RESOURCES FOR SENIORS, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

As of and for the Years Ended June 30, 2024 and 2023

And Reports of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

RESOURCES FOR SENIORS, INC.
TABLE OF CONTENTS

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
Resources for Seniors, Inc.
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Resources for Seniors, Inc., a nonprofit organization, (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal controls over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
January 27, 2025

RESOURCES FOR SENIORS, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 241,779	$ 243,788
Investments	609,764	512,516
Grants receivable, net	1,282,060	1,147,112
Accounts receivable, net	39,826	42,776
Other current assets	110,094	45,710
Total Current Assets	2,283,523	1,991,902
Property and equipment, net	50,235	79,232
Operating lease right-of-use assets	1,284,842	1,489,882
Other assets - deposits	3,167	3,167
Total Assets	$ 3,621,767	$ 3,564,183
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and other accruals	$ 366,265	$ 332,081
Accrued wages, taxes, and benefits	294,227	269,217
Other liabilities	7,650	88,101
Current portion of operating lease liability	297,174	267,565
Total Current Liabilities	965,316	956,964
Noncurrent Liabilities:		
Other liabilities, net of current portion	113,916	107,454
Operating lease liability, net of current portion	1,113,730	1,351,195
Total Noncurrent Liabilities	1,227,646	1,458,649
Total Liabilities	2,192,962	2,415,613
Net Assets:		
Without donor restrictions		
Designated by the Board for support of working capital	32,550	32,550
Undesignated	1,396,255	1,084,188
	1,428,805	1,116,738
With donor restrictions	-	31,832
Total Net Assets	1,428,805	1,148,570
Total Liabilities and Net Assets	$ 3,621,767	$ 3,564,183

The accompanying notes to the financial statements are an integral part of these statements.

RESOURCES FOR SENIORS, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Grants and contracts	$ 8,830,182	$ -	$ 8,830,182
Contributions	226,346	-	226,346
In-kind contributions	427,150	-	427,150
Program service fees	347,580	-	347,580
Investment returns, net	81,249	-	81,249
Other income	145	-	145
Net assets released from restrictions	31,832	(31,832)	-
Total Public Support and Revenue	9,944,484	(31,832)	9,912,652
Expenses:			
Program Services:			
Home care	3,925,197	-	3,925,197
Home maintenance	1,619,935	-	1,619,935
Senior centers	1,093,013	-	1,093,013
Adult day care	1,678,174	-	1,678,174
Access and community education	331,607	-	331,607
Total Program Services	8,647,926	-	8,647,926
Supporting Services:			
General and administrative	984,491	-	984,491
Total Expenses	9,632,417	-	9,632,417
Change in net assets	312,067	(31,832)	280,235
Net assets, beginning of year	1,116,738	31,832	1,148,570
Net assets, end of year	$ 1,428,805	$ -	$ 1,428,805

The accompanying notes to the financial statements are an integral part of these statements.

RESOURCES FOR SENIORS, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Grants and contracts	$ 8,917,820	$ 45,000	$ 8,962,820
Contributions	125,699	-	125,699
In-kind contributions	400,017	-	400,017
Program service fees	246,216	-	246,216
Investment returns, net	36,421	-	36,421
Other income	5,000	-	5,000
Net assets released from restrictions	123,049	(123,049)	-
Total Public Support, Revenue, and Reclassifications	9,854,222	(78,049)	9,776,173
Expenses:			
Program Services:			
Home care	3,983,414	-	3,983,414
Home maintenance	2,070,438	-	2,070,438
Senior centers	1,002,460	-	1,002,460
Adult day care	1,541,732	-	1,541,732
Access and community education	501,723	-	501,723
Total Program Services	9,099,767	-	9,099,767
Supporting Services:			
General and administrative	607,066	-	607,066
Total Expenses	9,706,833	-	9,706,833
Change in net assets	147,389	(78,049)	69,340
Net assets, beginning of year	969,349	109,881	1,079,230
Net assets, end of year	$ 1,116,738	$ 31,832	$ 1,148,570

The accompanying notes to the financial statements are an integral part of these statements.

RESOURCES FOR SENIORS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services						Supporting Services	
	Home Care	Home Maintenance	Senior Centers	Adult Day Care	Access and Community Education	Total	General and Administrative	Grand Total
Salaries	$ 1,385,472	$ 373,002	$ 607,043	$ 947,793	$ 147,513	$ 3,460,823	$ 436,371	$ 3,897,194
Employee benefits	282,472	84,502	45,314	220,610	24,731	657,629	35,850	693,479
Payroll taxes	102,931	29,912	47,663	70,780	11,200	262,486	34,232	296,718
Contract labor	2,068,021	501,493	-	7,695	-	2,577,209	175	2,577,384
Professional and instruction fees	22,274	17,867	1,159	15,650	8,498	65,448	108,752	174,200
Advertising	-	3,623	495	216	-	4,334	874	5,208
Office	33,443	21,540	23,785	16,678	4,335	99,781	43,687	143,468
Occupancy	2,313	25,966	346,918	258,866	-	634,063	198,530	832,593
Employee travel, transportation, and training	530	7,248	3,767	619	1,164	13,328	15,113	28,441
Depreciation	-	-	-	-	-	-	28,997	28,997
Insurance	3,930	25,385	-	-	-	29,315	57,185	86,500
Program supplies	19,365	519,415	6,857	21,169	60	566,866	1,873	568,739
Client meals and transportation	-	-	2,971	108,638	132,744	244,353	1,200	245,553
Vehicle operations	501	7,330	-	-	-	7,831	445	8,276
Maintenance and repairs	-	214	-	630	-	844	5,719	6,563
Miscellaneous	352	701	420	2,123	692	4,288	12,769	17,057
Bad debt expense, net of recoveries	377	-	-	610	-	987	-	987
Payroll processing fee	3,216	1,737	6,621	5,428	670	17,672	2,677	20,349
Interest expense	-	-	-	669	-	669	42	711
Total Expenses	$ 3,925,197	$ 1,619,935	$ 1,093,013	$ 1,678,174	$ 331,607	$ 8,647,926	$ 984,491	$ 9,632,417

RESOURCES FOR SENIORS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services						Supporting Services	
	Home Care	Home Maintenance	Senior Centers	Adult Day Care	Access and Community Education	Total	General and Administrative	Grand Total
Salaries	$1,427,005	456,487	508,359	867,077	180,409	$ 3,439,337	$ 298,216	$ 3,737,553
Employee benefits	288,810	96,019	37,318	217,645	47,385	687,177	33,096	720,273
Payroll taxes	110,047	36,194	41,067	69,114	14,659	271,081	23,628	294,709
Contract labor	1,963,474	616,998	7,274	3,859	-	2,591,605	380	2,591,985
Professional and instruction fees	5,175	17,620	7,990	1,669	6,551	39,005	109,799	148,804
Advertising	92	25,640	2,064	240	49,656	77,692	400	78,092
Office	35,720	30,099	28,721	13,583	9,952	118,075	34,407	152,482
Occupancy	105,065	51,080	340,618	247,578	20,980	765,321	21,572	786,893
Employee travel, transportation, and training	5,885	27,873	2,115	2,524	40	38,437	1	38,438
Depreciation	-	-	-	-	-	-	35,289	35,289
Insurance	12,632	27,697	4,617	7,680	1,217	53,843	27,913	81,756
Program supplies	21,155	658,011	16,346	19,498	638	715,648	(30)	715,618
Client meals and transportation	5	-	707	86,504	169,318	256,534	243	256,777
Vehicle operations	582	10,855	-	6	109	11,552	757	12,309
Maintenance and repairs	3,324	1,108	729	1,118	449	6,728	4,426	11,154
Miscellaneous	623	13,254	4,535	2,507	360	21,279	16,801	38,080
Bad debt expense, net of recoveries	3,820	1	-	1,130	-	4,951	(13)	4,938
Payroll processing fee	-	1,502	-	-	-	1,502	-	1,502
Interest expense	-	-	-	-	-	-	181	181
Total Expenses	$ 3,983,414	$ 2,070,438	$ 1,002,460	$ 1,541,732	$ 501,723	$ 9,099,767	$ 607,066	$ 9,706,833

The accompanying notes to the financial statements are an integral part of these statements.

RESOURCES FOR SENIORS, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 280,235	$ 69,340
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	28,997	35,289
Provision for credit losses	987	4,938
Noncash lease expense	(2,816)	128,878
Realized and unrealized gains on investments	(61,173)	(13,265)
Net change in operating assets and liabilities:		
Grant receivables	(134,948)	(184,164)
Accounts receivable	1,963	(1,635)
Other current assets	(64,384)	8,129
Accounts payable and other accruals	34,184	(67,715)
Accrued wages, taxes, and benefits	25,010	(189,787)
Other liabilities	(73,989)	74,961
Net cash flows from operating activities	34,066	(135,031)
Cash flows from investing activities:		
Purchase of property and equipment	-	(53,104)
Purchase of investments	(76,075)	(69,153)
Proceeds from sale of investments	40,000	40,000
Net cash flows from investing activities	(36,075)	(82,257)
Net change in cash and cash equivalents	(2,009)	(217,288)
Cash and cash equivalents, beginning of year	243,788	461,076
Cash and cash equivalents, end of year	$ 241,779	$ 243,788

The accompanying notes to the financial statements are an integral part of these statements.

Note 1—Nature of activities

Resources for Seniors, Inc. (the "Organization") is a not-for-profit charitable organization that serves senior and disabled adults in Wake County, North Carolina, by providing home and community-based services and information so that they can maximize their choices for independence, comfort, safety, security, and well-being. The Organization provides information and support for decision-making and also direct services such as home care, adult day care, senior centers, home repair, and more. The Organization is committed to excellence in service and care for individuals and their families. The Organization provides the following programs:

Home Care – In-home health care management is provided for the homebound, frail, and handicapped older adults whose desire to remain in the home is impeded by their lack of ability to obtain care and support for themselves from the human service delivery system. The program targets moderately to severely impaired persons and serves clients of all income levels. Services are also provided through arrangements at several elderly housing developments. Home care combines the elements of personal support for the client (often isolated by infirmity or lack of transportation) with service brokers who expedite consumers through the many services to which they are entitled.

Home Maintenance – Skilled staff, volunteers, and contractors provide minor and major home repairs such as repairing leaks, installing locks, replacing broken windows, building ramps, installing rails on tubs and steps, weatherizing homes, repairing heating and air conditioning systems (also serving Durham County in this program), and delivering fans in the summer. This service attempts to remedy conditions, which are a risk to the personal health and safety to older adults.

Senior Centers – Health, wellness, and recreational activities for older adults.

Adult Day Care – The Organization has provided adult day care since 1978 and currently operates five-state accredited adult day care centers called "Total Life Centers." The centers are the Cary Kildare Center, the Wendell East Wake Center, the Cary Bond Park Center, the Garner Center, and the Raleigh Departure Drive Center, and are all Commission on Accreditation of Rehabilitation Facilities nationally accredited. All of the Total Life Centers offer supervised activities and care for older adults, allowing them to remain part of the community and providing respite for families who have older adults in their homes. A professional nurse-supervised staff, utilizing trained volunteers, offers an enriching atmosphere, and stimulating programs for participants. Some services are also purchased from other local day care centers.

Access and Community Education – The Organization provides information, referrals, and options for counseling to assure access to needed information on community resources and services for older adults. Assistance may be obtained by telephone, home visit, or office visit. Workshops and seminars presented by professionals address methods of providing information, sharing strategies, and strengthening skills for caring for the elderly. Transportation is provided to congregate nutrition sites in the county. Grocery shopping routes are offered to elderly housing developments. Assistance to medical appointments is also coordinated with Wake County Coordinated Transportation System.

Note 2—Summary of significant accounting policies

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and, accordingly, reflect all significant assets, liabilities, and changes in net assets.

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Note 2—Summary of significant accounting policies (continued)

Basis of Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting. In preparing its financial statements, the Organization's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported in accordance with U.S. GAAP which require the Organization to report information regarding its financial position and activities in the following two classes:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the mission of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors (the "Board"). The use of some net assets without donor restrictions may be further limited by board designations, including quasi-endowment or other designations.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, when donors impose perpetual restrictions on their gifts, this permits the Organization to use all or part of the earnings on related investments for general or specific purposes.

Current Year Adoption of Pronouncements – In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13 *Financial Instruments – Credit Losses ("Topic 326"): Measurement of Credit Losses on Financial Instruments*, which requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses, such that the net receivable represents the present value of expected cash collection. The new rules also require certain financial assets be measured at amortized cost reflecting an allowance for estimated credit losses that are expected to occur over the life of the assets. This estimate must be based on all relevant information, such as historical information, current conditions, and reasonable and supportable forecasts that could impact the collectability of the amounts. The Organization adopted this accounting standard as of July 1, 2023, which did not have a material impact on the Organization's financial statements.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers cash on hand and deposits with financial institutions, as well as all highly liquid investments with an initial maturity of three months or less, to be cash and cash equivalents. Cash and cash equivalents are primarily held in savings and checking accounts at various financial institutions with insignificant or no interest. Cash and cash equivalents managed by the Organization's investment managers, such as money market funds, are included in investments.

Note 2—Summary of significant accounting policies (continued)

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in the investment returns, net in the accompanying statements of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Organization's gains and losses on investments bought and sold, as well as those investments held during the year. Returns on investments are included in the investment returns, net in the accompanying statements of activities.

Property and Equipment – All acquisitions of property and equipment in excess of $5,000 with an estimated useful life of more than one year and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Purchased property and equipment are carried at cost. Donations of equipment are recorded as contributions at their estimated fair value at the date of the donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives as follows:

Vehicles	5 years
Furniture and equipment	3 - 10 years
Leasehold improvements	10 years

Upon disposition of property and equipment, the related asset and accumulated depreciation are removed, and any gain or loss is reflected in the statements of activities for the period.

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, evaluation of asset useful lives, and other economic factors. There were no events or circumstances that indicated the need for impairment analysis as of June 30, 2024 and 2023.

Right-of-Use ("ROU") Operating Lease Assets and Lease Liabilities – ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term.

Revenue Recognition – Contributions and grant revenues received by the Organization are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor/grantor restrictions. Contributions and grant revenues that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions.

Certain grant programs are recognized in revenues immediately in the period received while others are recognized in stages or as requests for reimbursements are approved by granting agencies with qualifying expenditures. These grants contain certain barriers that must be overcome by the grantee prior to receiving the funds. Grant revenue and the associated receivable are recognized as the barriers are overcome.

Note 2—Summary of significant accounting policies (continued)

While contribution and grant revenues make up the majority of support for the Organization, a portion of revenue is derived from program service fees charged to clients for home care and home maintenance, community alternatives programs, community education, senior center services, and adult day care operations. Home care, home maintenance, community alternative programs, and care management activities are subject to individual client agreements specifying the services to be provided. Fees are charged based on the needed services.

Generally, these services are billed, collected, and recognized as revenue at the beginning of the client relationship, as the services are performed over a relatively short period of time and the impact on revenue is not deemed significant. Senior center services, community education, and adult day care operations are either billed and collected at the time of service or after the performance of services, with revenue recorded once it is earned. The transaction prices are defined in the terms of the individual client agreements. Revenues are recognized as the services are rendered or the events occur.

The Organization considers a contract with a customer to exist under Accounting Standards Codification ("ASC") 606 when there is approval and commitment from the Organization and the customer, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of consideration is probable. The Organization evaluates each service deliverable contracted with the customer to determine whether it represents promises to transfer distinct services under ASC 606. These are referred to as performance obligations. One or more service deliverables often represent a single performance obligation. This evaluation requires significant judgment and the impact of combining or separating performance obligations may change the time over which revenue from the contract is recognized.

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable and deferred revenue on the statements of financial position.

The allowance for credit losses is based on the Organization's assessment of the collectability of customer accounts receivable. In accordance with ASC Topic 326: *Financial Instruments – Credit Losses*, the Organization makes ongoing estimates relating to the collectability of local grant and program service fee receivables and records an allowance for estimated losses expected from the inability of partners to make required payments. The Organization establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. If an allowance is considered necessary for the receivables, it would reduce grants and program service revenue. Grants receivable and program service fee accounts receivable are written off when there is no reasonable expectation of recovery. As of June 30, 2024 and 2023, the allowance for credit losses for grant receivables was of $1,191 and $6,451, respectively. As of both June 30, 2024 and 2023, the allowance for credit losses for program service fee receivables was $3,136.

Other Liabilities – Other liabilities consist of refundable deposits received for Adult Day Care and deferred revenue. Deferred revenue consists primarily of federal and state grants that have been awarded and received, but for which the Organization has not incurred expenses to earn the revenue under its intended purpose in accordance with U.S. GAAP. As of June 30, 2024, June 30, 2023, and July 1, 2022, other liabilities were $121,566, $195,555, and $120,594, respectively.

Functional Allocation of Expenses – The costs of providing the program expenses and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited. For all expenses, the Organization allocates expenses not charged directly to programmatic activities across all programs based on time worked, using time sheets where employees charge hours to programs worked on.

Note 2—Summary of significant accounting policies (continued)

Advertising Costs – Costs incurred for advertising are expensed when incurred. For the years ended June 30, 2024 and 2023, advertising expense totaled $5,208 and $78,000, respectively.

Donated Assets and Services – Donated materials and property and equipment are recorded at their estimated fair values at date of receipt and are reflected as contributions in the accompanying financial statements. The Organization does not imply time restrictions on gifts of long-lived assets. The Organization rents certain facilities at rates below market value rates, as discussed in Note 11. Various contributed services are performed for the Organization by volunteers. The services are significant and form an integral part of the efforts of the Organization, but these services do not meet the U.S. GAAP criteria for recognition as contributed services.

Numerous volunteers have contributed significant amounts of time to the Organization which have not been reflected in the accompanying statements of financial position as they did not meet the criteria for recognition as required by U.S. GAAP.

Income Taxes – The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). There was no unrelated business income tax for the years ended June 30, 2024 and 2023.

Uncertain Tax Positions – The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Note 3—Liquidity and availability of resources

As of June 30, 2024 and 2023, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the statements of financial position date to meet general expenditures:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	$ 241,779	$ 243,788
Investments	609,764	512,516
Grants receivable, net	1,282,060	1,147,112
Accounts receivable, net	39,826	42,776
	2,173,429	1,946,192
Less amounts not available to be used within one year:		
Net assets with donor restrictions, net of amounts available for expenditure	-	(31,832)
Board designated net assets	(32,550)	(32,550)
Financial assets available to meet general expenditures within one year of the date of statement of financial position	$ 2,140,879	$ 1,881,810

As part of the Organization's liquidity management plan, it structures its financial assets to be available as its obligations come due. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. Board-designated net assets may be made available, if needed, and approved by the Board. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission related activities as well as the conduct of services undertaken to support those activities to be general expenditures. Management is of the opinion that sufficient liquidity exists to meet its obligations.

Note 4—Fair value measurements

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable and unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

> *Level 1* – Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
>
> *Level 2* – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
>
> *Level 3* – Unobservable inputs are used when little or no market data is available for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All investments reported on the statements of financial position at June 30, 2024 and 2023 of $609,764 and $512,516, respectively, are valued at the closing price reported on the active market on which the individual investments are traded and have been classified within Level 1 of the valuation hierarchy.

The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2024 and 2023.

> *Mutual Funds* – Valued at the daily closing prices as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded, and thus, are considered to be Level 1 investments.
>
> *Fixed Income* – Valued daily based on the closing prices reported by the fund. These funds are required to publish their daily NAV and to transact at that price. The fixed income funds held by the Organization are deemed to be actively traded, and thus, are considered to be Level 1 investments.

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, although 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. There have been no changes in the methodologies used to value the investments at June 30, 2024 and 2023.

Note 5—Investments

The Organization's investments are stated at fair value and consist of the following at June 30:

	2024		2023	
	Cost	Market	Cost	Market
Cash equivalents	$ 9,796	$ 9,796	$ 1,556	$ 1,556
Fixed income	19,861	19,924	19,448	19,764
Mutual funds	435,184	580,044	407,762	491,196
	$ 464,841	$ 609,764	$ 428,766	$ 512,516

Securities under brokerage firms' management are insured by the Securities Investor Protection Corporation up to $500,000. Brokerage firms have obtained additional protection at no cost to the Organization for the remaining net equity balance, if any, of the securities in the Organization's accounts. This coverage does not protect against losses from any change in market values of the investments.

The Organization's investment return, net consists of the following for the years ended June 30:

	2024	2023
Interest and dividends	$ 22,772	$ 25,499
Investment fees	(2,696)	(2,343)
Unrealized and realized gains	61,173	13,265
	$ 81,249	$ 36,421

The return on investments is classified as net assets without donor restrictions in the statements of activities.

Note 6—Property and equipment, net

Property and equipment consisted of the following as of June 30:

	2024	2023
Leasehold improvements	$ 67,137	$ 67,137
Vehicles	190,094	190,094
Furniture and equipment	309,124	309,124
	566,355	566,355
Less accumulated depreciation	(516,120)	(487,123)
Property and equipment, net	$ 50,235	$ 79,232

Depreciation expense for property and equipment totaled $28,997 and $35,289 for the years ended June 30, 2024 and 2023, respectively.

Note 7—Line of credit

The Organization has a line of credit available with a financial institution in the amount of $205,000 through May 2025. The line of credit bears interest at the prime rate. There was no outstanding balance due on the line of credit at June 30, 2024 and 2023.

Note 8—Support from federal, state, and local governments

For fiscal years ended June 30, 2024 and 2023, the Organization received approximately 89% and 92%, respectively, of its support from federal, state, and local government sources. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Organization's programs and activities. A significant portion of these revenues are tied to grants requiring reimbursement to the Organization after expenses are incurred. As such, due to the timing of invoice reimbursement requests from the Organization and payments from governments sources there are times where a grant receivable is recorded within the statement of financial position. As of June 30, 2024, three government grant sources accounted for 86% of outstanding grant receivable and as of June 30, 2023, two government grant sources accounted for 86% of outstanding grant receivable.

Note 9—Restrictions on net assets

Net assets released from restriction were $31,832 and $123,049 during the years ended June 30, 2024 and 2023, respectively, by incurring qualified expenses satisfying the restricted purposes. Net assets with donor restrictions released from restriction during the years ended June 30 were as follows:

	2024	2023
Meds Ruby Green Fund	$ -	$ 2,325
Willie Ray	-	2,612
Departure Garden	-	6,448
Duke HHF	-	41,451
Holiday Dreams	-	712
SearStone	31,832	69,501
	$ 31,832	$ 123,049

The Organization's net assets with donor restrictions as of June 30 were as follows:

	2024	2023
SearStone	$ -	$ 31,832

Note 10—Board-designated net assets

The Organization's Board of Directors has the ability to designate net assets for certain funds. As of June 30, 2024 and 2023, the Board had designated net assets from the Winston Fund to support working capital of the Organization in the amount of $32,550 for each year.

Note 11—Leases

The Organization leases certain office space and space for the senior center and total life centers. The Organization determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on relative stand-alone prices.

ROU assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by the Organization. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain of our lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Organization uses the implicit rate when it is readily determinable. As most of the Organization's leases do not provide an implicit rate, management uses the Organization's incremental borrowing rate based on the information available at lease commencement to determine the present value of lease payments.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization does not have leases where it is involved with the construction or design of an underlying asset. The Organization has no material obligation for leases signed but not yet commenced as of June 30, 2024 or 2023. The Organization does not have any material sublease activities.

The Organization elected the three transition practical expedients that permit an entity to: (a) not reassess whether expired or existing contracts contain leases, (b) not reassess lease classification for existing or expired leases, and (c) not consider whether previously capitalized initial direct costs would be appropriate under the new standard.

The Organization has elected the practical expedient to utilize the risk-free discount rate to calculate lease assets and liabilities.

The Organization has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, the Organization's short-term lease expense for the period does not reflect the Organization's ongoing short-term lease commitments. Lease expense for such short-term leases that did not meet the criteria for ASC 842 adoption was $-0- and $49,402, respectively, for the years ended June 30, 2024 and 2023 and is included in occupancy expense on the statements of functional expenses.

Office Space and Senior Center – The Organization leases office space in Raleigh, North Carolina for its administrative operations through a lease which expires on April 30, 2030 and includes monthly rental payments increasing over the life of the lease as described in the lease agreement. At June 30, 2023, the Organization recognized an ROU leased asset of $1,230,555 and operating lease liability of $1,350,105 which represents the present value of minimum lease payments discounted at 2.95%, a seven-year risk-rate used by the Organization as of implementation date. At June 30, 2024, the Organization recognized an ROU leased asset of $1,066,645 and operating lease liability of $1,184,095 related to this lease.

Note 11—Leases (continued)

The Organization entered into a new lease in November 2022 for its senior center in Raleigh, North Carolina through a lease which expires on December 31, 2025 and includes monthly payments increasing over the life of the lease as described in the lease agreement. At June 30, 2023 the Organization recognized an ROU leased asset of $259,327 and operating lease liability of $268,655 which represents the present value of minimum lease payments discounted at 4.46%, a three-year risk-rate used by the Organization as of lease commencement date. At June 30, 2024, the Organization recognized an ROU leased asset of $159,157 and operating lease liability of $167,100 related to this lease.

The Organization entered into a new lease in January 2024 for its senior center in Garner, North Carolina through a lease which expires on December 31, 2028 and includes monthly payments increasing over the life of the lease as described in the lease agreement. At June 30, 2024, the Organization recognized an ROU leased asset of $59,040 and operating lease liability of $59,709 which represents the present value of minimum lease payments discounted at 2.95%, a three-year risk-rate used by the Organization as of lease commencement date.

Future minimum lease payments related to the leased office space and senior center space as of June 30, 2024 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 297,174	$ 39,426	$ 336,600
2026	256,648	29,243	285,891
2027	211,180	22,458	233,638
2028	223,810	16,058	239,868
2029	228,782	9,329	238,111
Thereafter	193,310	2,623	195,933
Total minimum lease payments	$ 1,410,904	$ 119,138	$ 1,530,042

Total Life Centers – The Organization leases space for its total life centers in various locations in Wake County, North Carolina through leases with one-year terms that renew automatically, unless terminated. The space used for total life centers is donated in whole or in part, depending on the terms of the agreement. The donated portion is recognized as an in-kind contribution as outlined in Note 2. For the years ended June 30, 2024 and 2023, the donated rent recognized as an in-kind contribution was $427,150 and $400,017, respectively.

Note 12—Employee benefit plans

The Organization sponsors a defined contribution retirement plan in which employees are eligible to participate upon meeting certain age and work service requirements. The plan allows the employer to make discretionary employer contributions on a pro rata basis up to 2% of the employee's compensation. To be eligible for employer contributions, employees must be 21 years of age or older with a minimum of one year of service.

The Organization's contribution to the retirement plan was $64,852 and $58,494 for the years ended June 30, 2024 and 2023, respectively.

Note 13—Commitments and contingencies

The Organization receives significant financial assistance from its government grantors. These contracts and grants normally provide for the recovery of direct costs. Entitlement to the recovery of the applicable direct costs is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal or state regulations, including the expenditure of the resources for eligible purposes. Substantially all grants and the Organization's costs are subject to financial and compliance reviews and audits by grantors. In management's opinion, the likelihood of an adverse material outcome upon its financial position from those reviews and audits is unlikely.

Note 14—Concentration of credit risk

The Organization maintains cash balances at a financial institution. The Organization's interest bearing accounts at this institution are insured by the Federal Deposit Insurance Corporation up to $250,000 for the years ended June 30, 2024 and 2023, and may at times exceed the federally insured limits. The Organization's cash deposits at June 30, 2024 and 2023 exceeded federally insured limits by $125,287 and $82,782, respectively.

Note 15—Subsequent events

In accordance with U.S. GAAP, the Organization has evaluated subsequent events through January 27, 2025, which is the date these financial statements were available to be issued and has determined that there are no other subsequent events that require disclosure.

SUPPLEMENTARY INFORMATION

RESOURCES FOR SENIORS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

Federal/Pass-Through Grantor/Program	Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Total Expenditures
U.S. Department of Health and Human Services:					
Passed through Triangle J Council of Governments:					
Aging Cluster:					
Special Programs for the Aging -					
Title III-B Grants for Supportive Services and Senior Centers	93.044		$ 1,208,972	$ 1,506,547	$ 2,715,519
Total Aging Cluster			1,208,972	1,506,547	2,715,519
Title III-D Disease Prevention and Health Promotion Services	93.043		47,277	2,781	50,058
National Family Caregiver Title III-E	93.052		218,436	27,322	245,758
Medicare Enrollment Assistance Program	93.071		-	13,783	13,783
Total passed through Triangle J Council of Governments			1,474,685	1,550,433	3,025,118
Passed through the NC Department of Insurance					
State Health Insurance Assistance Program	93.324		47,600	-	47,600
Medicare Enrollment Assistance Program	93.071		21,881	-	21,881
Total passed through NC Department of Insurance			69,481	-	69,481
Passed through the NC Department of Environmental Quality					
Low-Income Home Energy Assistance -					
Heating and Air Repair Replacement	93.568	6943	405,493	-	405,493
Weatherization Assistance	93.568	6943	513,070	-	513,070
Total passed through NC Department of Environmental Quality			918,563	-	918,563
Passed through Wake County Department of Social Services					
Social Services Block Grant	93.667	EC000003337	181,650	162,225	343,875
Passed through Johnson County Department of Social Services					
Social Services Block Grant	93.667	AS51-400-003	17,378	497	17,875
Total passed through County Departments			199,028	162,722	361,750

Federal/Pass-Through Grantor/Program	Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Total Expenditures
U.S. Department of Energy:					
Passed through the NC Department of Environmental Quality					
Weatherization Assistance for Low Income Persons	81.042	6943	$ 202,867	$ -	$ 202,867
U.S. Department of Agriculture:					
Passed through the North Carolina Department of Human Services,					
Division of Public Health					
Child and Adult Care Food Program	10.558	6818-601	67,847	-	67,847
U.S. Department of Housing and Urban Development:					
Passed through the City of Raleigh					
Community Development Block Grant - Entitlement	14.218		79,877	-	79,877
North Carolina Housing Finance Association					
Urgent Repair Program	N/A		-	4,149	4,149
Total Awards			$ 3,012,348	$ 1,717,304	$ 4,729,652

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal and state awards ("SEFSA") includes the federal and state grant activity of Resources for Seniors, Inc. (the "Organization") under the programs of the federal government and the state of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the SEFSA presents only a selected portion of the operations of Resources for Seniors, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2—Summary of significant accounting policies

Expenditures reported in the SEFSA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Effective July 2023, the Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3—Subrecipients

The Organization has not contracted or made awards to any subrecipients for the year ended June 30, 2024.

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Resources for Seniors, Inc.
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Resources for Seniors, Inc., a nonprofit organization, (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization’s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
January 27, 2025

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance as Required by the Uniform Guidance

To the Board of Directors
Resources for Seniors, Inc.
Raleigh, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Resources for Seniors, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cherry Bekaert LLP

Raleigh, North Carolina
January 27, 2025

Section I—Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on whether the financial statements were prepared in accordance with U.S. GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	None identified
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
3. Noncompliance material to the financial statements noted?	None noted

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	None identified
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
2. Type of auditor's report issued on compliance for major programs	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
4. Identification of major programs:	

Assistance Listing Number	Name of Federal Program
93.044	Aging Cluster: Special Programs for the Aging – Title III, Part B

5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	Yes

Section II—Financial Statement Findings

Finding: 2024-001
Significant Deficiency over deferred revenue classification

Criteria: A well-defined financial reporting and closing process ensures transactions are recorded timely and all accounts have been properly reconciled with subsidiary ledgers; resulting in financial information and data that is timely, accurate and available to management to aid in decision making processes.

Condition: The reconciliation and close process was completed for the year ended June 30, 2024, however, there were balances incorrectly considered conditional and reported as deferred liabilities instead of contribution revenue.

Context: For certain contributions, the Organization failed to detect improper classification between deferred revenue and revenue for proper year-end adjustments. The Schedule of Expenditures of Federal Awards was not affected by these matters for the years ended June 30, 2023 and 2024.

Effect: Errors could be made and not detected on a timely basis and, therefore, financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) may contain errors. An adjustment of approximately $69,000 was required to reduce deferred revenue at June 30, 2024 and report the balances in accordance with U.S. GAAP as contribution revenue for the year ended June 30, 2024. In addition, approximately $31,000 was recognized as revenue during the year ended June 30, 2024 that should have been reported as contribution revenue during the year ended June 30, 2023, resulting in an understatement of net assets at June 30, 2023 and overstatement of revenue for the year ended June 30, 2024.

Cause: Reconciliations were performed during the financial reporting and closing process for the year ended June 30, 2024; however, the Organization failed to detect improper classification between deferred revenue and revenue for proper year-end adjustments with certain contributions.

Recommendation: We recommend that the Organization implement a process to monitor deferred revenue balances and contributions received at any time to apply the guidance set forth by U.S. GAAP to ensure all are properly presented within financial reports.

Management’s Response: See Corrective action plan.

Proposed Completion Date: January 17, 2025

Section III—Federal Award Findings and Questioned Costs

None reported.

Section IV—Prior Year Findings

None reported.

Resources
FOR SENIORS

January 17, 2025

Re: Corrective Action Plan
Year ended June 30, 2024

The President will provide copies of all grant applications, notices of grant awards, and donor letters, pledge cards and other documentation of promises and awards to the Director of Finance. Upon notification of receipt, all promises and awards will be evaluated by the Director of Finance to determine if the award is an unconditional contribution pursuant to ASC 958-605-25-11. If the award is determined to have a condition, no revenue will be recognized. If cash is received, a liability will be recognized until the conditions are substantially met and revenue can be properly recognized.

If the promise or award is determined to be unconditional, the Director of Finance will evaluate all relevant documents related to the award, including communications, to determine if the contribution has a donor-imposed restriction related to a specific purpose or for use in a specific time period. If the contribution has no such restriction, the revenue will be recognized immediately as an unrestricted contribution.

If a contribution contains a donor stipulation that specifies a use more specific than the broad limits resulting from the nature of our organization, the environment in which we operate and the purposes specified in the articles of incorporation, the Director of Finance will identify the specific restrictions and the revenue will be booked immediately "with donor restriction" until that restriction is met and the revenue is released from restriction. Deferred revenue balances and contributions will be reviewed annually at the closing of an agency's fiscal year to ensure proper presentation of revenue.

This corrective action plan will be implemented by January 17, 2025.

Sincerely,

Kristen K. Brannock
President

Informed Choices for Maximum Independence

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