

Financial Statements and Report of
Independent Certified Public
Accountants

Older Adults Technology Services, Inc.

December 31, 2021

Contents

Page

Report of Independent Certified Public Accountants

3

Financial Statements:

Statement of financial position

5

Statement of activities

6

Statement of cash flows

7

Notes to financial statements

8

GRANT THORNTON LLP

445 Broad Hollow Road, Suite 300
Melville, NY 11747

D +1 631 249 6001

F +1 631 249 6144

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Older Adults Technology Services:

Opinion

We have audited the financial statements of Older Adults Technology Services, Inc. ("OATS"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OATS as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Emphasis of matter

As discussed in Note 2, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, we:

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

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

Grant Thornton LLP

Melville, New York
March 16, 2022

Older Adults Technology Services, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

Cash and cash equivalents	\$ 3,764,046
Government grants receivable	1,602,231
Training support fees receivable	64,670
Due from affiliates (Note 5)	186,898
Prepaid expenses and other assets	83,643
Fixed assets, net (Note 6)	<u>841,496</u>

Total assets \$ 6,542,984

LIABILITIES

Accounts payable	\$ 64,604
Accrued salaries and benefits	677,375
Other accrued expenses	<u>874,513</u>

Total liabilities 1,616,492

Commitments and contingencies (Note 7)

NET ASSETS

Without donor restrictions	4,600,894
With donor restrictions	<u>325,598</u>

Total net assets 4,926,492

Total liabilities and net assets \$ 6,542,984

The accompanying notes are an integral part of this financial statement.

Older Adults Technology Services, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Related-party contributions (Note 5)	\$ 5,136,152	\$ -	\$ 5,136,152
Related-party contributions - in-kind (Note 5)	3,345,003	-	3,345,003
Government grants	3,057,963	-	3,057,963
Private grants and contributions	781,378	608,000	1,389,378
Program income	944,371	-	944,371
Net assets released from restriction	927,066	(927,066)	-
Total revenue	14,191,933	(319,066)	13,872,867
Expenses (Note 4)			
Program services	8,547,568	-	8,547,568
Supporting services			
Management and general	2,951,071	-	2,951,071
Fundraising	307,908	-	307,908
Total supporting services	3,258,979	-	3,258,979
Total expenses	11,806,547	-	11,806,547
CHANGE IN NET ASSETS	2,385,386	(319,066)	2,066,320
Net assets, beginning of year, as previously stated	2,826,355	644,664	3,471,019
Restatement (Note 2)	(610,847)	-	(610,847)
Net assets - beginning of year, restated	2,215,508	644,664	2,860,172
Net assets - end of year	\$ 4,600,894	\$ 325,598	\$ 4,926,492

The accompanying notes are an integral part of this financial statement.

Older Adults Technology Services, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 2,066,320
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	128,148
Changes to operating assets and liabilities:	
Government grants receivable	(1,168,672)
Training fees receivable	246,721
Due from affiliates	(186,898)
Prepaid and other assets	25,048
Accounts payable	(22,015)
Accrued salaries and benefits	639,915
Other accrued expenses	238,374
	<hr/>
Net cash provided by operating activities	1,966,941
	<hr/>
Cash flows from financing activities:	
Repayment of loan payable	(664,497)
	<hr/>
Net cash used for financing activities	(664,497)
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,302,444
	<hr/>
Cash and cash equivalents - beginning of year	2,461,602
	<hr/>
Cash and cash equivalents - end of year	\$ 3,764,046
	<hr/>

The accompanying notes are an integral part of this financial statement.

Older Adults Technology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 - DESCRIPTION OF ORGANIZATION AND PROGRAM

Older Adults Technology Services, Inc. (OATS) was incorporated in 2004 in New York. OATS programs are funded primarily by contributions from AARP, Inc. ("AARP") and other independent sources and grants. On January 1, 2021, OATS became an AARP-affiliated charity. Its Board of Directors is comprised of up to 16 members appointed by AARP's Chief Executive Officer. OATS is a nonprofit organization qualified under Section 501(c)(3) of the Internal Revenue Code ("IRC" or the "Code") and is, therefore, exempt from federal income taxes on its charitable operations.

Inspired by the principles of great design and a faith in the limitless potential of older adults to improve their lives and communities, OATS creates world-class program experiences that the organization delivers under the Senior Planet brand through its online platforms, a dedicated contact center, and at in-person settings that include a network of Senior Planet Centers that OATS operates.

OATS also licenses and supports key components of the Senior Planet program to qualified organizations throughout the United States that deliver the in-person experience to older adults in their local communities, while also connecting them to Senior Planet's extensive virtual program offerings and the larger national community of older people who are transforming their lives by actively participating in Senior Planet.

Through its distinctive take on aging, its innovative approaches to programming, and its advocacy, research, and other thought leadership activities, OATS continues to shift the national dialogue by upending traditional notions of aging and catalyzing changes at the systems level.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of OATS are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met by actions of OATS and/or the passage of time.

Revenue Recognition

OATS recognizes government and private contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional. Typically, contract and grant agreements contain a right of return or right of release from the respective obligation provision on the part of the grantor and OATS has limited discretion over how funds transferred should be spent. As such, OATS recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

OATS reports contributions within net assets with donor restrictions if such gifts are restricted by the donor to a specific program and/or include an explicit or implied time restriction. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Gifts whose donor-stipulated purposes are met in the same year as received are reported within net assets without donor restrictions.

Amounts reported as grants receivable, within the accompanying statements of financial position, represent expenses incurred in advance of the receipt of funds. As of December 31, 2021, all amounts receivable were due to be collected within one year.

Older Adults Technology Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

OATS' outstanding conditional contributions totaled approximately \$2,254,000 as of December 31, 2021, which will be recognized as revenue when the associated conditions are met.

Based on management's assessment of the creditworthiness of its donors and grantees, the aged basis of its receivables, as well as current economic conditions and historical information, it has determined that no allowance for uncollectible accounts is necessary for the year ended December 31, 2021. Write-offs are made directly to operations in the period the receivable is deemed to be uncollected.

Revenue relating to OATS' training services contracts is recognized when the performance obligation is complete, specifically when contracted training classes are delivered. This revenue is reported in the 'Program Income' line in the accompanying statement of activities. Accounts receivable at the end and beginning of the year with respect to these contracts were \$64,670 and \$295,234, respectively. OATS had no related balance for deferred revenue at either the end or the beginning of the year.

OATS has elected the practical expedient permitted under Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, not to disclose information about remaining performance obligations, as these contracts have original terms of one or year or less.

Cash and Cash Equivalents

For purposes of the statement of cash flows, OATS considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject OATS to concentration of credit risk consist of cash and money market accounts, which have been placed with financial institutions that management deems to be creditworthy. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC). While balances may occasionally exceed federally insured limits, OATS has not experienced any losses in any of these accounts due to bank failure.

Fixed Assets

Fixed assets totaling \$5,000 or more to which OATS retains title and that benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Fixed assets purchased with funds obtained through government grants are capitalized unless it is probable that the asset will revert to the grantor at a later date. Computers for outside centers that OATS does not have title to are expensed as incurred.

Fixed assets, which consist of leasehold improvements, a motor vehicle, and website development costs, are depreciated over the estimated useful life of the asset (between three to five years) or the term of the lease.

Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Accounting for Uncertainty of Income Taxes

OATS follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by

Older Adults Technology Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

OATS is exempt from income tax under IRC 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 IRC. OATS has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it may have nexus, and to identify and evaluate other matters that may be considered tax positions. OATS has determined that there are no significant uncertain tax positions that require recognition or disclosure in the financial statements.

Leases

OATS adopted ASC 842, *Leases*, on January 1, 2021. This ASC altered the way OATS accounts for its leasing arrangements, most notably requiring the recognition of right-of-use assets ("ROU assets") and lease liabilities at the lease commencement of operating leases.

OATS recognizes ROU assets and lease liabilities at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets are reported in fixed assets, net and the related lease liabilities are recorded in other accrued expenses in the accompanying statement of financial position. ROU assets also include adjustments related to prepaid lease payments, deferred rent, and lease incentives. None of OATS' operating lease agreements explicitly state a borrowing rate. To determine its incremental borrowing rate, OATS calculates the hypothetical fully-secured borrowings to fund each respective lease over the lease term as of the lease commencement date, based on OATS' implicit borrowing rate. Additionally, OATS has elected the practical expedient to exclude the value of leases with a term of 12 months or less in the accompanying statement of financial position.

OATS elected certain practical expedients allowed under ASC 842. These include carrying forward historical conclusions related to (1) contracts that contain leases, (2) initial direct costs, and (3) classification of operating and finance leases. OATS opted not to adjust prior period balances with respect to lease transactions and balances.

Restatement

During 2021, OATS determined that government grant revenue and receivables and fixed assets, net had not been properly reported in previously issued financial statements. Specifically, as of December 31, 2020, government grant revenue and related receivables were overstated by \$478,297, and fixed assets, net were overstated by \$132,550 and depreciation expense was understated by \$132,550. Accordingly, net assets without donor restrictions as of December 31, 2020 were reduced by \$610,847 to correct the aggregate effect of the errors.

Older Adults Technology Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY

Financial assets available within one year of the date of the statement of financial position for general expenditures at December 31, 2021 are as follows:

Cash and cash equivalents	\$	3,764,046
Government grants receivable		1,602,231
Training support fees and other receivable		64,670
Due from affiliate		186,898
Total financial assets		5,617,845
Less: amounts not available for general expenditures		
Net assets with donor restrictions		(325,598)
Total	\$	5,292,247

As part of its liquidity management plan, it is the goal of OATS to maintain financial assets sufficient to meet short-term cash needs.

NOTE 4 - EXPENSES BY FUNCTIONAL AND NATURAL CATEGORY

OATS summarizes the costs of providing its various programs and other activities on a functional basis in the accompanying statement of activities. Certain costs are reported among program and supporting services based on specific identification, or allocated using appropriate bases, such as headcount.

	Program Services	Supporting Services			Total Expenses 2021
		Management and General	Fundraising	Total Supporting	
Employee and trainer compensation	\$ 4,256,973	\$ 864,316	\$ 181,708	\$ 1,046,024	\$ 5,302,997
In-kind services from AARP, Inc.	1,578,989	1,660,643	105,371	1,766,014	3,345,003
Printing and postage	20,262	2,510	72	2,582	22,844
Promotion	804,861	-	-	-	804,861
Volunteers	1,771	-	-	-	1,771
Meetings and travel	3,224	943	566	1,509	4,733
Occupancy	223,579	59,730	16,279	76,009	299,588
Telecommunications	116,702	8,263	1,858	10,121	126,823
Office supplies and equipment	137,448	13,283	-	13,283	150,731
Consulting and professional services	1,173,350	212,793	-	212,793	1,386,143
Technology	147,777	1,873	2,054	3,927	151,704
Insurance and taxes	-	15,145	-	15,145	15,145
Depreciation	82,632	45,516	-	45,516	128,148
Miscellaneous	-	66,056	-	66,056	66,056
	\$ 8,547,568	\$ 2,951,071	\$ 307,908	\$ 3,258,979	\$ 11,806,547
Total expenses	\$ 8,547,568	\$ 2,951,071	\$ 307,908	\$ 3,258,979	\$ 11,806,547

Older Adults Technology Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE 5 - RELATED-PARTY TRANSACTIONS

Contributions

In 2021, AARP made contributions to OATS totaling \$8,481,155, including donated services valued at \$3,345,003.

Due from Affiliates

Certain operating expenses are paid by AARP on behalf of OATS. These transactions, in conjunction with the contributions from AARP to OATS, result in a balance due to or from OATS in relation to AARP. This balance is settled on a monthly basis. On December 31, 2021, the amount due from AARP to OATS was \$186,898.

NOTE 6 - FIXED ASSETS

Fixed assets consist of the following as of December 31, 2021:

	<u>Useful Life</u>	
Website	3 years	\$ 136,550
Motor vehicle	5 years	24,330
Leasehold improvements	5 years	<u>1,093,100</u>
		1,253,980
Less: accumulated depreciation		<u>(1,024,642)</u>
Total fixed assets, net, before ROU assets		<u>229,338</u>
ROU assets		865,957
Less: Accumulated amortization		<u>(253,799)</u>
ROU assets, net		<u>612,158</u>
Fixed assets, net		<u>\$ 841,496</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Costs Subject to Audit

OATS receives a substantial portion of its revenue from government grants, which are subject to audit by various federal and state agencies. The ultimate determination of amounts received under these grants generally is based upon allowable costs reported to and audited by the respective sponsors or their designees. Liabilities, if any, arising from such compliance audits cannot be determined at this time. In the opinion of management, however, adjustments resulting from such audits, if any, will not have a significant effect on the financial position, change in net assets or cash flows of OATS.

Older Adults Technology Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

COVID-19 Pandemic

The COVID-19 pandemic continues to have a broad impact on commerce and financial markets around the world. The extent to which COVID-19 may impact OATS' future financial position, changes in net assets and cash flows is uncertain. The accompanying financial statements include no adjustments relating to the effects of this pandemic. OATS has and will continue to make every effort to mitigate the current and future financial impacts of COVID-19.

Leases

OATS assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys OATS' right to control the use of an identified asset for a period of time in exchange for consideration. OATS lease arrangements consist of operating leases for office space in Brooklyn, Manhattan, and Plattsburgh, New York, and Denver, Colorado that expire at various dates through 2026. ROU assets, net of amortization, totaled \$612,158 and are included in fixed assets, net in the accompanying statement of financial position at December 31, 2021. Lease liabilities totaled \$618,468 and are included in other accrued expenses in the accompanying statement of financial position at December 31, 2021.

Lease terms may contain renewal and extension options and early termination features. These options do not impact the lease term as OATS is not reasonably certain that it will exercise these options. Additionally, OATS has elected to utilize the practical expedient and not separate out non-lease components from lease components for all property leases or ROU assets relating to office space. Furthermore, there are no leases under which OATS guarantees a residual value or faces restrictions on its ability to finance activities.

Some of the lease arrangements do require OATS to make variable payments, outside of the regular rent payment, to cover such things as property taxes, utilities, and common area maintenance.

Minimum future obligations due are as follows:

Years Ending December 31,

2022	\$	221,058
2023		212,121
2024		77,309
2025		66,504
2026		56,571
		<hr/>
Total undiscounted cash flows		633,563
		<hr/>
Less: Net present value adjustment		(15,095)
		<hr/>
Total	\$	<u>618,468</u>

Older Adults Technology Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

Lease cost and supplemental information:	
Operating lease cost	\$ 261,451
Variable lease payments ⁽¹⁾	<u>31,405</u>
Total lease cost	<u>\$ 292,856</u>
Weighted-average remaining lease term - operating leases	3.4 years
Weighted-average discount rate - operating leases	1.09%

⁽¹⁾ Represents variable lease payments for real estate taxes, utilities and common area maintenance

Operating cash flows from operating leases ⁽²⁾	\$ 253,960
---	------------

⁽²⁾ Represents cash paid for amounts included in the measurement of lease liabilities

NOTE 8 - EMPLOYEE HEALTH CARE BENEFITS

OATS participates with other AARP affiliates in the AARP Employees' Welfare Plan, which provides certain health care and other welfare benefits to active employees. The Welfare Plan receives contributions from all participating employers to provide benefits based on expected costs of providing these benefits.

Expenses incurred by OATS for health care and related benefits totaled \$208,250 for the year ended December 31, 2021. The total estimated liability, including incurred but not reported claims, totaled \$56,715 at December 31, 2021, and is included as a component of accrued salaries and benefits in the accompanying statement of financial position.

NOTE 9 - DEFINED BENEFIT PENSION PLAN

OATS participates with other AARP affiliates in the AARP Employees' Pension Plan (the "Plan"), a noncontributory defined benefit pension plan. The Plan covers all OATS employees after they meet specified eligibility requirements.

All actuarially determined liabilities and assets relating to accrued pension expenses are recorded on the books of AARP. Any cash contributions made to the Plan by OATS will be recorded as expenses in the year in which the contributions are due.

OATS was not required to make a contribution to the Plan in 2021 and, accordingly, there were no employer contributions to the Plan in 2021.

NOTE 10 - DEFINED CONTRIBUTION PLAN

OATS participates in a single-employer defined-contribution plan known as the AARP Employees' 401(k) Plan. To participate in the 401(k) Plan, an employee must be at least 18 years of age and have been employed for a minimum of one month of continuous service with OATS. OATS makes contributions to the 401(k) Plan for its employees, matching employee contributions at 100% of the first 3%, and 50% of the next 2% of employee compensation up to the maximum limits allowed by law.

Employer contributions to the 401(k) Plan totaled \$125,697 for the year ended December 31, 2021.

Older Adults Technology Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE 11 - SUBSEQUENT EVENTS

OATS has evaluated subsequent events through the date the financial statements were available to be issued, March 16, 2022. OATS is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.