

SourcePoint
Delaware County, Ohio

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Members of the Board
SourcePoint
800 Cheshire Road
Delaware, OH 43015

We have reviewed the *Independent Auditor's Report* of SourcePoint, Delaware County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. SourcePoint is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 13, 2020

This page intentionally left blank.

**SourcePoint
Delaware County
Regular Audit
For the Years Ended December 31, 2019 and 2018**

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|--|--------------------|
| Independent Auditor’s Report | 1-2 |
| Statements of Financial Position | 3 |
| Statements of Activities | 4-5 |
| Statements of Functional Expenses | 6 |
| Statements of Cash Flows | 7 |
| Notes to the Basic Financial Statements | 8-18 |
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 19-20 |

This page intentionally left blank.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

SourcePoint
Delaware County, Ohio
800 Cheshire Road
Delaware, Ohio 43015

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of SourcePoint, Delaware County, Ohio, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SourcePoint, Delaware County, Ohio, as of December 31, 2019 and 2018, and the changes in financial position and cash flows, for the years then ended in accordance with the accounting principles generally accepted in the United States of America.


Emphasis of Matters

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, SourcePoint adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14 (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact periods subsequent to 2019 of SourcePoint. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020 on our consideration of SourcePoint's internal control over financial reporting and 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 SourcePoint'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 SourcePoint's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 28, 2020

SourcePoint
Statements of Financial Position
December 31, 2019 and 2018

| Assets | | |
|--|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> |
| Current Assets | | |
| Cash | \$ 1,733,870 | \$ 1,956,767 |
| Investments | 7,760,927 | 6,939,014 |
| Accounts Receivable | 153,799 | 123,595 |
| Inventory | 62,079 | 61,868 |
| Prepaid Expense | 59,456 | 72,271 |
| Total Current Assets | 9,770,131 | 9,153,515 |
| Property and Equipment | | |
| Furniture & Equipment | 1,319,689 | 1,130,498 |
| Leasehold Improvements | 1,579,588 | 1,334,607 |
| Vehicles | 215,304 | 169,361 |
| Accumulated Depreciation | (1,641,072) | (1,449,889) |
| Property & Equip. net of Depreciation | 1,473,509 | 1,184,577 |
| Other Assets | | |
| Other Assets | 4,597 | 7,097 |
| Beneficial Interest in Assets | 38,718 | 32,208 |
| Total Other Assets | 43,315 | 39,305 |
| Total Assets | \$ 11,286,955 | \$ 10,377,397 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts Payable | 409,573 | 301,464 |
| Accrued Payroll and related Liabilities | 325,845 | 290,203 |
| Grants Payable | 69,867 | 13,432 |
| Deferred revenue | 34,049 | 43,870 |
| Total Current Liabilities | 839,334 | 648,969 |
| Net Assets | | |
| Without Donor Restrictions | 10,415,693 | 8,929,842 |
| With Donor Restrictions | 31,928 | 798,586 |
| Total Net Assets | 10,447,621 | 9,728,428 |
| Total Liabilities and Net Assets | \$ 11,286,955 | \$ 10,377,397 |

See Accompanying Notes to Financial Statements

SourcePoint
Statements of Activities and Changes in Net Assets
For the year Ended December 31, 2019

| | Without donor <u>restrictions</u> | With donor <u>restrictions</u> | 2019 <u>Total</u> |
|--|--------------------------------------|-----------------------------------|----------------------|
| Operating Revenues: | | | |
| Revenue and Support: | | | |
| Property Tax Levy | \$8,280,465 | \$ - | 8,280,465 |
| Intergovernmental | 942,600 | - | 942,600 |
| Grants | 541,480 | - | 541,480 |
| Service Fees | 967,452 | - | 967,452 |
| Contributions | 375,973 | 14,699 | 390,672 |
| Investment & Interest Income, net of fees | 200,571 | - | 200,571 |
| Gain / Loss on Marketable Securities | 453,984 | - | 453,984 |
| Other | 97,818 | - | 97,818 |
| Net Assets Released from Restrictions | 781,357 | (781,357) | - |
| Total Revenue and Support | 12,641,700 | (766,658) | 11,875,042 |
| Operating Expenses: | | | |
| Expenses: | | | |
| Program Expenses: | | | |
| In-Home Care Services | 5,116,560 | - | 5,116,560 |
| Community Programs | 2,532,111 | - | 2,532,111 |
| Nutrition | 1,869,433 | - | 1,869,433 |
| Communications and Outreach | 472,559 | - | 472,559 |
| Total Program Expenses | 9,990,663 | - | 9,990,663 |
| Management and General | 1,000,386 | - | 1,000,386 |
| Development and Fundraising | 164,800 | - | 164,800 |
| Total Operating Expenses | 11,155,849 | - | 11,155,849 |
| Increase (Decrease) in Net Assets from Operations | 1,485,851 | (766,658) | 719,193 |
| Net Assets - Beginning of Year | 8,929,842 | 798,586 | 9,728,428 |
| Net Assets - End of Year | \$10,415,693 | \$31,928 | \$10,447,621 |

SourcePoint
Statements of Activities and Changes in Net Assets
For the year Ended December 31, 2018

| | Without donor restrictions | With donor restrictions | 2018 Total |
|--|-------------------------------|----------------------------|--------------------|
| Operating Revenues: | | | |
| Revenue and Support: | | | |
| Property Tax Levy | \$7,414,281 | \$ - | \$7,414,281 |
| Intergovernmental | 916,166 | - | 916,166 |
| Grants | 601,865 | - | 601,865 |
| Service Fees | 886,021 | - | 886,021 |
| Contributions | 294,487 | 41,925 | 336,412 |
| Investment & Interest Income, net of fees | 174,506 | 15,572 | 190,078 |
| Gain / Loss on Marketable Securities | (142,077) | (47,821) | (189,898) |
| Other | 89,392 | - | 89,392 |
| Net Assets Released from Restrictions | 9,090 | (9,090) | - |
| Total Revenue and Support | 10,243,731 | 586 | 10,244,317 |
| Operating Expenses: | | | |
| Expenses: | | | |
| Program Expenses: | | | |
| In-Home Care Services | 4,868,653 | - | 4,868,653 |
| Community Programs | 2,263,578 | - | 2,263,578 |
| Nutrition & Event Services | 1,718,137 | - | 1,718,137 |
| Communications and Outreach | 504,468 | - | 504,468 |
| Total Program Expenses | 9,354,836 | - | 9,354,836 |
| Management and General | 820,642 | - | 820,642 |
| Development and Fundraising | 145,241 | - | 145,241 |
| Total Operating Expenses | 10,320,719 | - | 10,320,719 |
| Increase (Decrease) in Net Assets from Operations | (76,988) | 586 | (76,402) |
| Net Assets - Beginning of Year | 9,006,830 | 798,000 | 9,804,830 |
| Net Assets - End of Year | \$8,929,842 | \$798,586 | \$9,728,428 |

SourcePoint
Statement of Functional Expenses
For the Years Ended December 31, 2019 and 2018

2019

| | In-Home Care | Community Programs | Nutrition & Event Services | Communication and Outreach | Development | Management and General | Total Expenses |
|-----------------------------------|-------------------------|-------------------------------|---|---------------------------------------|--------------------|-----------------------------------|---------------------------|
| Salaries and benefits | \$1,770,391 | \$1,249,124 | \$820,342 | \$319,370 | \$104,226 | \$842,788 | \$5,106,241 |
| Client and Member Services | 2,987,451 | 295,832 | 778,270 | - | - | - | 4,061,553 |
| Grants | - | 602,819 | - | - | - | - | 602,819 |
| Occupancy | 146,744 | 139,444 | 125,152 | 11,769 | 1,123 | 25,260 | 449,492 |
| Operating service fees | 67,597 | 91,260 | 58,355 | 24,308 | 4,210 | 39,700 | 285,430 |
| Depreciation and amortization | 54,491 | 81,548 | 31,785 | 5,695 | 2,894 | 14,769 | 191,182 |
| Advertising, printing and postage | 13,367 | 9,076 | 6,096 | 77,698 | 6,255 | 14,573 | 127,065 |
| General supplies | 7,850 | 34,299 | 25,058 | 10,568 | 30,641 | 12,094 | 120,510 |
| Professional fees | 8,615 | 5,653 | 1,469 | 9,205 | 3,132 | 25,239 | 53,313 |
| Travel and training | 24,358 | 10,962 | 14,234 | 1,835 | 1,026 | 16,230 | 68,645 |
| Telephone and internet | 23,897 | 9,787 | 5,500 | 2,060 | 798 | 4,509 | 46,551 |
| Other | 11,799 | 2,307 | 3,172 | 10,051 | 10,495 | 5,224 | 43,048 |
| Total Expenses | \$5,116,560 | \$2,532,111 | \$1,869,433 | \$472,559 | \$164,800 | \$1,000,386 | \$11,155,849 |

2018

| | In-Home Care | Community Programs | Nutrition & Event Services | Communication and Outreach | Development | Management and General | Total Expenses |
|-----------------------------------|-------------------------|-------------------------------|---|---------------------------------------|--------------------|-----------------------------------|---------------------------|
| Salaries and benefits | \$1,787,151 | \$1,139,708 | \$743,030 | \$342,199 | \$101,775 | \$677,132 | \$4,790,995 |
| Client and Member Services | 2,761,824 | 130,415 | 739,498 | - | - | - | 3,631,737 |
| Grants | - | 613,507 | - | - | - | - | 613,507 |
| Occupancy | 114,113 | 138,111 | 98,564 | 11,332 | 3,074 | 21,806 | 387,000 |
| Operating service fees | 50,298 | 90,061 | 60,752 | 25,688 | 4,863 | 33,484 | 265,146 |
| Depreciation and amortization | 53,738 | 78,202 | 24,162 | 5,440 | 2,690 | 11,747 | 175,979 |
| Advertising, printing and postage | 15,927 | 9,246 | 7,052 | 86,430 | 3,560 | 16,304 | 138,519 |
| General supplies | 14,682 | 33,223 | 28,154 | 9,877 | 24,360 | 9,201 | 119,497 |
| Professional fees | 15,073 | 6,375 | 1,327 | 9,971 | 415 | 33,360 | 66,521 |
| Travel and training | 24,022 | 10,588 | 6,557 | 2,883 | 2,224 | 11,542 | 57,816 |
| Telephone and internet | 27,967 | 10,379 | 6,046 | 2,183 | 721 | 3,415 | 50,711 |
| Other | 3,858 | 3,763 | 2,995 | 8,465 | 1,559 | 2,651 | 23,291 |
| Total Expenses | \$4,868,653 | \$2,263,578 | \$1,718,137 | \$504,468 | \$145,241 | \$820,642 | \$10,320,719 |

SourcePoint
Statements of Cash Flows
For the years Ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets | \$ 719,193 | \$ (76,402) |
| Adjustments to Reconcile to Net Cash Provided by Operating Activities: | | |
| Depreciation & Amortization | 191,182 | 175,979 |
| Decrease (increase) in assets: | | |
| Accounts Receivable | (30,204) | (25,026) |
| Inventory | (211) | (4,629) |
| Prepaid Expenses | 12,815 | 100,224 |
| Other Assets | (4,010) | (1,340) |
| Increase (decrease) in liabilities: | | |
| Accounts Payable and Accrued Expense | 143,751 | 29,392 |
| Grants Payable | 56,435 | (43,400) |
| Deferred Revenue | (9,821) | 11,475 |
| Net Cash Provided from Operating Activities | <u>1,079,130</u> | <u>166,273</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of Capital Assets | (480,115) | (238,928) |
| Purchase of Investments | (605,000) | (125,000) |
| Proceeds from Maturing Investments | 400,000 | - |
| Interest Earnings on Investments | (168,520) | (155,473) |
| (Gain)Loss on Marketable Securities | (448,392) | 185,561 |
| Net Cash Provided from (used by) Investing Activities | <u>(1,302,027)</u> | <u>(333,840)</u> |
| Net Change in Cash and Cash Equivalents | (222,897) | (167,567) |
| Cash and Cash Equivalents - Beginning of the Year | <u>1,956,767</u> | <u>2,124,334</u> |
| Cash and Cash Equivalents - End of the Year | <u>\$ 1,733,870</u> | <u>\$ 1,956,767</u> |

See Accompanying Notes to Financial Statements

SourcePoint
Delaware County
Notes to the Financial Statements
December 31, 2019 and 2018

Note 1 – Description of the Organization

SourcePoint is the most comprehensive aging services provider in Delaware County, Ohio. SourcePoint is a nonprofit 501(c)(3) organization that is partially funded by a countywide property tax levy, as well as private and corporate donations and grants.

SourcePoint provides in-home services, including Meals on Wheels, emergency response systems, personal care, medical transportation, and more, which help county residents ages 55 and older live safely and independently at home. The organization also provides community programs for older adults and family caregivers, both on-site at its enrichment center and off-site at locations throughout the county

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of SourcePoint have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires SourcePoint to report 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 organization. These net assets may be used at the discretion of SourcePoint management and board of directors.

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

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations – The 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 SourcePoint's ongoing services to those ages 55 and older and interest and dividends earned on investments. Non-operating activities are limited to resources that generate returns from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – SourcePoint's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts held in the investment portfolio, which are invested for long-term purposes.

SourcePoint
Delaware County
Notes to the Financial Statements
December 31, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk – Financial instruments that potentially subject SourcePoint to concentrations of credit risk consist principally of cash and cash equivalents and investments. SourcePoint maintains its cash in checking accounts with a local financial institution. The checking account is insured by the Federal Deposit of Insurance Corporation up to \$250,000, and in addition, has been collateralized up to \$5,000,000 by the depository bank. The depository bank uses the Ohio Pooled Collateral System (OPCS) to collateralize deposits. All checking accounts were insured on December 31, 2019 and December 31, 2018.

Investments – Investments are reported at cost if purchased or at fair value if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as a gain or loss on marketable securities in the statement of activities.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments base on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity’s assumptions (unobservable inputs). SourcePoint groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

Property and Equipment – Property and equipment are recorded at cost on the date of purchase or, for donated assets, at fair value on the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which generally are from five to seven years. SourcePoint capitalizes assets or betterments acquired for greater than \$1,000 and expenses normal repairs and maintenance as incurred.

Accrued Payroll and Related Liabilities – A liability is accrued for paid time due when employees’ rights to compensation are earned, vested, and measurable.

SourcePoint
Delaware County
Notes to the Financial Statements
December 31, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue Recognition – SourcePoint recognizes property-tax revenue when it is measurable and available to finance expenditures of the current fiscal period. SourcePoint recognizes grant revenue when the related expenditure is made. “Available” means collected within the current period and used to pay liabilities of the current period.

Contributions – 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 restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire 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 assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services; however, a substantial number of volunteers have donated significant amounts of time in the organization’s program services.

In-Kind Contributions – SourcePoint received donated supplies of \$20,707 for the year ending Dec. 31, 2019. Such amounts, which are based upon information provided by third parties, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions and operating expenses on the accompanying statements of activities and statements of functional expense.

Volunteers have made significant contributions of their time in furtherance of SourcePoint’s mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

The value of hours was \$1,529,386 for 2019 and \$1,552,981 for 2018. These values are calculated using hourly rates provided by a nationally recognized independent source.

Functional Expenses – The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services, fundraising, and management and general. Management determines such allocations on an equitable basis.

The expenses allocated include the following:

| <u>Expense</u> | <u>Method of Allocation</u> |
|------------------------|-----------------------------|
| Occupancy | Square Footage |
| Maintenance and Repair | Square Footage |
| Information Technology | Time and Effort |
| Customer Service | Time and Effort |

SourcePoint
 Delaware County
 Notes to the Financial Statements
 December 31, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes – SourcePoint is a voluntary health and welfare organization exempt from federal income taxes under Internal Revenue Code section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the code. SourcePoint has processes presently in place to ensure the maintenance of its tax-exempt status; identify and report unrelated income; determine its filing and tax obligations; and identify and evaluate other matters that may be considered tax positions. SourcePoint has determined there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

SourcePoint has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(6)(1)(A)(iv).

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement – On Aug. 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. SourcePoint has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 3 – Availability and Liquidity

The following represents SourcePoint’s financial assets at December 31, 2019 and 2018:

| | | |
|---|--------------------|--------------------|
| Financial assets at year end: | <u>2019</u> | <u>2018</u> |
| Cash and cash equivalents | \$1,733,870 | \$1,956,767 |
| Investments | <u>7,760,927</u> | <u>6,939,014</u> |
| Total financial assets | 9,494,797 | 8,895,781 |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | 31,928 | 798,586 |
| Less net assets with purpose restrictions to be met in less than a year | (12,125) | (779,271) |
| Board-designated for capital improvements | <u>970,787</u> | <u>1,248,738</u> |
| Total not available | <u>990,207</u> | <u>1,268,053</u> |
| Financial assets available to meet general expenditures over the next 12 months: | <u>\$8,504,207</u> | <u>\$7,627,728</u> |

SourcePoint
Delaware County
Notes to the Financial Statements
December 31, 2019 and 2018

Note 3 – Availability and Liquidity (continued)

As part of SourcePoint’s liquidity management, its goal generally is to maintain financial assets to meet 290 days of operating expenses. This goal was established in relation to the funding cycle of the senior services levy, which provides 80 percent of annual revenues. As part of the liquidity plan, excess public funds are invested in fixed-income vehicles with scattered maturity dates, so that immediate cash needs can be funded by utilizing maturing securities.

Note 4 – Investments

The following is a summary of investments as of December 31, 2019 and 2018. Investments are reported at fair market value.

| <u>Investments</u> | <u>2019</u> | <u>2018</u> |
|--------------------|--------------------|--------------------|
| Bonds | \$4,760,496 | \$5,005,957 |
| Equities | 1,296,163 | 815,907 |
| Cash/Money Market | <u>1,704,268</u> | <u>1,117,150</u> |
| Total Investments | <u>\$7,760,927</u> | <u>\$6,939,014</u> |

As of December 31, 2019 and 2018, all investments were considered level 1 investments.

Note 5 – Property and Equipment

The following schedule summarizes the changes in property and equipment for the year ended December 31, 2019. Depreciation expense totaled \$191,183 for the year ending December 2018.

| | <u>Jan. 1</u> <u>2019</u> | <u>Additions</u> | <u>Disposals</u> | <u>Dec. 31</u> <u>2019</u> |
|--------------------------------------|------------------------------|------------------|------------------|-------------------------------|
| Leasehold Improvements | \$1,334,607 | \$244,982 | \$ - | \$1,579,588 |
| Equipment, Furniture, and Fixtures | 1,030,498 | 189,190 | - | 1,319,688 |
| Vehicles | 169,361 | 45,944 | - | 215,305 |
| <u>Less Accumulated Depreciation</u> | <u>(1,449,889)</u> | <u>(191,183)</u> | <u>-</u> | <u>(1,641,072)</u> |
| Totals | <u>\$1,184,577</u> | <u>\$288,983</u> | <u>\$ -</u> | <u>\$1,473,509</u> |

The following schedule summarizes the changes in property and equipment for the year ended December 31, 2018. Depreciation expense totaled \$175,979 for the year ending December 2018.

| | <u>Jan. 1</u> <u>2018</u> | <u>Additions</u> | <u>Disposals</u> | <u>Dec. 31</u> <u>2018</u> |
|--------------------------------------|------------------------------|------------------|------------------|-------------------------------|
| Leasehold Improvements | \$1,253,978 | \$80,629 | \$ - | \$1,334,607 |
| Equipment, Furniture, and Fixtures | 1,033,771 | 112,380 | (15,654) | 1,130,498 |
| Vehicles | 123,442 | 45,919 | - | 169,361 |
| <u>Less Accumulated Depreciation</u> | <u>(1,289,563)</u> | <u>(175,979)</u> | <u>15,654</u> | <u>(1,449,889)</u> |
| Totals | <u>\$1,121,628</u> | <u>\$20,253</u> | <u>\$ -</u> | <u>\$1,184,577</u> |

SourcePoint
Delaware County
Notes to the Financial Statements
December 31, 2019 and 2018

Note 6 – Lease Commitments

800 Cheshire Road, Delaware

In October 2007, SourcePoint entered into a lease agreement with the Delaware County Commissioners to lease real property consisting of 12.74 acres, more or less, known as 800 Cheshire Road, Delaware, Ohio, and improved with a 58,000-square-foot facility, including meeting and activity rooms, offices, kitchen, exercise pool, and paved parking areas.

The terms of the lease agreement specify that leased premises shall be used to provide services to improve the quality of life of older adults in Delaware County, Ohio. In addition, SourcePoint is required to maintain compliance with all provisions set forth in applicable bond financing certificates issued by Delaware County. (Delaware County Commissioners issued Capital Facilities Refunding Bonds, series 2013, in the amount of \$7,245,000, for the purpose of paying the costs of refunding bonds previously issued by the county to purchase land and construction at 800 Cheshire Road, Delaware Ohio, for the purpose of providing a facility for senior citizens. The commissioners previously issued Capital Facilities Bonds, series 2005A, in the amount of \$12,000,000.)

Lease payments under this lease are \$1.00 per year, and SourcePoint may purchase right title and interest in the leased premises at the termination of the lease. During the term of the lease, SourcePoint is responsible for all maintenance, repairs, utilities, taxes, assessments, insurance, improvements, and all general upkeep of the leased property. The lease terminates December 31, 2025.

1070 Polaris Parkway, Columbus

In December 2017, SourcePoint entered into a lease agreement with BT/GSR Polaris Properties, LLC, to lease real property consisting of 5,264 square feet located at 1070 Polaris Parkway, Columbus. The property is located on the second floor and identified as suite 200. The term of the lease is five years, which commenced in April 2018 and includes both base rent and additional rent. Additional rent is defined as a proportionate share of operating, maintenance, taxes, and other expenses. Future combined minimum lease payments are as follows:

| | |
|------------------|------------------|
| 2020 - \$108,690 | 2022 - \$111,317 |
| 2021 - \$110,004 | 2023 - \$27,911 |

Office Equipment

Several office machines, including copiers, printers, and a postage machine are under lease arrangement. The leases will be available to renew or terminate in 2022 and 2025. Future combined minimum lease payments are as follows:

| | | |
|-----------------|----------------|----------------|
| 2020 - \$14,543 | 2022 - \$3,864 | 2024 - \$1,620 |
| 2021 - \$15,083 | 2023 - \$1,620 | 2025 - \$945 |

SourcePoint
 Delaware County
 Notes to the Financial Statements
 December 31, 2019 and 2018

Note 7 – Beneficial Interest in Assets Held by Others

In 1997, SourcePoint deposited \$10,000 with the Delaware County Community Foundation (the foundation), an Ohio nonprofit corporation to establish the SourcePoint Fund (the fund). The fund is to be used for charitable, educational, and public purposes. Distributions will be made from the fund to charitable organizations at the discretion of the Foundation’s Board of Trustees, and may include the original deposit. The SourcePoint Board of Directors has reserved the right to suggest how the money will be distributed. In addition, SourcePoint may request that the fund be returned to SourcePoint, although final authority rests with the foundation.

ASC 958 states that a transfer of assets where the resource provider specifies itself or an affiliate as the beneficiary is not a contribution and shall be recorded as an asset, even if variance power has been explicitly granted to the recipient organization.

The market value of the fund on December 31, 2019 was \$38,718 and \$32,208 on December 31, 2018, which included SourcePoint’s original contribution, contributions made to the fund by outside parties, and earnings and cumulative changes in market value.

Note 8 – Net Assets

Board Designated for Capital Improvements – In 2008, SourcePoint designated a portion of net assets for capital improvements and major maintenance projects, as well as emergency repairs at the center. Annually the SourcePoint Board of Directors earmarks the amount of money to be added to this fund.

Legacy Fund – in 2014, SourcePoint created a restricted fund known as the Legacy Fund. Expenditures from the Legacy Fund would require prior approval from the Enrichment Center Program Board and Subsequent approval from the Board of Directors of SourcePoint. On September 26, 2018, the Board of Directors dissolved the Enrichment Center Program Board, which was required to remain in existence for 5 years following the merger with Senior Citizens of Delaware County. With this dissolution, the restriction on the Legacy Fund was released. As of January 1st, 2019, the Legacy Fund was released from net assets with restrictions.

Scholarship Fund – In 2014, SourcePoint began soliciting contributions to be used to award scholarships for seniors to help offset the cost of enrichment center membership and activities. These funds are treated as restricted contributions, until they are awarded to recipients. Awards began in the fall of 2016.

Net assets with donor restrictions were as follows for the years ending December 31, 2019 and 2018:

| | 2019 | 2018 |
|------------------|-----------------|------------------|
| Legacy Fund | - | \$742,646 |
| Scholarship Fund | \$19,803 | 19,315 |
| Other | <u>12,125</u> | <u>36,625</u> |
| Total | <u>\$31,928</u> | <u>\$798,586</u> |

SourcePoint
Delaware County
Notes to the Financial Statements
December 31, 2019 and 2018

Note 8 – Net Assets (continued)

Net assets without donor restrictions were as follows for the years ending December 31, 2019 and 2018:

| | 2019 | 2018 |
|--|--------------|-------------|
| Undesignated | \$9,444,906 | \$7,681,104 |
| Board Designated for Capitol Improvement | 970,787 | 1,248,738 |
| Total | \$10,415,693 | \$8,929,842 |

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

| | 2019 | 2018 |
|------------------|-----------|---------|
| Scholarship Fund | \$2,086 | \$2,590 |
| Other | 779,271 | 6,500 |
| Total | \$781,357 | \$9,090 |

Note 9 – Employee Benefit Plan

SourcePoint has a tax-deferred 403(b) plan covering all eligible employees, who meet length of service and hours worked requirements. The assets are held for each employee in an individual account maintained by an investment firm. Under the program, an employee may elect to contribute up to the extent allowable by law. In addition, SourcePoint contributes 4% of each eligible employee’s annual wages and matches employee contributions to the plan up to 4% of each eligible employee’s wages. In addition, SourcePoint has a Deferred Compensation Plan under (Section 457(b) plan) for the benefit of selected employees. At the current time, the Executive Director and the Directors are eligible to participate. Under this program, the selected employee(s) may elect to contribute up to the extent allowable by law. In addition, SourcePoint ay contribute based on board of director’s approval.

Total pension expense for both plans was \$259,066 for 2019 and \$225,209 for 2018.

Note 10 – Management Compensation

The SourcePoint Board of Directors employs its executive director under an employment agreement, which provides for a base salary, life insurance, health insurance, retirement, professional development benefits, and annual increases. The current employment agreement expires June 30, 2024.

SourcePoint
Delaware County
Notes to the Financial Statements
December 31, 2019 and 2018

Note 11 – Grants

SourcePoint enters into grant agreements with various organizations to assist these organizations in providing services to the senior population of Delaware County. The following represents the amount of services provided by those organizations during 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|--|------------------|------------------|
| Delaware Area Transit Agency | \$201,168 | \$201,168 |
| HelpLine of Delaware & Morrow Counties, Inc. | 81,630 | 84,016 |
| Delaware Speech & Hearing | 83,419 | 79,924 |
| Alzheimer’s Association | 51,000 | 56,189 |
| Catholic Social Services | 35,000 | 36,663 |
| Grace Clinic | 29,544 | 25,000 |
| People In Need | 26,029 | 20,000 |
| OhioHealth Foundation—D.R.I.V.E. Program | 25,804 | 24,594 |
| Lutheran Social Services | 14,652 | 15,000 |
| Delaware County Juvenile Court | 14,061 | 17,816 |
| Central Ohio Area Agency on Aging | 10,000 | 10,000 |
| Common Ground Free Store | 10,000 | 7,000 |
| O.W.U. Life Long Learning Program | 8,500 | - |
| Legal Aid Society | 7,000 | 1,209 |
| Alpha Group | 12,516 | 2,673 |
| Family Promises of Delaware County | 2,500 | - |
| Employment for Seniors | - | 7,000 |
| Delaware Drug-Free Coalition | - | 4,668 |
| Willow Brook Christian Services | - | 20,588 |
| Total | <u>\$612,823</u> | <u>\$613,508</u> |

The following organizations have been awarded grants by SourcePoint for the term beginning in 2020:

| | |
|--|------------------|
| Delaware Area Transit Agency | \$201,168 |
| HelpLine of Delaware and Morrow Counties, Inc. | 87,500 |
| Delaware Speech & Hearing | 88,227 |
| Catholic Social Services | 35,000 |
| Alzheimer’s Association | 50,943 |
| The OhioHealth Foundation—D.R.I.V.E. Program | 29,533 |
| Grace Clinic | 30,000 |
| People In Need | 30,000 |
| National Alliance on Mental Health | 19,875 |
| Lutheran Social Services | 12,500 |
| Central Ohio Area Agency on Aging | 10,000 |
| Common Ground Free Store | 10,000 |
| O.W.U. Life Long Learning Program | 10,000 |
| Humane Society of Delaware County | 10,000 |
| VOICEcorps Reading Service | 10,000 |
| Cancer Support Community | 6,800 |
| Willow Brook | 5,000 |
| Zion African American Methodist Episcopal Church | <u>3,000</u> |
| Total | <u>\$649,546</u> |

SourcePoint
Delaware County
Notes to the Financial Statements
December 31, 2019 and 2018

Note 12 – Contract Service Providers

To provide a variety of in-home care services and community programs to local seniors, SourcePoint contracts with several organizations, businesses, and individuals. These contractors provide pre-approved services and programs, and bill SourcePoint accordingly. In 2019 and 2018, SourcePoint’s contracted providers included:

| | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|
| Abbot Supply | \$56,256 | \$53,712 |
| Advanced Home Health | 6,255 | - |
| Advanced Senior Support | 155,277 | 88,077 |
| Aging in Place | 16,985 | 17,834 |
| Alpha Group | 63,320 | 64,752 |
| Angel Care | 6,736 | 12,607 |
| Bed Bug Burners | 10,814 | - |
| Benedetti Services | - | 18,269 |
| Bridges Community Action Partner | 2,090 | 6,080 |
| BrightStar Care of Delaware | - | 35,322 |
| Caregiver USA | 91,800 | 64,187 |
| Central Ohio Senior Care (Home Instead) | 35,194 | 43,919 |
| Comfort Express | 8,410 | - |
| Connect America | 79,994 | 61,205 |
| Critical Signal Technologies | 28,263 | 31,638 |
| Delaware Area Transit Authority | 245,895 | 209,723 |
| Delaware General Health District | 7,965 | 9,025 |
| Delaware Court Healthcare Center (Levering Management) | 2,856 | 10,812 |
| Delaware-Morrow Mental Health | 71,239 | 55,165 |
| Duraline Medical Products, Inc. | 240,829 | 231,565 |
| Emergency Plumbing | 5,999 | 1,345 |
| First Light/KLP Enterprise Services | 74,284 | 59,425 |
| Giving Peace of Mind LLC/Home Helpers | 67,496 | 66,600 |
| Gorilla Ventures Corporation | - | 48,236 |
| Guardian Medical Monitoring Incorporated | 18,309 | 18,581 |
| HealthCom, Inc. | 53,013 | 64,845 |
| Home Health Connection | 68,852 | 2,832 |
| Interim Healthcare of Ohio Inc. | 504,668 | 527,520 |
| J & J Mobility LTD | 58,764 | 86,778 |
| James W. Johnson | 9,169 | 5,264 |
| Jennifer Stachler | 8,570 | 7,519 |
| Jodi Delgado | 8,910 | 3,020 |
| Katherine Lopez | 14,860 | 11,988 |
| Marion Mulch & More | 15,700 | 8,965 |
| Melissa Neal | 9,810 | 4,590 |
| Polly Morgan | 24,981 | 14,871 |
| Purfoods, LLC | 83,067 | 28,042 |
| Right Size Strategies | 17,800 | - |
| Silver Crown Services, Inc | 282,270 | 284,924 |
| Snowrider Inc./Right at Home | 375,949 | 158,804 |

SourcePoint
 Delaware County
 Notes to the Financial Statements
 December 31, 2019 and 2018

Note 12 – Contract Service Providers - continued

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------------------|---------------------------|
| Stone Gate Capital | - | 42,741 |
| United Patient Care | 1,376 | 7,398 |
| Valued Relationships Inc. | 80,822 | 78,614 |
| Willow Brook Christian Village | 254,649 | 179,618 |
| Wise Medical Staffing | 51,330 | 87,716 |
| Other (contractors under \$5,000) | <u>72,462</u> | <u>78,115</u> |
| Total | <u>\$3,293,288</u> | <u>\$2,892,243</u> |

Note 13 – Subsequent Events

COVID -19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 9, 2020, Ohio Governor Mike DeWine signed an executive order declaring a statewide emergency and ordered all state agencies to begin coordinating a response to COVID-19 to protect the lives, safety and health of the citizens of Ohio.

On March 14, 2020, SourcePoint closed its enrichment center and all congregate dining locations in anticipation of the governor’s order to close all senior centers. On March 21, 2020, Dr. Amy Acton, Director of Health for the State of Ohio ordered all senior centers closed on March 23, 2020.

On March 24, 2020 all non-essential staff began working from home, SourcePoint continues to operate the home delivered meal program (MOW’s), it’s home care program and other essential services which are able to be delivered remotely.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on SourcePoints financial condition. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, workforce as well as the clients and members we serve. No adjustments have been made to these financial statements as a result of this uncertainty.

On April 7, 2020, SourcePoint applied for and was approved a \$1,037,500 loan under the Paycheck Protection Program created as part of the Federal relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after funding of the loan. SourcePoint is eligible for loan forgiveness up to 100% of the loan upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal Government.

SourcePoints operations are heavily dependent on property tax revenue and access to grants and contracts from federal, state and local government. The outbreak may have a material impact on these revenue sources in future years.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

SourcePoint
Delaware County, Ohio
800 Cheshire Road
Delaware, Ohio 43015

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of SourcePoint, which comprise the statements of financial position as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 28, 2020. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of SourcePoint.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SourcePoint's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SourcePoint's internal control. Accordingly, we do not express an opinion on the effectiveness of SourcePoint'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 SourcePoint's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

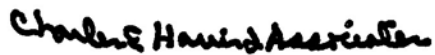
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SourcePoint's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SourcePoint's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
July 28, 2020

OHIO AUDITOR OF STATE KEITH FABER



SOURCE POINT

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/5/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov