

BRUNSWICK SENIOR RESOURCES, INC.

Table of Contents

	<u>Page No.</u>
Independent Auditor's Report	1
<i>Financial Statements</i>	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8
<i>Supplementary Information</i>	
Schedule of Expenditures of Federal and State Awards	20
Notes to the Schedule of Expenditures of Federal and State Awards	21
<i>Internal Control and Compliance</i>	
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 <i>Government Auditing Standards</i>	22
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	24
Schedule of Findings and Questioned Costs	27
Summary Schedule of Prior Year Audit Findings and Questioned Costs	28

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BSRI'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 BSRI'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 accompanying schedule of expenditures of federal 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.

Supplementary Information (Continued)

The information has been subjected to the auditing procedures applied in the audits 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 January 25, 2024, on our consideration of BSRI'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 BSRI'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 BSRI's internal control over financial reporting and compliance.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
January 25, 2024

BRUNSWICK SENIOR RESOURCES, INC.
Statements of Financial Position
June 30, 2023 and 2022

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 562,029	\$ 871,841
Grants and other receivables (Note 3)	319,899	381,806
Tenant receivables, net of allowance (Note 1)	458	2,286
Employee retention credit receivable (Note 15)	236,491	236,491
Prepaid expenses and other assets	225,533	132,854
Total current assets	<u>1,344,410</u>	<u>1,625,278</u>
Property and equipment, net (Note 5)	1,319,605	1,321,825
Land held for development (Note 17)	240,000	-
Operating right-to-use leased asset (Note 9)	359,037	-
Finance right-to-use leased assets (Note 9)	215,907	-
Total assets	<u>\$ 3,478,959</u>	<u>\$ 2,947,103</u>
 <u>Liabilities and Net Assets</u> 		
Current Liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 358,859	\$ 306,883
Current portion of operating lease liability (Note 9)	35,804	-
Current portion of finance lease liabilities (Note 9)	111,440	-
Total current liabilities	<u>506,103</u>	<u>306,883</u>
Operating lease liability, net of current portion (Note 9)	324,475	-
Finance lease liabilities, net of current portion (Note 9)	113,821	-
Total liabilities	<u>944,399</u>	<u>306,883</u>
Net Assets:		
Without donor restrictions (Note 1 and 11)	2,495,793	2,601,453
With donor restrictions (Note 1 and 11)	38,767	38,767
Total net assets	<u>2,534,560</u>	<u>2,640,220</u>
Total liabilities and net assets	<u>\$ 3,478,959</u>	<u>\$ 2,947,103</u>

BRUNSWICK SENIOR RESOURCES, INC.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Brunswick County Grants (Note 3)	\$ 3,017,136	\$ -	\$ 3,017,136	\$ 2,889,392	\$ -	\$ 2,889,392
Home & Community Care Block Grant (Note 3)	1,634,979	-	1,634,979	1,618,446	-	1,618,446
Donated facilities and services (Notes 3 and 7)	934,708	-	934,708	936,410	-	936,410
North Carolina grants and contracts (Note 1)	23,341	-	23,341	101,341	-	101,341
Other federal grants	21,541	-	21,541	-	-	-
Other contributions (Note 1)	94,154	-	94,154	155,110	-	155,110
Gross thrift store sales	795,491	-	795,491	663,211	-	663,211
Less thrift store cost of sales	(551,692)	-	(551,692)	(486,806)	-	(486,806)
Less thrift store operating lease expense	(46,841)	-	(46,841)	-	-	-
Thrift store, net (Notes 8, 9, and 12)	196,958	-	196,958	176,405	-	176,405
Gross facility rental revenue	124,280	-	124,280	117,701	-	117,701
Less facility rental expenses	(7,090)	-	(7,090)	(8,649)	-	(8,649)
Facility rentals, net (Note 13)	117,190	-	117,190	109,052	-	109,052
Employee retention credit (Note 15)	-	-	-	243,089	-	243,089
Program and other income	110,073	-	110,073	99,564	-	99,564
Total revenue	6,150,080	-	6,150,080	6,328,809	-	6,328,809
Net assets released from restriction (Note 1 and 11)	-	-	-	-	-	-
Total revenue and net assets released from restrictions	6,150,080	-	6,150,080	6,328,809	-	6,328,809
Expenses:						
Program (Note 1)						
Nutrition	1,450,417	-	1,450,417	1,235,367	-	1,235,367
Senior Center Operations	2,656,510	-	2,656,510	2,711,608	-	2,711,608
Case Management	1,185,832	-	1,185,832	1,019,915	-	1,019,915
Transportation	107,228	-	107,228	80,376	-	80,376
Total program	5,399,987	-	5,399,987	5,047,266	-	5,047,266
Management and General (Note 1)	876,326	-	876,326	878,849	-	878,849
Fundraising (Note 1)	244,287	-	244,287	239,982	-	239,982
Total expenses	6,520,600	-	6,520,600	6,166,097	-	6,166,097
Other income and (losses):						
Gross Ash Mini Storage rental sales	164,689	-	164,689	153,030	-	153,030
Less Ash Mini Storage cost of sales	(48,647)	-	(48,647)	(174,244)	-	(174,244)
Less Ash Mini Storage amortization - finance right-to-use leased asset	(85,593)	-	(85,593)	-	-	-
Less Ash Mini Storage interest - finance right-to-use leased asset	(5,589)	-	(5,589)	-	-	-
Ash Mini Storage, net (Notes 9 and 16)	24,860	-	24,860	(21,214)	-	(21,214)
In-kind donation of land (Note 17)	240,000	-	240,000	-	-	-
Total other income and (losses)	264,860	-	264,860	(21,214)	-	(21,214)
Changes in net assets	(105,660)	-	(105,660)	141,498	-	141,498
Net assets, beginning of year	2,601,453	38,767	2,640,220	2,459,955	38,767	2,498,722
Net assets, end of year	\$ 2,495,793	\$ 38,767	\$ 2,534,560	\$ 2,601,453	\$ 38,767	\$ 2,640,220

See Notes to Financial Statements

BRUNSWICK SENIOR RESOURCES, INC.
Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	Functional Expense Summary							
	2023				2022			
	Program	Management and General	Fundraising	Total Expenses	Program	Management and General	Fundraising	Total Expenses
Expenses:								
Wages, taxes and benefits	\$2,434,031	\$ 546,274	\$ 218,187	\$3,198,492	\$2,240,882	\$ 485,741	\$ 225,283	\$2,951,906
Professional services	316,535	138,920	300	455,755	277,481	159,567	-	437,048
Homebound meals	368,539	-	-	368,539	307,890	-	-	307,890
Congregate meals	272,653	-	-	272,653	183,563	-	-	183,563
General transportation	89,523	-	-	89,523	62,505	-	-	62,505
Facilities	1,448,207	100,581	100	1,548,888	1,394,697	87,177	577	1,482,451
Vehicles and equipment	182,428	57,423	1,981	241,832	154,068	33,319	1,056	188,443
General operations	189,345	4,106	23,719	217,170	336,824	85,507	13,066	435,397
Depreciation	98,726	22,335	-	121,061	89,356	27,538	-	116,894
Amortization - finance								
right-to-use leased asset	-	4,039	-	4,039	-	-	-	-
Interest - finance								
right-to-use leased asset	-	2,648	-	2,648	-	-	-	-
Total expenses per Statement of Activities	<u>5,399,987</u>	<u>876,326</u>	<u>244,287</u>	<u>6,520,600</u>	<u>5,047,266</u>	<u>878,849</u>	<u>239,982</u>	<u>6,166,097</u>
Plus Expense Items Netted Against Revenue on the Statement of Activities								
Thrift store cost of sales	-	-	598,533	598,533	-	-	486,806	486,806
Ash Mini Storage cost of sales	-	-	139,829	139,829	-	-	174,244	174,244
Facility rental expenses	-	-	7,090	7,090	-	-	8,649	8,649
Total functional expenses	<u>\$5,399,987</u>	<u>\$ 876,326</u>	<u>\$ 989,739</u>	<u>\$7,266,052</u>	<u>\$5,047,266</u>	<u>\$ 878,849</u>	<u>\$ 909,681</u>	<u>\$6,835,796</u>

	Program Expense Summary									
	2023					2022				
	Nutrition	Senior Center Operations	Case Management	Transportation	Program Total	Nutrition	Senior Center Operations	Case Management	Transportation	Program Total
Expenses:										
Wages, taxes and benefits	\$ 637,438	\$ 904,518	\$ 874,753	\$ 17,322	\$2,434,031	\$ 580,197	\$ 935,866	\$ 707,123	\$ 17,696	\$2,240,882
Professional services	300	125,364	190,649	222	316,535	1,560	47,840	228,081	-	277,481
Homebound meals	368,539	-	-	-	368,539	307,890	-	-	-	307,890
Congregate meals	272,653	-	-	-	272,653	183,563	-	-	-	183,563
General transportation	-	-	-	89,523	89,523	-	-	-	62,505	62,505
Facilities	76,845	1,349,466	21,896	-	1,448,207	72,433	1,311,733	10,531	-	1,394,697
Vehicles and equipment	48,274	117,791	16,363	-	182,428	18,153	116,954	18,961	-	154,068
General operations	3,849	109,652	75,683	161	189,345	29,940	255,530	51,179	175	336,824
Depreciation	42,519	49,719	6,488	-	98,726	41,631	43,685	4,040	-	89,356
Total expenses	<u>\$1,450,417</u>	<u>\$2,656,510</u>	<u>\$1,185,832</u>	<u>\$ 107,228</u>	<u>\$5,399,987</u>	<u>\$1,235,367</u>	<u>\$2,711,608</u>	<u>\$1,019,915</u>	<u>\$ 80,376</u>	<u>\$5,047,266</u>

See Notes to Financial Statements

BRUNSWICK SENIOR RESOURCES, INC.**Statements of Cash Flows****Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (105,660)	\$ 141,498
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	121,061	116,894
Bad debt expense (recovery)	(1,769)	5,826
Amortization - finance right-to-use leased asset	89,631	-
Gain on disposal of property and equipment	(19,781)	-
In-kind donation of land	(240,000)	-
(Increase) decrease in:		
Grants and other receivables	61,907	161,274
Tenant receivables	3,597	(8,112)
Employee retention credit receivable	-	144,583
Prepaid expenses and other assets	(92,679)	124,649
Operating right-to-use leased asset	36,030	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	51,976	78,882
Operating lease liability	(34,788)	-
Net cash provided by (used in) operating activities	<u>(130,475)</u>	<u>765,494</u>
Cash flows from investing activities:		
Property and equipment additions	(130,302)	(312,755)
Sale proceeds from disposal of property and equipment	31,242	-
Net cash used in investing activities	<u>(99,060)</u>	<u>(312,755)</u>
Cash flows from financing activities:		
Payments on finance lease obligations	(80,277)	-
Net cash used in financing activities	<u>(80,277)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(309,812)	452,739
Cash and cash equivalents at beginning of year	<u>871,841</u>	<u>419,102</u>
Cash and cash equivalents at end of year	<u>\$ 562,029</u>	<u>\$ 871,841</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. BSRI is exempt from income taxes under the Internal Revenue Service Code Section 501(c)(3). As such, contributions to BSRI 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 two nutrition sites situated across the county. BSRI operates thrift stores in Calabash and Shallotte, NC. BSRI also operates a mini storage facility in Ash, NC. BSRI's administrative offices are located in Shallotte.

A summary of significant accounting policies is as follows:

Financial Statement Presentation

BSRI 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 BSRI are described below to enhance the usefulness and understandability of the financial statements.

Reclassifications

Certain balances as previously reported have been reclassified to be consistent with those classifications used in the current year.

Income Taxes

BSRI is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Ash Mini Storage facility income earned by BSRI constitutes unrelated business income under the Internal Revenue Code. Due to the net operating loss on BSRI's unrelated business taxable income during the year ended June 30, 2022, BSRI had a deferred tax benefit as of June 30, 2022 which was utilized to offset unrelated business taxable income at June 30, 2023.

It is BSRI'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 2023 and 2022.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Financial Accounting and Reporting

For the year ended June 30, 2023, BSRI implemented Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. Under ASU No. 2016-02, BSRI applied a modified retrospective transition in which the standard is applied to the beginning of the period of adoption, July 1, 2022.

ASU No. 2016-02 increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenses by lessees. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred lease revenue, thereby enhancing the relevance and consistency of information about BSRI's leasing activities.

Cash and Cash Equivalents

BSRI 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 BSRI'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 BSRI, 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 BSRI to fund a specific future purpose. Board designated funds are displayed as a sub-category of net assets without donor restrictions.

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

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, 2023, 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.

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."

Rental Income

Rental income for Ash Mini Storage and Facility Rentals is recognized as rentals become due. Rental payments secured in advance are deferred until earned.

Tenant Receivables and Bad Debt Policy

Tenant rent charges for Ash Mini Storage for the current month are due on the first of the month. Tenant receivables consist of amounts due for rental income, net of an allowance for doubtful accounts. Ash Mini Storage does not accrue interest on the tenant receivable balances.

BSRI determines the allowance for Ash Mini Storage by calculating 50% of rents past due for 30 days or less from tenants with no other past due amounts plus 100% of all other rents due. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for potentially uncollectible amounts. Amounts collected that have been previously written off are credited against bad debt expense. At June 30, 2023 and 2022, the allowance for doubtful accounts was \$4,057 and \$5,826, respectively.

Functional Allocation of Expense

The Statements of Activities and Changes in Net Assets 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).

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expense (Continued)

The Statements of Functional Expenses also include expense items that are netted against revenue on the Statements of Activities and Changes in Net Assets (facility rental, thrift store cost of sales, and Ash Mini Storage 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 BSRI'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

BSRI 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.

Right-To-Use Leased Assets and Lease Liabilities

Leases that provide BSRI the right to use an asset for a period of more than one year are considered a right-to-use asset. Right-to-use leased assets are recorded at the initial measurement of the lease liability which equals the present value of all payments expected to be made during the lease term. The right-to-use leased assets are amortized over the term of the lease(s).

Lease liabilities represent BSRI's financial obligation to make lease payments during the term of the lease and is measured at the present value of future lease payments.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2023 and 2022, were \$236 and \$485, respectively.

Subsequent Events

BSRI has evaluated events and transactions for potential recognition or disclosure through January 25, 2024, 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, 2023, BSRI has calculated that it had financial assets of \$1,118,877 (cash and receivables) that will become available within one year for general expenditure. BSRI has not reduced the available amount by \$38,767, the restricted net assets, because specific restrictions relate to budgeted initiatives during the year ended June 30, 2023, and therefore will be available for general expenditures such as payroll. For the year ended June 30, 2023, BSRI had average daily expenses of \$14,972 excluding depreciation and expenditures related to the donated facilities. Therefore, available financial assets of \$1,118,877 could theoretically fund operations for 75 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 (\$3,017,136 for the year ended June 30, 2023). 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 (\$1,634,979 for the year ended June 30, 2023) 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 \$934,708 for the year ended June 30, 2023) provided primarily by Brunswick County for BSRI's use in carrying out its mission. See Note 7.

Grants and contracts receivable consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Grants receivable	\$ 293,766	\$ 355,353
Other receivables	26,133	26,453
	<u>\$ 319,899</u>	<u>\$ 381,806</u>

The grants receivable balance consists of expenses incurred prior to June 30, 2023 and 2022, for which BSRI had yet to receive reimbursement from the Home and Community Care Block Grant and the Enhanced Mobility of Seniors and Individuals with Disabilities 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, 2023, BSRI recorded \$3,017,136 of direct grant funding from Brunswick County along with \$1,634,979 of HCCBG funding passed through from Brunswick County and \$934,708 of in-kind revenue from the use of the Brunswick County facilities. Additionally, BSRI received an in-kind donation of land from Brunswick County valued at \$240,000 during the year ended June 30, 2023. Taken together these direct and pass-through funding sources total \$5,826,823 or 91% of BSRI'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 14.

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, 2023 and 2022, deposit account balances exceeded FDIC coverage by \$455,451 and \$712,766, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Building improvements	\$ 1,170,043	\$ 1,124,268
Vehicles	518,265	566,799
Furniture and equipment	453,980	447,405
	<u>2,142,288</u>	<u>2,138,472</u>
Less accumulated depreciation	822,683	816,647
Property and equipment, net	<u>\$ 1,319,605</u>	<u>\$ 1,321,825</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operational accounts payable	\$ 195,474	\$ 116,663
Payroll and related payables	163,385	190,220
	<u>\$ 358,859</u>	<u>\$ 306,883</u>

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 7 - DONATED FACILITIES

As outlined in Note 3, BSRI 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.

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 \$934,708 and \$936,410, at June 30, 2023 and 2022, respectively, appears as the revenue line item "Donated Facilities and Services" on the Statements of Activities and Changes in Net Assets and is offset by an equal amount of expense within the "Facilities" line item on the Statements of Functional Expenses.

NOTE 8 - MONTH-TO-MONTH LEASES

BSRI leases retail space for its Thrift Shop in Calabash, North Carolina. The month-to-month lease requires payments of \$5,000. Additionally, BSRI leases fitness equipment on a month-to-month basis with lease payments ranging from \$74 to \$140 per month.

NOTE 9 - RIGHT-TO USE LEASED ASSETS AND RELATED LEASE LIABILITIES

Ash Mini Storage

BSRI leases a mini storage facility in Ash, North Carolina under an agreement that expires July 2024. The lease is considered to be a finance lease to BSRI and requires monthly payments of \$6,000 during the period of August 1, 2021 through July 31, 2022; \$7,000 during the period of August 1, 2022 through July 31, 2023; \$8,000 during the period of August 1, 2023 through July 31, 2024 with an option to renew for an additional 36 months. If the renewal option is exercised, an agreed upon amount set in good faith will be negotiated for the rent payable during the renewal term. A purchase option following the initial lease term is available in the amount of \$1,200,000. If the purchase option is exercised during the renewal term, the purchase price shall be the fair market value at the time of the transaction.

	<u>2023</u>
Lease expenses were comprised of the following:	
Amortization of right-to-use asset	\$ 85,593
Interest on lease liability	5,589
Total lease expense	<u>\$ 91,182</u>
Other lease information:	
Leased asset obtained in exchange for finance lease liability	\$ 178,318
Weighted-average remaining lease term in years for finance lease	1.08
Weighted-average discount rate for finance lease	4.09%

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

NOTE 9 - RIGHT-TO USE LEASED ASSETS AND RELATED LEASE LIABILITIES (Continued)

Maturity analysis:

<u>Year ending June 30,</u>	
2024	\$ 95,000
2025	8,000
2026	-
2027	-
2028	-
Thereafter	-
Total undiscounted cash flows	<u>103,000</u>
Less: present value discount	<u>(2,092)</u>
Total lease liability	<u><u>\$ 100,908</u></u>

Shallotte Thrift Store

BSRI leases retail space in Shallotte, North Carolina under an agreement that expires in February 2027. The lease is considered an operating lease and requires monthly payments of \$3,800. The lease agreement includes a renewal option for an additional 5 years with monthly payments of \$4,000 at expiration. The financial statements have been prepared assuming BSRI will exercise the renewal option. Additionally, BSRI elected to use a risk-free discount rate based on the U.S. Department of the Treasury since the BSRI does not have access to the rate implicit in the lease.

	<u>2023</u>
Lease expense was comprised of the following:	
Operating lease expense	\$ 46,841
Other lease information:	
Leased asset obtained in exchange for operating lease liability	\$ 395,067
Weighted-average remaining lease term in years for operating lease	8.67
Weighted-average discount rate for operating lease	2.88%

Maturity analysis:

<u>Year ending June 30,</u>	
2024	\$ 45,600
2025	45,600
2026	45,600
2027	46,400
2028	48,000
Thereafter	176,000
Total undiscounted cash flows	<u>407,200</u>
Less: present value discount	<u>(46,921)</u>
Total lease liability	<u><u>\$ 360,279</u></u>

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

NOTE 9 - RIGHT-TO USE LEASED ASSETS AND RELATED LEASE LIABILITIES (Continued)

FlexPrint, LLC

BSRI leases copiers and printing equipment from FlexPrint, LLC. The lease is considered a finance lease and requires 63 monthly payments of \$2,757.

	<u>2023</u>
Lease expenses were comprised of the following:	
Amortization of right-to-use asset	\$ 4,039
Interest on lease liability	<u>2,648</u>
Total lease expense	<u>\$ 6,687</u>

Other lease information:

Leased asset obtained in exchange for finance lease liability	\$ 124,464
Weighted-average remaining lease term in years for finance lease	5.08
Weighted-average discount rate for finance lease	12.84%

Maturity analysis:

	<u>Year ending June 30,</u>	
	2024	\$ 33,081
	2025	33,081
	2026	33,081
	2027	33,081
	2028	33,081
	Thereafter	<u>2,757</u>
Total undiscounted cash flows		168,162
Less: present value discount		<u>(43,809)</u>
Total lease liability		<u>\$ 124,353</u>

NOTE 10 - 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 BSRI. Retirement plan contributions were approximately \$118,948 and \$110,722 during 2023 and 2022, respectively.

NOTE 11 - 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 and Changes in Net Assets as all restrictions are met prior to their receipt.

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

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions for the years ended June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Calabash Center exercise room	\$ 13,767	\$ 13,767
MDRT Foundation Grant - Transportation for seniors	<u>25,000</u>	<u>25,000</u>
	<u>\$ 38,767</u>	<u>\$ 38,767</u>

NOTE 12 - 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 13 - FACILITY RENTAL

Throughout the year BSRI rents space at their senior centers for use by other local organizations. During the years ended June 30, 2023 and 2022, gross revenues from facility rentals totaled \$124,280 and \$117,701, with related expenses of \$7,090 and \$8,649, respectively. For the years ended June 30, 2023 and 2022, the net amount of \$117,190 and \$109,052, respectively, appear on the Statements of Activities and Changes in Net Assets as the revenue line item "Facility Rentals, net."

NOTE 14 - 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"). The hourly employee that handles transportation services for the clients of BSRI is an unpaid member of the board of directors of BTS.

BSRI contracts janitorial services for the senior centers through a local nonprofit agency, Brunswick Christian Recovery Center. BSRI's Chief Compliance Officer is an unpaid member of the board of directors of Brunswick Christian Recovery Center.

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

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 March 12, 2020 through June 30, 2021. Qualified wages are limited to \$10,000 per employee per calendar quarter. Therefore, the maximum ERC amount available is \$7,000 per employee per calendar quarter. BSRI claimed ERC's totaling \$243,089 against qualified wages paid to employees from October 1, 2020 through December 31, 2020, 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. During the year ended June 30, 2022, BSRI recognized \$243,089 in other income on the Statements of Activities and Changes in Net Assets and received ERC's in the amount of \$6,598. As of June 30, 2023 and 2022, ERC's totaling \$236,491 are disclosed as a receivable on the Statements of Financial Position.

Additionally, BSRI 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. As of June 30, 2022, BSRI had received ERC's totaling \$429,428.

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 BSRI's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon BSRI.

NOTE 16 - ASH MINI STORAGE

As outlined in Note 9, BSRI manages a leased mini storage facility in Ash, North Carolina with the intention of supplementing the income of BSRI. For the years ended June 30, 2023 and 2022, the Ash Mini Storage activity resulted in net income of \$24,860 and a net loss of \$21,214, respectively, as represented on the Statement of Activities and Changes in Net Assets as the other income and (losses) line item "Ash Mini Storage, net". Additionally, as outlined in Note 1, due to the associated loss from the unrelated business income as of June 30, 2022, BSRI has a deferred tax benefit as of June 30, 2022, which was utilized to offset the unrelated business taxable income at June 30, 2023.

NOTE 17 - LAND HELD FOR DEVELOPMENT

During the year ended June 30, 2023, BSRI received an in-kind donation of land from Brunswick County valued at \$240,000. The land is directly behind the Calabash Senior Center and will be part of the site for the Calabash Meadows senior housing development. Once the Calabash Meadows senior housing development is completed, BRSI intends to lease ten apartments in order to provide transitional housing for seniors.

BRUNSWICK SENIOR RESOURCES, INC.

Notes to Financial Statements

NOTE 17 - LAND HELD FOR DEVELOPMENT (Continued)

The senior housing development will include amenities which will be available to BSRI and residents of the housing community. The Calabash Meadows senior housing development will lease the land from BSRI for \$1 per year for an extended period of time (currently estimated to be 50 years).

NOTE 18 - SUBSEQUENT EVENT

Subsequent to year-end, on September 20, 2023, BSRI executed a grant funding agreement with Brunswick County to fund a shortfall in the development of the senior housing development, Calabash Meadows. In accordance with the grant funding agreement, the County provided \$1,500,000 to BSRI.

SUPPLEMENTARY INFORMATION

BRUNSWICK SENIOR RESOURCES, INC.
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2023

Federal Grantor/Program Title	Assistance Listing 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	\$ 193,598	\$ 537,176
COVID-19 - Part B - Grants for Supportive Services & Senior Centers	93.044	64,611	11,402
Part C - Nutrition Services	93.045	505,438	14,560
COVID-19 - Part C - Nutrition Services	93.045	58,078	10,249
Nutrition Services Incentive Program (NSIP)	93.053	111,045	-
Total Aging Cluster		932,770	573,387
Special Programs for the Aging - Title III			
Part D - Disease Prevention & Health Promotion Services	93.043	13,535	797
COVID-19 - Part D - Disease Prevention & Health Promotion Services	93.043	7,158	-
National Family Caregiver Support, Title III, Part E	93.052	42,462	3,537
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	4,826	1,609
Administration for Community Living			
Passed through the N.C. Department of Insurance:			
Seniors' Health Insurance Information Program (SHIIP)	93.324	13,891	-
U.S. Department of Transportation:			
Federal Transit Administration			
Passed through the N.C. Department of Transportation			
Passed through the Waccamaw Regional Council of Governments:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	7,650	-
Total expenditures of federal awards		1,022,292	
<u>North Carolina State Grantor/Program Title</u>	<u>State Ref.</u>		
Department of Health and Human Services:			
Office of Rural Health and Community Care:			
Passed through the Cape Fear Council of Governments:			
Senior Center General Purpose	NC-15	-	54,506
Fan Heat Relief	NC-15	-	400
Department of Insurance:			
Prescription Assistance Program:			
Medication Assistance Program Grant	43167	-	18,528
Total expenditures of state awards		-	652,764
Total expenditures of federal and state awards		\$ 1,022,292	\$ 652,764

See Notes to the Schedule of Expenditures of Federal and State Awards

BRUNSWICK SENIOR RESOURCES, INC.
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2023

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, 2023. 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.

Bernard Robinson & Company, L.L.P.

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. ("BSRI"), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BSRI'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 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 BSRI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BSRI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
January 25, 2024



**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 the Major Federal Program

Opinion on the Major Federal Program

We have audited Brunswick Senior Resources, Inc.'s ("BSRI") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on BSRI's major federal program for the year ended June 30, 2023. BSRI's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, BSRI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding BSRI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of BSRI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of BSRI's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

Report on Internal Control Over Compliance (Continued)

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

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

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

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
January 25, 2024

BRUNSWICK SENIOR RESOURCES, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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 <u> X </u> no |
| (b) Significant deficiency(ies) identified? | _____ yes <u> X </u> none reported |
| (iii) Noncompliance material to financial statements noted? | _____ yes <u> X </u> no |

Federal Awards

- | | |
|--|------------------------------------|
| (i) Internal control over major programs: | |
| (a) Material weakness(es) identified? | _____ yes <u> X </u> no |
| (b) Significant deficiency(ies) identified? | _____ yes <u> X </u> 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 <u> X </u> no |
| (iv) Identification of major programs: | |

<u>Assistance Listing 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? | <u> X </u> 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, 2023

None