

BRUNSWICK SENIOR RESOURCES, INC.

**FINANCIAL STATEMENTS AND
COMPLIANCE REPORT**

YEARS ENDED JUNE 30, 2021 AND 2020



BRUNSWICK SENIOR RESOURCES, INC.

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Independent Auditor's Report

To the Board of Directors
Brunswick Senior Resources, Inc.
Shallotte, North Carolina

We have audited the accompanying financial statements of Brunswick Senior Resources, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brunswick Senior Resources, Inc. as of June 30, 2021, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Brunswick Senior Resources Inc., as of and for the year ended June 30, 2020 were audited by other auditors whose report dated November 20, 2020, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was 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 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 13, 2021, 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 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 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.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
October 13, 2021

BRUNSWICK SENIOR RESOURCES, INC.
Statements of Financial Position
June 30, 2021 and 2020

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 419,102	\$ 477,907
Grants and other receivables (Note 3)	543,080	343,453
Employee retention credit receivable (Note 15)	381,074	-
Prepaid expenses and other assets	257,503	128,455
Property and equipment, net (Note 5)	<u>1,125,964</u>	<u>1,113,277</u>
Total assets	<u>\$ 2,726,723</u>	<u>\$ 2,063,092</u>
	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 228,001	\$ 285,452
Paycheck protection program loan (Note 14)	-	131,511
Total liabilities	<u>228,001</u>	<u>416,963</u>
Net Assets:		
Without donor restrictions (Note 1 and 10)	2,459,955	1,564,444
With donor restrictions (Note 1 and 10)	<u>38,767</u>	<u>81,685</u>
Total net assets	<u>2,498,722</u>	<u>1,646,129</u>
Total liabilities and net assets	<u>\$ 2,726,723</u>	<u>\$ 2,063,092</u>

BRUNSWICK SENIOR RESOURCES, INC.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Brunswick County Grants (Note 3)	\$ 2,713,739	\$ -	\$ 2,713,739	\$ 2,589,599	\$ -	\$ 2,589,599
Home & Community Care Block Grant (Note 3)	1,706,602	-	1,706,602	1,422,121	-	1,422,121
Donated facilities and services (Notes 3 and 7)	922,074	-	922,074	751,882	-	751,882
North Carolina grants and contracts (Note 1)	44,656	-	44,656	43,054	1,661	44,715
Other contributions (Note 1)	70,902	25,000	95,902	143,706	90,273	233,979
Gross thrift store sales	526,877	-	526,877	388,826	-	388,826
Less thrift store cost of sales	(433,335)	-	(433,335)	(402,858)	-	(402,858)
Thrift store, net (Note 11)	93,542	-	93,542	(14,032)	-	(14,032)
Gross facility rental revenue	74,498	-	74,498	124,569	-	124,569
Less facility rental expenses	(2,573)	-	(2,573)	(27,050)	-	(27,050)
Facility rentals, net (Note 12)	71,925	-	71,925	97,519	-	97,519
Paycheck protection program loan forgiveness (Note 14)	131,511	-	131,511	-	-	-
Employee retention credit (Note 15)	429,428	-	429,428	-	-	-
Program and other income	40,881	-	40,881	113,556	-	113,556
Total revenue	6,225,260	25,000	6,250,260	5,147,405	91,934	5,239,339
Net assets released from restriction (Note 1 and 10)	67,918	(67,918)	-	11,910	(11,910)	-
Total revenue and net assets released from restrictions	6,293,178	(42,918)	6,250,260	5,159,315	80,024	5,239,339
Expenses:						
Program (Note 1)						
Nutrition	1,542,107	-	1,542,107	1,448,970	-	1,448,970
Senior Center Operations	2,025,173	-	2,025,173	2,203,973	-	2,203,973
Case Management	1,052,581	-	1,052,581	796,704	-	796,704
Transportation	4,903	-	4,903	90,155	-	90,155
Program total	4,624,764	-	4,624,764	4,539,802	-	4,539,802
Management and General (Note 1)	631,800	-	631,800	478,208	-	478,208
Fundraising (Note 1)	141,103	-	141,103	165,124	-	165,124
Total expenses	5,397,667	-	5,397,667	5,183,134	-	5,183,134
Changes in net assets	895,511	(42,918)	852,593	(23,819)	80,024	56,205
Net assets, beginning of year	1,564,444	81,685	1,646,129	1,588,263	1,661	1,589,924
Net assets, end of year	\$ 2,459,955	\$ 38,767	\$ 2,498,722	\$ 1,564,444	\$ 81,685	\$ 1,646,129

See Notes to Financial Statements

BRUNSWICK SENIOR RESOURCES, INC.
Statements of Functional Expenses
Years Ended June 30, 2021 and 2020

Functional Expense Summary

	2021				2020			
	Program	Management and General	Fundraising	Total Expenses	Program	Management and General	Fundraising	Total Expenses
Expenses:								
Wages, taxes and benefits	\$2,243,854	\$ 428,910	\$ 127,404	\$2,800,168	\$1,984,638	\$ 234,185	\$ 141,944	\$2,360,767
Professional services	251,953	40,050	-	292,003	263,956	98,085	-	362,041
Homebound meals	237,082	-	-	237,082	277,473	-	-	277,473
Congregate meals	146,539	-	-	146,539	228,896	-	-	228,896
General transportation	4,255	-	-	4,255	84,038	-	-	84,038
Facilities	1,246,988	82,014	-	1,329,002	1,173,644	71,570	23,180	1,268,394
Vehicles and equipment	167,958	24,701	6,957	199,616	113,267	21,072	-	134,339
General operations	234,291	36,720	6,742	277,753	303,124	31,753	-	334,877
Depreciation	91,844	19,405	-	111,249	110,766	21,543	-	132,309
Total expenses per Statement of Activities	<u>4,624,764</u>	<u>631,800</u>	<u>141,103</u>	<u>5,397,667</u>	<u>4,539,802</u>	<u>478,208</u>	<u>165,124</u>	<u>5,183,134</u>
Plus Expense Items Netted Against Revenue on the Statement of Activities								
Thrift store cost of sales	-	-	433,335	433,335	-	-	402,858	402,858
Facility rental expenses	-	-	2,573	2,573	-	-	27,050	27,050
Total functional expense:	<u>\$4,624,764</u>	<u>\$ 631,800</u>	<u>\$ 577,011</u>	<u>\$5,833,575</u>	<u>\$4,539,802</u>	<u>\$ 478,208</u>	<u>\$ 595,032</u>	<u>\$5,613,042</u>

Program Expense Summary

	2021					2020				
	Nutrition	Senior Center Operations	Case Management	Transportation	Program Total	Nutrition	Senior Center Operations	Case Management	Transportation	Program Total
Expenses:										
Wages, taxes and benefits	\$ 911,806	\$ 665,313	\$ 666,087	\$ 648	\$2,243,854	\$ 634,993	\$ 873,549	\$ 469,979	\$ 6,117	\$1,984,638
Professional services	-	21,240	230,713	-	251,953	7,890	56,055	200,011	-	263,956
Homebound meals	237,082	-	-	-	237,082	277,473	-	-	-	277,473
Congregate meals	146,539	-	-	-	146,539	228,896	-	-	-	228,896
General transportation	-	-	-	4,255	4,255	-	-	-	84,038	84,038
Facilities	52,180	1,178,552	16,256	-	1,246,988	184,475	972,415	16,754	-	1,173,644
Vehicles and equipment	69,213	80,449	18,296	-	167,958	28,486	68,923	15,858	-	113,267
General operations	69,437	55,606	109,248	-	234,291	50,779	170,225	82,120	-	303,124
Depreciation	55,850	24,013	11,981	-	91,844	35,978	62,806	11,982	-	110,766
Total expenses	<u>\$1,542,107</u>	<u>\$2,025,173</u>	<u>\$1,052,581</u>	<u>\$ 4,903</u>	<u>\$4,624,764</u>	<u>\$1,448,970</u>	<u>\$2,203,973</u>	<u>\$ 796,704</u>	<u>\$ 90,155</u>	<u>\$4,539,802</u>

See Notes to Financial Statements

BRUNSWICK SENIOR RESOURCES, INC.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 852,593	\$ 56,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	111,249	132,309
Paycheck protection program loan forgiveness	(131,511)	-
(Increase) decrease in:		
Grants and contracts receivable	(199,627)	(75,096)
Employee retention credit receivable	(381,074)	-
Prepaid expenses	(129,048)	(10,829)
Increase (decrease) in:		
Accounts payable and accrued expenses	(57,451)	(40,563)
Net cash provided by operating activities	<u>65,131</u>	<u>62,026</u>
Cash flows from investing activities:		
Property and equipment additions	<u>(123,936)</u>	<u>(63,899)</u>
Net cash used in investing activities	<u>(123,936)</u>	<u>(63,899)</u>
Cash flows from financing activities:		
Payroll protection loan proceeds	-	131,511
Net cash provided by financing activities	<u>-</u>	<u>131,511</u>
Net increase (decrease) in cash and cash equivalents	(58,805)	129,638
Cash and cash equivalents at beginning of year	<u>477,907</u>	<u>348,269</u>
Cash and cash equivalents at end of year	<u>\$ 419,102</u>	<u>\$ 477,907</u>

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Brunswick Senior Resources, Inc. ("BSRI") is a North Carolina nonprofit organization incorporated in February 2002. The Organization is exempt from income taxes under the Internal Revenue Service Code Section 501(c)(3). As such, contributions to the organization are tax deductible.

Mission

BSRI exists to promote the well-being and enhance the quality of life for all senior adults, 60 years of age and older, in Brunswick County, North Carolina. It advocates for programs and delivers services encouraging and sustaining independence and continued participation in the community. Brunswick County has designated BSRI as its lead agency for senior services. Current operations are diverse and fall under the broad categories of congregate nutritional services, home-bound meals on wheels, senior center and senior site operations, case management, in-home aide services and general transportation. BSRI operates multi-purpose senior centers in Leland, Shallotte, Calabash, Supply and Southport as well as three nutrition sites situated across the county. BSRI also operates thrift stores in Calabash and Shallotte, NC. The Organization's administrative offices are located in Shallotte.

A summary of significant accounting policies is as follows:

Financial Statement Presentation

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations using the accrual basis of accounting. As such, revenues are recorded when earned and expenses are recorded when incurred. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

Adoption of New Accounting Standard

The Organization adopted ASU 2018-08, an update to Topic 958. The update is to clarify and improve the accounting for revenue in determining if a revenue source is a contribution or exchange transaction. Contributions are the main source of revenue for the Organization, and are reported in compliance with the standard. There were no changes to how revenue is recognized and no impact on prior year presentations.

Income Taxes

The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Additionally, it does not generate business income unrelated to its exempt purpose and therefore has made no provision for income taxes or uncertain tax positions in the financial statements.

It is the Organization's policy to evaluate all tax positions and to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2021 and 2020.

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

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 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.

Net Assets

The Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC) topic 958, "Not-for-Profit Entities," requires the reporting of an organization's activities by net asset class. The financial statements report net assets and changes in net assets classified based upon the existence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions - are resources available for use in general operations and not subject to donor (or certain grantor) restrictions. The only limits on their use are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

From time-to-time, the board of directors may choose to designate a portion of the unrestricted net assets of the Organization to fund a specific future purpose. Board designated funds are displayed as a sub-category of net assets without donor restrictions.

Net assets with donor restrictions - are resources that are subject to donor (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor- imposed restrictions are permanent in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2021, BSRI held no assets in perpetuity.

Contributions, Grants, and Contracts

Grants awarded by federal, state or local agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenues are recognized when qualified expenditures are incurred and conditions under the grant agreements are met.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. All contributions are reported as increases in unrestricted net assets unless the use of the contributed assets is specifically restricted by the donor.

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions, Grants, and Contracts (Continued)

Contributed services are only recorded if they meet the requirements for recognition (such as if they require specialized skills). These requirements are outlined in FASB ASC 958-605-25-16, "Contributed Services."

Functional Allocation of Expense

The Statement of Activities presents expenses by functional classification (program, management and general, and fundraising). The Statements of Functional Expenses presents these same expenses by both the functional category and by natural classification (e.g. wages, contracted services) and also includes expense items that are netted against revenue on the Statements of Activities (facility rental and thrift store cost of sales) in order to provide a complete picture of total expenses by function.

Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using an objective basis for the following categories:

<u>Expense Category</u>	<u>Method of Allocation by Function</u>
Wages and benefits	Time and effort (e.g. staff members' time tracking)
Facilities and depreciation	Use of facility by purpose (e.g. square footage)

Management and General activities include the functions necessary to provide support for the Organization's program. These include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Property and Equipment

BRSI capitalizes property and equipment costing more than \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor specifically restricts the asset's use.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2021 and 2020, were \$7,478 and \$264, respectively.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 13, 2021, which is the date the financial statements were available to be issued.

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 2 - LIQUIDITY AND AVAILABILITY

As of June 30, 2021, BSRI has calculated that it had financial assets of \$1,343,256 (cash and receivables) that will become available within one year for general expenditure. BSRI has not reduced the available amount by \$38,768 of restricted net assets because the specific restrictions relate to budgeted initiatives during the year ended June 30, 2021, and therefore will be available for general expenditures such as payroll. For the year ended June 30, 2021, the Organization had average daily expenses of \$11,961, excluding depreciation and expenditures related to the donated facilities. Therefore, available financial assets of \$1,343,256 could theoretically fund operations for 112 days at the current expenditure levels.

As part of BSRI's liquidity management plan, cash in excess of daily requirements may be invested in short-term investments and money market funds.

NOTE 3 - GRANTS, CONTRACTS, AND RECEIVABLES

BSRI receives its revenue from a variety of grants and contracts with governmental and private agencies and also from contributions by individuals, businesses, foundations and civic organizations. It has three primary sources of revenue:

- Local government funding approved annually by the Brunswick County Board of Commissioners (\$2,713,739 for the year ended June 30, 2021). This funding is to be used to fulfill BSRI's responsibilities as the lead agency for senior services in Brunswick County.
- Home and Community Care Block Grant ("HCCBG") funding (\$1,706,602 for the year ended June 30, 2021) allocated to the County by the Cape Fear Area Agency on Aging and passed on to BSRI as a designated community service provider charged with implementing the county's aging services priorities. The funding is a mixture of federal and state funds administered by the North Carolina Division of Aging and Adult Services.
- Donated facilities (valued at \$922,074 for the year ended June 30, 2021) provided primarily by Brunswick County for BSRI's use in carrying out its mission. See Note 9.

Grants and contracts receivable consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Grants receivable	\$ 524,594	\$ 324,760
Other receivables	18,486	18,693
	<u>\$ 543,080</u>	<u>\$ 343,453</u>

The grants receivable balance consists of expenses incurred prior to June 30, 2021 and 2020, for which the Organization had yet to receive reimbursement from the Home and Community Care Block Grant. All amounts were fully collected in the first quarter of the new fiscal years. Accordingly, no provision is made for uncollectible amounts.

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 4 - CONCENTRATION OF FUNDING AND CREDIT RISK

As outlined in Note 3, for the year ended June 30, 2021, BSRI recorded \$2,713,739 of direct grant funding from Brunswick County along with \$1,706,602 of HCCBG funding passed through from Brunswick County and \$922,074 of in-kind revenue from the use of the Brunswick County facilities. Taken together these direct and pass-through funding sources total \$5,342,415 or 85% of the Organization's total revenue. If a significant reduction in funding from Brunswick County were ever to occur, it would have an adverse impact on BSRI's programs and activities. See Note 13.

BSRI maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. At June 30, 2021, deposit account balances exceeded FDIC coverage by \$216,464.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Building improvements	\$ 1,065,568	\$ 989,775
Vehicles	475,278	416,351
Furniture and equipment	328,738	378,193
	<u>1,869,584</u>	<u>1,784,319</u>
Less accumulated depreciation	743,620	671,042
Property and equipment, net	<u>\$ 1,125,964</u>	<u>\$ 1,113,277</u>

Depreciation is computed using the straight-line method over the estimated useful lives of the assets (up to 40 years for building improvements, 5 - 15 years for vehicles and equipment).

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operational accounts payable	\$ 78,167	\$ 95,302
Payroll and related payables	149,834	190,150
	<u>\$ 228,001</u>	<u>\$ 285,452</u>

NOTE 7 - DONATED FACILITIES

As outlined in Note 3, the Organization performs many of its program and administrative activities at facilities owned primarily by Brunswick County as well as other entities. BSRI is not charged rent for occupying approximately 78,500 combined square feet of space at eight locations across the County. Memorandums of understanding govern the use and operation of the Brunswick County facilities. Generally, BSRI may use the facilities indefinitely and is responsible for the operating costs and routine maintenance of the properties. Improvements and structural alterations are allowed with the express permission of the County.

BRUNSWICK SENIOR RESOURCES, INC.**Notes to Financial Statements**

NOTE 7 - DONATED FACILITIES (Continued)

In order to determine a value for these in-kind donations, BSRI uses local market data to estimate facility rental rates. The total estimated value of \$922,074 and \$751,882, at June 30, 2021 and 2020, respectively, appears as the revenue line item “Donated Facilities and Services” on the Statement of Activities and is offset by an equal amount of expense within the “Facilities” line item on the Statement of Functional Expenses.

NOTE 8 - LEASES

BSRI leases retail space for its Thrift Shop in Calabash, North Carolina. The five-year lease expires in July 2024. The lease requires monthly payments of \$5,000. Additionally, BSRI leases retail space in Shallotte, North Carolina under an agreement that expires in February 2022. The lease requires monthly payments of \$3,500.

Agreed-upon future annual minimum lease payments as of June 30, 2021 are scheduled as follows:

2022	\$ 88,000
2023	60,000
2024	5,000
	<u>\$ 153,000</u>

NOTE 9 - RETIREMENT PLAN

BSRI provides a retirement plan for its employees. It contributes an amount equal to 3% of each qualified employee's wages to the plan each year. Additionally, it contributes a dollar-for-dollar matching amount up to 3% of each qualifying employee's wages. BSRI is the plan administrator and the plan is categorized by IRS Code Section 403(b). Generally, all employees over the age of 18 are eligible to receive this benefit after 1,000 hours of service to the organization. Retirement plan contributions were approximately \$107,554 and \$88,330 during 2021 and 2020, respectively.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

The restrictions on BSRI's net assets at the end of the fiscal year are temporary and relate to grant funds received but not fully expended for their intended purposes prior to year-end. BSRI receives most of its grant funding on a reimbursement basis and those funds are displayed as unrestricted on the Statement of Activities as all restrictions are met prior to their receipt.

Net assets with donor restrictions for the years ended June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Meals on Wheels COVID-19 Response Fund	\$ -	\$ 58,751
Calabash Center exercise room	13,767	13,767
Meals on Wheels advertising for Thrift Shops	-	7,500
Medical Assistance Program Grant	-	1,667
MDRT Foundation Grant - Transportation for seniors	25,000	-
	<u>\$ 38,767</u>	<u>\$ 81,685</u>

BRUNSWICK SENIOR RESOURCES, INC.**Notes to Financial Statements**

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets that were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Expenses satisfying restricted purpose	<u>\$ 67,918</u>	<u>\$ 11,910</u>

NOTE 11 - THRIFT STORE DONATIONS

BSRI receives support in the form of in-kind donations of personal and household items. It operates a thrift store in Shallotte and Calabash, North Carolina in order to liquidate these items. These contributions are valued at the amount of cash received for the items less all costs associated with their sale. The in-kind contributions are recorded as revenue once their fair market values can be determined (i.e. when the items are sold). Accordingly, no inventory of these items is recorded at year-end.

NOTE 12 - FACILITY RENTAL

Throughout the year BSRI rents space at their senior centers for use by other local organizations. During the years ended June 30, 2021 and 2020, gross revenues from facility rentals totaled \$74,498 and \$124,569, with related expenses of \$2,573 and \$27,050, respectively. For the years ended June 30, 2021 and 2020, the net amount of \$71,925 and \$97,519, respectively, appear on the Statement of Activities as the revenue line item "Facility Rentals, net."

NOTE 13 - RELATED PARTIES

As described in Note 4, BSRI receives the majority of its revenue either directly from or passed through Brunswick County. Additionally, its bylaws specify that the Brunswick County Commissioners are to appoint five of BSRI's 15-member board of directors. BSRI's Chief Operating Officer is named as the grant administrator for the County in the Agreement for the Provision of County - Based Aging Services between the County of Brunswick and the Cape Fear Area Agency on Aging funded by Home and Community Care Block Grant funds. See Note 3.

BSRI contracts transportation services for its clients through a local nonprofit agency, Brunswick Transit System, Inc. ("BTS"). BSRI's President/CEO is an unpaid member of the board of directors of BTS.

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 14 - PAYCHECK PROTECTION LOAN FORGIVENESS

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief and Economic Security ("CARES") Act that created up to \$349 billion in forgivable loans ("Paycheck Protection Program") to businesses and not for profit organizations to pay employees during the COVID-19 pandemic. If the businesses and not for profit organizations used the Payroll Protection Program loan funds to cover payroll costs, mortgage interest, rent and utility costs over an 8 or 24 week period after the loan was made and maintained employee and compensation level, they can request forgiveness of the loan. In accordance with ASC 450-30, *Contingencies*, the proceeds from the loan would remain recorded as a liability until the forgiveness of the Paycheck Protection Program loan, at which time the earnings impact would be recognized. On April 21, 2020, BSRI obtained \$131,511 in Paycheck Protection Program loan proceeds to enable the Organization to continue to employ its senior center and thrift store staff during the COVID-19 pandemic. At June 30, 2021, the financial institution had granted forgiveness and the loan forgiveness was recorded as Paycheck Protection Program loan forgiveness on the statements of activities and changes in net assets.

NOTE 15 - EMPLOYEE RETENTION CREDIT

The Employee Retention Credit ("ERC") was created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, and amended by the Consolidated Appropriations Act, 2021, P.L. 116-260. Eligible employers can claim a refundable tax credit against the employer share of Social Security tax equal to 70% of the qualified wages they pay to employees after December 31, 2020 through June 30, 2021. Qualified wages are limited to \$10,000 per employee per calendar quarter in 2021. Therefore, the maximum ERC amount available is \$7,000 per employee per calendar quarter, for a total of \$14,000 from January 1, 2021 through June 30, 2021. The Organization claimed ERC's totaling \$429,428 against qualified wages paid to employees from January 1, 2021 through April 30, 2021, due to BSRI experiencing a partial suspension of operations of the business due to governmental orders limiting commerce, travel and group meetings due to COVID-19. In accordance with ASU Subtopic 958-605, *Contributions Received and Contributions Made*, by paying wages to the employees during the period of partial suspension BSRI has overcome the barrier of eligibility for revenue recognition. For the year ended June 30, 2021, BSRI has recognized \$429,428 in other income on the statements of activities. As of June 30, 2021, BSRI received ERCs of \$48,354 and \$381,074 are included as a receivable on the statements of financial position.

Laws and regulations concerning government programs, including the Employee Retention Credit, are complex and subject to varying interpretations. Claims made under the CARES and Relief Acts may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

SUPPLEMENTARY INFORMATION

BRUNSWICK SENIOR RESOURCES, INC.
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
U.S. Department of Health and Human Services:			
Administration of Aging			
Passed through the N.C. Department of Health and Human Services Division of Aging and Adult Services:			
Passed through the Cape Fear Council of Governments:			
<u>Aging Cluster</u>			
Special Programs for the Aging - Title III			
Part B - Grants for Supportive Services & Senior Centers	93.044	\$ 91,711	\$ -
Part C - Nutrition Services	93.045	699,557	27,800
Nutrition Services Incentive Program (NSIP)	93.053	63,937	-
Total Aging Cluster		855,205	27,800
Special Programs for the Aging - Title III			
Part D - Disease Prevention & Health Promotion Services	93.043	14,802	871
National Family Caregiver Support, Title III, Part E	93.052	101,479	4,063
Administration for Community Living			
Passed through the N.C. Department of Insurance:			
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071	8,860	
Seniors' Health Insurance Information Program (SHIIP)	93.324	12,796	
Total expenditures of federal awards		993,142	
North Carolina State Grantor/Program Title	State Ref.		
Department of Health and Human Services:			
Office of Rural Health and Community Care:			
Passed through the Cape Fear Council of Governments:			
In Home Support Services	NC-16	-	649,117
Senior Center General Purpose	NC-16	-	52,575
Operation Fan Heat Relief	NC-16	-	744
Department of Insurance:			
Prescription Assistance Program:			
Medication Assistance Program Grant	43167	-	23,000
Total expenditures of state awards		-	758,170
Total expenditures of federal and state awards		\$ 993,142	\$ 758,170

BRUNSWICK SENIOR RESOURCES, INC.
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Brunswick Senior Resources, Inc., under programs of the federal and North Carolina state governments for the year ended June 30, 2021. The information in this Schedule 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Brunswick Senior Resources, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Brunswick Senior Resources, Inc.

Brunswick Senior Resources, Inc. received its federal funding indirectly as it was initially awarded to the State of North Carolina and passed through its agencies. It also received direct State funding which is presented in a separate section of the Schedule.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule 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.

Brunswick Senior Resources, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

Brunswick Senior Resources, Inc. spent the federal and state funds presented in the Schedule directly and did not make awards to subrecipients.



**Independent Auditor's 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 Board of Directors
Brunswick Senior Resources, Inc.
Shallotte, 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 Brunswick Senior Resources, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, 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 13, 2021.

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) to determine the 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 Organization'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. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
October 13, 2021



**Independent Auditor's Report on Compliance For
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

To the Board of Directors
Brunswick Senior Resources, Inc.
Shallotte, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Brunswick Senior Resources Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Brunswick Senior Resources Inc.'s major federal programs for the year ended June 30, 2021. Brunswick Senior Resources Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brunswick Senior Resources Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Brunswick Senior Resources Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Brunswick Senior Resources Inc.'s compliance.

Opinion on Each Federal Program

In our opinion, Brunswick Senior Resources Inc. 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, 2021.

Report on Internal Control Over Compliance

Management of Brunswick Senior Resources Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brunswick Senior Resources Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brunswick Senior Resources Inc.'s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
October 13, 2021

BRUNSWICK SENIOR RESOURCES, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Items required to be reported under 2 CFR section 200.515(d):

Section I - Summary of Auditor's Results

Financial Statements

- (i) Type of auditor's report issued: Unmodified
- (ii) Internal control over financial reporting:
- (a) Material weakness(es) identified? yes no
- (b) Significant deficiency(ies) identified? yes none reported
- (iii) Noncompliance material to financial statements noted? yes no

Federal Awards

- (i) Internal control over major programs:
- (a) Material weakness(es) identified? yes no
- (b) Significant deficiency(ies) identified? yes none reported
- (ii) Type of auditor's report issued on compliance for major programs: Unmodified
- (iii) Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no
- (iv) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.044, 93.045, 93.053	Aging Cluster

- (v) Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
- (vi) Auditee qualified as low-risk auditee? yes no

Section II - Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards:

Deficiencies
 None reported

Section III - Findings and questioned costs relating to the major programs which are required to be reported as defined by the Uniform Guidance [2 CFR 200.516(a)]:

Deficiencies
 None reported

BRUNSWICK SENIOR RESOURCES, INC.
Summary Schedule of Prior Year Audit Findings and Questioned Costs
Year Ended June 30, 2021

None