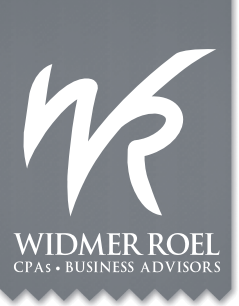


**GREATER GRAND FORKS SENIOR
CITIZENS ASSOCIATION, INC. AND GREATER
GRAND FORKS SENIOR CITIZENS FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

WITH INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Grand Forks Senior Citizens Association, Inc.
Grand Forks, North Dakota

Opinion

We have audited the consolidated financial statements of Greater Grand Forks Senior Citizens Association, Inc. and Greater Grand Forks Senior Citizen Foundation (North Dakota nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Greater Grand Forks Senior Citizens Association, Inc. and Greater Grand Forks Senior Citizen Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Greater Grand Forks Senior Citizens Association, Inc.** and **Greater Grand Forks Senior Citizen Foundation** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Greater Grand Forks Senior Citizens Association, Inc.'s** and **Greater Grand Forks Senior Citizen Foundation's** ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 **Greater Grand Forks Senior Citizens Association, Inc.'s** and **Greater Grand Forks Senior Citizen Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Greater Grand Forks Senior Citizens Association, Inc.'s** and **Greater Grand Forks Senior Citizen Foundation'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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 of the financial statements, **Greater Grand Forks Senior Citizens Association, Inc.** adopted a new accounting guidance by implementing the provisions of Financial Accounting Standards Board (FASB) ASC No. 842, *Leases*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

As discussed in Note 1 of the financial statements, **Greater Grand Forks Senior Citizens Association, Inc.** adopted new accounting guidance by implementing the provisions of FASB ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial *Assets*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position on page 18, and the consolidating statements of activities and changes in net assets on pages 19 and 20 are presented for purposes of additional analysis and are 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Fargo, North Dakota
September 14, 2023

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

ASSETS	
Cash and cash equivalents	\$ 475,713
Receivables	220,607
Prepaid expenses	4,886
Inventory	<u>16,052</u>
Total current assets	717,258
INVESTMENTS	968,818
PROPERTY AND EQUIPMENT, net	222,718
BENEFICIAL USE ASSET, net	663,504
BENEFICIAL INTEREST	<u>40,392</u>
Total assets	<u>\$ 2,612,690</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	\$ 83,919
Accrued payroll liabilities	<u>92,853</u>
Total liabilities	<u>176,772</u>
NET ASSETS	
Without donor restrictions	1,732,022
With donor restrictions	<u>703,896</u>
Total net assets	<u>2,435,918</u>
Total liabilities and net assets	<u>\$ 2,612,690</u>

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION**
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

SUPPORT AND OTHER REVENUES WITHOUT DONOR RESTRICTIONS

SUPPORT

Contract service - Title III	\$ 1,156,709
Grants	53,812
Contributions	<u>54,464</u>
Total support	<u>1,264,985</u>

OTHER REVENUES

Advertising	9,875
Bingo and raffle	17,033
COVID-19 meals	301,819
Nutrition Services Incentive Program (NSIP)	116,452
Program income	373,698
Membership dues	22,433
Trips	70,414
Fundraising	193,144
Interest and dividends	1,050
Property taxes	686,421
Investment return (loss), net	<u>(171,601)</u>
Total other revenues	1,620,738

RECLASSIFICATIONS

Net assets released from restrictions	<u>117,820</u>
Total support, other revenues and net assets released from restrictions	<u>3,003,543</u>

EXPENSES

Program services	
Meals	915,951
Health	167,203
Resource	199,166
Contracted county services	645,063
Other	<u>359,101</u>
Total program services	2,286,484
Management and general	564,838
Fundraising	<u>104,544</u>
Total expenses	<u>2,955,866</u>

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION**
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	47,677
 SUPPORT AND OTHER REVENUE WITH DONOR RESTRICTIONS	
Net assets released from restrictions	(117,820)
Contributed rent	701,955
Contributions	<u>40,392</u>
Total change in net assets with donor restrictions	<u>584,135</u>
 CHANGE IN NET ASSETS	 631,812
NET ASSETS , beginning of year	<u>1,763,714</u>
NET ASSETS , end of year	<u>\$ 2,395,526</u>

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 695,028	\$ 257,977	\$ 77,010	\$ 1,030,015
Payroll taxes	53,503	19,506	5,765	78,774
Health insurance	52,796	7,641	7,009	67,446
Retirement	32,035	11,438	5,231	48,704
Advertising	552	860	-	1,412
Bad debt expense	1,446	500	-	1,946
Bank charges	-	33	-	33
Benefits - staff meals	2,502	-	1,426	3,928
Bingo and raffle	3,993	-	-	3,993
Client emergency needs	80	-	-	80
Conference/training	200	-	-	200
Credit card fees	-	1,099	-	1,099
Depreciation	50,811	-	-	50,811
Electric and gas	-	49,929	-	49,929
Food costs	528,090	-	-	528,090
Fundraising	-	-	3,549	3,549
Gas and oil	1,263	-	-	1,263
GF County Senior Club mill levy	49,859	-	-	49,859
Insurance	103	18,104	-	18,207
Janitorial services	-	27,710	-	27,710
Licenses and permits	576	6,765	26	7,367
Lunches	25	60	-	85
Membership and dues	1,299	300	825	2,424
Mileage	71,751	494	69	72,314
Miscellaneous expenses	-	552	-	552
Nelson County Senior Club mill levy	29,000	-	-	29,000
Newsletter	-	15,632	-	15,632
NSIP (USDA) payment	40,137	-	-	40,137
Phone and internet	1,000	11,950	-	12,950
Postage	158	8,982	-	9,140
Printing	233	4,505	2,278	7,016
Professional fees	-	38,875	-	38,875
Program activities	1,904	-	-	1,904
Rent	117,815	2,150	-	119,965
Rental - equipment	2,562	8,001	-	10,563
Repairs and maintenance	-	21,517	-	21,517
Repairs and maintenance - equipment	5,053	15,292	-	20,345
Staff/volunteer recognition	-	468	-	468
Supplies	85,891	22,178	1,356	109,425
Title III payment	456,376	-	-	456,376
Vehicle repairs and maintenance	443	-	-	443
Water and refuse	-	12,320	-	12,320
	<u>\$ 2,286,484</u>	<u>\$ 564,838</u>	<u>\$ 104,544</u>	<u>\$ 2,955,866</u>

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 631,812
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	50,811
Loss on disposal of assets	585
Investment loss	171,601
Beneficial use asset	(584,141)
Changes in assets and liabilities	
Receivables	(93,533)
Prepaid expenses	(1,077)
Inventory	(1,577)
Accounts payable	(3,914)
Accrued payroll liabilities	<u>18,061</u>
Net cash provided by operating activities	<u>188,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	319,988
Purchase of investments	(639,976)
Purchase of property and equipment	<u>(5,127)</u>
Net cash used in investing activities	<u>(325,115)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(136,487)
CASH AND CASH EQUIVALENTS, beginning of year	<u>612,200</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 475,713</u>

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Greater Grand Forks Senior Citizens Association, Inc. (the “Association”) is a not-for-profit charitable organization incorporated in North Dakota. Its stated purpose is to provide meals, health, and outreach services to senior citizens in a four-county area. Currently, the Association operates several meal sites and operates Home Delivered Meals.

The Greater Grand Forks Senior Citizen Foundation (the “Foundation”) is a not-for-profit charitable organization incorporated in North Dakota. Its stated purpose is to raise funds for the Greater Grand Forks Senior Citizens Association, Inc. The sole member of the Foundation is the Association. The Association appoints or elects all the Board of Directors of the Foundation, and therefore has controlling financial and economic interest.

Management and general expenses on the consolidated statement of activities and changes in net assets and consolidated statement of functional expenses include the functions necessary to provide support for the Association and Foundation's program activities. Management and general activities include those that provide governance (Board of Directors), oversight, business management, financial bookkeeping, 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.

Basis of Accounting

The consolidated financial statements of the Association have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to readers.

Basis of Consolidation

The Association has voting control over the appointment of board members and an economic interest in the Greater Grand Forks Senior Citizen Foundation, which results in the accounts of the Foundation being consolidated with those of the Association in the accompanying consolidated financial statements. All intercompany balances and transactions have been eliminated in the consolidation.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which requires the reporting of information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association and Foundation. These net assets may be used at the discretion of corresponding organization's management and board of directors.

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association and Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations

The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Association's and the Foundation's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Accounting Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated 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

The Association's cash consists of cash on deposit with financial institutions.

Concentrations of Credit Risk

Financial instruments that potentially subject the Association and Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Association and Foundation maintain their cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Association and Foundation's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Association and Foundation have not experienced, nor do they anticipate, any losses with respect to such accounts.

The investment firm holding the assets is a member of the Federal Deposit Insurance Corporation (FDIC). Assets held in a member account are protected against broker-dealer insolvency up to a value of \$250,000 by the FDIC.

Receivables

Grants receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding receivables are fully collectible, therefore, no allowance for uncollectible receivables has been provided.

As of December 31, 2022, the receivables consisted of grants receivable of \$220,607.

Beneficial Use Asset and Rent

Beneficial use asset is recorded at carrying value less any amortization to date. Related rent includes amortization of the beneficial use asset. Amortization of the beneficial use asset is included in the release from restrictions.

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Beneficial Interest in Permanent Endowment Fund

Under the terms of the trust, Greater Grand Forks Senior Citizens Association, Inc. and Greater Grand Forks Senior Citizen Foundation has the irrevocable right to receive all or a portion on the unrestricted or spendable income earned on the trust assets either in perpetuity or for the life of Greater Grand Forks Senior Citizens Association, Inc. and Greater Grand Forks Senior Citizen Foundation. Greater Grand Forks Senior Citizens Association, Inc. and Greater Grand Forks Senior Citizen Foundation does not control the assets held by the outside trust. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the statements of activities and changes in net assets as a change in value of beneficial interest in perpetual trust.

Inventory

Inventories of food are stated at the lower of cost or net realizable value using the first-in, first out method.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets. The useful lives range from three to fifteen years for furniture and equipment, from five to 20 years for leasehold improvements, and for 40 years for buildings and improvements. The Association's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. Upon retirement or disposition, the asset's carrying value and related accumulated depreciation are relieved and the resulting gain or loss is included in the consolidated statements of activities. The Association's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the consolidated statement of financial position, and changes in fair value are reported as investment return in the consolidated statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Revenue and Support

Membership dues and program fees consist of amounts that seniors pay for meals, health, and outreach services. The dues are recognized over the periods in which income relates. The fees are recognized when the activities occur, or the meals are provided.

Mill levies are recorded as property tax revenue and recognized during the periods they relate to.

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Grant revenue is recognized when the qualifying costs are incurred for cost reimbursement grants or contracts or when a unit of service is provided for performance grants. Review by grantor agencies could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Association's management believes that any costs disallowed would not materially affect the financial position of the Association.

Contributed property and equipment are recorded at fair value at the date of donation, provided that the value of the asset and its estimated useful life meets the Association's capitalization policy. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated use of facilities is reported as a contribution at estimated fair value discounted to present value in the year the lease is signed. The expense is reported at the estimated fair value of rent over the term of the lease. Donated supplies are recorded as contributions at the date of the gift and as expenses when the donated items are placed into service or distributed.

In-kind Donations

The Association benefits from personal services provided by a substantial number of volunteers. However, the majority of the contributed services do not meet the criteria for recognition in the financial statements. U.S. GAAP allows the recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by the contribution, require specialized skills, and are provided by individuals possessing those skills.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets on a functional basis. Most expenses can be directly allocated to one program or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include salaries and wages, payroll taxes, employee benefits and retirement expense, rent, and depreciation. Payroll and related expenses are allocated based on time and effort. Rent and depreciation are allocated based on square footage used for each function.

Income Taxes

Management is required to evaluate tax positions taken by the Association and determine if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax position taken by the Association and has concluded that as of December 31, 2022, there are no uncertain positions taken.

(Continued)

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Advertising and Promotion

The Association expenses advertising and promotion costs as they are incurred.

Recently Adopted Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (“Topic 842”). This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendment in this ASU is effective for fiscal years beginning after December 15, 2021.

In 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU addresses the presentation and disclosures of these types of contributions. Generally, contributed nonfinancial assets (gifts-in-kind) will be required to be presented separately from other cash contributions on the statement of activities. In addition, there are additional disclosures required to be presented in the financial statements, including:

1. Disclosures of contribution types by category.
2. Disclosures of how contributions were used.
3. Contributions recorded at fair value.

The effective date is for annual periods beginning after June 15, 2021.

Subsequent Events

Management has evaluated subsequent events through the date of the auditor’s report, which is the date the financial statements were available to be issued.

NOTE 2 – REVENUE RECOGNITION AND CONTRIBUTIONS

The Association has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees. Because the Association’s performance obligations relate to contracts with a duration of less than one year, the Association has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*” and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

The Foundation’s revenue streams are all considered contributions or donations and fall under FASB ASC 958 *Not-for-Profit Entities*”, as well as a majority of the Association’s revenue. Contributions are considered both voluntary and nonreciprocal.

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Association and the Foundation’s financial assets at December 31:

Financial assets at year end:	
Cash and cash equivalents	\$ 475,713
Accounts receivable	220,607
Investments	<u>968,818</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>1,665,138</u></u>

The Association’s goal is generally to maintain financial assets to meet three months of operating expenses. As part of its liquidity plan, excess cash is contributed to the Foundation and invested in mutual funds. The Association generally limits its requests of support from the Foundation to support of capital projects.

NOTE 4 – INVESTMENTS

The Foundation held the following investments at fair market value on December 31:

Money market mutual funds	\$ 25,392
Equity mutual funds	<u>943,426</u>
	<u><u>\$ 968,818</u></u>

As of December 31, 2022, the Association has investments of \$931,749, which were concentrated in one fund. Net unrealized losses were \$71,601 for 2022.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

Furniture and equipment	\$ 539,145
Leasehold improvements	<u>510,001</u>
	1,049,146
Accumulated depreciation	<u>(826,428)</u>
	<u><u>\$ 222,718</u></u>

NOTE 6 – FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy in accordance with ASC 820 Fair Value Measurements are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active or inactive markets and inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Mutual Funds and Equity Mutual Funds – Valued at the net asset value (“NAV”) of shares held by the Association at year-end. Mutual funds held by the Association are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and transact at that price. The mutual funds held by the Association are deemed to be actively traded.

Beneficial Interest in Perpetual Trust – The investments held at Community Foundation are valued at net asset value per unit as reported by Community Foundation as a practical expedient for measuring fair value. The Association uses this practical expedient because the units do not trade in the marketplace and the Community Foundation reports all investment assets at fair value.

The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market mutual funds	\$ 25,392	\$ 25,392	\$ -	\$ -
Equity mutual funds				
Large blend	11,677	11,677	-	-
Large growth	931,749	931,749	-	-
Investments measured at net asset value	<u>40,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 968,818</u>	<u>\$ 968,818</u>	<u>\$ -</u>	<u>\$ -</u>

Amendment to Subtopic 820-10, Fair Value Measurement and Disclosures-Overall of the FASB Accounting Standards Codification permit, as a practical expedient, a plan holding investments in certain entities that calculate NAV per share, or its equivalent, for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of the NAV per share, or its equivalent, without adjustment. Pursuant to these amendments, the Association does not categorize investments for which fair value is measured at NAV per share, or its equivalent, using the practical expedient within the fair value hierarchy. The following is a summary of the Association’s investments which report using NAV:

	<u>2022 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Beneficial interest in perpetual trusts	\$ 40,392	\$ -	Quarterly	N/A

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 7 – BENEFICIAL INTEREST PERMANENT ENDOWMENT FUND

During the year ending December 31, 2001, the Foundation donated \$45,000 to the Community Foundation of Grand Forks, East Grand Forks and Region to start permanent endowment in its name, naming itself as the income beneficiary of the endowment. In 2021, the fund’s name was changed to Grand Forks Senior Center Fund. The Foundation’s donation was irrevocable. Distributions from the Fund are limited to no more than 5.0% of the average market value of the assets on hand over a twelve month period. The Association received a distribution of \$4,988 from the endowment in the year ended December 31, 2022.

NOTE 8 – RETIREMENT PLAN

The Association participates in a 403(b) retirement plan that covers all employees who work over 20 hours per week.

In accordance with the plan agreement, the Association matches employee contributions to the plan up to 6% of gross wages. During the year ended December 31, 2022, the Association contributed \$48,704 to the retirement plan.

NOTE 9 – BENEFICIAL USE ASSET

The Association entered into a lease on June 14, 2022, for its building with the City of Grand Forks, North Dakota, for the period of July 1, 2022 through June 30, 2032. The lease required a lease payment of \$1. The Association will be responsible for all utilities, fire and liability insurance, and maintenance.

The Association recognized the contributed nonfinancial rent asset within revenue, including \$701,955 in contributed rent. The Association did not monetize any contributed nonfinancial assets. Contributed rent is restricted as the facility is not for subleasing.

The Association recognized the fair value of the leased building space and fixed assets as a beneficial use asset as of July 1, 2022. The fair value of the remaining months on the lease is included as a beneficial use asset of \$663,504 on the consolidated statement of financial position, discounted to present value using a discount rate of 2.88%. In valuing donated rent, the Association estimated the fair value on the basis of comparable rental properties in the Grand Forks, ND market.

Rent expense for the year ended December 31, 2022 totaled \$186,364, including \$132,711 for leased building space and \$2,000 for special event facility rental.

NOTE 10 – DONOR RESTRICTED NET ASSETS

Net assets with donor restrictions were as follows for the year ended December 31, 2022:

Passage of time		
Beneficial use asset	\$	663,504
Beneficial interest in permanent endowment fund		40,392
Total net assets with donor restrictions	\$	703,896

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net assets released from net assets with donor restrictions are as follows:

Satisfaction by the passage of time	
Beneficial use asset	\$ <u>117,820</u>

Net assets without donor restrictions for the year ended December 31, 2022 are as follows:

Undesignated	\$ 1,509,304
Net investment in property and equipment	<u>222,718</u>
	\$ <u>1,732,022</u>

The Association has undesignated and the Board has designated net assets without donor restrictions as follows:

Undesignated – Operating net assets include all assets used to provide for support services of the Association and to produce income offset administrative expenses.

Net Investment in Property and Equipment – These net assets include the cost of the leasehold improvements, furniture, and equipment, plus the fair market value of capitalized services, less accumulated depreciation.

NOTE 11 – COMMITMENTS

The Association leases office equipment in two separate locations under the lease agreements renewed through February 28, 2026. Monthly rent payments are \$137 and \$502.

Future minimum lease payments are as follows for the five years ended December 31:

2023	\$	7,668
2024		7,668
2025		7,668
2026		<u>1,278</u>
	\$	<u>24,282</u>

**GREATER GRAND FORKS SENIOR
CITIZENS ASSOCIATION, INC. AND GREATER
GRAND FORKS SENIOR CITIZENS FOUNDATION**

**SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022**

<u>ASSETS</u>	<u>Association</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 475,588	\$ 125	\$ -	\$ 475,713
Receivables	220,607	-	-	220,607
Prepaid expenses	4,886	-	-	4,886
Inventory	16,052	-	-	16,052
Total current assets	717,133	125	-	717,258
INVESTMENTS	-	968,818	-	968,818
PROPERTY AND EQUIPMENT, net	222,718	-	-	222,718
BENEFICIAL USE ASSET, net	663,504	-	-	663,504
BENEFICIAL INTEREST	40,392	-	-	40,392
Total assets	<u>\$ 1,643,747</u>	<u>\$ 968,943</u>	<u>\$ -</u>	<u>\$ 2,612,690</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 83,919	\$ -	\$ -	\$ 83,919
Accrued payroll liabilities	92,853	-	-	92,853
Total liabilities	176,772	-	-	176,772
NET ASSETS				
Without donor restrictions	763,079	968,943	-	1,732,022
With donor restrictions	703,896	-	-	703,896
Total net assets	1,466,975	968,943	-	2,435,918
Total liabilities and net assets	<u>\$ 1,643,747</u>	<u>\$ 968,943</u>	<u>\$ -</u>	<u>\$ 2,612,690</u>

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION**

**CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Association</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND OTHER REVENUES				
WITHOUT DONOR RESTRICTIONS				
SUPPORT				
Contract Service - Title III	\$ 1,156,709	\$ -	\$ -	\$ 1,156,709
Grants	53,812	-	-	53,812
Donations	54,464	319,988	(319,988)	54,464
 Total support	 1,264,985	 319,988	 (319,988)	 1,264,985
 OTHER REVENUES				
Advertising	9,875	-	-	9,875
Bingo and raffle	17,033	-	-	17,033
COVID-19	301,819	-	-	301,819
NSIP	116,452	-	-	116,452
Program income	373,698	-	-	373,698
Membership dues	22,433	-	-	22,433
Trips	70,414	-	-	70,414
Fundraising	193,144	-	-	193,144
Interest and dividends	1,050	-	-	1,050
Property taxes	686,421	-	-	686,421
Investment return (loss), net	-	(171,601)	-	(171,601)
 Total other revenues	 1,792,339	 (171,601)	 -	 1,620,738
 RECLASSIFICATIONS				
Net assets released from restrictions	117,820	-	-	117,820
 Total support, other revenues and net assets released from donor restrictions	 3,175,144	 148,387	 (319,988)	 3,003,543

(Continued)

**GREATER GRAND FORKS SENIOR CITIZENS ASSOCIATION, INC. AND
GREATER GRAND FORKS SENIOR CITIZENS FOUNDATION**

**CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Association</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
EXPENSES				
Program services				
Meals	915,951	-	-	915,951
Health	167,203	-	-	167,203
Resource	199,166	-	-	199,166
Contracted county services	645,063	-	-	645,063
Other	359,101	-	-	359,101
Total program services	2,286,484	-	-	2,286,484
Management and general	884,826	-	(319,988)	564,838
Fundraising	104,544	-	-	104,544
Total expenses	<u>3,275,854</u>	<u>-</u>	<u>(319,988)</u>	<u>2,955,866</u>
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 (100,710)	 148,387	 -	 47,677
 SUPPORT AND OTHER REVENUE WITH DONOR RESTRICTIONS				
Net assets released from restrictions	(117,820)	-	-	(117,820)
Contributed rent	701,955	-	-	701,955
Contributions	40,392	-	-	40,392
 CHANGE IN NET ASSETS	 523,817	 148,387	 -	 672,204
 NET ASSETS, beginning of year	 943,158	 820,556	 -	 1,763,714
 NET ASSETS, end of year	 \$ 1,466,975	 \$ 968,943	 \$ -	 \$ 2,435,918