



## **DURHAM CENTER FOR SENIOR LIFE**

FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021



Williams Overman Pierce, LLP  
— CPAs • Advisors —

DURHAM CENTER FOR SENIOR LIFE  
CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10
Supplementary Information:	
Schedule of Expenditures of Federal and State Awards	21
Notes to Schedule of Expenditures of Federal and State Awards	22
Compliance Section:	
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 <i>Government Auditing         Standards</i>	23
Schedule of Findings	25
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	27
Schedule of Findings and Questioned Costs	30



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Durham Center for Senior Life

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Durham Center for Senior Life (a nonprofit organization), which are comprised of the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Durham Center for Senior Life as of June 30, 2022 and 2021, and changes in its net assets and its cash flows for the years 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 and the standards applicable for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Durham Center for Senior Life 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 opinions.

#### Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Durham Center for Senior Life's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audits of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Durham Center for Senior Life's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Durham Center for Senior Life's ability to continue as a going concern for a reasonable period of time.

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



### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state awards, as required by the North Carolina Office of State Budget and Management (“OSBM”), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal and state awards 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 March 31, 2023 on our consideration of the Durham Center for Senior Life’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Durham Center for Senior Life’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Durham Center for Senior Life’s internal control over financial reporting and compliance.

*William Owerman Pierce, LLP*

Greensboro, North Carolina  
March 31, 2023

DURHAM CENTER FOR SENIOR LIFE  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 134,213	\$ 246,218
Grants and contracts receivable, net	311,410	167,465
Other receivables	12,824	39,048
Other assets	3,300	3,300
Contributed use of facilities, net	<u>3,814,489</u>	<u>                    </u>
Total current assets	<u>4,276,236</u>	<u>456,031</u>
Beneficial interest in assets held by others	12,468	12,468
Property and equipment, net	<u>22,292</u>	<u>17,048</u>
	<u>\$ 4,310,996</u>	<u>\$ 485,547</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 134,168	\$ 39,684
Accrued expenses	57,019	136,493
Other current liabilities	<u>18,080</u>	<u>                    </u>
Total current liabilities	<u>209,267</u>	<u>176,177</u>
Contingencies (Note 3)		
Net Assets:		
Without donor restrictions	183,883	256,557
With donor restrictions	<u>3,917,846</u>	<u>52,813</u>
	<u>4,101,729</u>	<u>309,370</u>
	<u>\$ 4,310,996</u>	<u>\$ 485,547</u>

See accompanying notes to financial statements.

DURHAM CENTER FOR SENIOR LIFE  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues, gains, and other support:			
Grants and contracts	\$ 1,391,380	\$	\$ 1,391,380
Contributions	101,022		101,022
In-kind contributions		4,871,468	4,871,468
Program service fees	110,615		110,615
Rental income	42,536		42,536
Interest income	1,131		1,131
Other income	146,917		146,917
Net assets released from donor restrictions	1,006,435	(1,006,435)	
Total revenues	2,800,036	3,865,033	6,665,069
Operating expenses:			
Program services:			
Services at senior centers	2,024,714		2,024,714
Referrals and assistance	251,803		251,803
In-home support and education	192,562		192,562
Management and general	283,208		283,208
Fundraising	120,423		120,423
Total operating expenses	2,872,710	0	2,872,710
Change in net assets	(72,674)	3,865,033	3,792,359
Net assets, beginning of year	256,557	52,813	309,370
Net assets, end of year	\$ 183,883	\$ 3,917,846	\$ 4,101,729

See accompanying notes to financial statements.

DURHAM CENTER FOR SENIOR LIFE  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues, gains, and other support:			
Grants and contracts	\$ 1,394,624	\$ 26,313	\$ 1,420,937
Contributions	121,458	26,500	147,958
Program service fees	513		513
Rental income	34,767		34,767
Interest income	3,825		3,825
Other income	199,479		199,479
Net assets released from donor restrictions	<u>820,858</u>	<u>(820,858)</u>	
Total revenues	<u>2,575,524</u>	<u>(768,045)</u>	<u>1,807,479</u>
Operating expenses:			
Program services:			
Services at senior centers	1,860,009		1,860,009
Referrals and assistance	194,482		194,482
In-home support and education	110,960		110,960
Management and general	400,715		400,715
Fundraising	<u>146,303</u>		<u>146,303</u>
Total operating expenses	<u>2,712,469</u>	<u>0</u>	<u>2,712,469</u>
Change in net assets	(136,945)	(768,045)	(904,990)
Net assets, beginning of year	<u>393,502</u>	<u>820,858</u>	<u>1,214,360</u>
Net assets, end of year	<u>\$ 256,557</u>	<u>\$ 52,813</u>	<u>\$ 309,370</u>

See accompanying notes to financial statements.



DURHAM CENTER FOR SENIOR LIFE  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2022

	Services at Senior Centers	Referrals and Assistance	In-home Support and Education	Management and General	Fundraising	Total
Occupancy	\$ 894,170	\$ 40,019	\$	\$ 82,813	\$ 30,764	\$ 1,047,766
Salaries and payroll taxes	707,158	183,212	27,241	114,688	62,548	1,094,847
Employee benefits	61,663	17,034	2,561	9,735	4,897	95,890
Professional fees	80,114	2,978	162,731	4,533		250,356
Travel	16,978	43		522	107	17,650
Participant meals	109,995					109,995
Maintenance	23,050	813		2,624	622	27,109
Program supplies	18,588	1,946	29		340	20,903
Office expenses	100,519	5,370		38,784	21,194	165,867
Dues and subscriptions	3,424			1,060	116	4,600
Insurance	3,432	146		1,199	118	4,895
Depreciation	5,623	242		517	191	6,573
Advertising				8,104		8,104
Other				18,155		18,155
	<u>2,024,714</u>	<u>251,803</u>	<u>192,562</u>	<u>282,734</u>	<u>120,897</u>	<u>2,872,710</u>
Total expenses	\$ <u>2,024,714</u>	\$ <u>251,803</u>	\$ <u>192,562</u>	\$ <u>282,734</u>	\$ <u>120,897</u>	\$ <u>2,872,710</u>

See accompanying notes to financial statements.

DURHAM CENTER FOR SENIOR LIFE  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2021

	Services at Senior Center	Referrals and Assistance	In-home Support and Education	Management and General	Fundraising	Total
Occupancy	\$ 756,306	\$ 33,848	\$	\$ 70,045	\$ 26,022	\$ 886,221
Salaries and payroll taxes	503,900	130,551	19,411	81,723	44,570	780,155
Employee benefits	66,256	18,303	2,751	10,460	5,263	103,033
Professional fees	143,688	4,920	88,776	122,295	53,901	413,580
Travel	3,196	8		98	20	3,322
Participant meals	246,866					246,866
Maintenance	54,473	1,922		6,201	1,470	64,066
Program supplies	14,450	1,513	22		265	16,250
Office expenses	55,315	2,955		21,343	11,663	91,276
Dues and subscriptions	4,751			1,471	162	6,384
Insurance	4,500	191		1,572	155	6,418
Depreciation	6,308	271		580	215	7,374
Advertising				1,732	2,597	4,329
Other				83,195		83,195
Total expenses	<u>\$ 1,860,009</u>	<u>\$ 194,482</u>	<u>\$ 110,960</u>	<u>\$ 400,715</u>	<u>\$ 146,303</u>	<u>\$ 2,712,469</u>

See accompanying notes to financial statements.

DURHAM CENTER FOR SENIOR LIFE  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,792,359	\$ (904,990)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,573	7,374
Income from beneficial interest reinvested		(2,728)
(Contribution)/Amortization of contributed use of facilities, net	(3,814,489)	732,293
(Increase) decrease in:		
Grants and contracts receivable and other receivables	(117,721)	126,773
Increase (decrease) in:		
Accounts payable	94,484	37,267
Accrued expenses	(79,474)	4,216
Other current liabilities	18,080	(2,869)
Net cash used in operating activities	<u>(100,188)</u>	<u>(2,664)</u>
 Cash flows from investing activities:		
Purchases of fixed assets	<u>(11,817)</u>	<u>(9,823)</u>
Net cash used in investing activities	<u>(11,817)</u>	<u>(9,823)</u>
 Net decrease in cash and cash equivalents	(112,005)	(12,487)
 Cash and cash equivalents:		
Beginning of year	<u>246,218</u>	<u>258,705</u>
End of year	\$ <u><u>134,213</u></u>	\$ <u><u>246,218</u></u>

See accompanying notes to financial statements.

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Nature of Activities:

Durham Center for Senior Life (the "Organization") is a nonprofit corporation organized under the laws of North Carolina for the purpose of promoting the highest level of well-being of older adults in Durham County.

The Organization derives its support and revenue primarily from government grants, contributions from the public, and program revenue. The mission of the Organization is to enrich the lives of Durham seniors 55+ by promoting healthy, active and independent lifestyles. Over 2,500 seniors take advantage of the Organization's services through a variety of programs including Information Assistance and Options Counseling, Senior Center activities and programs, Health Promotion/Disease Prevention, Congregate Nutrition, Adult Day Services, Family Caregiver Program, and Transportation. The Organization is the only agency in Durham County authorized by the Older Americans Act to provide its services.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation:

The financial statement presentation follows the guidance of the Not-for-Profit Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed or grantor-imposed restrictions.

Net assets with donor restrictions: Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted is met, or both.

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, highly liquid investments with original maturities of three months or less are considered cash equivalents. Certificates of deposit are considered to be cash if interest and penalties for early withdrawal are not material. Certificate of deposits totaling \$56,524 and \$55,964 are included in cash and cash equivalents as of June 30, 2022 and 2021, respectively.

Revenue Recognition:

Grants and Contracts:

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

The Organization has three primary sources of grant revenue. Grant revenue received from the Triangle J Foundation and Durham County Department of Social Services is recognized after an application has been made for reimbursement. Grant revenue from the Department of Health and Human Services Administration for Community Living is recognized as awarded funds are expended for allowable costs. There were no unspent funds received from the Department of Health and Human Services Administration for Community Living at year end June 30, 2022. At June 30, 2021, unspent funds received from the Department of Health and Human Services Administration for Community Living totaled \$26,313.

As of June 30, 2022 and 2021 and July 1, 2020, the Organization had no contract assets or contract liabilities.

Contributions:

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements, and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Receivables:

Grants, contracts, and other receivables are recorded at net realizable value. The Organization provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical experience and a review by management of the current status of the existing receivables. As of June 30, 2022 and 2021, there was no allowance for doubtful accounts balance. As of June 30, 2022, management believes that all receivable balances are collectible.

Property and Equipment:

Property and equipment are stated at cost. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Leasehold improvements	3-5 years
Furniture	3-7 years
Equipment	3-7 years
Computers	3-5 years

It is the Organization's policy to capitalize property and equipment with an original cost of \$5,000 or more and an estimated useful life of more than one year. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded as revenue at their estimated fair value as of the date of the contribution. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Expenditures for repairs and maintenance are charged to expense as incurred. The cost of major renewal and betterments are capitalized and depreciated over their useful lives. Upon disposition of property and equipment, the related asset and accumulated depreciation accounts are removed, and any gain or loss is reflected in the statement of activities for the period.

Beneficial Interest in Assets Held by Others:

On April 23, 2008, the Organization made an irrevocable contribution to the Triangle Community Foundation (the "Foundation") in exchange for future distributions of net income of the endowment fund (the "Fund").

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The Board of Directors of the Foundation has full authority and discretion as to the investment and reinvestment of the assets of the Fund. In the event of the dissolution of the Organization, the Foundation shall continue to hold the assets constituting the Fund and shall distribute the net income and/or principal to such entities that, in the opinion of the Board of Directors, most nearly meets the purposes and objectives of the Organization. The Fund shall be administered by the Foundation subject to its Charter and Bylaws, including the power contained therein for the Board of Directors of the Foundation to modify any restrictions or conditions if in their sole judgment (without the approval of any trustee, custodian, or agent) such restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation.

Advertising Expense:

The Organization expenses advertising costs as they are incurred. During the years ended June 30, 2022 and 2021, the Organization incurred \$8,104 and \$4,329, respectively, in expenses related to advertising.

Income Taxes:

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the U.S. Internal Revenue Code and the applicable state tax statutes. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax which, if incurred, would be recognized as a current expense. No such tax has been recognized as of June 30, 2022 and 2021.

Uncertain Tax Positions:

The Organization evaluates all significant tax positions as required by U.S. GAAP. As of June 30, 2022 and 2021, the Organization does not believe that it has taken any positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for tax years prior to the tax year ended June 30, 2018.

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses:

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Recently Adopted Accounting Pronouncements:

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities* ("Topic 958"): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to improve financial reporting by providing new presentation and disclosure requirements about nonfinancial assets for nonprofits, including additional disclosure requirements for recognized contributed services. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments will not change the recognition and measurement requirements in Subtopic FASB ASC 958-605 for those assets. The Organization adopted ASU No. 2020-07 during the year ended June 30, 2022, with no material effect on its financial statements.

Recent Accounting Pronouncements Not Yet Adopted:

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. In June 2020, FASB issued ASU No. 2020-05 as a limited deferral of the effective dates of ASU No. 2016-02 and including amendments issued after the issuance of the original ASU, to provide immediate, near-term relief for private companies and nonprofits for whom these ASUs are either currently or imminently effective. Under ASU No. 2020-05, the amended effective date for the Organization will be for fiscal years beginning after December 15, 2021. The Organization is assessing the potential effects on future financial statements.



DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

In November 2021, the FASB issued Accounting Standards Update ("ASU") No. 2021-10, *Government Assistance* (Topic 832): *Disclosures by Business Entities about Government Assistance*. The new guidance is intended to improve the disclosure requirements for recurring and nonrecurring assistance provided by governmental agencies. The provisions of ASU No. 2021-10 will be effective for the Organization for fiscal years beginning December 31, 2021. The adoption of this standard did not have a material impact on the accompanying financial statements of the Organization for the year ended June 30, 2022

2. Concentrations

The Organization maintains cash balances at financial institutions located in North Carolina. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the fiscal year, the Organization's cash balances may have exceeded the federally insured limit. At June 30, 2022 and 2021, the Organization's cash balances were fully insured. Accounts at another institution were insured by the National Credit Union Administration ("NCUA") up to \$250,000. At June 30, 2022 and 2021, the Organization's cash balances with NCUA were fully insured.

During the years ended June 30, 2022 and 2021, the Organization received 21% and 79%, respectively, of its revenue from federal, state, and local government sources. Outstanding receivables from federal, state, and local government sources were \$311,410 and \$167,465 at June 30, 2022 and 2021, respectively. A significant reduction in this level of support, if it were to occur, could have a major impact on the Organization's activities.

3. Liquidity and Availability

Financial assets (cash and cash equivalents, grants and contracts receivable, and other receivables) available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, are comprised of the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year end	\$ <u>458,447</u>	\$ <u>452,731</u>
Less: amounts not available within one year		
Net assets with donor restrictions	3,917,846	52,813
Contributed use of facilities, net	<u>(3,814,489)</u>	<u>          </u>
	<u>103,357</u>	<u>52,813</u>
Financial assets available for the next twelve months	\$ <u><u>355,090</u></u>	\$ <u><u>399,918</u></u>

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

### 3. Liquidity and Availability (continued)

The Organization's goal is generally to maintain financial assets to meet 60 days of operating expenses. As part of its liquidity plan, excess cash is invested in certificates of deposit or money market accounts. The Organization also has a line of credit of \$50,000 available at June 30, 2022 and 2021 to meet future cash flow needs.

### 4. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The three levels of inputs that may be used to measure fair value are as follows:

#### Level 1 Fair Value Measurements:

Fair values are based on unadjusted quoted prices in active markets for identical assets.

#### Level 2 Fair Value Measurements:

Fair values are based on inputs other than quoted prices included within Level 1 that are observable for valuing the asset or liability, either directly or indirectly. Observable inputs include quoted prices for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

#### Level 3 Fair Value Measurements:

Fair values are based on inputs other than quoted prices included within Level 1 that are unobservable and significant to the fair value measurements.

Assets below were measured at fair value at June 30, 2022:

#### Fair Value Measurements Using:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by others	\$ <u>12,468</u>	\$ <u>0</u>	\$ <u>12,468</u>	\$ <u>0</u>

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements (continued)

Assets below were measured at fair value at June 30, 2021:

Fair Value Measurements Using:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by others	\$ <u>12,468</u>	\$ <u>0</u>	\$ <u>12,468</u>	\$ <u>0</u>

Assets presented as Level 2 fair value measurements are valued at cost, plus the Organization's allocation of interest, dividends, gains and losses, less the Organization's allocation of fees.

5. Contributed Use of Facilities

In May 2006, the Organization entered into a building lease of approximately 38,000 square feet with the County of Durham for the purpose of operating a center for senior citizens. The term of the lease was for 10 years, with an annual expense of \$1. This lease expired in May 2016, but was renewed to a 5 year lease under the same conditions and expired in May 2021. On July 1, 2021, the lease was renewed through June 30, 2026.

For the renewed 5-year lease, the fair value of the lease payment at the date of recognition was \$5,141,875, with a discount of \$373,763 to reflect a net present value of \$4,768,112. The Organization amortizes the related expense on a straight-line basis of \$1,028,375 per year, and the 3.01% annual (0.258% monthly) discount is offset to contributions revenue using the effective interest method over the expected time period utilization (June 2021 to June 2026). The following schedule summarizes activity for this asset during the years ended June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 4,768,112	\$ 732,293
Amortization expense (rent expense)	<u>(953,623)</u>	<u>(732,293)</u>
Ending balance	<u>\$ 3,814,489</u>	<u>\$ 0</u>

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

6. Property and Equipment

Property and equipment, net consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 279,747	\$ 270,575
Furniture	69,749	69,749
Equipment	77,835	77,835
Computers	<u>59,717</u>	<u>57,072</u>
	487,048	475,231
Less: accumulated depreciation	<u>(464,756)</u>	<u>(458,183)</u>
	<u>\$ 22,292</u>	<u>\$ 17,048</u>

Depreciation expense was \$6,573 and \$7,374 for the years ended June 30, 2022 and 2021, respectively.

7. Line of Credit

On May 4, 2018, the Organization entered into a \$50,000 unsecured line of credit with Truist Bank. The line of credit does not have an expiration date. The line of credit bears interest at a rate of 6.25% per annum. The line of credit had no outstanding balance as of June 30, 2021. The balance of the line was \$15,208 as of June 30, 2022, and is included in other current liabilities on the accompany balance sheet.

8. Net Assets with Donor Restrictions

Net assets with donor restriction were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Passage of time:		
Contributed use of facilities, net	\$ 3,814,489	\$
Purpose restricted contributions	<u>103,357</u>	<u>52,813</u>
	<u>\$ 3,917,846</u>	<u>\$ 52,813</u>

Net assets are released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by the donors. Net assets released from restriction were as follows during the years ended June 30:

	<u>2022</u>	<u>2021</u>
Satisfaction of time restrictions	\$ 953,622	\$ 732,293
Satisfaction of purpose restrictions	<u>52,813</u>	<u>88,565</u>
	<u>\$ 1,006,435</u>	<u>\$ 820,858</u>

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

9. Donated Services

The Organization receives services through volunteers. During the years ended June 30, 2022 and 2021, no amounts have been reflected in the accompanying financial statements for services since they do not meet the criteria for recognition under U.S. GAAP.

10. Employee Benefit Plan

The Organization has a defined contribution plan that covers all employees who are 21 years of age or older with a minimum of one year of service. Employees are eligible to participate on the first day of the calendar quarter following satisfaction of eligibility requirements. The mandatory employer match is 50% of employee contributions up to 2% of the employees' salary. In addition, the plan allows the employer to make discretionary contributions on a pro rata basis. For the years ended June 30, 2022 and 2021, the Organization did not make any matching contributions.

11. Bartered Transactions/Joint Projects

Durham County Low Income Housing for Seniors of Adults with Disabilities (JFK Towers) provides free space for the Center to service residents of Durham County Low Income Housing for Seniors of Adults with Disabilities (JFK Towers), as well as all older adults in Durham County. No amount has been recognized in the accompanying financial statements for the resulting use of space made available to the Center under this arrangement.

12. Operating Leases

The Organization leases office space to an unrelated organization under an operating lease through June 30, 2026. Rental income for the years ended June 30, 2022 and 2021, was \$42,536 and \$34,767, respectively.

Future minimum rental receipts under the operating lease are as follows:

Year Ending <u>June 30:</u>	
2023	\$ 35,503
2024	36,569
2025	37,659
2026	<u>38,797</u>
	<u>\$ 148,528</u>

DURHAM CENTER FOR SENIOR LIFE  
NOTES TO FINANCIAL STATEMENTS

13. Contingencies

The Organization received notices from the Internal Revenue Service related to annual report filings for the Organization's employee benefit plan for calendar years 2017, 2018, and 2019. The Organization accrued \$100,314 in penalties related to these notices at year end June 30, 2021. The Organization received an abatement of the penalties during the year ended June 30, 2022, therefore, no liabilities related to the annual report filings have been recorded at June 30, 2022.

14. Paycheck Protection Program

During the years ended June 30, 2021 and 2020, the Organization obtained loans of \$199,175 and \$174,042, respectively, under the Paycheck Protection Program ("PPP") pursuant to the Coronavirus Aid, Relief and Economic Security ("CARES") Act that was signed into law on March 27, 2020.

As a 501(c)(3) organization, the Organization has qualified for the PPP, which allows businesses and nonprofits with fewer than 500 employees to obtain loans of up to \$10 million to incentivize companies to maintain their workers as they manage the business disruptions caused by the COVID-19 outbreak.

The PPP loans, evidenced by promissory notes to Self-Help FCU ("the Bank") as the lender, have terms of two years, are unsecured, and are guaranteed by the Small Business Administration ("SBA"). The loans bear interest at a fixed rate of 1% per annum, with the first sixteen months of interest and principal deferred. Some or all of the loans may be forgiven if at least 60% of the loan proceeds are used by the Organization to cover payroll costs, including benefits, and if the Organization maintains its employment and compensation within certain parameters during the twenty-four week period following the loan origination dates and complies with other relevant conditions.

Under the provisions of the CARES Act, the Organization submitted PPP loan forgiveness applications to the Bank seeking full forgiveness. Both loans have been fully forgiven as of June 30, 2022. Management has accounted for the PPP loan as a government grant during the years ended June 30, 2021 and 2020. The full amount of the loan was recognized as other income on the accompanying statements of activities as all expenses for which the grant was intended to compensate were incurred during the years ended June 30, 2021 and 2020.

15. Subsequent Events

The Organization has evaluated subsequent events through March 31, 2023, the date which the financial statements were available to be issued. No significant subsequent events have been identified by management.

**SUPPLEMENTARY INFORMATION**

DURHAM CENTER FOR SENIOR LIFE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended June 30, 2022

Grantor/Pass-Through	Assistance Listing Number	State/Pass-Through Grantor's Number	Expenditures		Receipts	
			State	Federal	State	Federal
<b>Federal Awards:</b>						
<b>U.S. Department of Health and Human Services</b>						
Programs passed-through North Carolina Department of Health and Human Services-Division of Aging:						
Special Programs for the Aging-Title III-D:						
Title III Preventative Health						
<u>Aging Cluster</u>	93.043	NC-10	\$ 652	\$ 11,080	\$ 652	\$ 11,080
Special Programs for the Aging - Title III-B: Grant for Supportive Services and Senior Centers:						
Access - 90% State Funds						
	-	NC-10	7,169		7,169	
In-Home Services - 90% Funds						
	-	NC-10	487,169		487,169	
HCCBG - Access						
	93.044	NC-10	4,480	76,165	4,480	76,165
State Appropriation - Senior - GP						
	-	NC-10	17,820		17,820	
Special Programs for the Aging - Title III-C: Nutrition Services:						
Home Delivered Meals - 90% State Funds						
	-	NC-10	19,643		19,643	
HCCBG - Congregate Meals						
	93.045	NC-10	3,806	64,710	3,806	64,710
HCCBG - Home Delivered Meals						
	93.045	NC-10	1,565	26,597	1,565	26,597
CARES - Congregate Nutrition- COVID-19						
	93.045			15,137		15,137
NSIP - Nutrition						
	93.053			14,323		14,323
Total Aging Cluster						
			<u>541,652</u>	<u>196,932</u>	<u>541,652</u>	<u>196,932</u>
<u>Subsidized Child Care Cluster</u>						
Social Services Block Grant						
	93.667	NC-10	1,291	45,187	1,291	45,187
Family Caregiver Support						
	93.052	NC-10	4,301	64,518	4,301	64,518
State Appropriation						
	-	NC-10	9,160		9,160	
CARES - Family Caregiver-COVID 19						
	93.052	NC-10		10,052		10,052
Total Subsidized Child Care Cluster						
			<u>14,752</u>	<u>119,757</u>	<u>14,752</u>	<u>119,757</u>
<b>Total U.S. Department of Health and Human Services</b>						
			<u>557,056</u>	<u>327,769</u>	<u>557,056</u>	<u>327,769</u>
Total Federal and State Awards						
			<u>\$ 557,056</u>	<u>\$ 327,769</u>	<u>\$ 557,056</u>	<u>\$ 327,769</u>
Total Awards						
			<u>\$ 884,825</u>			

See accompanying notes to schedule of expenditures of federal and state awards.



**Durham Center for Senior Life**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AND STATE AWARDS**

22

Note 1. Summary of Significant Accounting Policies

Reporting Entity:

The Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the activity of all federal and state award programs administered by Durham Center for Senior Life (the "Organization") for the fiscal year ended June 30, 2022.

Basis of Presentation:

The Schedule presents total federal and state awards expended for the Organization in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Federal and state award program titles are reported as presented in the Assistance Listing Number, formerly referred to as the Catalog of Federal Domestic Assistance (CFDA).

The Schedule presents only a selected portion of the operations of Durham Center for Senior Life and is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization. Therefore, some amounts presented in the Schedule may differ from amounts presented in the Durham Center for Senior Life's financial statements.

Basis of Accounting:

The expenditures for each of the federal and state award programs are presented in the Schedule on an accrual basis. The accrual basis of accounting incorporates an estimation approach to determine the amount of expenditures incurred if not yet billed by a vendor.

Indirect Cost Rate:

The Organization did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## **COMPLIANCE SECTION**



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  
Durham Center for Senior Life

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 Durham Center for Senior Life, which are comprised of the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to financial statements, and have issued our report thereon dated March 31, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing our audits of the financial statements, we considered Durham Center for Senior Life's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Durham Center for Senior Life's internal control. Accordingly, we do not express an opinion on the effectiveness of Durham Center for Senior Life'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. We consider the deficiencies described in the accompanying schedule of findings as items 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Durham Center for Senior Life's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Durham Center for Senior Life's Response to Findings***

Durham Center for Senior Life's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Durham Center for Senior Life's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

***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 Durham Center for Senior Life's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Durham Center for Senior Life internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Williams Overman Pierce, LLP*

Greensboro, North Carolina  
March 31, 2023

Findings – Financial Statement Audit

MATERIAL WEAKNESS

2022-001 Financial Statement Preparation

*Criteria:* A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures.

*Condition:* The Organization does not prepare financial statements that include all the disclosures and schedules as required by U.S. GAAP and *Government Auditing Standards*.

*Effect:* As the Organization does not prepare financial statements on their own, departures from U.S. GAAP or *Government Auditing Standards* may not be detected.

*Cause:* Due to the size of the Organization, the accounting department does not have the capacity to devote to preparing the financial statements in accordance with U.S. GAAP and *Government Auditing Standards*.

*Auditors' Recommendation:* Given the small size of the accounting department, we recommend that the Director consider completing the disclosure checklist in order to be able to help detect and correct any issues with their financial statements as they go through the review process. To help ensure they are being prepared in accordance with U.S. GAAP and *Government Auditing Standards*.

*Grantee Response:* Durham Center for Senior Life concurs. During their discussion with Williams Overman Pierce, LLP, it was noted that it is a typical finding for non-profits due to their size and staffing. Beginning in fiscal year 2023, Durham Center for Senior Life will utilize the disclosure checklist to eliminate any concerns regarding the financial statements.

2022-001 Improper Classification of Contributions

*Criteria:* A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures.

*Condition:* During our testwork, we noticed that contributions and grants containing donor imposed conditions or restrictions were recorded to the same accounts as those without donor conditions or restrictions.

*Effect:* By not separately recording these restricted contributions, the Organization's net assets could be misstated.

DURHAM CENTER FOR SENIOR LIFE  
SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2022

26

*Cause:* The Organization does not have sufficient controls in place to ensure that transactions are being properly classified in accordance with GAAP.

*Auditors' Recommendation:* We recommend that the Organization implement policies and procedures to ensure that contributions are appropriately classified to reflect restricted and unrestricted contributions.

*Grantee Response:* Durham Center for Senior Life concurs with this finding and will reclassify the restricted grant funding as restricted contributions in fiscal year 2023.



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 of  
Durham Center for Senior Life

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited Durham Center for Senior Life's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *North Carolina State Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended June 30, 2022. The Organization's major federal and state programs are identified in the summary report of auditors' results section of the accompanying schedule of findings and questioned costs.

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 and state programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal and State Program***

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

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

***Responsibilities of Management for Compliance***

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



### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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





### **Report on Internal Control over Compliance**

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

*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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 or state 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Durham Center for Senior Life's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Durham Center for Senior Life's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

*William Overman Pierce, LLP*

Greensboro, North Carolina  
March 31, 2023

DURHAM CENTER FOR SENIOR LIFE  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 For the Year Ended June 30, 2022

**Section I-Summary of Auditors' Results**

Federal and State Awards:

1. Type of auditors' report issued on financial statements	Unmodified
2. Internal control over financial reporting	
a. Material weaknesses identified	2022-001, 2022-002
b. Significant deficiencies not considered to be a material weakness	None
3. Instances of noncompliance material to the financial statements	None
4. Type of auditors' report issued on compliance for major program	Unmodified
5. Internal control over major programs	
a. Material weaknesses identified	None
b. Significant deficiencies not considered to be a material weakness	None
6. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) and Chapter 10.557 Rules of the Auditor General	None
7. Major programs identified	
a. State Appropriation- In-Home Services	
8. Dollar threshold used to distinguish between type A and B state programs	\$500,000
9. Auditee qualified as a low-risk auditee under 2CFR 200.520?	No

**Section II-Financial Statement Findings**

2022-001, 2022-002

**Section III-Findings and Questioned Costs**

None

**Section IV-Summary Schedule of Prior Year Audit Findings**

None