,566

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, 2021 and 2020

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.

Adoption of Recent Accounting Standards

On October 1, 2020, the Organization adopted ASC 606, *Revenue from Contracts with Customers*, using the modified retrospective method as applied to customer contracts that were not completed at October 1, 2020. As a result, financial information for reporting periods beginning after October 1, 2020, are presented in accordance with ASC 606. Comparative financial information for reporting periods prior to October 1, 2020, has not been adjusted and continues to be reported in accordance with the Organization's revenue recognition policies prior to the adoption of ASC 606. The Organization did not record a cumulative adjustment related to the adoption of ASC 606, as the effects of adoption were not significant.

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

Contribution Revenue

Contributions, which include cash, unconditional promises to give, grants and contracted services, certain contributed services, and gifts of long-lived and other assets, are recognized as revenue in the period received or promised. Contributions receivable beyond one year are stated at the net present value of the estimated cash flows using a risk-adjusted rate and are also recorded net of estimated uncollectible amounts. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be without donor restriction unless specifically restricted by the donor for time or purpose. When a donor restriction is fulfilled or 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 restrictions.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenue Recognition—Continued

Revenue from Contracts with Customers

The Organization has multiple revenue streams that are accounted for as revenue from contracts with customers including memberships, rents, senior projects, and other.

Because the Organization's performance obligations relate to contracts with duration of less than one year, the Association has elected to apply the optional exemption provided in FASB ASC 606-10-0-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transactions' price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Memberships

The Organization sells memberships to parties that live either within a millage-paying authority, or those who do not. A different membership rate is charged to those within millage-paying authorities, and those outside of millage-paying authorities. The membership periods last for a one-year term. Membership income is recognized ratably over the membership term, as its members simultaneously receive and consume the benefits over that timeframe.

Rents

The Organization leases a portion of its space to a third-party to provide meals to its members. Rental income is recognized ratably over the rental term, as the third-party renter simultaneously receives and consumes the benefits over that timeframe.

Senior Projects

The Organization provides events and activities for members who pay required fees in order to attend. These fees are recognized at a point in time, as the event or activity occurs.

Other

Significantly all of the Other income reported by the Organization is derived from a cost share fee charged to individuals utilizing the Organization's homemaking services. This fee is charged to those whose income is too high to qualify for subsidized assistance, and is earned at a point in time, as the services are provided.

Refunds for transactions from these revenue streams are rare. The Organization has not reported a liability for estimated returns, as the amounts are not considered material to the financial statements.

Taxes collected from customers relating to any product sales and remitted to governmental authorities are excluded from revenues.

Deferred revenues represent contract liabilities for monies received in advance of a performance obligation being satisfied.

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, 2021 and 2020

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 six municipalities. The millages levied by the local authorities expire on different dates through 2024. The 2021 state taxable value for real/personal property included in this levy totaled approximately \$2.6 billion. The ad valorem taxes levied ranged between 0.125 and 0.25 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. Provide insurance counseling, medical transportation, income tax filing assistance, prescription assistance, and consumer advocacy for individuals over sixty.

Homemaking

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

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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 statements 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
Payroll taxes	Time and effort
Employee benefits	Time and effort
Health insurance	Time and effort
Facility overhead and other	
Advertising	Square footage
Depreciation and amortization	Square footage
Education	Square footage
Insurance	Square footage
Miscellaneous	Square footage
Newsletter	Time and effort
Occupancy expense	Square footage
Office expense	Time and effort
Professional fees	Time and effort
Repairs and maintenance	Square footage
Service contracts	Square footage
Staff travel	Time and effort
Telephone	Square footage

Advertising Costs

The Organization expenses the cost of advertising and promotions as incurred. Advertising expense was \$1,239 and \$3,387 in 2021 and 2020, 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
September 30, 2021 and 2020

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 4, 2022, which is the date the financial statements were available to be issued.

NOTE B—CONTRACT BALANCES

Contract assets, which consisted of home service fees charged to customers, were \$423, \$3,717, and \$1,000 as of September 30, 2021, 2020, and 2019, respectively. Contract liabilities, which consisted entirely of deferred revenues, were \$13,334 as of September 30, 2021, and there were no contract liabilities as of September 30, 2020 or 2019.

NOTE C—AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets as of September 30, 2021 and 2020:

	2021	2020
Financial assets at year end:		
Cash	\$ 916,651	\$ 548,566
Receivables	44,194	45,511
Beneficial interest in assets held by others	192,544	45,337
Total financial assets	1,153,389	639,414
Less amounts not available to be used within one year:		
Net assets with donor restrictions	31,243	28,242
Less net assets with purpose restrictions to be met in less than one year	-	-
	31,243	28,242
Financial assets available to meet general expenses over the next year	\$1,122,146	\$611,172

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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE D—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, 2021, the Organization's uninsured cash balances were approximately \$678,000.

NOTE E—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.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE E—FAIR VALUE MEASUREMENTS—Continued

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, 2021 and 2020.

Beneficial interest 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 interest 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.

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, 2021 and 2020:

	Assets at Fair Value as of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	\$ -	\$ 192,544	\$ -	\$ 192,544
	Assets at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	\$ -	\$ 45,337	\$ -	\$ 45,337

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE F—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.

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 with 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.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE F—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, 2021 and 2020 follows:

	2021				2020			
	Designated Fund	Endowment Fund	Special Needs Fund	Totals	Designated Fund	Endowment Fund	Special Needs Fund	Totals
Revenues								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250
Organization contributions	130,000	-	-	130,000	-	-	-	-
Investment income (loss), net	7,416	16,466	4,272	28,154	50	6,414	1,594	8,058
Change in net assets	137,416	16,466	4,272	158,154	50	6,414	1,844	8,308
Net assets at beginning of year	1,535	72,877	19,400	93,812	1,485	66,463	17,556	85,504
Net assets at end of year	138,951	89,343	23,672	251,966	1,535	72,877	19,400	93,812
Less assets recorded as those of the Foundation	-	(58,100)	(1,322)	(59,422)	-	(47,392)	(1,083)	(48,475)
Assets reported on the statements of financial position	\$ 138,951	\$ 31,243	\$ 22,350	\$ 192,544	\$ 1,535	\$ 25,485	\$ 18,317	\$ 45,337

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.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE G—LONG-TERM DEBT

During April 2020, the Organization received loan proceeds of \$115,900 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Securities Act (CARES Act), provided for loans to qualifying Organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying Organization. The loans and accrued interest were forgivable after eight or twenty four weeks, whichever was selected, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. The amount of loan forgiveness was to be reduced if the borrower terminated employees or reduced salaries during the period selected. The unforgiven portion of the PPP loan was to be payable over two years at an interest rate of one percent, with a deferral of payments for the first ten months. In April 2021, the Organization filed for forgiveness in accordance with the CARES Act, and was notified that its entire PPP loan was forgiven. The amount of loan forgiveness is presented as forgiveness of debt on the statement of activities. The Organization is required to retain loan and forgiveness documentation on the loan for six years, which is the open period for audit by the Small Business Administration. Long-term debt at September 30, 2020 consisted entirely of the PPP Loan, and there was no outstanding long-term debt at September 30, 2021.

Long-term obligations as of September 30, 2021 and 2020 consists of the following:

	2021	2020
1% PPP loan payable in aggregate monthly installments of \$13,094 including interest, beginning August 2021 with final payment due April 2022, forgiven April 2021	\$ -	\$ 115,900
Less current maturities	-	(24,546)
	\$ -	\$ 91,354

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE H—NET ASSETS

Net assets without donor restrictions as of September 30, 2021 and 2020 are comprised of the following:

	2021	2020
Undesignated	\$ 1,093,396	\$ 479,887
Board-designated		
Invested in property and equipment, net of related debt	444,841	516,093
Total net assets without donor restrictions	\$ 1,538,237	\$ 995,980

Net assets with donor restrictions as of September 30, 2021 and 2020 are comprised of the following:

	2021	2020
Passage of time		
Information and referral services	\$ -	\$ 2,757
Specific purpose		
Other donor restricted funds	31,243	25,485
	\$ 31,243	\$ 28,242

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, 2021 and 2020:

	2021	2020
Passage of time		
Information and referral services	\$ 2,757	\$ 11,035

NOTE I—DISAGGREGATION OF REVENUE

Revenue from contracts with customers for 2021 and 2020 are comprised of the following:

	2021	2020
Performance obligations satisfied over time	\$ 11,063	\$ 19,943
Performance obligations satisfied at a point in time	80,314	61,232
	\$ 91,377	\$ 81,175

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE J—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 three additional five-year terms through September 2032. The first extension was exercised in September 2017. The Organization is also responsible for monthly maintenance costs under the lease. Rent expense for this space was \$63,716 and \$62,467 for the years ended September 30, 2021 and 2020, respectively.

In May 2018, the Organization entered into a five-year office equipment lease expiring May 2023 that requires monthly payments of \$920. Rent expense under this lease for each of the years ended September 30, 2021 and 2020 was \$11,040.

In October 2015, the Organization entered into a five-year office equipment lease expiring October 2020 that requires monthly payments of \$158. Rent expense under this lease for each of the years ended September 30, 2021 and 2020 was \$158 and \$1,896, respectively.

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

<u>Year ending September 30,</u>	<u>Amount</u>
2022	\$ 70,600
2023	<u>7,400</u>
	<u>\$ 78,000</u>

NOTE K—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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE L—RISKS AND UNCERTAINTIES

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact that it will have on the economy and on the Organization's operations. As of September 30, 2021, the Organization continues to implement risk mitigation tactics including all aspects of the Organization's business transactions with customers, vendors and human interaction within and outside of the Organization.

NOTE M—UPCOMING ACCOUNTING PRONOUNCEMENT

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, 2021.