

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

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

September 30, 2020 and 2019



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, 2020 and 2019, 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, 2020 and 2019 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.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style.

Muskegon, Michigan
January 14, 2021

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
STATEMENTS OF FINANCIAL POSITION
September 30, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 548,566	\$ 227,878
Receivables		
Taxes	7,342	36,064
Other	38,169	43,540
Prepaid expenses	1,033	1,509
Total current assets	595,110	308,991
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS		
	45,337	41,276
PROPERTY AND EQUIPMENT		
Leasehold improvements	1,016,343	1,016,343
Furniture and fixtures	236,528	226,962
	1,252,871	1,243,305
Less accumulated depreciation and amortization	(736,778)	(661,266)
	516,093	582,039
OTHER ASSETS		
Security deposit	5,667	5,667
	\$ 1,162,207	\$ 937,973
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 24,546	\$ -
Accounts payable	7,341	18,225
Accrued liabilities	14,744	13,304
Total current liabilities	46,631	31,529
LONG-TERM DEBT, less current maturities	91,354	-
	137,985	31,529
NET ASSETS		
Without donor restrictions	995,980	876,201
With donor restrictions	28,242	30,243
	1,024,222	906,444
	\$ 1,162,207	\$ 937,973

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, 2020 and 2019

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUES AND SUPPORT			
Grants and contracted services			
Senior Resources	\$ 234,871	\$ -	\$ 234,871
Other	50,409	-	50,409
Contributions			
Local governmental units	2,500	-	2,500
Greater Ottawa County United Way	-	6,791	6,791
Donations and memorials	23,269	-	23,269
Memberships	19,210	-	19,210
Property taxes	665,726	-	665,726
Rents	733	-	733
Senior projects	16,355	-	16,355
Fundraising	1,577	-	1,577
Interest	1,124	-	1,124
Gain (loss) from beneficial interest in assets held by others	1,818	2,243	4,061
Other	43,300	-	43,300
Net assets released from restrictions	11,035	(11,035)	-
Total revenues and support	1,071,927	(2,001)	1,069,926
EXPENSES			
Program services			
Senior Center Staffing	149,781	-	149,781
Case Coordination and Support	289,522	-	289,522
Independent Living Coordination	131,934	-	131,934
Homemaking	254,838	-	254,838
Senior Projects	55,526	-	55,526
Support services			
Management and general	70,547	-	70,547
Total expenses	952,148	-	952,148
Change in net assets	119,779	(2,001)	117,778
Net assets at beginning of year	876,201	30,243	906,444
Net assets at end of year	\$ 995,980	\$ 28,242	\$ 1,024,222

The accompanying notes are an integral part of these statements.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 243,091	\$ -	\$ 243,091
6,318	-	6,318
4,400	-	4,400
-	14,241	14,241
42,584	-	42,584
29,685	-	29,685
637,800	-	637,800
900	-	900
39,620	-	39,620
1,693	-	1,693
604	-	604
175	449	624
30,478	-	30,478
14,990	(14,990)	-
1,052,338	(300)	1,052,038
228,035	-	228,035
279,415	-	279,415
142,144	-	142,144
225,390	-	225,390
88,465	-	88,465
94,303	-	94,303
1,057,752	-	1,057,752
(5,414)	(300)	(5,714)
881,615	30,543	912,158
\$ 876,201	\$ 30,243	\$ 906,444

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			
	Senior Center Staffing	Case Coordination and Support	Independent Living Coordination	Home making	Senior Projects	Total Program Services	Management and General	Total
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
	63,125	189,162	63,618	188,236	-	504,141	45,876	550,017
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
	\$ 149,781	\$ 289,522	\$ 131,934	\$ 254,838	\$ 55,526	\$ 881,601	\$ 70,547	\$ 952,148

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, 2019

	Program Services					Support Services		Total
	Senior Center Staffing	Case Coordination and Support	Independent Living Coordination	Homemaking	Senior Projects	Total Program Services	Management and General	
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
Occupancy expense	46,601	23,842	23,393	12,201	-	106,037	8,597	114,634
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
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
STATEMENTS OF CASH FLOWS
Years ended September 30, 2020 and 2019

	2020	2019
Operating activities		
Change in net assets	\$ 117,778	\$ (5,714)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	75,512	76,642
Gain (loss) from beneficial interest in assets held by others	(4,061)	(624)
	189,229	70,304
(Increase) decrease in operating assets		
Receivables	34,093	(36,071)
Prepaid expenses	476	(899)
Increase (decrease) in operating liabilities		
Accounts payable	(10,884)	12,822
Accrued liabilities	1,440	1,889
Net cash provided by (used for) operating activities	214,354	48,045
Investing activities		
Property and equipment purchases	(9,566)	(2,267)
Financing activities		
Proceeds from long-term debt financing	115,900	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	320,688	45,778
Cash and cash equivalents at beginning of year	227,878	182,100
Cash and cash equivalents at end of year	\$ 548,566	\$ 227,878

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, 2020 and 2019

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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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 2020 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.

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, 2020 and 2019

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

Advertising Costs

The Organization expenses the cost of advertising and promotions as incurred. Advertising expense was \$3,387 and \$4,967 in 2020 and 2019, 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, 2020 and 2019

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, 2021, 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, 2020 and 2019:

	2020	2019
Financial assets at year end:		
Cash	\$ 548,566	\$ 227,878
Receivables	45,511	79,604
Beneficial interest in assets held by others	45,337	41,276
Total financial assets	639,414	348,758
Less amounts not available to be used within one year:		
Net assets with donor restrictions	28,242	30,243
Less net assets with purpose restrictions to be met in less than one year	(28,242)	(30,243)
	-	-
Financial assets available to meet general expenses over the next year	\$ 639,414	\$ 348,758

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, 2020, the Organization’s uninsured cash balances were approximately \$120,000.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

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, 2020 and 2019.

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.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

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, 2020 and 2019:

	Assets at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Beneficial interests in assets held by others	<u>\$ -</u>	<u>\$ 45,337</u>	<u>\$ -</u>	<u>\$ 45,337</u>
	Assets at Fair Value as of September 30, 2019			
	Level 1	Level 2	Level 3	Total
Beneficial interests in assets held by others	<u>\$ -</u>	<u>\$ 41,276</u>	<u>\$ -</u>	<u>\$ 41,276</u>

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.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

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.

North Ottawa County Council on Aging, Inc., d/b/a Four Pointes
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

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, 2020 and 2019 follows:

	2020				2019			
	Designated Fund	Endowment Fund	Special Needs Fund	Totals	Designated Fund	Endowment Fund	Special Needs Fund	Totals
Revenues								
Contributions	\$ -	\$ -	\$ 250	\$ 250	\$ -	\$ -	\$ 400	\$ 400
Investment income (loss), net	50	2,243	1,518	3,811	(62)	1,282	247	1,467
Change in net assets	50	2,243	1,768	4,061	(62)	1,282	647	1,867
Net assets at beginning of year	1,485	66,463	17,556	85,504	1,547	65,181	16,909	83,637
Net assets at end of year	1,535	68,706	19,324	89,565	1,485	66,463	17,556	85,504
Less assets recorded as those of the Foundation	-	(43,221)	(1,007)	(44,228)	-	(43,221)	(1,007)	(44,228)
Assets reported on the statements of financial position	\$ 1,535	\$ 25,485	\$ 18,317	\$ 45,337	\$ 1,485	\$ 23,242	\$ 16,549	\$ 41,276

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.

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NOTE F—LONG-TERM DEBT

In 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), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty four weeks, whichever is selected, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the period selected. The unforgiven portion of the PPP loan is payable over two years at an interest rate of one percent, with a deferral of payments for the first ten months. The Organization has used the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot ensure that actions will not be taken that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part. Long-term debt at September 30, 2020 consisted entirely of the PPP Loan, and there was no outstanding long-term debt at September 30, 2019. Per the PPP, repayment of the outstanding PPP loan at September 30, 2020 does not begin until ten months after the end of the eight or twenty-four week period, whichever is selected, unless forgiveness is applied for within the ten month period. If the application for forgiveness is submitted within the ten month period, principal and interest payments do not begin until the SBA remits the loan forgiveness amount to the lender of the funds and the Organization is notified of any amount to be repaid.

Long-term obligations as of September 30, 2020 and 2019 consists of the following:

	2020	2019
1% PPP loan payable in aggregate monthly installments of \$13,094 including interest, beginning August 2021 with final payment due April 2022	\$ 115,900	\$ -
Less current maturities	(24,546)	-
	\$ 91,354	\$ -

Aggregate maturities of long-term obligations for 2021 through 2022 are as follows:

Year Ending September 30,	Amount
2021	\$ 24,546
2022	91,354
	\$ 115,900

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NOTE G—NET ASSETS

Net assets without donor restrictions as of September 30, 2020 and 2019 are comprised of the following:

	2020	2019
Undesignated	\$ 479,887	\$ 294,162
Board-designated		
Invested in property and equipment, net of related debt	516,093	582,039
Total net assets without donor restrictions	\$ 995,980	\$ 876,201

Net assets with donor restrictions as of September 30, 2020 and 2019 are comprised of the following:

	2020	2019
Passage of time		
Information and referral services	\$ 2,757	\$ 7,001
Specific purpose		
Other donor restricted funds	25,485	23,242
	\$ 28,242	\$ 30,243

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, 2020 and 2019:

	2020	2019
Passage of time		
Information and referral services	\$ 11,035	\$ 14,990

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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 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 \$62,467 and \$56,243 for the years ended September 30, 2020 and 2019, 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, 2020 and 2019 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, 2020 and 2019 was \$1,896.

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</u> <u>September 30,</u>	<u>Amount</u>
2021	\$ 75,000
2022	76,200
2023	<u>7,400</u>
	<u>\$ 158,600</u>

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.

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NOTE J—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, 2020, the Organization is in the process of implementing 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 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, 2019.

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.

ASU 2018-08—*Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* was issued by the FASB in June 2018. This standard will clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist organizations in (1) evaluation whether transactions should be accounting for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. For nonpublic entities, this standard is effective for fiscal years beginning after December 15, 2019.