

VANTAGE AGING

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

September 30, 2018 and 2017

VANTAGE AGING
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INDEPENDENT AUDITORS' REPORT

Board of Directors
VANTAGE Aging
Akron, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of VANTAGE Aging (the "Organization"), which comprise the statement of financial position as of September 30, 2018 and the related statements of activities, cash flows and functional expenses 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2018, and the changes in its net assets and its cash flows for the year end ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

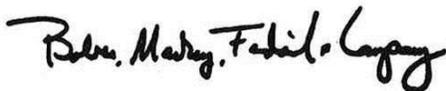
We have previously audited the Organization's 2017 financial statements, and in our report dated February 6, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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* ("CFR"), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement 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 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 February 19, 2019, on our consideration of the Organization's internal control over financial reporting and on our test 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 or on 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.



BOBER, MARKEY, FEDOROVICH & COMPANY
Akron, Ohio

February 19, 2019

VANTAGE AGING
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 998,607	\$ 868,783
Grants and contracts receivable, net	718,361	900,121
Prepaid expenses	16,562	45,487
TOTAL CURRENT ASSETS	1,733,530	1,814,391
NONCURRENT ASSETS		
Restricted cash	73,623	73,623
Fixed assets, net	1,346,906	1,424,613
Beneficial interest in trust	48,890	41,397
Deposits	40,704	25,079
Construction in progress	128,279	113,354
TOTAL NONCURRENT ASSETS	1,638,402	1,678,066
TOTAL ASSETS	\$ 3,371,932	\$ 3,492,457
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of note payable	\$ 61,990	\$ 1,039,895
Current portion of capital lease	4,248	3,958
Accounts payable	111,906	128,095
Accrued payroll and related expenses	673,776	664,826
Unearned revenue	116,815	98,463
TOTAL CURRENT LIABILITIES	968,735	1,935,237
NONCURRENT LIABILITIES		
Note payable, net of current portion	1,141,656	-
Capital lease, net of current portion	15,770	20,018
TOTAL NONCURRENT LIABILITIES	1,157,426	20,018
NET ASSETS		
Unrestricted	1,203,815	1,499,578
Permanently restricted	41,956	37,624
TOTAL NET ASSETS	1,245,771	1,537,202
TOTAL LIABILITIES AND NET ASSETS	\$ 3,371,932	\$ 3,492,457

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

VANTAGE AGING
STATEMENTS OF ACTIVITIES
For the Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Unrestricted	Permanently Restricted	2018	2017
REVENUES, GAINS AND OTHER SUPPORT				
Fees and grants from governmental agencies	\$ 10,941,374	\$ -	\$ 10,941,374	\$ 11,074,066
Contributions, including in-kind	370,348	4,332	374,680	439,201
Program service fees	701,867	-	701,867	830,431
Other public support	41,005	-	41,005	84,409
Investment income	2,066	-	2,066	4,387
Other revenue	10,120	-	10,120	20,368
Total revenue	12,066,780	4,332	12,071,112	12,452,862
EXPENSES				
Program services				
Home Wellness Solutions	398,767	-	398,767	473,050
Behavioral Health Solutions	565,582	-	565,582	734,303
Senior Community Service Employment Program	8,330,529	-	8,330,529	8,456,941
RSVP	104,267	-	104,267	139,271
Meals on Wheels of Northern Ohio	1,634,481	-	1,634,481	1,545,137
Total program services	11,033,626	-	11,033,626	11,348,702
Supporting services				
Management and general	1,289,635	-	1,289,635	1,223,864
Community Engagement	39,282	-	39,282	32,277
Total supporting services	1,328,917	-	1,328,917	1,256,141
Total expenses	12,362,543	-	12,362,543	12,604,843
CHANGE IN NET ASSETS	(295,763)	4,332	(291,431)	(151,981)
NET ASSETS AT BEGINNING OF YEAR	1,499,578	37,624	1,537,202	1,689,183
NET ASSETS AT END OF YEAR	\$ 1,203,815	\$ 41,956	\$ 1,245,771	\$ 1,537,202

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

VANTAGE AGING
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (291,431)	\$ (151,981)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	77,707	56,106
Gain on sale of asset	(400)	-
Unrealized gain from beneficial interest in trust	(1,178)	(2,076)
Realized loss (gain) from beneficial interest in trust	265	(1,222)
Investment income from beneficial interest in trust, net	(1,129)	(533)
Changes in operating assets and liabilities:		
Grants and contracts receivable	181,760	68,838
Prepaid expenses	28,925	1,417
Deposits	(15,625)	(2,381)
Accounts payable	(16,189)	(4,069)
Accrued payroll and related expenses	8,950	(124,623)
Unearned revenue	18,352	74,762
NET CASH USED IN OPERATING ACTIVITIES	(9,993)	(85,762)
CASH FLOWS FROM INVESTING ACTIVITIES		
Beneficial interest in trust	(5,451)	(5,281)
Construction in progress	(14,925)	(113,354)
Proceeds on sale of asset	400	-
Purchases of fixed assets	-	(325,492)
NET CASH USED IN INVESTING ACTIVITIES	(19,976)	(444,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease	(3,958)	(1,587)
Principal payment on note payable	(36,161)	(105)
Proceeds from note payable	199,912	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	159,793	(1,692)
NET CHANGE IN CASH AND CASH EQUIVALENTS	129,824	(531,581)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	942,406	1,473,987
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,072,230	\$ 942,406
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 51,411	\$ 17,688
NON-CASH FINANCING ACTIVITIES:		
Purchase of building and land with note payable	\$ -	\$ 1,040,000
Capital lease obligation - cargo van	-	25,563
TOTAL NON-CASH FINANCING ACTIVITIES	\$ -	\$ 1,065,563

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

VANTAGE AGING
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Program Services					Supporting Services			2018 Total	2017 Total	
	Home Wellness Solutions	Behavioral Health Solutions	Workforce Solutions	RSVP	Meals on Wheels of Northern Ohio	Total	Management and General	Community Engagement			Total
Salaries	\$ 300,000	\$ 313,812	\$ 6,839,194	\$ 54,196	\$ 418,888	\$ 7,926,090	\$ 837,614	\$ 5,263	\$ 842,877	\$ 8,768,967	\$ 9,101,526
Payroll taxes and related expenses	47,745	97,728	859,332	17,019	152,987	1,174,811	261,395	2,098	263,493	1,438,304	1,297,894
Total salaries and related expenses	347,745	411,540	7,698,526	71,215	571,875	9,100,901	1,099,009	7,361	1,106,370	10,207,271	10,399,420
Contract services	6,600	16,016	107,636	337	24,998	155,587	75,837	303	76,140	231,727	273,078
Supplies	14,856	29,503	117,204	9,213	873,713	1,044,489	42,649	19,194	61,843	1,106,332	1,059,085
Telephone	4,508	4,137	51,110	178	6,094	66,027	8,781	271	9,052	75,079	87,532
Postage	1,376	575	15,305	189	554	17,999	631	2,450	3,081	21,080	19,097
Occupancy	3,246	29,242	156,247	15,280	80,461	284,476	15,742	3,520	19,262	303,738	387,775
Insurance	5,475	16,572	58,333	3,037	20,477	103,894	11,526	-	11,526	115,420	114,007
Travel	5,050	18,698	55,378	2,223	28,678	110,027	1,678	121	1,799	111,826	116,442
Training	1,299	5,604	28,955	38	385	36,281	5,424	405	5,829	42,110	35,583
Physical examinations	336	-	1,691	-	-	2,027	-	-	-	2,027	5,347
Bad debt	3,440	9,762	-	-	3,612	16,814	-	-	-	16,814	33,683
Interest	2,439	9,342	20,243	1,289	3,044	36,357	12,203	2,852	15,055	51,412	17,688
Total expenses before depreciation	396,370	550,991	8,310,628	102,999	1,613,891	10,974,879	1,273,480	36,477	1,309,957	12,284,836	12,548,737
Depreciation	2,397	14,591	19,901	1,268	20,590	58,747	16,155	2,805	18,960	77,707	56,106
Total expenses	\$ 398,767	\$ 565,582	\$ 8,330,529	\$ 104,267	\$ 1,634,481	\$ 11,033,626	\$ 1,289,635	\$ 39,282	\$ 1,328,917	\$ 12,362,543	\$ 12,604,843
Fiscal 2017 expenses	\$ 473,050	\$ 734,303	\$ 8,456,941	\$ 139,271	\$ 1,545,137	\$ 11,348,702	\$ 1,223,864	\$ 32,277	\$ 1,256,141	\$ 12,604,843	

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

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 - ORGANIZATION

Nature of Operations

Effective January 1, 2018, Mature Services, Inc. changed their name to VANTAGE Aging. VANTAGE Aging (the "Organization") provides high-quality programs to empower the economic, social, physical, and mental well-being of adults as they age. Programs include Workforce Solutions, Meals on Wheels of Northern Ohio, Behavioral Health Solutions, Home Wellness Solutions and RSVP.

Workforce Solutions

The Senior Community Service Employment Program (SCSEP) is a job training program for older adults located in 38 Ohio counties. Funded under grants from the U.S. Department of Labor and Ohio Department of Aging, the program provides paid, part-time job training in community service assignments. Program participants are low-income adults age 55 and older placed with nonprofit and government agencies (host sites) for training. SCSEP provides a dual benefit to the communities it serves: improving job readiness of older workers while expanding the services provided by local host sites. Annual job fairs and workshops are organized and administered as part of the program to connect older workers to available employment opportunities. The Encore Staffing Network is a social enterprise program funded in part by The Cleveland Foundation that provides placement of older workers who want to stay engaged in the workforce while dedicating their skills and talents to a variety of employers with profits being re-invested into the agency's mission.

Meals on Wheels of Northern Ohio

Supporting the nutritional needs of older adults in Summit County, the Meals on Wheels program provides homebound and disabled clients the opportunity to select their own delicious and nutritious meals to be delivered to their home to support their health and well-being. As part of the Organization's continuum of care, each visit includes a wellness check, where professionally trained drivers can assess potential health issues, such as fall-risk assessments. Congregate dining options are provided at five locations to provide healthy meal alternatives and socialization opportunities to prevent social isolation. A Senior Health & Services Fair is offered each spring to promote the Ohio Senior Farmers' Market Nutrition Program. Vouchers are provided to seniors age 60 and older who meet income guidelines for the purchase of up to \$50 in fresh produce at local farmer's markets. A catering business offers a fee-for-service to the public to help support the Organization's programs.

Behavioral Health Solutions

Behavioral Health Solutions provides specialized integrated mental health and alcohol and other drug treatment and prevention services to persons age fifty and older and adults with disabilities. A team of licensed professional focus on the continuum of care, addressing physical, mental, and socio-economic aspects of an individual's health. Specializing in the unique issues facing the older population and identifying physical factors that can attribute to increased impairment or risk, our team partners with other programs within the Organization to address the person as a whole. Services include group and individual counseling, intensive outpatient, case management, crisis management

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

intervention, assessment, peer coaching, mentoring, and recovery support services. Outreach, training, and prevention services are provided throughout the community.

Home Wellness Solutions

The Organization provides non-medical home care and wellness support services in the homes of older adults and individuals with disabilities. Individual plans are customized according to an assessment of the client's needs and care coordination with the Organization identifies additional programs that may benefit the client. Home health aides provide hands-on care for activities of daily living (ADLs) within the client's home, including bathing, dressing, feeding, toileting, grooming, oral care, walking or use of a wheelchair. Fall risk assessment and prevention training help to promote wellness. Homemaker services provide housekeeping, laundry, shopping, and meal preparation to support client independence. Chore services help with heavy household cleaning. Private pay options for all services are offered to help support the costs of the programming.

RSVP

As one of the largest volunteer networks in the nation, RSVP is a program of the Corporation for National and Community Service and provides volunteers age 55 and older with service opportunities with Summit and Medina counties. RSVP volunteers address critical community needs and take on new national initiatives to meet those needs. With a strong corps of experienced volunteers, RSVP helps to build capacity and outreach efforts for over 70 organizations including food pantries, health and wellness programs, and social service agencies. A Tele-Care program provides outreach to homebound seniors, helping to address social isolation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

As required by the Not for Profit Entities Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

Concentration of Credit Risk and Funding

The Organization maintains its cash balances in commercial banks located in Ohio. Accounts maintained in commercial banks are guaranteed by the Federal Deposit Insurance Corporation. At times balances held at financial institutions were in excess of the federally insured limits. The Organization believes no significant concentration of risk exists with respect to these cash investments.

The Organization is funded from grants and reimbursements from various governmental agencies. The Organization anticipates the renewal of all its grants and federal awards. The Organization received approximately 68% and 67% of their revenue from the Department of Labor for each of the years ended September 30, 2018 and 2017, respectively.

Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Revenues and Accounts Receivable

The Organization carries its accounts receivable at cost less an allowance for doubtful accounts. Monthly, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on both its history in collections from each payer and of each payers' aging balance. Accounts are written off as uncollectible when the Organization determines the amount cannot be collected. The allowance for doubtful accounts balance was \$32,007 and \$ 33,683 as of September 30, 2018 and 2017 respectively.

Fixed Assets

Purchased fixed assets are recorded at cost and donated fixed assets are recorded at fair value at the date of donation (items valued at \$5,000 and over are capitalized). Routine maintenance, repairs, renewals and replacement costs are charged against income. Expenditures that significantly increase values, change capacities or extend useful lives are capitalized.

Depreciation is computed by the straight-line method, using the half-year convention, at rates calculated to amortize the cost or fair value at date of donation of the assets over their estimated useful lives as indicated below:

Building	20 years
Furniture and equipment	5-10 years
Leasehold improvements	*

*Leasehold improvements are amortized over the lesser of their estimated useful lives or the lease term, including renewals.

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

Construction in Progress

During 2017, the Organization started plans to renovate the building to construct an additional kitchen area. The construction was not completed as of September 30, 2018. Accordingly, the total expenses incurred during the years ended September 30, 2018 and 2017 of \$14,925 and \$113,354, respectively were capitalized. Once construction is complete, the amount will be capitalized to building improvements and depreciated accordingly.

Unearned Revenue

Unearned revenue represents monies received for which expenditures have not yet been incurred or services have not yet been performed.

Contributions

Pledges and contributions are recorded as revenue at the time the Organization receives the funds or a written communication from a donor indicating the amount and nature of the gift and that the gift is unconditional.

Unconditional gifts are recognized as temporarily restricted revenues if the donor's intention for the use of the funds is restricted for time or purpose. These gifts increase donor restricted (temporarily restricted) net assets until they are used for the purpose intended or until the restricted time has passed.

Conditional gifts are recognized when the conditions on which they depend are substantially met. Conditional gifts include grants and contributions requiring that other funds are raised by the Organization as a match. Once the match has been raised as required, the original gift is recorded as revenue based on donor restrictions.

Grants, pledges and contributions with no donor restrictions or requirements as to their intended use are considered unrestricted in nature and recognized as unrestricted revenues in the statements of financial position.

Gifts received that are designated for the beneficial interest in trust, Senior Love Fund, are classified as permanently restricted net assets on the statements of financial position and reported in investing activities in the statements of cash flows.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Tax Status

The Organization is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Under the Income Tax Topic of the FASB ASC, the Organization is required to identify uncertain tax positions taken, assess and quantify those positions and record reserves. As of and for the years ended September 30, 2018 and 2017, the Organization has identified no uncertain tax positions.

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

The Organization files informational tax filings in United States Federal and State of Ohio jurisdictions.

Subsequent Events

The Organization has evaluated subsequent events through February 19, 2019, the date the financial statements were available to be issued, and has determined that, other than as disclosed in Notes 15 and 16, there were no additional subsequent events to recognize or disclose in the financial statements.

NOTE 3 - BENEFICIAL INTEREST IN TRUST HELD BY AKRON COMMUNITY FOUNDATION

The FASB ASC provides guidance on the net asset classification of donor-restricted endowments and board designated funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”).

The Organization’s endowment consists of a beneficial interest in trust which was established through the Akron Community Foundation (“ACF”). As required by accounting principles generally accepted in the United States of America (“GAAP”), net assets associated with endowment funds are classified and reported on the existence or absence of donor or board imposed restrictions.

Interpretation of Relevant Law

The Organization believes that absent explicit donor stipulations to the contrary, fiduciary standards require the preservation of the “historic dollar value” of donor-restricted endowment funds. Historic dollar value as to any donor-restricted endowment fund means the aggregate fair value of (a) the original value of gifts donated to such fund, (b) the original value of subsequent gifts to such fund, and (c) accumulations to such fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accordingly, the Organization classifies the historic dollar value of donor-restricted endowment funds as permanently restricted net assets. Notwithstanding the foregoing accounting classifications, unless the gift instrument creating a donor-restricted endowment fund expressly provides otherwise, the Board of Directors (the “Board”) of the Organization may, as provided in Ohio UPMIFA, from time to time, appropriate for expenditure such portion of the permanently restricted net assets as the Board determines is prudent, after application of the factors set forth below.

In accordance with Ohio UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds
- The purpose of the Organization and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

Return Objectives and Risk Parameters

The Organization follows investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that over time will average the level of the approved Organization endowment spending rate plus inflation. Actual results in any given year may vary from this desired goal.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation in order to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The endowments of the Organization are all held at ACF and as such, operate under a spending policy determined by ACF. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held into perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The following is a reconciliation of beneficial interest fund for the years ended September 30:

	2018		2017	
	Unrestricted	Permanently Restricted	Unrestricted	Permanently Restricted
Beginning balance	\$ 4,893	\$ 36,504	\$ 1,063	\$ 31,223
Contributions	-	5,451	-	5,281
Interest and dividends	1,129	-	532	-
Net unrealized gain	1,178	-	2,076	-
Net realized loss (gain)	(265)	-	1,222	-
Ending balance	<u>\$ 6,935</u>	<u>\$ 41,955</u>	<u>\$ 4,893</u>	<u>\$ 36,504</u>

NOTE 4 - CASH

Cash in the amount of \$271,326 and \$261,472 is held and is reserved for the use of various grant provisions as of September 30, 2018 and 2017, respectively. There is also restricted cash of \$73,623 for employee health savings accounts at September 30, 2018 and 2017, respectively.

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 5 – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The Organization entered into an interest swap agreement in February 2018 to fix the interest rate at 2.89% on the Organizations variable interest note payable, to reduce exposure to interest rate fluctuations. The Organization’s interest rate swap notional amount was \$1,208,812 as of September 30, 2018. The term of this swap agreement expires in February, 2023. As of September 30, 2018, the fair value of the interest rate swap approximates \$0.

Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Organization uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets measured at fair value on a recurring basis are as follows:

September 30, 2018	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 271,326	\$ -	\$ 271,326	\$ -
Beneficial interest in trust held at Akron Community Foundation	48,890	-	48,890	-
	<u>\$ 320,216</u>	<u>\$ -</u>	<u>\$ 320,216</u>	<u>\$ -</u>
September 30, 2017	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 109,110	-	\$ 109,110	-
Beneficial interest in trust held at Akron Community Foundation	41,397	-	41,397	-
	<u>\$ 150,507</u>	<u>\$ -</u>	<u>\$ 150,507</u>	<u>\$ -</u>

The classification of fair value measurement within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value as are follows:

- *Money market:* Valued based on the closing price reported on the active market on which the individual securities are traded.
- *Beneficial interest in trust:* This investment pool, in which the Organization participates, includes investments in equities, mutual funds, and fixed income funds. The Organization’s separate accounts are adjusted with its proportion of investment activity from the investment pool throughout the year. The fair value of both, the beneficial interest in fund and beneficial interest in perpetual

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

fund, is equal to the Organization's proportion of the quoted price obtained for total investments in the investment pool.

NOTE 6 - FIXED ASSETS

The following is a summary of fixed assets, at cost, less accumulated depreciation at September 30:

	2018	2017
Furniture and equipment	\$ 477,293	\$ 532,604
Leasehold improvements	6,600	82,573
Building	871,257	871,257
Land	431,813	431,813
	1,786,963	1,918,247
Less: accumulated depreciation	(440,057)	(493,634)
Total fixed assets	\$ 1,346,906	\$ 1,424,613

NOTE 7 - LINE OF CREDIT

The Organization has a \$250,000 revolving line of credit with Chase Bank. The line of credit accrues interest at the Prime rate plus one quarter percent (5.0% and 4.5% at September 30, 2018 and 2017, respectively), payable monthly. The line of credit is secured by all assets of the Organization. There were no borrowings outstanding under this line of credit at September 30, 2018 and 2017.

NOTE 8 – NOTE PAYABLE

In March 2017, the Organization entered into a bank loan agreement for the purchase of building and land. The related note payable was due in monthly installments of interest only commencing May 1, 2017 through December 1, 2017. Subsequently, on October 31, 2017 the Organization signed an extension on the loan maturity. Under the terms of the extension, interest only payments continued until the principal was paid in full on March 1, 2018. The note payable bore interest at daily LIBOR plus 2.00% (3.23% as of September 30, 2017) and was collateralized by the building.

In February 2018, the Organization renegotiated the note payable on the building. Under the terms of the new note payable, principal is payable in fifty-nine equal consecutive monthly payments of approximately \$5,166, plus interest based on the daily LIBOR rate plus 2.00% (4.26% as of September 30, 2018), with a balloon payment due in February 2023 for any outstanding principal or accrued interest, of approximately \$935,000. The note is collateralized by the building.

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

Future maturities of the note payable as of September 30, 2018 are:

2019	\$ 61,990
2020	61,990
2021	61,990
2022	61,990
2023	955,686
	<u>\$ 1,203,646</u>

NOTE 9 - OPERATING LEASES

The Organization leases office space under non-cancelable operating lease agreements. Certain leases contain provisions whereby if the Organization loses funding, the lease obligation can be terminated after a specific time period.

Future minimum lease payments under operating leases are as follows:

2019	\$ 76,854
2020	69,864
2021	42,008
2022	26,751
2023	24,180
	<u>\$ 239,657</u>

Rent expense was \$135,505 and \$232,565 for the years ended September 30, 2018 and 2017, respectively.

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 10 - CAPITAL LEASE OBLIGATION

During 2017, the Organization entered into a capital lease for a vehicle for a period of five years. The capital lease obligation consists of the following as of September 30:

	2018	2017
Capital lease obligation with monthly payments of \$461, including interest at 7.08%, due June 2022.		
Collateralized by vehicle.	\$ 20,018	\$ 23,976
Less: Current portion	(4,248)	(3,958)
Capital lease, less current portion	\$ 15,770	\$ 20,018

Future minimum payments required under the lease are as follows for the years ended September 30:

	2019	\$	5,528
	2020		5,528
	2021		5,528
	2022		6,548
Total minimum lease payments		\$	23,132
Less: Interest			(3,114)
Present value of minimum lease payments		\$	20,018

NOTE 11 - EMPLOYEE BENEFIT PLANS

The Organization sponsors a tax deferred savings plan which covers all eligible employees. Employees are permitted to make pre-tax deferrals of up to 25% of compensation or maximum amounts as allowed by law. The plan does not provide for an employer contribution.

The Organization also offers a comprehensive medical plan, life insurance and other customary benefits to eligible employees.

NOTE 12 - IN-KIND SUPPORT

The Organization receives volunteer services primarily to assist in serving their clients. In accordance with generally accepted accounting principles, this in-kind support is not recognized in the statement of activities. The fair value of this in-kind support was \$1,283,431 and \$1,121,575 for the years ended September 30, 2018 and 2017, respectively. Donated goods, training, advertising and rent of \$79,699 and \$104,563 are recognized in the statement of activities within "Contributions, including in-kind" for the years ending September 30, 2018 and 2017, respectively.

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 13 - OHIO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES AND COUNTY OF SUMMIT ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD

The Organization has recorded \$359,818 and \$458,245 in revenues from the Ohio Department of Mental Health & Addiction Services & County of Summit Alcohol, Drug Addiction & Mental Health Services Board for years ending September 30, 2018 and 2017, respectively, for various addiction services. This amount is included in the statement of activities, "Fees and grants from governmental agencies" line. The accounts receivable from the Ohio Department of Mental Health & Addiction Services & County of Summit Alcohol, Drug Addiction & Mental Health Services Board at September 30, 2018 and 2017 were \$112,807 and \$70,591 respectively.

NOTE 14 - OHIO DEPARTMENT OF AGING

The Organization has been awarded contracts from the Ohio Department of Aging for contract years July 2018 through June 2019 and July 2017 through June 2018 in the amounts of \$3,395,904 and \$3,412,867 respectively. Revenues earned under these contracts were \$3,419,856 and \$3,479,574 for the fiscal years ending September 30, 2018 and 2017, respectively. These amounts are included in the statement of activities within "Fees and grants from governmental agencies".

NOTE 15 - CAPTIVE INSURANCE AGREEMENT

Effective July 1, 2015, the Organization entered into a group captive insurance agreement with a segregated account insurance company based in Bermuda. As of September 30, 2018 and 2017, the Organization and six unrelated nonprofit organizations were members of a self-funded group medical captive program called Roundstone Mid Market Med Group Captive ("captive program") owned by the segregated accounting insurance company. The members of the captive program share in its annual underwriting results and risks.

The captive program insures claims relating to healthcare expenses through reinsurance agreements with healthcare policy holders. The Organization's reinsurance agreement for the year ended September 30, 2018 and 2017 included a maximum annual aggregate stop loss benefit of \$1,000,000 with a maximum benefit per covered employee of \$25,000. The agreement also included a specific stop loss benefit with a deductible per employee of \$25,000.

Occasionally, reserves for self-insurance are recorded based on incurred loss estimates and management's judgement. The assessment of contingencies is a highly subjective process that requires judgements about future events and are reviewed annually to determine the adequacy of the related accrual. The ultimate settlement of contingencies may differ materially from the \$109,427 accrued in the statement of financial position as of September 30, 2018.

As required by the agreement with the segregated account insurance company, the Organization has contributed indemnity collateral to the captive program. The indemnity collateral paid as of September 30,

VANTAGE AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

2018 and 2017 was \$34,535 and \$18,110, respectively. The indemnity collateral is included in prepaid expenses on the statements of financial position.

Subsequent to year end the Organization terminated the captive insurance agreement in accordance with the agreement's provision and will be replaced with a fully insured program with similar coverage effective January 1, 2019.

NOTE 16 – MERGER AGREEMENT

In November 2018, the Organization entered into an Agreement and Plan of Merger ("Agreement") with Meals on Wheels of Stark and Wayne Counties ("MOW"). The agreement was approved by the Board of Directors of both organizations, with an effective date of January 1, 2019. Under the Agreement, the Organization will be the surviving entity and continue under the name Vantage Aging and operate under a combined code approved by both Board of Directors. All funds held by MOW will be transferred to the Organization with \$1,000,000 of the funds to be restricted solely for the meals program benefiting Stark and Wayne Counties for a period of three years. As of the effective date, the Organization will be subject to all of the debt and liabilities of MOW.

VANTAGE AGING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF LABOR			
Title V of Older Americans Act--Senior Community Service			
Employment Program:			
United States Department of Labor	17.235	\$ 4,626,773	\$ -
Ohio Department of Aging	17.235	3,419,856	-
		<u>8,046,629</u>	<u>-</u>
Employment Training Administration--Workforce Initiative Act - WIA Adult			
Program and WIA Dislocated Workers:			
Cuyahoga County Workforce Development	17.258/17.260	184,916	-
		<u>184,916</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF LABOR		8,231,545	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Aging Cluster:			
Special Programs for the Aging Title III Part B Senior Centers Passed			
Through:			
Direction Home Akron Canton Area Agency on Aging	93.044	5,712	-
Special Programs for the Aging Title III Part C Nutrition Services Passed			
Through:			
Direction Home Akron Canton Area Agency on Aging	93.045	240,607	-
Nutrition Services Incentive Program Passed Through:			
Direction Home Akron Canton Area Agency on Aging	93.053	43,718	-
Total Aging Cluster:		<u>290,037</u>	<u>-</u>
Social Services Block Grant Passed Through:			
Summit County Department of Job and Family Services	93.667	24,614	-
Summit County Adult Protective Services	93.667	20,398	-
Portage Department of Job and Family Services	93.667	220	-
		<u>45,232</u>	<u>-</u>
Direction Home Akron Canton Area Agency on Aging			
Special Programs for the Aging Title III Part D Health Promotion			
National Family Caregiver Support Title III Part E	93.043	6,923	-
	93.052	664	-
		<u>7,587</u>	<u>-</u>
County of Summit Alcohol, Drug Addiction and Mental Health Services Board:			
Opioid STR			
Block Grants for Prevention and Treatment of Substance Abuse	93.788	25,073	-
	93.959	72,758	-
		<u>97,831</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		440,687	-
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants--Entitlement Grants Passed Through:			
City of Akron	14.218	31,557	-
City of Cuyahoga Falls	14.218	3,115	-
		<u>34,672</u>	<u>-</u>
CORPORATION OF NATIONAL AND COMMUNITY SERVICE			
Retired and Senior Volunteer Program	94.002	96,506	-

VANTAGE AGING
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE Area Agency on Aging, 10B: Senior Farmers Market Nutrition Program	10.576	\$ 43,491	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 8,846,901</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

This schedule of expenditures of federal awards includes the federal grant activity of Mature Services, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - DE MINIMIS COST RATE

The Agency did not elect to use the 10% de minimis cost rate in accordance with 2 CFR 200.510(b)(6).

VANTAGE AGING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2018

SUMMARY OF THE AUDITORS' RESULTS

- Unqualified opinion issued on the financial statements.
- No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed.
- No material instances of noncompliance were disclosed.
- No significant deficiencies or material weaknesses in internal control over major programs were disclosed.
- Unqualified opinion issued on compliance for major programs.
- The audit disclosed no audit findings required to be reported under OMB Uniform Guidance.
- The auditee qualified as a low-risk auditee.
- Identification of major programs:
 - U.S. Department of Labor – Title V of Older Americans Act –
17.235 Senior Community Service Employment
- The dollar threshold used to distinguish Type A and Type B programs was \$750,000.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED
IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

- No findings to be reported.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

- No findings to be reported.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

- No findings to be reported.

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

To the Board of Directors
VANTAGE Aging
Akron, Ohio

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 VANTAGE Aging (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2019.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

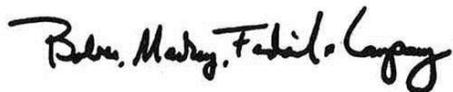
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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.



BOBER, MARKEY, FEDOROVICH & COMPANY
Akron, Ohio

February 19, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
VANTAGE Aging
Akron, Ohio

Report on Compliance for Each Major Federal Program

We have audited VANTAGE Aging's (the "Organization") compliance with the types of compliance requirements described in the *Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2018. The Organization's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 the 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 the Organization'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 on the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

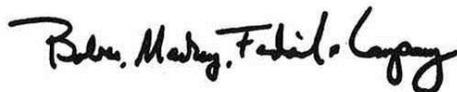
Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 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 the Organization'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.



BOBER, MARKEY, FEDOROVICH & COMPANY
Akron, Ohio

February 19, 2019