

Agenda Item # 10
06/19/17

**Area Agency on Aging of
Pasco-Pinellas, Inc.**

**Financial Statements and
Compliance Reports**

December 31, 2016

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Area Agency on Aging of Pasco-Pinellas, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Area Agency on Aging of Pasco-Pinellas, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 of 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 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 audit 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 the entity'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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Area Agency on Aging of Pasco-Pinellas, Inc. as of December 31, 2016, 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*Report on Summarized Comparative Information*

We have previously audited Area Agency on Aging of Pasco-Pinellas, Inc.'s 2015 financial statements, and our report dated June 29, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state projects, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, on our consideration of Area Agency on Aging of Pasco-Pinellas, 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 of 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 Area Agency on Aging of Pasco-Pinellas, Inc.'s internal control over financial reporting and compliance.

Sarasota, Florida
DATE

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Financial Position
December 31, 2016

	<u>2016</u>	<u>2015 Total</u> <u>(For Comparative</u> <u>Purposes Only)</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,670,730	1,357,829
Prepaid expenses	-	22,964
Due from grantors	2,096,369	2,428,882
Other current assets	<u>23,196</u>	<u>23,196</u>
Total current assets	<u>3,790,295</u>	<u>3,832,871</u>
Furniture and equipment, net	<u>20,628</u>	<u>39,851</u>
Total assets	<u>\$ 3,810,923</u>	<u>3,872,722</u>

<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 26,462	235,918
Accrued expenses	142,492	152,250
Due to subrecipients	1,968,532	1,955,984
Refundable advances	<u>32,055</u>	<u>32,055</u>
Total current liabilities	<u>2,169,541</u>	<u>2,376,207</u>
Deferred rent	<u>185,786</u>	<u>153,987</u>
Total liabilities	<u>2,355,327</u>	<u>2,530,194</u>
Net assets:		
Unrestricted	<u>1,455,596</u>	<u>1,342,528</u>
Total net assets	<u>1,455,596</u>	<u>1,342,528</u>
Total liabilities and net assets	<u>\$ 3,810,923</u>	<u>3,872,722</u>

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016

	<u>2016</u>	<u>2015 Total (For Comparative Purposes Only)</u>
Support and revenues		
Public support		
Federal grants	\$ 8,070,659	8,131,559
State grants	10,069,767	9,633,614
Local grants	343,794	381,900
Other revenue	154,291	137,307
In-kind	<u>520,412</u>	<u>501,641</u>
Total support and revenues	<u>19,158,923</u>	<u>18,786,021</u>
Expenses		
Program services:		
DOEA pass through programs	15,007,211	14,518,506
Information and referral	413,072	373,312
Screening and assessment	214,198	236,907
OAA intake	151,251	136,457
Community Care for the Elderly (CCE) intake	299,952	313,988
Emergency Home Energy Assistance Program (EHEAP)	25,352	35,532
Serving Health Insurance Needs of Elders (SHINE)	354,465	297,910
Title VII Elder Abuse	21,269	21,268
Medicaid specialist	170,041	182,475
Aging and Disability Resource Center	376,935	322,509
Victims of Crime Advocates (VOCA)	118,084	92,865
Case management	37,758	-
Medicare Patrol	-	231,887
Other programs	<u>310,987</u>	<u>260,186</u>
Total program services	17,500,575	17,023,802
Supporting services:		
Management and general	<u>1,545,280</u>	<u>1,507,810</u>
Total expenses	<u>19,045,855</u>	<u>18,531,612</u>
Change in net assets	113,068	254,409
Net assets - beginning of year	<u>1,342,528</u>	<u>1,088,119</u>
Net assets - end of year	<u>\$ 1,455,596</u>	<u>1,342,528</u>

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services									
	DOEA Pass Through Programs	Information and Referral	Screening and Assessment	OAA Intake	CCE Intake	EHEAP	SHINE	Title VII Elder Abuse	Medicaid Specialist	
Expenses:										
Salaries	-	232,068	119,415	90,371	171,126	16,966	176,843	12,014	111,607	
Payroll taxes	-	17,548	9,070	6,743	12,530	1,276	13,047	908	8,293	
Employee benefits	-	66,797	30,117	22,239	48,678	3,608	46,202	1,210	22,416	
Building rent	-	33,900	14,259	9,531	20,672	2,275	42,364	470	13,524	
Telephone	-	9,399	3,831	1,994	5,922	475	10,119	942	4,089	
Insurance	-	4,071	-	1,259	-	-	7,990	-	-	
Travel	-	53	2,261	-	315	47	2,283	1,167	474	
Training/professional development	-	-	-	-	-	-	-	-	-	
Equipment purchases under \$1,000	-	275	-	-	354	-	2,573	-	2,259	
Office Supplies	-	2,738	700	322	1,008	59	2,995	61	461	
Postage	-	1,764	771	504	1,153	172	3,097	220	791	
Printing	-	227	72	66	150	15	1,771	109	94	
Equipment rental	-	1,632	699	467	993	114	2,217	78	706	
Subcontracted services	-	90	15	28	63	7	9,253	2,129	40	
Legal and consulting	-	38	-	-	-	-	-	-	-	
Audit and accounting fees	-	3,731	1,654	1,024	2,051	222	4,506	576	1,374	
Advertising	-	428	13	-	-	-	4,710	36	-	
Dues and subscriptions	-	175	1,116	-	-	-	8	1,116	2,232	
Client/volunteer expense	-	-	-	-	-	-	20,837	-	-	
Meals	-	-	-	-	-	-	499	-	-	
Maintenance	-	1,376	523	346	721	86	1,648	94	789	
Storage	-	408	172	120	272	30	597	98	171	
Other/miscellaneous	-	2,025	65	301	5	-	906	41	721	
Disbursements to subrecipients	10,080,629	-	-	-	-	-	-	-	-	
Providers (vendors)	4,398,145	-	-	-	-	-	-	-	-	
Home care for the elderly subsidies	528,437	-	-	-	-	-	-	-	-	
In-kind	-	34,329	29,445	15,936	33,939	-	-	-	-	
Total before depreciation	15,007,211	413,072	214,198	151,251	299,952	25,352	354,465	21,269	170,041	
Depreciation	-	-	-	-	-	-	-	-	-	
Total expenses	\$ 15,007,211	413,072	214,198	151,251	299,952	25,352	354,465	21,269	170,041	

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Functional Expenses - Continued
Year Ended December 31, 2016

Expenses:	Program Services						Supporting Services		2016 Total Expenses	2015 Total (For Comparative Purposes Only)
	Aging and Disability Resource Center	VOCA			Case Management	Other Programs	Total Program Services	Management and General		
		VOCA	Management	Other Programs						
Salaries	220,906	69,833	24,976	99,077	-	1,345,202	680,532	2,025,734	1,990,939	
Payroll taxes	16,295	5,418	1,840	7,291	-	100,259	50,373	150,632	146,427	
Employee benefits	63,930	7,014	5,293	29,931	-	347,435	139,344	486,779	456,226	
Building rent	32,107	9,161	934	9,578	-	188,775	92,191	280,966	280,966	
Telephone	7,462	2,377	252	2,537	-	49,399	19,108	68,507	73,319	
Insurance	-	-	-	640	-	13,960	18,104	32,064	12,518	
Travel	52	1,130	146	22	-	7,950	3,862	11,812	15,647	
Training/professional development	1,425	399	-	-	-	1,824	320	2,144	629	
Equipment purchases under \$1,000	4,028	770	-	194	-	10,453	7,336	17,789	46,828	
Office Supplies	1,812	1,764	257	1,044	-	13,221	11,175	24,396	20,550	
Postage	1,834	575	43	706	-	11,630	3,700	15,330	18,034	
Printing	282	72	40	76	-	2,974	5,581	8,555	11,209	
Equipment rental	1,691	399	46	491	-	9,533	2,822	12,355	11,744	
Subcontracted services	16,137	45	32	50,947	-	78,786	31,215	110,001	128,576	
Legal and consulting	247	-	-	-	-	285	1,170	1,455	490	
Audit and accounting fees	3,984	-	80	1,138	-	20,340	6,353	26,693	25,364	
Advertising	425	37	-	8	-	5,657	2,782	8,439	26,219	
Dues and subscriptions	-	-	-	-	-	4,647	2,790	7,437	2,565	
Client/volunteer expense	-	145	-	-	-	20,982	117	21,099	33,464	
Meals	-	-	-	21	-	520	2,750	3,270	946	
Maintenance	1,998	248	24	352	-	8,205	8,391	16,596	10,580	
Storage	407	-	19	122	-	2,416	773	3,189	7,460	
Other/miscellaneous	1,913	134	-	106,812	-	112,923	50,844	163,767	176,601	
Disbursements to subrecipients	-	-	-	-	-	10,080,629	-	10,080,629	9,563,716	
Providers (vendors)	-	-	-	-	-	4,398,145	-	4,398,145	4,473,481	
Home care for the elderly subsidies	-	-	-	-	-	528,437	-	528,437	481,309	
In-kind	-	18,563	3,776	-	-	135,988	384,424	520,412	501,641	
Total before depreciation	376,935	118,084	37,758	310,987	-	17,500,575	1,526,057	19,026,632	18,517,448	
Depreciation	-	-	-	-	-	-	19,223	19,223	14,164	
Total expenses	376,935	118,084	37,758	310,987	-	17,500,575	1,545,280	19,045,855	18,531,612	

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Cash Flows
Year Ended December 31, 2016

	<u>2016</u>	<u>2015 Total (For Comparative Purposes Only)</u>
Cash flows from operating activities:		
Change in net assets	\$ 113,068	<u>254,409</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	19,223	14,164
(Increase) decrease in:		
Prepaid expenses	22,964	(22,964)
Due from grantors	332,513	(186,994)
Increase (decrease) in:		
Accounts payable	(209,456)	212,908
Accrued expenses	(9,758)	11,714
Due to subrecipients	12,548	(61,343)
Deferred rent	31,799	42,217
Total adjustments	<u>199,833</u>	<u>9,702</u>
Net cash flows from operating activities	<u>312,901</u>	<u>264,111</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>-</u>	<u>(20,641)</u>
Net cash flows from investing activities	<u>-</u>	<u>(20,641)</u>
Increase in cash and cash equivalents	312,901	243,470
Cash and cash equivalents - beginning of year	<u>1,357,829</u>	<u>1,114,359</u>
Cash and cash equivalents - end of year	<u>\$ 1,670,730</u>	<u>1,357,829</u>

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements

December 31, 2016

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Area Agency on Aging of Pasco-Pinellas, Inc. (the "Agency") is a not-for-profit organization incorporated under the laws of the state of Florida on April 25, 2000. The Agency administers a network of services for the 60+ population in Pasco and Pinellas counties. The goal of the Agency is to meet the nutritional and social service needs of the aging population in the designated geographical area. All programs of the Agency relate to assisting the elderly. The Agency conducts assessments of the needs of the elderly population, determines resources available to satisfy those needs, and plans and coordinates programs using available resources to alleviate the identified needs. Financial resources for accomplishment of the activities of the Agency are principally in the form of federal and state government grants. The Agency awards contracts to service providers who directly provide the service to the aging population. The Agency also does business as Better Living for Seniors in Pinellas County and as Pasco Aging Network in Pasco County.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets that are available for use, but expendable only for those purposes specified by the grantor. There were no temporarily restricted net assets as of December 31, 2016.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. There were no permanently restricted net assets as of December 31, 2016.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Due from Grantors

Amounts due from grantors represent amounts receivable from grantor agencies for allowable expenses incurred before December 31, 2016. Management believes all expenses are allowable under the grant requirements and are fully collectible. As such, no allowance for doubtful accounts is considered necessary.

Due to Subrecipients

Amounts due to subrecipients represent amounts requested for reimbursement from the Agency for allowable expenses incurred by the subrecipients before December 31, 2016.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2016

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of donation. The Agency capitalizes purchases over \$1,000 and depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

Liability for Amounts Held on Behalf of Others

In accordance with current accounting standards on *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions to Others*, the Agency recognizes a liability for funds received and held for the sole benefit of another Organization.

Refundable Advances

Refundable advances represent advances from third parties that require the Agency to achieve certain objectives. Should the Agency not achieve these objectives, the funds would be returned to the third party.

Revenue Recognition

Grant funds are deemed to be earned and reported as revenues when expenditures are incurred in compliance with specific grant requirements (reimbursable expenditures).

In-Kind Contributions

Contributions of non-cash assets are recorded at estimated fair value in the period received. In accordance with GAAP, the Agency records contributed services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Many volunteers have contributed significant amounts of time to activities of the Agency without compensation. The financial statements do not reflect the value of those contributed services because they do not meet the above recognition criteria. The estimated fair value of the volunteers is approximately \$18,000.

Advertising Costs

The Agency charges costs of advertising to operations as incurred. Advertising expenses was approximately \$8,439 for the year ended December 31, 2016.

Donated Services

The Agency recognizes donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2016

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Income Tax Status

The Agency has been determined to be an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income.

Management has evaluated the effect of accounting standards relating to accounting for uncertainty in income taxes. Management has determined that the Agency had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended December 31, 2016. The Agency's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2016

Note 2 – Uninsured Cash Balances:

The Agency maintains its cash balances at financial institutions located in St. Petersburg, Florida. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per customer. The Agency from time to time may have amounts on deposit in excess of the insurance limits. As of December 31, 2016, the Agency had cash and cash equivalents of approximately \$1,571,000 which exceeded the insured amounts.

Note 3 – Property and Equipment:

Property and equipment consist of the following:

Furniture and equipment	\$ 232,104
Less: accumulated depreciation	(211,476)
Net property and equipment	<u>\$ 20,628</u>

The Agency has restrictions on disposals of fixed assets pursuant to grantor contracts. The Agency can gift fixed assets to its provider or dispose of fixed assets with the permission of the provider. During the year ended December 31, 2016, the Agency did not dispose of any furniture and equipment.

Note 4 – Lease Commitments

The Agency leases office space in St. Petersburg, Florida under a lease accounted for as an operating lease maturing in January 2028. The Agency also leases office equipment under several operating leases, which expire between 2019 and 2020. At the end of the lease terms, these leases are subject to renewal at the discretion of the lessors. Total rent expense for the year ended December 31, 2016 was \$293,321.

Future minimum lease commitments are due as follows:

2017	\$ 271,417
2018	279,583
2019	287,235
2020	284,183
2021	291,333
Thereafter	1,923,333

Note 5 – Employee Benefit Plan:

The Agency has established a 401(k) profit-sharing plan which covers all full time employees who complete 6 months of service and choose to participate in the plan. Employees are fully vested after 5 years of service or when the participant has reached retirement age or upon death or disability. Annual contributions of the Agency are voluntary and are made at the discretion of the Board of Directors. For 2016, the Board of Directors approved a contribution of 10% of all eligible employee salaries, which was \$185,805 for the year ended December 31, 2016.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2016

Note 6 – In-kind Contributions:

The following schedule summarizes the in-kind contributions received for the year ended December 31, 2016:

Pinellas County public access TV	\$ 404,310
Pasco County public access TV	93,600
Advisory council	3,939
Cell phone donations	1,615
Crime forums space lease	3,175
Facilities space lease	<u>13,773</u>
Total In-kind contributions	<u>\$ 520,412</u>

Note 7 – Concentrations:

The Agency's activities are conducted in Pinellas and Pasco County, Florida and are supported by funding provided by government agencies. The Agency is dependent upon grants from federal and state agencies for its principal source of revenues. A significant decline in funding to the Agency could adversely affect the operating results of the Agency.

Note 8 – Contingency:

Expenditures incurred by the Agency and the subgrantees are subject to audit and possible disallowances by federal and state agencies. The Agency would be responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by subgrantees if they were not able to repay the amounts disallowed. It is the opinion of management that no grant expenditures would be disallowed.

Note 9 – Subsequent Events:

Subsequent events have been evaluated through DATE, which is the date the financial statements were available to be issued.

Area Agency on Aging of Pasco-Pinellas, Inc.

**Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended December 31, 2016**

FEDERAL AWARDS:	Federal CFDA Number	Contract Grant Number	Expenditures	Transfers to Subrecipients
U.S. Department of Health and Human Services				
Passed through the State of Florida Department of Elder Affairs				
Administration for Community Living				
Special Programs for the Aging -Title III, Part D I - Disease Prevention and Health Promotion Services 01/01/16-12/31/16	93.043	EA016	\$ 130,354	\$ 130,354
National Family Caregiver Support -Title III, Part E 01/01/156-12/31/16	93.052	EA016	678,621	493,966
Special Programs for the Aging -Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation 01/01/15-12/31/15	93.041	E7016	21,267	-
Administration for Community Living				
Medicare Enrollment Assistance - 10/01/2015-09/30/2016	93.071	EB016	53,675	-
Medicare Enrollment Assistance - 9/30/2016-9/29/2017	93.071	EB017	13,200	-
			66,875	-
Aging Cluster				
Special Programs for the Aging -Title III Admin 01/01/16-12/31/16	93.044-45	EA016	680,394	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers 01/01/16-12/31/16	93.044	EA016	2,744,482	2,086,859
Special Programs for the Aging - Title III, Part C-I - Nutrition Services 01/01/16-12/31/16	93.045	EA016	800,766	800,766
Special Programs for the Aging - Title III, Part C-II - Nutrition Services 01/01/16-12/31/16	93.045	EA016	1,602,508	1,602,508
Passed through the United State Department of Agriculture				
Nutrition Services Incentive Program 10/01/15-12/31/16	93.053	EU016	319,782	319,782
Total Aging Cluster			6,147,932	4,809,915
Total Administration for Community Living			7,045,049	5,434,235
Low-Income Home Energy Assistance Program				
Low-Income Home Energy Assistance Program 04/01/15-03/31/16	93.568	EP015	71,038	64,807
Low-Income Home Energy Assistance Program 04/01/16-03/31/17		EP016	245,587	226,468
Total Low-Income Home Energy Assistance Program			316,625	291,275
Centers for Medicare and Medicaid Services				
Medical Assistance Program				
Medical Assistance Program 07/01/15-06/30/16	93.778	EX015	141,857	-
Medical Assistance Program 07/01/16-06/30/17		EX015-R1	131,661	-
Total Medical Assistance Program			273,518	-
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations Program				
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations 04/01/15-03/31/17	93.779	EN015	408,388	-
Total Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations Program			408,388	-
Total Centers for Medicare and Medicaid Services			681,906	-
Total U.S. Department of Health and Human Services			8,043,580	5,725,510
United States Department of Justice				
Passed through Florida Office of Attorney General				
Crime Victim Assistance Program				
Crime Victim Assistance Program 10/01/14-9/30/16	16.575	V114-14215	59,494	-
Crime Victim Assistance Program 10/01/16-9/30/17		VOCA-2016-AAAP-000195	34,705	-
Total United States Department of Justice			94,199	-
Total Expenditures of Federal Awards			\$ 8,137,779	\$ 5,725,510

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Area Agency on Aging of Pasco-Pinellas, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance - Continued
 Year Ended December 31, 2016

STATE FINANCIAL ASSISTANCE:	State CFSA Number	Contract Grant Number	Expenditures	Transfers to Subrecipients
State of Florida Department of Elder Affairs				
State Matching Resources for Federal Programs				
Medical Assistance Program 07/01/15-06/30/16	65.010	EX015	\$ 141,857	\$ -
Medical Assistance Program 07/01/16-06/30/17		EX015-R1	131,661	-
Total Medical Assistance Program			<u>273,518</u>	<u>-</u>
Community Care for the Elderly Program				
Community Care for the Elderly Program 07/01/15-06/30/16	65.010	EC015	3,202,407	3,047,465
Community Care for the Elderly Program 07/01/16-06/30/17		EC016	3,281,393	3,096,547
Total Community Care for the Elderly Program			<u>6,483,800</u>	<u>6,144,012</u>
Alzheimer's Respite Services Program				
Alzheimer's Respite Services 07/01/15-06/30/16	65.004	EZ015	732,820	732,820
Alzheimer's Respite Services 07/01/16-06/30/17		EZ016	684,534	684,534
Total Alzheimer's Respite Services Program			<u>1,417,354</u>	<u>1,417,354</u>
Local Services Program				
Local Services Program 07/01/15-06/30/16	65.009	EL015	1,116,473	1,017,437
Local Services Program 07/01/16-06/30/17		EL016	91,669	91,669
Total Local Services Program			<u>1,208,142</u>	<u>1,109,106</u>
Home Care for the Elderly Program				
Home Care for the Elderly Program 07/01/15-06/30/16	65.001	EH015	389,699	350,698
Home Care for the Elderly Program 07/01/16-06/30/17		EH016	297,256	258,255
Total Home Care for the Elderly Program			<u>686,955</u>	<u>608,953</u>
Total Expenditures of State Financial Assistance			<u>\$ 10,069,769</u>	<u>\$ 9,279,425</u>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Area Agency on Aging of Pasco-Pinellas, Inc.

**Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
December 31, 2016**

Note 1 – Basis of Presentation:

The accompanying schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with GAAP as applicable to non-profit organizations, and the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

Note 2 – Indirect Cost Rate:

The Agency does not use the 10% de minimis indirect cost rate.

Note 3 – Contingency:

Expenditures as incurred by the Agency and the subrecipients are subject to audit and possible disallowances by federal and state agencies. The Agency would be responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by subrecipients if they were not able to repay the amounts disallowed. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.



CAVANAUGH & CO, LLP
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**

To the Board of Directors
Area Agency on Aging of Pasco-Pinellas, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Area Agency on Aging of Pasco-Pinellas, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, 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 DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Area Agency on Aging of Pasco-Pinellas, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Area Agency on Aging of Pasco-Pinellas, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 Area Agency on Aging of Pasco-Pinellas, Inc.'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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Directors, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sarasota, Florida
DATE, 2017



CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors
Area Agency on Aging of Pasco-Pinellas, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Area Agency on Aging of Pasco-Pinellas, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Area Agency on Aging of Pasco-Pinellas, Inc.'s major federal programs and state projects for the year ended December 31, 2016. Area Agency on Aging of Pasco-Pinellas, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Area Agency on Aging of Pasco-Pinellas, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards, the Uniform Guidance and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state projects occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state financial assistance. However, our audit does not provide a legal determination of Area Agency on Aging of Pasco-Pinellas, Inc.'s compliance.

Opinion on Each Major Federal Program and State Projects

In our opinion, Area Agency on Aging of Pasco-Pinellas, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of Area Agency on Aging of Pasco-Pinellas, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Area Agency on Aging of Pasco-Pinellas, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Area Agency on Aging of Pasco-Pinellas, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Directors, and others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sarasota, Florida
DATE, 2017

Area Agency on Aging of Pasco-Pinellas, Inc.

**Schedule of Findings and Questioned Costs -
Federal Awards and State Financial Assistance
Year Ended December 31, 2016**

I. Summary of Auditor's Results

Financial Statements

1. We have audited the financial statements of Area Agency on Aging of Pasco-Pinellas, Inc. as of and for the year ended December 31, 2016 and issued an unmodified opinion.
2. Internal Control over Financial Reporting:
 - A. Material weaknesses identified? No
 - B. Significant deficiencies identified not considered to be a material weakness? No
3. Noncompliance material to the financial statements noted? No

Federal Awards and State Projects

4. Internal Control over Major Programs
 - A. Material weaknesses identified? No
 - B. Significant deficiencies identified not considered to be a material weakness? No
5. The auditor's report on compliance with requirements applicable to the major federal programs and state projects expresses an unmodified opinion.
6. Our audit disclosed no findings required to be reported related to federal programs under section 200.516 Audit findings, paragraph (a), nor did our audit disclose any findings related to state projects required to be disclosed under Chapter 10.656 Rules of the Auditor General
7. The programs/projects tested as major programs/projects included the following:

<u>Federal Program or Cluster</u>	<u>CFDA Number</u>
Department of Health and Human Services	
<u>Aging Cluster:</u>	
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045
Special Programs for the Aging - Title III, Admin.	93.044-45
Nutrition Services Incentive Program	93.053
<u>State Projects</u>	<u>CFSA Number</u>
Department of Elder Affairs	
Community Care for the Elderly	65.010
Alzheimer's Respite Services Program	65.004
Home Care for the Elderly	65.001

8. The threshold used for distinguishing Type A and Type B programs was \$750,000 for major Federal programs and \$300,000 for State projects.

Area Agency on Aging of Pasco-Pinellas, Inc.

**Schedule of Findings and Questioned Costs -
Federal Awards and State Financial Assistance - Continued
Year Ended December 31, 2016**

I. Summary of Auditor's Results (*continued*)

9. Area Agency on Aging of Pasco-Pinellas, Inc. qualified as a low-risk auditee under the provisions of Section 200.520, Uniform Guidance.
10. Rules of the Auditor General 10.656(3)(e) - A management letter was not required.
11. Rules of the Auditor General 10.656(3)(d)5 - There were no prior audit findings to be reported.
12. Rules of the Auditor General 10.656(3)(d)6 - No corrective action plan is required because there were no audit findings required to be reported.

II. Findings Related To The Financial Statements Required to be Reported.

None

III. Findings and Questioned Costs for Major Federal Programs and Major State Projects.

None