

AUDITED FINANCIAL STATEMENTS
VITAL AGING OF WILLIAMSBURG COUNTY, INC
June 30, 2023

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June 30, 2023

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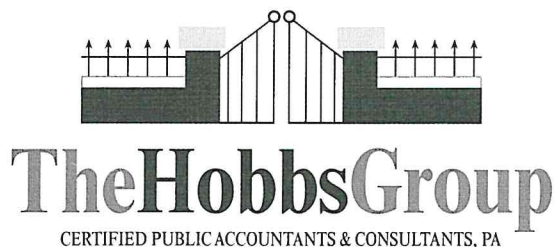
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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of
Vital Aging of Williamsburg County, Inc.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Vital Aging of Williamsburg County, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - Prior Period Financial Statements

The financial statements of the Organization for the year ended June 30, 2022, were audited by other auditors whose report dated September 30, 2022, expressed a unmodified opinion on those statements.

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 for one year after the date that the financial statements are 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 GAAS 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 GAAS 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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of budget to actual comparison is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 control over financial reporting and compliance.

Columbia, South Carolina
October 19, 2023

The Hall Group, P.A.

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

	June 30,	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 198,276	\$ 239,283
Restricted cash	945,679	613,367
Grants receivable	143,975	120,958
Inventory	26,160	11,786
Prepaid expenses	24,012	23,967
Total Current Assets	1,338,102	1,009,361
Noncurrent Assets		
Property and equipment, net	448,930	396,878
Right of use asset - operating lease, net	2,629	7,887
Right of use asset - finance lease, net	2,136	5,806
Total Noncurrent Assets	453,695	410,571
TOTAL ASSETS	\$ 1,791,797	\$ 1,419,932
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 30,162	\$ 3,446
Accrued vacation	23,935	23,925
Accrued payroll	12,233	12,010
Current portion of operating lease	2,467	5,298
Current portion of finance lease	4,084	2,658
Total Current Liabilities	72,881	47,337
Noncurrent Liabilities		
Operating lease liability	-	2,750
Finance lease liability	-	4,084
Total Liabilities	72,881	54,171
Net Assets		
Without donor restrictions	773,237	752,394
With donor restrictions	945,679	613,367
Total Net Assets	1,718,916	1,365,761
TOTAL LIABILITIES AND NET ASSETS	\$ 1,791,797	\$ 1,419,932

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

STATEMENTS OF ACTIVITIES
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

	For the Year Ended June 30, 2023			For the Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND OTHER SUPPORT						
Contributions	\$ 21,336	\$ 3,520	\$ 24,856	\$ 14,479	\$ 6,960	\$ 21,439
Grants	50,900	1,188,090	1,238,990	26,500	1,059,654	1,086,154
Fees	-	83,789	83,789	-	97,226	97,226
Fundraiser	30,310	-	30,310	25,900	-	25,900
Other	-	-	-	4,262	-	4,262
Net assets released from restrictions	943,087	(943,087)	-	864,930	(864,930)	-
Total Revenues and Other Support	1,045,633	332,312	1,377,945	936,071	298,910	1,234,981
EXPENSES						
Program Services						
Transportation	23,643	-	23,643	19,787	-	19,787
Congregate meals	203,178	-	203,178	261,839	-	261,839
Home delivered meals	380,635	-	380,635	385,058	-	385,058
Homemaker	156,732	-	156,732	148,098	-	148,098
Evidenced based	-	-	-	467	-	467
Support Services						
Management and general	257,437	-	257,437	247,026	-	247,026
Fundraising	15,409	-	15,409	12,901	-	12,901
Total Expenses	1,037,034	-	1,037,034	1,075,176	-	1,075,176
Net Operating Income (Loss)	8,599	332,312	340,911	(139,105)	298,910	159,805
NON-OPERATING INCOME						
Gain on disposal of property and equipment	4,500	-	4,500	3,400	-	3,400
Interest	7,744	-	7,744	1,330	-	1,330
Total Non-Operating Income	12,244	-	12,244	4,730	-	4,730
CHANGE IN NET ASSETS	20,843	332,312	353,155	(134,375)	298,910	164,535
Net assets at beginning of year	752,394	613,367	1,365,761	886,769	314,457	1,201,226
NET ASSETS AT END OF YEAR	\$ 773,237	\$ 945,679	\$ 1,718,916	\$ 752,394	\$ 613,367	\$ 1,365,761

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

STATEMENT OF FUNCTIONAL EXPENSES
VITAL AGING OF WILLIAMSBURG COUNTY, INC.
For the Year Ended June 30, 2023

	Program Services				Support Services		
	Transportation	Congregate Meals	Home Delivered Meals	Homemaker	Management and General	Fundraising	Total
Salaries	\$ -	\$ 103,137	\$ 99,715	\$ 115,210	\$ 115,295	\$ -	\$ 433,357
Payroll taxes	-	7,636	7,686	8,963	8,674	-	32,959
Fringe benefits	1,508	15,020	5,313	6,668	18,806	-	47,315
Meals and storage fees	-	39,639	211,537	-	-	-	251,176
Professional fees	18	72	86	93	15,464	15,409	31,142
Supplies and equipment	-	11,932	5,836	3,792	4,977	-	26,537
Office expenses	-	60	7	-	10,618	-	10,685
Utilities	-	7,167	5,326	-	16,409	-	28,902
Vehicle expenses	15,341	-	17,602	11,223	3,984	-	48,150
Repairs and maintenance	-	8,187	3,551	-	5,851	-	17,589
Equipment expenses	-	-	-	-	5,032	-	5,032
Travel and meetings	-	5,109	91	82	2,908	-	8,190
Insurance	-	-	-	-	30,772	-	30,772
Other	-	-	-	-	2	-	2
Total Expenses Before Depreciation and Amortization	16,867	197,959	356,750	146,031	238,792	15,409	971,808
Depreciation and amortization	6,776	5,219	23,885	10,701	18,645	-	65,226
TOTAL EXPENSES	<u>\$ 23,643</u>	<u>\$ 203,178</u>	<u>\$ 380,635</u>	<u>\$ 156,732</u>	<u>\$ 257,437</u>	<u>\$ 15,409</u>	<u>\$ 1,037,034</u>

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

STATEMENT OF FUNCTIONAL EXPENSES
VITAL AGING OF WILLIAMSBURG COUNTY, INC.
For the Year Ended June 30, 2022

	Program Services					Support Services		
	Transportation	Congregate Meals	Home Delivered Meals	Homemaker	Evidence Based	Management and General	Fundraising	Total
Salaries	\$ 910	\$ 89,863	\$ 87,315	\$ 109,735	\$ -	\$ 112,529	\$ -	\$ 400,352
Payroll taxes	-	6,845	6,604	8,470	-	8,224	-	30,143
Fringe benefits	2,675	13,153	3,749	6,198	200	17,616	-	43,591
Meals and storage fees	-	93,584	231,921	-	-	-	-	325,505
Professional fees	-	619	79	235	-	12,763	12,901	26,597
Supplies and equipment	-	19,203	5,890	462	-	4,530	-	30,085
Covid-19	-	-	117	149	-	521	-	787
Office expenses	-	69	532	7	-	8,240	-	8,848
Utilities	-	9,287	6,164	-	-	19,580	-	35,031
Vehicle expenses	6,921	1,004	18,176	12,222	-	2,314	-	40,637
Repairs and maintenance	-	16,535	5,779	-	-	12,966	-	35,280
Leased equipment and space	-	485	-	-	-	5,130	-	5,615
Travel and meetings	30	1,575	35	79	267	1,389	-	3,375
Insurance and other	-	-	-	-	-	24,065	-	24,065
Total Expenses Before Depreciation and Amortization	10,536	252,222	366,361	137,557	467	229,867	12,901	1,009,911
Depreciation and amortization	9,251	9,617	18,697	10,541	-	17,159	-	65,265
TOTAL EXPENSES	<u>\$ 19,787</u>	<u>\$ 261,839</u>	<u>\$ 385,058</u>	<u>\$ 148,098</u>	<u>\$ 467</u>	<u>\$ 247,026</u>	<u>\$ 12,901</u>	<u>\$ 1,075,176</u>

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

STATEMENTS OF CASH FLOWS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

	For the Years Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 353,155	\$ 164,535
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	56,299	57,453
Amortization on leased assets	8,927	7,811
Gain on disposal of fixed assets	(4,500)	(2,183)
Change in ROU asset and lease liability	-	(13,144)
Changes in operating assets and liabilities:		
Decrease in accounts receivable	-	8,886
Increase in grants receivable	(23,017)	(10,499)
Increase in inventory	(14,374)	(2,486)
(Increase) decrease in prepaid expenses	(45)	762
Increase (decrease) in accounts payable	26,716	(708)
Increase (decrease) in accrued expenses	233	(7,129)
NET CASH PROVIDED BY OPERATING ACTIVITIES	403,394	203,298
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	4,500	3,400
Purchases of property and equipment	(108,351)	(43,046)
NET CASH USED IN INVESTING ACTIVITIES	(103,851)	(39,646)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle payments on finance lease obligations	(2,657)	(2,486)
Payments and increase on operating lease obligations	(5,581)	8,104
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(8,238)	5,618
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	291,305	169,270
Cash, cash equivalents, and restricted cash at beginning of year	852,650	683,380
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 1,143,955	\$ 852,650
Reconciliation of cash and restricted cash on the statement of financial position to cash and restricted cash shown above:		
Cash and cash equivalents	198,276	239,283
Restricted cash	945,679	613,367
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,143,955	852,650

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

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Vital Aging of Williamsburg County, Inc. (the “*Organization*”) was established and incorporated in 1997 as a non-profit organization. In accordance with the objectives of the Older Americans Act of 1965, the Organization is committed to providing services and programs to emphasize the spiritual, mental, physical and social well-being of the senior citizens and afford the opportunity to live independent, meaningful, and dignified lives in their own homes and community for as long as possible today and in the future. The Organization provides congregate and home delivered meals, transportation services, social support, employment training, and homemaking services to the residents of Williamsburg County.

Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: Resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

Net assets without donor restrictions: The portion of the net assets of the Organization that can be used subject only to the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the course of its business. The Organization has the ability to choose when using these resources. The board has designated \$19,524 and \$18,549 as of June 30, 2023 and 2022, respectively.

Net assets with donor restrictions: The portion of net assets of the Organization that is subject to either donor imposed time restrictions or donor imposed purpose restrictions. These restrictions limit the Organization’s choices when using these resources because the Organization has a fiduciary responsibility to the donors to follow their instructions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents: The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments are reported at 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.

NOTES TO THE FINANCIAL STATEMENTS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Accounts and Grants Receivable: The Organization's accounts and grants receivables consist of funds outstanding from county and state governmental funds. The receivables are carried at their estimated collectable amounts using the allowance method. Management provides for probable uncollectible amounts through a provision for bad debt expense as an adjustment to a valuation allowance based on its assessment of current status of collectability. At June 30, 2023 and 2022 management has determine no allowance is necessary.

Property and Equipment: The Organization records property and equipment purchases at cost. Donated assets are recorded at their estimated fair market value at the date of donation. Fixed assets are being depreciated using the straight-line method over their estimated useful lives ranging from 5 to 25 years. The Organization capitalizes all property and equipment acquisitions of \$1,000 or more. Title for all assets purchased with the use of federal funds is vested with the Organization; however, certain conditions exist which permit the federal government to transfer such property to other entities or to reclaim this property.

Revenue Recognition: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. The Organization reports gifts of cash and other assets as 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 with restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Revenue from government grant and contract agreements is recognized as it is earned through expenditure or service delivery in accordance with the agreement.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in these financial statements to record the carrying value of fixed assets, functional expense allocation, and certain fair value measurements. Actual results could differ from those estimates.

Income Taxes: The Organization has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal income tax only on net unrelated business income. Management has determined that the Organization has no current obligations for unrelated business income tax. Accordingly, no provisions for federal and state income taxes are required.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT).

NOTES TO THE FINANCIAL STATEMENTS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified, however certain liabilities exist as described in Note E. The Organization files form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years prior to 2018.

In-Kind Services and Materials: In-kind services and materials are recorded at the fair market value of the donation received. In-kind services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization receives donated services from unpaid volunteers who perform a variety of tasks that support the Organization's activities. No amounts have been recognized for these services in the statement of activities since the criteria for recognition have not been satisfied.

Cost Allocation and Functional Expenses: Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated amount the programs and supporting services benefited. A formal cost allocation plan, which provides an equitable basis for allocating costs to the services, was in effect for the years ended June 30, 2023 and 2022. This plan provides for the allocation of administrative costs based on the direct salary and fringe benefit costs of program personnel. Total costs of the services are reflected regardless of the funding source and allocated based on the units of service delivered.

Advertising: All advertising costs are expensed as they are incurred. No prepaid amounts are set up, as currently no advertising contracts are in effect.

Right of Use Asset and Lease Liability: The adoption of the lease standard resulted in the recognition of a right to use (ROU) asset and related liability. The lease liability is initially recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The ROU asset is measured throughout the lease term at the amount of the remeasured lease liability, plus unamortized initial direct cost, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Reclassifications: Certain reclassifications have been made to the 2022 classifications to make the presentation comparable to the 2023 presentation. These reclassifications have no impact on net assets previously reported.

Subsequent Events: Management of the Organization has evaluated events through October 19, 2023, which represents the date the financials were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

NOTE B -- CONCENTRATIONS OF CREDIT RISK

The Organization's cash at year end is detailed as follows indicating the credit risk exposure to the Organization. The Organization maintains deposits at financial institutions which at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2023 and 2022, up to \$250,000. Carrying value is placed at actual year end bank balances at June 30:

Item and Credit Risk	2023	2022
Cash on deposit insured by the FDIC	\$ 377,511	\$ 624,765
Cash on deposit collateralized	768,975	250,000
TOTAL	<u>\$ 1,146,486</u>	<u>\$ 874,765</u>

NOTE C -- GRANTS RECEIVABLE

Balances consist of the following at June 30:

	2023	2022
Waccamaw Regional Organization of Governments	\$ 119,659	\$ 98,625
Williamsburg County	18,335	18,335
South Carolina Department of Health and Human Services	5,981	3,998
TOTAL	<u>\$ 143,975</u>	<u>\$ 120,958</u>

NOTE D -- PROPERTY AND EQUIPMENT

The Organization's property and equipment at June 30 is as follows:

	2023	2022
Buildings	\$ 585,163	\$ 559,561
Furniture and equipment	122,992	122,992
Vehicles	277,863	330,097
Construction in progress	95,432	12,684
	<u>1,081,450</u>	<u>1,025,334</u>
Less: accumulated depreciation	(632,520)	(628,456)
PROPERTY AND EQUIPMENT, NET	<u>\$ 448,930</u>	<u>\$ 396,878</u>

Depreciation expense was \$56,299 and \$57,453 for the years ended June 30, 2023 and 2022, respectively.

NOTE E -- CONCENTRATION OF CUSTOMER RISK

The Organization's revenues are derived primarily from various federal, state, and local governmental and non-profit agencies. The Organization received 89% and 88% of total revenue from these agencies for the year ended June 30, 2023 and 2022, respectively. All of the Organization's receivables at June 30, 2023 and 2022 were due from these agencies.

NOTES TO THE FINANCIAL STATEMENTS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

NOTE F -- CONTINGENCIES

Contracts

The Organization must apply for annual renewals of contracts and grants. Funding is subject to both increases and reductions at the discretion of the contractors, and some agreements also call for termination by either party contingent upon certain conditions. Expenses recorded under various contracts and grants are also subject to further examination by contractors, with reimbursements being requested for questioned costs.

No provisions have been made in the accompanying financial statements for the liabilities, if any, that would result from the disallowance of these costs, either in whole or in part, by the contractors. Management is of the opinion that the amount of liability as a result of such examinations, if any, would be insignificant.

NOTE G -- RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan for their employees. The Organization contributes 3% of the salary for eligible employees and up to an additional 2% for employees contributing more than 3% to the plan. The employer contributions including administrative fees to the plan were \$8,787 and \$8,327 for the years ended June 30, 2023 and 2022, respectively

NOTE H -- RIGHT OF USE ASSET AND LEASE LIABILITY

The Organization has an operating lease for the Hemingway senior center and a finance lease for office equipment. The Company entered into a nine-year lease agreement to rent space for the Hemingway Senior Center. The agreement provides for a monthly base rental amount plus additional costs related to maintenance of the property. The lease expires at the end of December 2024. The Organization entered into a five-year finance lease for a copier, which requires a monthly payment of \$253 and expires in March 2024.

The Organization includes in the determination of the right to use asset and lease liability any renewal options when the options are reasonably certain to be exercised. The Organization's operating and finance leases require it to make variable payments for the Organization's share of taxes, insurance and common area maintenance. These variable payments are not included in the lease payments used to determine lease liability and are recognized as variable costs when incurred.

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NOTES TO THE FINANCIAL STATEMENTS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

NOTE H -- RIGHT OF USE ASSET AND LEASE LIABILITY - CONTINUED

	2023	2022
Financing Leases:		
Right of use finance leases	\$ 14,243	\$ 14,243
Amortization of right of use assets	(12,107)	(8,437)
Total ROU Financing Leases	2,136	5,806
Operating Leases:		
Right of use operating leases	13,144	13,144
Amortization of right of use assets	(10,515)	(5,257)
Total ROU Operating Leases	2,629	7,887
Total ROU Asset, Net	<u>\$ 4,765</u>	<u>\$ 13,693</u>
Lease Liability:		
Current portion of finance lease liability	\$ 4,084	2,658
Current portion of operating lease liability	2,467	5,298
Non-current portion of finance lease liability	-	4,084
Non-current portion of operating lease liability	-	2,750
Total Lease Liability	<u>\$ 6,551</u>	<u>\$ 14,790</u>

The following table summarizes the supplemental cash flow information and the weighted average discount rate for the finance lease for the years ended June 30:

	2023	2022
Finance Lease Cost:		
Amortization of ROU asset	\$ 3,669	\$ 2,553
Interest on lease liabilities	374	534
Other variable expenses	4,658	4,596
Total Financing Lease Expenses	<u>\$ 8,701</u>	<u>\$ 7,683</u>
Weighted-average of remaining life in years for finance leases	.75	1.75
Weighted-average discount rate for finance leases	4.79%	4.79%

The following table summarizes the supplemental cash flow information and the weighted average discount rate for the operating leases for the years ended June 30:

	2023	2022
Operating Lease Cost:		
Amortization of ROU asset	\$ 5,258	\$ 5,257
Other variable expenses	-	485
Total Operating Lease Expenses	<u>\$ 5,258</u>	<u>\$ 5,742</u>
Weighted-average of remaining life in years for operating leases	.5	1.5
Weighted-average discount rate for operating leases	3.90%	3.90%

NOTES TO THE FINANCIAL STATEMENTS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

NOTE H -- RIGHT OF USE ASSET AND LEASE LIABILITY – CONTINUED

Future minimum payments required under finance leases are as follows at June 30:

2024	\$	4,244
Total Minimum Lease Payment		4,244
Less Present Value Discount		(160)
PRESENT VALUE OF MINIMUM LEASE PAYMENT	\$	4,084

Future minimum payments required under operating leases are as follows at June 30:

2024	\$	2,467
Total Minimum Lease Payment	\$	2,467

NOTE I -- NET ASSETS RESTRICTIONS

Net assets with donor restrictions were as follows for the years ended June 30:

	2023	2022
Specific Purpose		
Murdaugh Center	\$ 942,046	\$ 607,981
Vehicles	1,013	772
Freezer Generator	1,775	3,769
A.Nesmith Memorial Fund	845	845
TOTAL NET ASSETS WITH RESTRICTIONS	\$ 945,679	\$ 613,367

Net assets without donor restrictions are as follows for the years ended June 30:

	2023	2022
Undesignated	\$ 753,713	\$ 733,845
Board designated as follows:		
Murdaugh building	4,274	8,250
Vehicle replacement	15,250	10,299
TOTAL NET ASSETS WITHOUT RESTRICTIONS	\$ 773,237	\$ 752,394

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NOTES TO THE FINANCIAL STATEMENTS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.

NOTE J -- THE MURDAUGH SENIOR CENTER

The Organization in collaboration with Williamsburg County recognized the need for a new Senior Center in Kingstree, South Carolina and has begun soliciting funding for the construction of the facility. The Organization received \$300,000 during 2019 and \$300,000 in 2020 from the South Carolina Department of Health and Human Services for the Project. In March 2023, the Organization received \$400,000 from the State of South Carolina Department of Aging for the project. They also were awarded grants from the United State Department of Agriculture Rural Development for \$2,883,469 and \$1,000,000. They have not received any funds from the grants during the year ended June 30, 2023.

In May of 2021, the property which included the Old Kelley Hospital was transferred by lease to Williamsburg County with demolition funded by a Community Based Development Grant. The building was demolished during the year ended June 30, 2023.

NOTE K -- LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for a specific contingency reserve. Board designations could be drawn upon if the Board approves that action.

	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 1,143,955	\$ 852,650
Grants receivable	143,975	120,958
Total Financial Assets	1,287,930	973,608
CONTRACTUAL OR DONOR-IMPOSED RESTRICTIONS:		
Net assets with donor restrictions	(945,679)	(613,367)
Net assets designated by the Board of Directors	(19,524)	(18,549)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 322,727	\$ 341,692

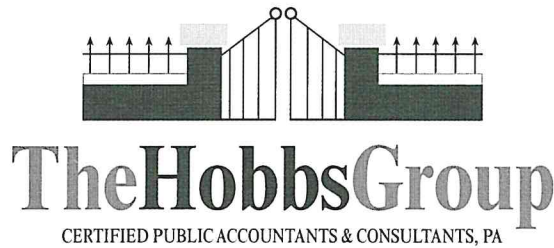
The Organization's goal is to maintain cash assets to meet 3 months of operating expenses (approximately \$270,000). As part of its liquidity plan, excess cash is invested in certificates of deposit.

GOVERNMENTAL AUDITING REPORT

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

To the Members of the Board of Directors of
Vital Aging of Williamsburg County, Inc.

We have audited 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, the financial statements of Vital Aging of Williamsburg County, Inc. (the "*Organization*") which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2023.

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 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. and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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.

Columbia, South Carolina
October 19, 2023

The Hall Group, P.A.

SUPPLEMENTARY INFORMATION

SCHEDULE OF BUDGETARY TO ACTUAL COMPARISON - MODIFIED CASH BASIS
VITAL AGING OF WILLIAMSBURG COUNTY, INC.
For the Year Ended June 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue and Support			
Support			
Client co-pay - HDM	\$ 200	\$ 72	\$ (128)
Client co-pay - GD	250	1,795	1,545
Client Trips	69	-	(69)
Local contributed support	7,971	14,906	6,935
Freezer/Generator Fund	3,769	-	(3,769)
Vehicle Replacement Fund	11,754	-	(11,754)
Foundation/trust grants	30,659	62,900	32,241
Local Government (match)	73,341	73,341	-
USDA - Rural Development	19,747	19,747	-
The Murdaugh Center Project	400,000	403,858	3,858
Total Support	547,760	576,619	28,859
Federal Contracts			
ARP - Group Dining Federal	209,652	15,866	(193,786)
IIIB Federal Rev - Homemaker	67,368	75,228	7,860
IIIC1 Federal Rev - GD	-	38,592	38,592
IIIC2 Federal Rev - HDM	210,481	161,826	(48,655)
IIIB Federal Rev - Trans	239,380	44,622	(194,758)
ARP - HDM Federal	-	56,856	56,856
ARP - Homecare Federal	-	6,965	6,965
NSIP Fed Rev - GD	-	10,630	10,630
NSIP Fed Rev - HDM	84,346	38,055	(46,291)
IIID Federal Rev - Evidence Based	36,984	4,631	(32,353)
Total Federal Contracts	848,211	453,271	(394,940)
State Contracts			
ARP - Group Dining	-	2,800	2,800
ARP - Homecare	-	1,229	1,229
ARP - HDM	7,473	10,033	2,560
IIIB State Homecare	-	14,171	14,171
IIIC1 State Revenue - GD	-	6,810	6,810
IIIC2 State Revenue - HDM	-	28,558	28,558
IIIB State Revenue - Trans	-	7,875	7,875
IIID State Rev - Evidence Based	6,527	817	(5,710)
HCBS - Group Dining	57,235	52,692	(4,543)
HCBS - HDM	90,634	38,745	(51,889)
HCBS State Revenue - Trans	-	15,807	15,807
HCBS State Revenue - Homecare	11,888	35,050	23,162
CLTC Rev - HDM	120,000	83,789	(36,211)
State Contracts - SCDHHS	-	11,199	11,199
Total State Contracts	293,757	309,575	15,818

SCHEDULE OF BUDGETARY TO ACTUAL COMPARISON - MODIFIED CASH BASIS - Continued
VITAL AGING OF WILLIAMSBURG COUNTY, INC.
For the Year Ended June 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Other Revenue			
Memberships	8,500	6,360	(2,140)
Interest	1,740	7,744	6,004
Miscellaneous revenue	-	1,811	1,811
Fundraiser revenue	26,312	30,310	3,998
Sale of equipment	-	4,500	4,500
Total Other Revenue	36,552	50,725	14,173
 TOTAL REVENUE AND SUPPORT	 \$ 1,726,280	 \$ 1,390,190	 \$ (336,090)
 EXPENSES			
Payroll			
Payroll Expenses	488,016	433,357	54,659
Payroll taxes	38,456	32,958	5,498
Pension plan contributions	54,143	8,787	45,356
Health insurance	-	37,240	(37,240)
Dental Insurance	-	876	(876)
Long term disability	-	209	(209)
Life insurance	-	23	(23)
Admin fee - EIP	-	180	(180)
Total Payroll Expenses	580,615	513,630	66,985
 Other Expenses			
Meals	361,892	245,658	116,234
Shelf stable client meals	9,350	5,519	3,831
Fundraising expenses	13,000	15,409	(2,409)
Audit fees	8,000	8,005	(5)
Legal fees	2,500	2,500	-
Contractual/Professional fees	5,000	3,904	1,096
Preemployment screenings	400	125	275
Temporary help	650	-	650
Data processing	12,000	1,200	10,800
Office supplies	11,200	5,231	5,969
Craft supplies	10,255	4,668	5,587
Program equipment	93,336	584	92,752
Program supplies	30,018	16,053	13,965
Membership dues - organization	500	725	(225)
Postage, shipping, delivery	1,600	1,243	357
Licenses/registration	700	104	596
Advertising/Printing	2,100	1,794	306
Subscription/Reference	6,050	6,820	(770)

SCHEDULE OF BUDGETARY TO ACTUAL COMPARISON - MODIFIED CASH BASIS - Continued
VITAL AGING OF WILLIAMSBURG COUNTY, INC.
For the Year Ended June 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Other Expenses - Continued			
Utilities	15,000	13,235	1,765
Telephone	17,500	13,221	4,279
Security	2,000	1,607	393
Internet	1,800	839	961
Vehicle maintenance	24,000	20,971	3,029
Gas	24,000	27,179	(3,179)
Janitorial services	2,800	2,650	150
Pest control	2,250	1,964	286
Janitorial supplies	2,375	2,709	(334)
Lawn Maintenance	2,370	1,310	1,060
Property improvements	3,750	-	3,750
Property repairs/maintenance	15,500	34,559	(19,059)
Murdaugh Center Expenses	400,000	82,748	317,252
Freezer/Generator	3,769	-	3,769
Rent, lease/other occupancy	5,580	5,581	(1)
Equipment lease/purchase	4,000	3,307	693
Copier usage	4,500	5,032	(532)
Staff travel	500	175	325
Staff & Board Meetings & Events	12,000	7,435	4,565
Program travel	500	-	500
Staff training	1,300	460	840
Dues, fees	1,620	119	1,501
Insurance	30,000	30,772	(772)
Other expenses	-	2	(2)
Total Other Expenses	<u>1,145,665</u>	<u>575,417</u>	<u>570,248</u>
TOTAL EXPENSES	<u>1,726,280</u>	<u>1,089,047</u>	<u>637,233</u>
TOTAL INCREASE IN NET ASSETS	<u>\$ -</u>	<u>\$ 301,143</u>	<u>\$ 301,143</u>
Reconciliation to the Statement of Activities			
Depreciation		(56,299)	
Amortization ROU asset and lease liability		(8,927)	
Capital assets - CIP Murdaugh Center		82,748	
Capital Assets - building improvements		25,602	
Operating lease obligation: chavis rooms		5,581	
Finance lease Obligations - Copier		<u>3,307</u>	
CHANGE IN NET ASSETS AT YEAR END		<u>353,155</u>	