PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

REGIER CARR & MONROE, LLP, CPAs

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pima Council On Aging, Inc. and Subsidiaries
Tucson, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of Pima Council On Aging, Inc. and subsidiaries (non-profit organizations), which comprise the consolidated statements of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(continued)

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pima Council On Aging, Inc. and subsidiaries as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2021 on our consideration of Pima Council On Aging, Inc.'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 to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Pima Council On Aging, Inc.'s internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of Pima Council On Aging, Inc. as of and for the year then ended June 30, 2019, were audited by other auditors whose report dated November 25, 2019, expressed an unmodified opinion on those statements.

Regier Carr & Monroe, L.L.P.

March 17, 2021
Tucson, Arizona

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 1,971,171	$ 1,114,816
Contracts and other receivables, net	2,043,431	1,666,730
Bequests receivable, current portion	951,722	-
Unconditional promises to give, current portion	170,866	185,083
Prepaid expense	114,481	88,732
Certificates of deposit	20,651	20,632
Investments	1,965,960	1,914,347
Total current assets	7,238,282	4,990,340
PROPERTY AND EQUIPMENT		
Property, plant and equipment, net of accumulated depreciation of $1,724,112 and $1,356,109 in 2020 and 2019	3,483,862	3,166,673
OTHER NONCURRENT ASSETS		
Unconditional promises to give, non-current	175,488	156,964
Bequests receivable, non-current	-	971,872
Beneficial interest in funds held by others	12,861	12,789
Deposits	18,049	30,093
Total noncurrent assets	3,690,260	4,338,391
Total assets	$ 10,928,542	$ 9,328,731

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts payable	$ 128,801	$ 203,680
Accrued expenses	545,424	438,789
Due to provider agencies	897,142	524,963
Deferred revenue	65,837	57,278
Amounts held for others	55,137	55,137
Long-term debt, current portion	43,370	40,957
Total current liabilities	1,735,711	1,320,804
LONG-TERM DEBT, LESS CURRENT PORTION	1,707,581	1,750,951
Total liabilities	3,443,292	3,071,755
NET ASSETS		
Without donor restrictions		
Available for operations	2,757,779	4,189,450
Board-designated endowment	2,061,025	58,736
Expended for property and equipment	1,732,911	1,374,765
Total net assets without donor restrictions	6,551,715	5,622,951
With donor restrictions		
Purpose restrictions	677,058	538,904
Subject to appropriation and expenditures	34,798	28,685
Perpetual in nature	221,679	66,436
Total net assets with donor restrictions	933,535	634,025
Total net assets	7,485,250	6,256,976
Total liabilities and net assets	$ 10,928,542	$ 9,328,731

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Federal agency contract revenue	$ 8,910,583	$ -	$ 8,910,583
Other governmental revenue	2,151,698	-	2,151,698
Health care contracts	1,697,464	-	1,697,464
Contributions	462,808	1,284,272	1,747,080
United Way	182,000	-	182,000
Bequests	510,863	-	510,863
Program service fees	149,338	-	149,338
Special events	72,800	-	72,800
Investment income, net	97,924	6,306	104,230
Membership dues	6,021	-	6,021
Other income	11,710	-	11,710
Total	14,253,209	1,290,578	15,543,787
NET ASSETS RELEASED FROM RESTRICTIONS	1,024,214	(1,024,214)	-
Total revenue and support	15,277,423	266,364	15,543,787
EXPENSES			
Program services			
In-home services	4,741,605	-	4,741,605
Meal programs	2,717,792	-	2,717,792
Family caregiver support	783,141	-	783,141
Other OAA programs	890,016	-	890,016
PimaCare at Home	1,302,144	-	1,302,144

(continued)

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES - continued
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES (continued)			
Program services (continued)			
Medicare counseling and healthy living programs	450,549	-	450,549
Caregiver Training Institute	56,967	-	56,967
Other programs	1,121,457	-	1,121,457
Total program services	12,063,671	-	12,063,671
Support services			
General and administrative	1,990,008	-	1,990,008
Fundraising	275,817	-	275,817
Total support services	2,265,825	-	2,265,825
Total expenses	14,329,496	-	14,329,496
CHANGES IN NET ASSETS BEFORE CHANGES RELATED TO ACQUISITION	947,927	266,364	1,214,291
Contribution received in the acquisition of CareGiver Training Institute	(19,163)	33,146	13,983
CHANGES IN NET ASSETS AFTER CHANGES RELATED TO ACQUISTION	928,764	299,510	1,228,274
NET ASSETS, BEGINNING OF YEAR	5,622,951	634,025	6,256,976
NET ASSETS, END OF YEAR	$ 6,551,715	$ 933,535	$ 7,485,250

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Federal agency contract revenue	$ 7,469,874	$ -	$ 7,469,874
Other governmental revenue	2,763,670	-	2,763,670
Health care contracts	1,722,401	-	1,722,401
Contributions	401,417	698,417	1,099,834
United Way	162,000	-	162,000
Program service fees	156,966	-	156,966
Special events	155,187	-	155,187
Investment income, net	114,379	3,096	117,475
Bequests	78,800	-	78,800
Membership dues	38,648	-	38,648
Other income	26,366	-	26,366
Total	13,089,708	701,513	13,791,221
NET ASSETS RELEASED FROM RESTRICTIONS	359,901	(359,901)	-
Total revenue and support	13,449,609	341,612	13,791,221
EXPENSES			
Program services			
In-home services	4,676,739	-	4,676,739
Meal programs	2,382,382	-	2,382,382
Family caregiver support	825,922	-	825,922
Other OAA programs	917,583	-	917,583
PimaCare at Home	1,405,794	-	1,405,794

(continued)

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES - continued
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES (continued)			
Program services (continued)			
Medicare counseling and healthy living programs	538,015	-	538,015
Neighbors Care and volunteer services	385,193	-	385,193
Other programs	724,819	-	724,819
Total program services	11,856,447	-	11,856,447
Support services			
General and administrative	1,411,938	-	1,411,938
Fundraising	399,804	-	399,804
Total support services	1,811,742	-	1,811,742
Direct donor benefit costs	62,365	-	62,365
Total expenses	13,730,554	-	13,730,554
CHANGE IN NET ASSETS	(280,945)	341,612	60,667
NET ASSETS, BEGINNING OF YEAR	5,903,896	292,413	6,196,309
NET ASSETS, END OF YEAR	$ 5,622,951	$ 634,025	$ 6,256,976

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services									Supporting Services		
	In-Home Services	Meal Programs	Family Caregiver Support	Other OAA Programs	PimaCare at Home	Caregiver Training Institute	Medicare Counseling and Healthy Living Programs	Other Programs	Total Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 822,803	$ 17,302	$ 243,833	$ 545,163	$ 1,043,930	$ 11,199	$ 293,246	$ 506,364	$ 3,483,840	$ 1,089,204	$ 134,470	$ 4,707,514
Payroll taxes and employee benefits	209,721	2,016	64,786	122,514	161,473	390	59,124	94,807	714,831	233,592	29,219	977,642
	1,032,524	19,318	308,619	667,677	1,205,403	11,589	352,370	601,171	4,198,671	1,322,796	163,689	5,685,156
Depreciation and amortization	1,270	1,107	7,192	13,779	5,525	2,108	12,024	12,622	55,627	100,104	3,164	158,895
Insurance	15,047	163	4,403	9,478	13,951	-	5,396	9,651	58,089	23,969	1,743	83,801
Occupancy	42,634	275	5,375	13,907	5,961	-	4,383	23,630	96,165	52,592	2,408	151,165
Other operating	20,681	666	7,432	37,101	35,657	-	9,891	40,018	151,446	179,312	23,605	354,363
Postage, printing and publications	5,811	17	12,227	3,073	-	-	9,372	27,042	57,542	19,557	25,348	102,447
Professional and consulting	12,586	578	3,007	7,418	19,225	-	38,161	65,958	146,933	144,498	35,135	326,566
Maintenance and repairs	9,037	272	2,494	5,571	-	-	3,250	4,632	25,256	15,982	2,614	43,852
Subcontracts - service providers	3,575,349	2,658,368	424,969	107,780	-	-	-	146,672	6,913,138	-	-	6,913,138
Supplies	15,397	433	5,179	11,212	15,043	43,270	12,345	14,357	117,236	126,735	17,719	261,690
Travel and transportation	11,269	36,595	2,244	13,020	1,379	-	3,357	175,704	243,568	4,463	392	248,423
Total	$ 4,741,605	$ 2,717,792	$ 783,141	$ 890,016	$ 1,302,144	$ 56,967	$ 450,549	$ 1,121,457	$ 12,063,671	$ 1,990,008	$ 275,817	$ 14,329,496

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services									Supporting Services		
	In-Home Services	Meal Programs	Family Caregiver Support	Other OAA Programs	PimaCare at Home	Medicare Counseling and Healthy Living Programs	Neighbors Care and Volunteer Services	Other Programs	Total Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 769,226	$ 18,311	$ 236,282	$ 534,403	$ 1,123,213	$ 338,943	$ 146,465	$ 270,534	$ 3,437,377	$ 993,433	$ 151,291	$ 4,582,101
Payroll taxes and employee benefits	190,667	1,786	60,455	128,961	184,794	71,390	20,704	54,879	713,636	205,212	33,962	952,810
	959,893	20,097	296,737	663,364	1,308,007	410,333	167,169	325,413	4,151,013	1,198,645	185,253	5,534,911
Depreciation and amortization	1,360	31,700	10,762	14,752	-	12,873	5,018	8,495	84,960	20,436	3,633	109,029
Insurance	1,838	365	1,917	5,594	11,732	4,249	3,804	6,391	35,890	20,547	1,117	57,554
Occupancy	56,520	1,374	9,452	22,285	23,290	14,854	6,279	26,817	160,871	31,453	2,432	194,756
Other operating	16,796	270	5,647	37,408	35,432	19,764	9,452	149,649	274,418	36,981	56,044	367,443
Postage, printing and publications	4,573	118	3,060	5,244	2,126	15,999	1,052	37,791	69,963	10,192	29,251	109,406
Professional and consulting	12,383	480	4,130	8,954	16,020	41,069	15,622	73,769	172,427	50,848	114,967	338,242
Maintenance and repairs	1,347	-	1,713	5,863	92	3,543	1,451	5,597	19,606	13,965	1,056	34,627
Subcontracts - service providers	3,591,441	2,283,283	484,623	129,024	-	-	-	53,534	6,541,905	259	-	6,542,164
Supplies	15,011	86	4,364	7,746	5,997	11,519	7,219	25,050	76,992	24,179	4,797	105,968
Travel and transportation	15,577	44,609	3,517	17,349	3,098	3,812	168,127	12,313	268,402	4,433	1,254	274,089
Total	$ 4,676,739	$ 2,382,382	$ 825,922	$ 917,583	$ 1,405,794	$ 538,015	$ 385,193	$ 724,819	$ 11,856,447	$ 1,411,938	$ 399,804	$ 13,668,189

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,228,274	$ 60,667
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	158,895	109,029
Net realized and unrealized loss on investments	(14,432)	3,213
Reinvested interest	(83,726)	(1,837)
Change in value of beneficial interest in funds held by others	(72)	(67)
Donated securities	-	(10,143)
Provision for bad debt	-	17,403
Provision for discount to net present value - unconditional promises to give	13,467	16,733
Contributions restricted for capital purposes	(343,400)	(538,750)
Contribution from acquisition of CareGiver Training Institute	(13,983)	-
Changes in operating assets and liabilities		
Contracts and other receivables	(368,022)	12,503
Unconditional promises to give	23,048	1,624
Prepaid expenses	(25,749)	(23,190)
Bequests receivable	20,150	621,200
Deposits	17,144	(3,233)
Accounts payable	(130,797)	94,694
Accrued expenses	105,093	2,836
Due to provider agencies	372,179	(215,009)
Deferred revenue	8,559	(30,559)
Net cash provided by operating activities	966,628	117,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(458,568)	(906,773)
Purchases of investments	(203,474)	(722,479)
Capitalized interest	-	(29,158)
Proceeds from sale of investments	250,000	1,230,919
Proceeds from acquisition of CareGiver Training Institute	40,148	-
Net cash used in investing activities	(371,894)	(427,491)

(continued)

See auditor's report and accompanying notes to financial statements

PIMA COUNCIL ON AGING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - continued
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection on contributions restricted for capital purposes	302,578	190,684
Payments made on long-term debt	(40,957)	(33,283)
Net cash provided by financing activities	261,621	157,401
Net change in cash and cash equivalents	856,355	(152,976)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,114,816	1,267,792
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,971,171	$ 1,114,816
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 108,346	$ 69,499
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITES		
Purchase of property with long-term debt	$ -	$ 1,000,000
Reinvested interest	$ 83,726	$ 1,837
Cash paid for interest	$ 108,346	$ 40,341

See auditor's report and accompanying notes to financial statements

1. NATURE OF ORGANIZATION

Nature of Operations

Pima Council On Aging, Inc. ("PCOA") is an Arizona nonprofit corporation supported by federal, state and local government funding and corporate, foundation and private donations. It is a designated Area Agency on Aging and is responsible for the planning and coordination of services to the elderly in Pima County, Arizona. The mission of PCOA is to promote dignity and respect for aging, and to advocate for independence in the lives of Pima County's older adults and their families, now and for generations to come. PCOA is a membership organization with membership open to any individual or organization interested in the aim and purposes of PCOA.

PCOA's consolidated programs are:

In-home services - The Community Services System (CSS) provides case management and in- home help to individuals who have difficulty performing basic activities of daily living, such as dressing, bathing, toileting, etc. Services may include case management, housekeeper, personal care, lifeline emergency alert, minor home repair and adaptation.

Meal programs - Pima Meals on Wheels is the federally funded home delivered meals program in Pima County that provides low fat, low salt, 1/3 RDA meals to homebound, isolated individuals who have no other access to nutritious meals. Social activities and nutritious meals for individuals aged 60 and over (or spouse regardless of age) are available at selected facilities in metro Tucson, Ajo and Green Valley.

Family caregiver support - Caregiver Specialists provide one-on-one consultation for caregivers. Caregiver Specialists are experienced master's level social workers who provide individuals and families with expert guidance and support. They assist in examining options, locating resources, and helping caregivers maintain their own health while providing care to their loved one. In addition, PCOA facilitates caregiver training and support groups.

Other OAA programs - Other programs available include Rights and Benefits, Personal Budgeting Assistance, Long Term Care Ombudsman and Information and Referral.

PimaCare at Home - PimaCare at Home is a subsidiary of PCOA that provides care and support to individuals who need short or long-term services such as assistance with bathing, dressing, cooking, grooming, light housekeeping, shopping, companionship and respite relief for family caregivers.

(continued)

1. NATURE OF ORGANIZATION (continued)

Medicare counseling and healthy living programs - PCOA provides presentations, workshops and individual counseling to Medicare beneficiaries and their caregivers. Living Well is about managing one's personal health/staying fit and maintaining or improving your quality of life. PCOA offers several evidence-based personal health promotion programs for adults 60 years and older. Classes include: A Matter of Balance, Enhance Fitness, Healthy Living with Diabetes, Healthy Living with Chronic Pain, Fall Prevention and the Aging Mastery Program.

Neighbors Care and volunteer services - The Neighbors Care Alliance assists neighborhoods and faith communities in creating or strengthening volunteer programs whose goal is to help seniors remain in their own homes for as long as possible through the support of their "neighbors." In addition, many other volunteer opportunities are available within PCOA programs.

Other programs - Other programs operated by PCOA include Medication Abuse Management, and End of Life Planning and Advocacy.

PCOA for All, Inc. dba BestCare@Home (PCOA for All) was incorporated in December 2010 in Arizona. In March 2015, PCOA for All was converted from a corporation to a limited liability company and the name was formally changed to PimaCare at Home, LLC ("PimaCare"). PimaCare has a contract to provide attendant care services under the Arizona Long-Term Care System. PCOA is the sole member of PimaCare.

PimaCare Holdings, LLC ("Holdings") is a limited liability company formed in June 2015 in Arizona. Holdings was created to hold title to real property and its related mortgage payable. PCOA is the sole member of Holdings.

PimaCare Holdings 600 South Country Club, LLC ("Holdings 600") is a limited liability company formed in September 2018 in Arizona. Holdings was created to hold title to real property and its related mortgage payable. PCOA is the sole member of Holdings 600.

Caregiver Consortium ("CC") is an Arizona nonprofit corporation dedicated to improving quality of life for older adults and their caregivers in Pima County and the surrounding region. During April 2019, the articles of incorporation were amended to make PCOA the sole member of CC.

CareGiver Training Institute ("CGTI") is an Arizona nonprofit corporation dedicated to providing training toward certification of caregivers and clinical nursing assistants. On April 3, 2020, CGTI entered into a Corporate Restructure Agreement with PCOA, thereby becoming a subsidiary of PCOA. PCOA is the sole member of CGTI.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of PCOA, PimaCare, Holdings, Holdings 600, CC and CGTI (collectively referred to as “the Organization”). Inter-organization transactions and balances have been eliminated in consolidation.

Financial Statement Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - net assets available for use in general operations and not subject to donor (or granter) restrictions. Net assets without donor restrictions includes $2,061,025 and $58,736 designated by the Board of Directors as an endowment for the years ended June 30, 2020 and 2019, respectively.

Net assets with donor restrictions - net assets subject to donor (or grantor) 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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash in brokerage accounts and in bank deposit accounts which may exceed federally insured limits. Uninsured cash was $2,029,814 and $977,072 for the years ended June 30, 2020 and 2019, respectively.

Certificates of Deposit

Certificates of deposit held at banks have original maturities of one year, bear interest at rates less than 1%, and have penalties for early withdrawal. Any such penalties for early withdrawal would not have a material effect on the accompanying consolidated financial statements taken as a whole.

Investments and Beneficial Interest in Funds Held by Others

Investments in marketable securities are held at brokerages and reported at fair market value. Beneficial interests in funds held by others are held in pooled funds at a community foundation and are reported at fair market value. Donated investments are recorded at fair market value at the date of the gift. Income, gains and losses are reported in the consolidated statements of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law. Uninsured investments were $1,454,646 and $1,440,824 for the years ended June 30, 2020 respectively.

Contracts and Other Receivables

Contracts and other receivables are stated at the amount that the Organization expects to collect from various governmental entities and other funding sources on outstanding balances, net of an allowance for doubtful accounts. The Organization provides for losses on contracts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of funding sources to meet their obligations. Receivables are considered impaired if payments are not received in accordance with grant terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. The balance of contracts and other receivables was $2,043,431 and $1,666,730, net of an allowance for uncollectible accounts of $2,500 for both of the years ended June 30, 2020 and 2019.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unconditional Promises to Give

Unconditional promises to give are recognized as receivables in the period in which the Organization is notified in writing by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value and are classified as current or noncurrent. Management uses the allowance method to account for uncollectible unconditional promises to give. Promises to give are periodically reviewed for collectability and written off when a promise is deemed uncollectible.

Property and Equipment

Purchased property and equipment are carried at cost. Donated equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Organization capitalizes all expenditures for equipment in excess of $1,500 with a useful life of more than one year. Title and equipment purchased with federal or state funds will be transferred to the grantor in the event PCOA is no longer funded or otherwise discontinues the program.

Deferred Revenue

Deferred revenue consists of unearned revenues as well as an advance from a government entity used as start-up funds to begin a volunteer transportation program. Based on the original agreement, any remaining unused funds are to be repaid to the governmental entity in 2026.

Amounts Held for Others

Amounts held for others consist of amounts received and held by PCOA for conferences held by other organizations in association with PCOA.

Revenues and Support

Revenues from governmental and other pass-through agency contracts are reported as exchange transactions based on the contract provisions. Revenues derived from contracts that are based on performance units are recorded in the period in which the service is provided. Revenues resulting from cost reimbursement contracts are recorded in the period in which allowable costs are incurred. Advances received from governmental funding sources in excess of costs incurred under the related grants are deferred and recognized as revenue when the related expenses are incurred.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Goods, Facilities and Services

Donated goods and facilities are valued at their fair market value. Donated services are recognized in the consolidated financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Organization utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying consolidated financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Advertising

The Organization expenses all advertising costs as incurred. Advertising expenses totaled $23,589 and $36,586 for the years ended June 30, 2020 and 2019, respectively, and are included in other operating expenses in the consolidated statement of functional expenses.

Functional Expenses

The Organization allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural classification. Certain other expenses are allocated among program services and supporting services benefited. These allocated expenses include payroll and related expenses, as well as depreciation, utilities, insurance and other operating expenses, which are allocated based on estimates of time and effort. Each program is identified by a program code and various items purchased to maintain operations are allocated to the programs. Administration and fundraising expenses are identified by separate program codes and allocated based on use.

Endowments

The Organization's endowments consist of funds held at brokerages and at the Community Foundation for Southern Arizona ("CFSA"). As required by generally accepted accounting principles, net assets associated with endowment funds (including funds designated by the Board of Directors to function as endowments) are classified and reported based on the existence or absence of donor- imposed restrictions.

The Board of Directors of the Organization has interpreted the Management of Charitable Funds Act ("the Act") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions, subject to appropriation and expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the organization.
7. The investment policies of the organization.

Income Taxes

PCOA, CC and CGTI are exempt from income taxes under both federal (Internal Revenue Code Section 501(c)(3)) and Arizona income tax laws and are classified as other than private foundations. Income from certain activities not directly related to these entities' tax-exempt purpose, however, may be subject to taxation as unrelated business taxable income (UBTI).

PimaCare, Holdings and Holdings 600 are all considered disregarded entities for tax purposes. As a result, these entity activities are exempt from income taxes. Accordingly, no provision for income taxes is provided for PimaCare , Holdings and Holdings 600.

The Organization's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax position. As of June 30, 2020, there were no uncertain tax positions that are potentially material.

Reclassifications

Certain items from the 2019 financial statements have been reclassified to conform to the 2020 presentation.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange (reciprocal) transactions. The ASU also provides guidance on the determination of whether the contribution is conditional. The presence of both a barrier and a right or return/release indicate the recipient is not entitled to the assets until the barriers are overcome. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis during the year ended June 30, 2020. The adoption of this standard did not result in a cumulative effect adjustment to opening net assets, with or without donor restrictions, as of July 1, 2019. In addition, there was no impact of adopting this new accounting principle to the financial statements as of and for the year ended June 30, 2020.

Recent Accounting Pronouncements – not yet adopted

- Revenue Recognition

  In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending June 30, 2021. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has not yet determined which application method it will use or the potential effects on the new standard on the consolidated financial statements, if any.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Leases

  In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the consolidated balance sheet. Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the consolidated financial statements has not yet been determined.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, are comprised of:

	2020	2019
Cash and cash equivalents	$ 1,971,171	$ 1,114,816
Contracts and other receivables	2,043,431	1,666,730
Bequests receivable, current portion	951,722	-
Unconditional promises to give, current portion	170,866	185,083
Certificates of Deposit	20,651	20,632
Investments	1,965,960	1,914,347
Total financial assets available within one year	7,123,801	4,901,608
Less amounts unavailable for general expenditures within one year due to:		
Purpose restrictions	677,058	538,904
Subject to appropriation and expenditure	34,798	28,685
Perpetual in nature	221,679	66,436
Total amounts unavailable for general expenditure within one year	933,535	634,025
Amounts unavailable to management without Board approval:		
Designated by the Board for endowment	2,061,025	58,736
Total financial assets available to management for general expenditure within one year	$ 4,129,241	$ 4,208,847

(continued)

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has a board-designated endowment fund. Although the Organization does not intend to spend from these funds, other than the amounts appropriated for general expenditures as part of its annual budget approval process, these funds can be made available if necessary.

4. UNCONDITIONAL PROMISES TO GIVE

During the years ended June 30, 2020 and 2019, the Organization held a capital campaign to raise money for PCOA's new facility. The balances due related to this campaign are scheduled to be received in future years as follows:

2021	$ 170,866
2022	122,591
2023	50,500
2024	25,000
2025	25,000
Total unconditional promises to give	393,957
Less discount to present value at 5.5%	(30,200)
Less allowance for uncollectible promises to give	(17,403)
Unconditional promises to give, net	346,354
Less current portion	(170,866)
Non-current portion	$ 175,488

(continued)

5. BEQUESTS RECEIVABLE

PCOA has been notified that they are a 50% residuary beneficiary of a donor's estate. The estate is made up of a variety of assets including cash, equity and debt securities, and real estate holdings. PCOA did not receive distributions from the estate during the year ended June 30, 2020. PCOA received distributions of $700,000 from the estate during the year ended June 30, 2019. PCOA has recorded a receivable of $951,722 and $893,072 related to this bequest as of June 30, 2020 and 2019, respectively. Subsequent to year-end, PCOA received the remaining $951,722.

Bequests receivable consist of the following at June 30:

	2020	2019
PCOA's share of remaining assets (50%):		
Assets	$ 951,722	$ 1,040,813
Allowance for estimated administrative expenses, fees and commissions	-	(127,661)
Discount to present value at 4% based on estimated timing of receipts of proceeds from asset liquidation	-	(20,080)
Net bequest receivable based on valuation of assets from Trustee	951,722	893,072
Other bequests receivable	-	78,800
Total bequests receivable	$ 951,722	$ 971,872

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2020	2019
Land	$ 707,542	$ 426,310
Buildings and improvements	3,504,921	1,534,514
Furniture and equipment	348,963	218,035
Vehicles	496,957	426,589
Leasehold Improvements	149,591	-
Construction in process	-	1,917,333
Total	5,207,974	4,522,781
Less accumulated depreciation	(1,724,112)	(1,356,108)
Property and equipment, net	$ 3,483,862	$ 3,166,673

(continued)

6. PROPERTY AND EQUIPMENT (continued)

At June 30, 2019, construction in progress consisted of expenditures related to a new operating facility under construction that is owned by Holdings 600. The total cost of the project was $2,243,000, and the building was placed in service during October 2019.

7. INVESTMENTS

Investments are comprised of the following at June 30:

	2020	2019
Mutual funds:		
Equities	$ 1,015,523	$ 1,012,426
Fixed Income	950,437	901,921
Total investments	$ 1,965,960	$ 1,914,347

Investment income consists of the following for the years ended June 30:

	2020	2019
Interest and dividend income	$ 89,726	$ 138,230
Change in value of beneficial interest in funds held by others	72	67
Net realized and unrealized gain (loss)	28,255	(3,213)
Investment fees	(13,823)	(17,609)
Investment income, net	$ 104,230	$ 117,475

8. FAIR VALUE HIERACHY

U.S. generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for similar assets, and Level 3 inputs have the lowest priority. 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 values using Level 1 input because they generally provide the most reliable evidence of fair value.

(continued)

8. **FAIR VALUE HIERACHY** (continued)

Level 1 Fair Value Measurements are based on quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date. An active market for the assets is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements are based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements are based on unobservable inputs for the asset. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the assets at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset (including assumption about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

- *Mutual funds*: Valued at the net asset value ("NAV') of shares held by the Organization at year end.
- *Bequest receivable*: Valued at the fair value of the assets held by the donor at year end.
- *Beneficial interest in trusts held by CFSA*: Valued at the fair value of the underlying investments as reported by CFSA.

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

8. FAIR VALUE HIERACHY (continued)

Fair value of assets measured on a recurring basis at June 30, 2020 are:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Equities	$ 1,965,960	$ 1,965,960	$ -	$ -
Fixed Income	950,437	950,437	-	-
	1,965,960	$ 1,965,960	$ -	$ -
Other assets measured at NAV:				
Beneficial interest in funds held at CFSA	12,861			
Bequest receivable	951,722			
Total	$ 2,930,543			

Fair value of assets measured on a recurring basis at June 30, 2019 are:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Equities	$ 1,012,426	$ 1,012,426	$ -	$ -
Fixed Income	901,921	901,921	-	-
	1,914,347	$ 1,914,347	$ -	$ -
Other assets measured at NAV:				
Beneficial interest in funds held at CFSA	12,789			
Bequest receivable	893,072			
Total	$ 2,820,208			

(continued)

8. **FAIR VALUE HIERACHY** (continued)

The table below summarizes investments measured at fair value based on net asset value (NAV) as of June 30, 2020 and 2019, respectively:

June 30, 2020	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Beneficial interest in trusts held by CSFA	$ 12,861	$ -	See Note 12	See Note 12
Bequest receivable	951,722	-	See Note 5	See Note 5
Total	$ 964,583	$ -		

June 30, 2019	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Beneficial interest in trusts held by CSFA	$ 12,789	$ -	See Note 12	See Note 12
Bequest receivable	893,072	-	See Note 5	See Note 5
Total	$ 905,861	$ -		

9. LONG-TERM DEBT

Long-term debt consists of the following:

	2020	2019
Note payable to a financial institution, payable in monthly installments of $5,789 through June 2036, including a 10-year fixed interest rate of 4.9% per annum through June 2026, at which time the rate is adjusted on one based on the US Treasury yields and other factors with a floor of 2.65%; collateralized by a deed of trust	$ 765,566	$ 796,065
Note payable to a private foundation, payable in monthly installments of $6,653 through February 2029, including interest at 7% per annum; collateralized by a deed of trust	985,385	995,843
Total notes payable	1,750,951	1,791,908
Current portion	(43,370)	(40,957)
Non-current portion	$ 1,707,581	$ 1,750,951

Future maturities of long-term debt are:

Year ended June 30:

2021	$ 43,370
2022	45,815
2023	48,402
2024	51,051
2025	54,030
Thereafter	1,508,283
Total	$ 1,750,951

(continued)

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purpose		
Capital campaign	$ 182,602	$ 395,255
Other	93,132	61,543
Pima meals on wheels	286,974	40,830
Community kitchen	18,399	18,399
Major home repair	9,589	-
Minor yard home repair and adaption	16,879	17,009
HOST program	4,576	4,019
Community services system	-	1,849
CareGiver Training Institute	64,907	-
Total subject to expenditure for specified purpose	677,058	538,904
Endowments		
Subject to appropriation and expenditure:		
Accumulated earnings on original endowment gifts:	34,798	28,685
Not subject to spending policy or appropriation:		
Original endowment gifts	221,679	66,436
Net assets with donor restrictions	$ 933,535	$ 634,025

(continued)

10. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Activity in net assets with donor restrictions is comprised of the following:

	June 30, 2020		
	Contributions	Investment Income	Releases
Subject to expenditure for specified purpose			
Capital campaign	$ 613,707	$ -	$ (826,360)
Other	9,955	-	(11,512)
Pima meals on wheels	246,144	-	-
Community kitchen	-	-	-
Minor yard home repair and adaption	115	-	(245)
Major home repair	9,589	-	-
Minor home repair	-	-	-
HOST program	4,159	-	(3,602)
Community services system	-	-	(1,849)
CareGiver Training Institute	245,553	-	(180,646)
Total subject to expenditure for specified purpose	1,129,222	-	(1,024,214)
Endowments			
Subject to appropriation and expenditure:			
Accumulated earnings on original endowment gifts:	-	6,113	-
Not subject to spending policy or appropriation:			
Original endowment gifts	155,050	193	-
Net assets with donor restrictions	$ 1,284,272	$ 6,306	$ (1,024,214)

(continued)

10. NET ASSETS WITH DONOR RESTRICTIONS (continued)

	June 30, 2019		
	Contributions	Investment Income	Releases
Subject to expenditure for specified purpose			
Capital campaign	$ 543,224	$ -	$ (147,969)
Other	10,658	-	(16,348)
Pima meals on wheels	117,293	-	(136,357)
Community kitchen	-	-	-
Minor yard home repair and adaption	98	-	(1,442)
Major home repair	14,000	-	(31,000)
Minor home repair	-	-	(10,000)
HOST program	8,794	-	(16,785)
Community services system	-	-	-
Total subject to expenditure for specified purpose	694,067	-	(359,901)
Endowments			
Subject to appropriation and expenditure:			
Accumulated earnings on original endowment gifts	-	2,909	-
Not subject to spending policy or appropriation:			
Original endowment gifts	4,350	187	-
Net assets with donor restrictions	$ 698,417	$ 3,096	$ (359,901)

11. ENDOWMENTS

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature to be reported as of June 30, 2020 or 2019.

Return Objectives and Risk Parameters

The Organization has adopted investment policies including those for endowment assets that attempt to preserve the capital, preserve the purchasing power, and achieve long-term growth of capital of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, all assets including endowment assets are invested in a manner that is intended to produce results that exceed various external benchmarks while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

(continued)

11. **ENDOWMENTS** (continued)

Investment Strategies

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

Spending Policy

PCOA follows a spending policy of appropriating HOST endowment investment earnings to cover related expenses for the HOST program. There is no formal spending policy for the operating endowment.

Endowment Fund Net Assets

Endowment Net Asset Composition by Type of Fund as of:

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 2,061,025	$ -	$ 2,061,025
Donor-restricted endowment funds	-	221,679	221,679
Balance, end of year	$ 2,061,025	$ 221,679	$ 2,282,704

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 58,736	$ -	$ 58,736
Donor-restricted endowment funds	-	66,436	66,436
Balance, end of year	$ 58,736	$ 66,436	$ 125,172

(continued)

11. ENDOWMENTS (continued)

Endowment fund net asset activity consists of the following:

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	$ 58,736	$ 66,436	$ 125,172
Contributions	2,000,000	155,050	2,155,050
Investment income	2,289	193	2,482
Balance, end of year	$ 2,061,025	$ 221,679	$ 2,282,704

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	$ 56,480	$ 61,899	$ 118,379
Contributions	-	4,350	4,350
Investment income	2,256	187	2,443
Balance, end of year	$ 58,736	$ 66,436	$ 125,172

The R.L. Harbour Family endowment, included with donor restrictions above, requires 10% of the annual investment earnings be added to the corpus balance.

12. BENEFICIAL INTEREST IN TRUSTS HELD BY CFSA

The Organization has been designated as a beneficiary in trusts held by CSFA. There is no set date at which funds are expected to be distributed. The Organization's balance at June 30, 2020 and 2019 was $12,861 and $12,789, respectively.

13. ACQUISITION OF CGTI

On April 3, 2020, CGTI entered into a Corporate Restructure Agreement with PCOA, in which PCOA became the sole member of CGTI. The acquisition was initiated to seek synergy and cost reductions in order to better perform the missions of the two entities. No consideration was transferred as a result of the acquisition. As a result of the acquisition, the Organization recognized an inherent contribution of $13,983.

(continued)

13. ACQUISITION OF CGTI (continued)

CGTI transferred cash of $40,148 to PCOA as a result of the acquisition. In conjunction with the acquisition, liabilities were assumed and a contribution was received from CGTI as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Fair value of assets acquired	$ 33,086	$ 33,146	$ 66,232
Liabilities assumed	(52,249)	-	(52,249)
Contribution received in acquisition of CGTI	$ (19,163)	$ 33,146	$ 13,983

14. EMPLOYEE BENEFIT PLAN

The Organization has a 401(k) employee benefit plan (Plan) that allows eligible employees to defer a portion of their salaries, not to exceed IRC limitations. The Organization may make contributions to the Plan. The employer contributions were for $76,794 and $61,770 for the years ended June 30, 2020 and 2019, respectively.

15. OPERATING LEASES

The Organization leases a building and equipment under various noncancelable operating leases in effect through December 2024. Rental expense was $64,906 and $90,457 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments are:

Year Ended June 30	
2021	$ 81,332
2022	78,478
2023	76,440
2024	47,440
Total	$ 283,690

An inter-organization lease exists between PCOA and Holdings for office space. Inter-organization lease expense and rental income of $69,467 was eliminated in consolidation for both of the years ended June 30, 2020 and 2019.

(continued)

16. CONCENTRATIONS

PCOA has a contract with the Arizona Department of Economic Security funded primarily with federal funds authorized by the Older Americans Act. Such revenue comprised approximately 63% and 66% of total revenue for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020, this funding accounted for approximately 63% of contracts and other receivables for both of the years ended June 30, 2020 and 2019.

17. CONTINGENCIES

Contracts with Governmental Agencies

The Organization received approximately 84% of its support from governmental and other pass- through agencies (83% during the year ended June 30, 2019). A significant reduction in the level of this support, if it were to occur, would have a material effect on the programs and activities of the Organization. The governmental funding is subject to compliance audits by the respective governmental agencies. Assessments from such audits, if any, are recorded when the amounts of such assessments are reasonably determinable.

COVID-19 Pandemic

During the year ended June 30, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from federal, state, and local authorities requiring forced closures of many businesses and organizations. These forced closures could negatively impact the Organization’s revenue and costs. While the closures and limitations are expected to be temporary, the duration of the disruption and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have a material adverse effect on the Organization’s financial position, activities and cash flow.

18. SUBSEQUENT EVENTS

The Organization was unaware of any subsequent events as of Month 17, 2021 the date the consolidated financial statements were available to be issued.