

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

**Financial Statements and
Compliance Reports**

December 31, 2018

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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, 2018, 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, 2018, 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 2017 financial statements, and our report dated August 19, 2019, 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, 2017, 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 August 19, 2019, 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
August 19, 2019

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Financial Position

December 31, 2018

	<u>2018</u>	2017 Total (For Comparative Purposes Only)
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,166,192	2,056,689
Prepaid expenses	9,479	-
Due from grantors	2,523,214	2,632,070
Other current assets	23,196	23,196
Total current assets	<u>5,722,081</u>	<u>4,711,955</u>
Furniture and equipment, net	<u>20,953</u>	<u>9,541</u>
Total assets	<u>\$ 5,743,034</u>	<u>4,721,496</u>

<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 475,613	409,562
Accrued expenses	97,017	103,736
Due to subrecipients	2,802,880	2,330,470
Refundable advances	33,851	36,639
Total current liabilities	3,409,361	2,880,407
Deferred rent	<u>220,875</u>	<u>207,586</u>
Total liabilities	<u>3,630,236</u>	<u>3,087,993</u>
Net assets:		
Without donor restrictions	<u>2,112,798</u>	<u>1,633,503</u>
Total net assets	<u>2,112,798</u>	<u>1,633,503</u>
Total liabilities and net assets	<u>\$ 5,743,034</u>	<u>4,721,496</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, 2018

	<u>2018</u>	<u>2017 Total (For Comparative Purposes Only)</u>
Support and revenues		
Public support		
Federal grants	\$ 8,379,171	8,249,913
State grants	11,128,201	10,064,279
Local grants	366,956	302,246
Other revenue	179,256	96,976
In-kind	<u>532,222</u>	<u>526,608</u>
Total support and revenues	<u>20,585,806</u>	<u>19,240,022</u>
Expenses		
Program services:		
DOEA pass through programs	15,875,557	15,016,434
Information and referral	459,906	423,031
Outreach	8,181	-
Screening and assessment	287,510	225,087
OAA intake	154,917	125,985
Community Care for the Elderly (CCE) intake	344,165	301,515
Alzheimer's Disease Initiative (ADI) intake	131,715	100,131
Emergency Home Energy Assistance Program (EHEAP)	40,853	27,352
Serving Health Insurance Needs of Elders (SHINE)	221,417	262,698
Title VII Elder Abuse	14,104	18,351
Medicaid specialist	147,122	171,160
Aging and Disability Resource Center	380,690	343,042
Victims of Crime Advocates (VOCA)	220,976	210,033
Other programs	<u>264,817</u>	<u>300,508</u>
Total program services	18,551,930	17,525,327
Supporting services:		
Management and general	<u>1,554,581</u>	<u>1,536,788</u>
Total expenses	<u>20,106,511</u>	<u>19,062,115</u>
Change in net assets	479,295	177,907
Net assets - beginning of year	<u>1,633,503</u>	<u>1,455,596</u>
Net assets - end of year	<u>\$ 2,112,798</u>	<u>1,633,503</u>

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Functional Expenses
Year Ended December 31, 2017

	DOEA Pass Through Programs	Information and Referral	Outreach	Screening and Assessment	Program Services				SHINE	Title VII Elder Abuse
					OAA Intake	CCE Intake	ADI Intake	EHEAP		
Expenses:										
Salaries	-	239,597	-	161,628	88,803	195,871	87,605	27,574	107,896	6,870
Payroll taxes	-	18,360	-	11,992	6,333	14,206	6,946	2,090	7,675	531
Employee benefits	-	78,243	3,536	42,001	26,843	54,647	24,117	6,119	33,317	2,164
Building rent	-	33,791	464	15,614	12,015	24,791	8,476	3,353	27,576	1,383
Telephone	-	9,729	146	3,639	1,991	7,194	1,707	691	6,986	846
Insurance	-	-	-	-	-	-	-	-	-	-
Travel	-	669	491	2,264	-	243	-	-	1,047	766
Training/professional development	-	762	69	197	149	99	-	-	587	124
Equipment purchases under \$1,000	-	1,489	-	70	-	2,370	298	-	1,051	11
Office Supplies	-	2,366	9	3,406	287	3,602	360	75	2,158	29
Postage	-	1,878	70	926	580	1,641	569	258	1,704	143
Printing	-	23	-	12	8	22	7	3	3,593	205
Equipment rental	-	1,632	34	748	460	1,217	404	167	1,201	92
Subcontracted services	-	20,946	-	-	-	-	-	-	4,800	-
Legal and consulting	-	-	-	-	-	-	-	-	-	-
Audit and accounting fees	-	3,469	-	1,499	929	2,182	824	359	2,628	713
Advertising	-	187	50	40	-	-	-	-	1,423	-
Dues and subscriptions	-	885	-	-	-	-	-	-	-	-
Client/volunteer expense	-	-	-	-	-	-	-	-	15,273	-
Meals	-	-	-	-	-	-	-	-	-	-
Maintenance	-	1,616	7	554	341	853	301	123	1,232	52
Storage	-	406	5	184	114	293	101	41	311	149
Other/miscellaneous	-	3,263	-	-	-	-	-	-	959	26
Disbursements to subrecipients	10,241,119	-	-	-	-	-	-	-	-	-
Providers (vendors)	5,082,711	-	-	-	-	-	-	-	-	-
Home care for the elderly subsidies	551,727	-	-	-	-	-	-	-	-	-
In-kind	-	40,595	3,300	42,736	16,064	34,934	-	-	-	-
Total before depreciation	15,875,557	459,906	8,181	287,510	154,917	344,165	131,715	40,853	221,417	14,104
Depreciation	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 15,875,557	459,906	8,181	287,510	154,917	344,165	131,715	40,853	221,417	14,104

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Functional Expenses - Continued
Year Ended December 31, 2018

	Program Services					Total Program Services	Supporting Services		2018 Total Expenses	2017 Total (For Comparative Purposes Only)
	Aging and Disability Resource Center		VOCA	Other Programs	Management and General		2018 Total Expenses			
	Medicaid Specialist	Disability Resource Center								
Expenses:										
Salaries	96,255	230,827	116,548	100,011	595,669	1,459,485	2,055,154	2,047,946		
Payroll taxes	7,022	17,380	8,850	7,133	45,502	108,518	154,020	153,484		
Employee benefits	20,969	64,915	32,477	17,765	128,082	407,113	535,195	513,971		
Building rent	12,623	32,656	14,963	12,545	79,301	200,250	279,551	280,967		
Telephone	3,017	6,812	4,029	2,819	16,656	49,606	66,262	67,867		
Insurance	-	-	-	-	25,928	-	25,928	28,896		
Travel	339	-	2,308	114	12,603	8,241	20,844	20,757		
Training/professional development	-	1,133	2,225	99	4,131	5,444	9,575	7,403		
Equipment purchases under \$1,000	2,091	11,069	(11)	-	22,717	18,438	41,155	16,133		
Office Supplies	905	4,806	1,064	373	19,440	19,440	36,559	23,337		
Postage	823	2,033	1,005	856	4,967	12,486	17,453	18,416		
Printing	9	31	(34)	867	6,001	4,746	10,747	7,309		
Equipment rental	598	1,558	709	626	3,260	9,446	12,706	12,839		
Subcontracted services	-	-	-	39,339	44,079	65,085	109,164	68,671		
Legal and consulting	-	684	-	-	2,851	684	3,535	8,870		
Audit and accounting fees	1,220	3,274	-	675	9,730	17,772	27,502	27,499		
Advertising	-	286	79	57	621	2,122	2,743	3,644		
Dues and subscriptions	-	-	-	-	885	885	14,149	3,441		
Client/volunteer expense	-	-	173	16,305	40	31,751	31,791	16,091		
Meals	-	-	-	-	1,159	-	1,159	3		
Maintenance	466	1,604	770	355	7,423	8,274	15,697	13,240		
Storage	228	429	8	132	830	2,401	3,231	3,150		
Other/miscellaneous	557	1,193	2,613	64,746	142,413	73,357	215,770	164,052		
Disbursements to subrecipients	-	-	-	-	-	10,241,119	10,241,119	10,409,299		
Providers (vendors)	-	-	-	-	-	5,082,711	5,082,711	4,133,037		
Home care for the elderly subsidies	-	-	-	-	-	551,727	551,727	474,098		
In-kind	-	-	33,200	-	361,393	170,829	532,222	526,608		
Total before depreciation	147,122	380,690	220,976	264,817	1,545,739	18,551,930	20,097,669	19,051,028		
Depreciation	-	-	-	-	8,842	-	8,842	11,087		
Total expenses	147,122	380,690	220,976	264,817	1,554,581	18,551,930	20,106,511	19,062,115		

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Statement of Cash Flows
Year Ended December 31, 2018

	<u>2018</u>	<u>2017 Total</u> <u>(For Comparative Purposes Only)</u>
Cash flows from operating activities:		
Change in net assets	\$ 479,295	177,907
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	8,842	11,087
(Increase) decrease in:		
Prepaid expenses	(9,479)	-
Due from grantors	108,856	(535,701)
Increase (decrease) in:		
Accounts payable	66,051	383,100
Accrued expenses	(6,719)	(38,756)
Due to subrecipients	472,410	361,938
Refundable advances	(2,788)	4,584
Deferred rent	13,289	21,800
Total adjustments	<u>650,462</u>	<u>208,052</u>
Net cash flows from operating activities	<u>1,129,757</u>	<u>385,959</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(20,254)</u>	-
Net cash flows from investing activities	<u>(20,254)</u>	-
Increase in cash and cash equivalents	1,109,503	385,959
Cash and cash equivalents - beginning of year	<u>2,056,689</u>	<u>1,670,730</u>
Cash and cash equivalents - end of year	<u>\$ 3,166,192</u>	<u>2,056,689</u>

See accompanying notes to financial statements.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements

December 31, 2018

Note 1 – Organization, Programs, and Summary of Significant Accounting Policies:

Organization

The Area Agency on Aging of Pasco-Pinellas, Inc. (AAAPP) was established in April 2000 as a not-for-profit organization providing funding to various service providers in Pasco and Pinellas County for services to persons 60 and older as well as those with disabilities. Support for these services is provided by federal and state governmental entities.

Programs

DOEA Pass Through Programs

- *Older Americans Act (OAA)*—This funding provides services such as Adult Day Care, Counseling, Chore, Homemaker, Transportation, Congregate Dining and Home Delivered Meals to persons age 60 and older.
- *Community Care for the Elderly*—Provides community-based services organized in a continuum of care to help functionally impaired elders live in the least restrictive yet most cost-effective environment suitable to their needs.
- *Home Care for the Elderly*—Supports care for persons age 60 and older in family-type living arrangements within private homes, as an alternative to institutional or nursing home care. A basic subsidy is provided for support and maintenance of the elder, including some medical costs. A special subsidy may also be provided for services and/or supplies.
- *Alzheimer's Disease Initiative*—Provides a continuum of services to meet the changing needs of individuals with, and families affected by, Alzheimer's disease and related disorders.
- *Local Service Program*—Provides additional funding to expand long-term care alternatives enabling elders age 60 or older to maintain an acceptable quality of life in their own homes and avoid or delay nursing home placement.
- *Emergency Home Energy Assistance for the Elderly*—Assists low-income households, with at least one person age 60 and older, when the households are experiencing a home energy emergency.

AAAPP provides services to adults with disabilities and persons 60 and older. Services provided are as follows:

Information and Referral—This service guides individuals to community resources, including government funded programs, non-profit agencies, and for-profit business serving Pinellas and Pasco counties.

Caregiver Support Program—The National Family Caregiver Support Program helps unpaid caregivers of any age caring for persons 60 years of age or older. The goal of this program is to relieve the emotional, physical and financial hardships of providing continual care.

Older Americans Act Intake—Provides screening, re-screening and prioritization for the services provided under the Older Americans Program that range from single services like homemaker, adult day care transportation and nutrition.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2018

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

Community Care for the Elderly Intake- Provides screening, re-screening and prioritization for the CCE program that range from single services like nutrition and adult day care to case managed programs that provide a continuum of in-home supportive services.

*Alzheimer’s Disease Initiative Intake-*Provides screening, re-screening and prioritization for the ADI program that range from single services like respite, adult day care to case managed programs that provide a continuum of in-home supportive services.

*Emergency Home Energy Assistance for the Elderly-*The AAAPP manages the program and provides monitoring, training, and technical assistance to the service providers in Pasco and Pinellas counties.

*Serving Health Insurance Needs of Elders (SHINE)-*The SHINE program provides free, unbiased and high-quality health insurance counseling through a dedicated network of SHINE volunteers, empowering individuals to make informed health care choices.

*Title VII Elder Abuse-*Provides education, training and information services focused on the prevention of elder abuse, neglect and exploitation.

*Medicaid Specialist-*Provides services to facilitate entry into the long-term care service system, screen for potential Medicaid eligibility, and maintain the APCL for publicly-funded long-term care programs and services.

*Aging and Disability Resource Center (ADRC)-*The ADRC screens, rescreens and prioritizes individuals who are seeking help from federal and state funded programs in order to remain independent in the community. The ADRC assists clients who need community based long-term care through the statewide Medicaid managed care long-term care program. The ADRC provides long-term care education and assists with Medicaid eligibility for persons 18 or older and determined disabled by the Social Security Administration, or be age 65 or older and enrolled in Medicare PARTS A and B.

*Victims of Crime Act (VOCA)-*This federal assistance grant provides funding for use in responding to the emotional and physical needs of crime victims, assisting victims in stabilizing their lives after their victimization, helping victims to understand and participate in the criminal justice system and providing victims with a measure of safety and security.

Other Programs

*Veterans Directed Home and Community Based Services (VDHCBS)-*This program provides eligible veterans of any age who are determined by the Veterans Administration to be at risk of institutional placement the opportunity to hire employees deciding for themselves what mix of goods and services will best meet their needs to help them live independently.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2018

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

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. Accordingly, net assets of the Agency 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 certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions as of December 31, 2018.

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, 2018. 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 sub-recipients before December 31, 2018.

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.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2018

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

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 \$16,000.

Advertising Costs

The Agency charges costs of advertising to operations as incurred. Advertising expenses were approximately \$2,743 for the year ended December 31, 2018.

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.

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, 2018. 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.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2018

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

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.

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.

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, 2017, from which the summarized information was derived.

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, 2018, the Agency had cash and cash equivalents of approximately \$1,640,000 which exceeded the insured amounts.

Note 3 – 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.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2018

Note 4 – Property and Equipment:

Property and equipment consist of the following:

Furniture and equipment	\$ 178,234
Less: accumulated depreciation	<u>(157,281)</u>
Net property and equipment	<u>\$ 20,953</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, 2018, the Agency did not dispose of any furniture and equipment.

Note 5 – 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, 2018 was \$292,257.

Future minimum lease commitments are due as follows:

2019	\$ 287,235
2020	284,183
2021	291,333
2022	298,417
2023	305,417
Thereafter	1,319,500

Note 6 – 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 2018, the Board of Directors approved a contribution of 10% of all eligible employee salaries, which was \$178,999 for the year ended December 31, 2018.

Note 7 – 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.

Area Agency on Aging of Pasco-Pinellas, Inc.

Notes to Financial Statements – Continued

December 31, 2018

Note 8 – In-kind Contributions:

The following schedule summarizes the in-kind contributions received for the year ended December 31, 2018:

Pinellas County public access TV	\$ 405,422
Pasco County public access TV	93,600
Cell phone donations	4,560
Crime forums space lease	4,200
Facilities space lease	<u>24,440</u>
Total In-kind contributions	<u>\$ 532,222</u>

Note 9 – Liquidity:

The Organization receives the vast majority of its funding from federal and state grants for programs. Funding provided by these grants is primarily based on reimbursements of costs incurred or unit-based funding formulas. In addition, certain grants allow for cash advances to provide cash flow. These grants fund programs, the services of which are provided by the Organization and subrecipients. Requests for reimbursement are prepared monthly by the Organization and submitted to the grantor agencies. Likewise, subrecipients provide monthly requests for reimbursement to the Organization. The Organization's contracts and agreements specifically state that subrecipients will not be reimbursed for services until the organization receives payment from the grantor. As a result, the focus of the Organization's liquidity management is to have sufficient cash available to pay subrecipients on a timely basis. During the year ended December 31, 2018 the Organization was able to meet this objective.

As of December 31, 2018, the following financial assets could readily be made available within one month of the balance sheet date to meet amounts due subrecipients and other general expenditures:

Cash and cash equivalents	\$ 3,166,192
Due from grantors	<u>2,523,214</u>
Total financial assets	5,689,406
Less amounts due to subrecipients	<u>(2,802,880)</u>
Net financial assets	<u>\$ 2,886,526</u>

Note 10 – Subsequent Events:

Subsequent events have been evaluated through August 19, 2019, 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, 2018**

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 01/01/18-12/31/18	93.043	EA018	\$ 133,875	\$ 133,875
National Family Caregiver Support -Title III, Part E 01/01/18-12/31/18	93.052	EA018	836,334	588,383
Special Programs for the Aging -Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation 01/01/18-12/31/18	93.041	E7018	21,267	-
Administration for Community Living				
Medicare Enrollment Assistance - 9/30/2017-9/29/2018	93.071	EB018	105,975	-
Medicare Enrollment Assistance - 10/01/2018-9/30/2019	93.071	EB019	39,305	-
			<u>145,280</u>	<u>-</u>
Aging Cluster				
Special Programs for the Aging -Title III Admin 01/01/18-12/31/18	93.044-45	EA018	681,906	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers 01/01/18-12/31/18	93.044	EA018	2,777,476	2,062,219
Special Programs for the Aging - Title III, Part C-I - Nutrition Services 01/01/18-12/31/18	93.045	EA018	831,090	831,090
Special Programs for the Aging - Title III, Part C-II - Nutrition Services 01/01/18-12/31/18 <i>Passed through the United State Department of Agriculture</i>	93.045	EA018	1,555,775	1,555,775
Nutrition Services Incentive Program 01/01/17-12/31/17	93.053	EA018	285,205	285,205
Total Aging Cluster			<u>6,131,452</u>	<u>4,734,289</u>
Total Administration for Community Living			<u>7,268,208</u>	<u>5,456,547</u>
Low-Income Home Energy Assistance Program				
Low-Income Home Energy Assistance Program 04/01/17-03/31/18	93.568	EP017	254,646	226,021
Low-Income Home Energy Assistance Program 04/01/18-03/31/19		EP018	84,271	72,070
Total Low-Income Home Energy Assistance Program			<u>338,917</u>	<u>298,091</u>
Centers for Medicare and Medicaid Services				
Medical Assistance Program				
Medical Assistance Program 07/01/17-06/30/18	93.778	EX017	244,457	-
Total Medical Assistance Program			<u>244,457</u>	<u>-</u>
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations Program				
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations 04/01/17-03/31/18	93.779	EN017	78,825	-
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations 04/01/17-03/31/18		EN018	236,475	-
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations 04/01/17-03/31/18		EG018	14,693	-
Total Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations Program			<u>329,993</u>	<u>-</u>
Total Centers for Medicare and Medicaid Services			<u>574,450</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>8,181,575</u>	<u>5,754,638</u>
United States Department of Justice				
Passed through Florida Office of Attorney General				
Crime Victim Assistance Program				
Crime Victim Assistance Program 10/01/17-9/30/18	16.575	VOCA-2016-AAAP-00189	140,964	-
Crime Victim Assistance Program 10/01/17-9/30/18		VOCA-2016-AAAP-00188	28,941	-
Total United States Department of Justice			<u>169,905</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 8,351,480</u>	<u>\$ 5,754,638</u>

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, 2018

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 07/01/17-06/30/20	65.010	EX017	\$ 244,457	\$ -
Total Medical Assistance Program			<u>244,457</u>	<u>-</u>
Community Care for the Elderly Program				
Community Care for the Elderly Program 07/01/17-06/30/18	65.010	EC017	3,615,558	3,387,545
Community Care for the Elderly Program 07/01/18-06/30/19		EC018	3,440,900	3,244,367
Total Community Care for the Elderly Program			<u>7,056,458</u>	<u>6,631,912</u>
Alzheimer's Respite Services Program				
Alzheimer's Respite Services 07/01/17-06/30/18	65.004	EZ017	1,011,240	906,865
Alzheimer's Respite Services 07/01/18-06/30/19		EZ018	907,536	850,671
Total Alzheimer's Respite Services Program			<u>1,918,776</u>	<u>1,757,536</u>
Local Services Program				
Local Services Program 07/01/17-06/30/18	65.009	EL017	1,134,141	1,035,105
Local Services Program 07/01/18-06/30/19		EL018	56,395	56,395
Total Local Services Program			<u>1,190,536</u>	<u>1,091,500</u>
Home Care for the Elderly Program				
Home Care for the Elderly Program 07/01/17-06/30/18	65.001	EH017	413,441	374,441
Home Care for the Elderly Program 07/01/18-06/30/19		EH018	304,532	265,531
Total Home Care for the Elderly Program			<u>717,973</u>	<u>639,972</u>
Total Expenditures of State Financial Assistance			<u>\$ 11,128,200</u>	<u>\$ 10,120,920</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, 2018

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, 2018, 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 July 25, 2018.

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
August 19, 2019



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, 2018. 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, 2018.

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
August 19, 2019

Area Agency on Aging of Pasco-Pinellas, Inc.

**Schedule of Findings and Questioned Costs -
Federal Awards and State Financial Assistance
Year Ended December 31, 2018**

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, 2018 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
National Family Caregiver Support - Title III, Part E	93.052

<u>State Projects</u>	<u>CFSA Number</u>
Department of Elder Affairs	
Community Care for the Elderly	65.010
Local Services Program	65.009

8. The threshold used for distinguishing Type A and Type B programs was \$750,000 for major Federal programs and \$333,846 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, 2017**

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