



Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center

Financial Statements

December 31, 2019 and 2018

Table of Contents

Independent Auditors' Report.....	1 – 2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities and Changes in Deficiency in Net Assets.....	4
Statements of Functional Expenses.....	5 – 7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 – 16
Supplementary Schedule:	
Schedule of Expenditures of Federal Awards and State Financial Assistance	18 – 19
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	20
Independent Auditors' Reports Required by <i>Government Auditing Standards</i> and Uniform Guidance:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22 – 23
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and State of Florida Chapter 10.650, <i>Rules of the Auditor General</i>	24 – 26
Schedule of Findings and Questioned Costs	28 – 33



Independent Auditors' Report

To the Board of Directors
Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
West Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Area Agency on Aging of Palm Beach/Treasure Coast, Inc. d/b/a Your Aging & Disability Resource Center ("the Agency," a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in deficiency in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Agency'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 Agency'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.

Continued from previous page

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Area Agency on Aging of Palm Beach/Treasure Coast, Inc. d/b/a Your Aging & Disability Resource Center as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were 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 financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, the Audit Requirements for Federal Awards*, and State of Florida Chapter 10.65, *Rules of the Auditor General*, 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 31, 2020, on our consideration of the Agency'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Caughal Bolton LLP

Boca Raton, Florida
August 31, 2020

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Statements of Financial Position
December 31, 2019 and 2018

<u>Assets</u>		
	<u>2019</u>	<u>2018</u>
Current assets:		
Cash	\$ 265,083	\$ 137,397
Federal and state grants receivable	3,830,753	4,509,033
Other receivables	189,309	441,731
Prepaid expenses	60,927	64,672
Advances to providers	757,487	813,622
Total current assets	<u>5,103,559</u>	<u>5,966,455</u>
Property and equipment, net	<u>781</u>	<u>4,906</u>
Total assets	<u>\$ 5,104,340</u>	<u>\$ 5,971,361</u>
 <u>Liabilities and Deficiency in Net Assets</u> 		
Current liabilities:		
Accounts payable	\$ 335,130	\$ 435,760
Accrued expenses	137,726	170,715
Due to providers	4,405,099	4,773,630
Line of credit	450,000	450,000
Deferred revenue	814,787	1,140,750
Total current liabilities	<u>6,142,742</u>	<u>6,970,855</u>
Deficiency in net assets:		
Without donor restriction	<u>(1,038,402)</u>	<u>(999,494)</u>
Total deficiency in net assets	<u>(1,038,402)</u>	<u>(999,494)</u>
Total liabilities and deficiency in net assets	<u>\$ 5,104,340</u>	<u>\$ 5,971,361</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Statements of Activities and Changes in Deficiency in Net Assets
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
	<u>Without Donor Restriction</u>	<u>Without Donor Restriction</u>
Revenues:		
Federal grants	\$ 12,254,588	\$ 12,079,537
State grants	12,380,040	11,808,045
Other grants and contributions	730,233	492,850
Total revenues	<u>25,364,861</u>	<u>24,380,432</u>
Expenses:		
Program services	24,302,612	23,532,601
Support services:		
General and administrative	1,101,157	1,486,742
Total expenses	<u>25,403,769</u>	<u>25,019,343</u>
Change in net assets	(38,908)	(638,911)
Deficiency in net assets, beginning of year	<u>(999,494)</u>	<u>(360,583)</u>
Deficiency in net assets, end of year	<u>\$ (1,038,402)</u>	<u>\$ (999,494)</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Statements of Functional Expenses
For the Years Ended December 31, 2019 and 2018

	Department of Elder Affairs (DOEA) Programs						
	Older Americans Act	Alzheimers Disease Initiative	Community Care	EHEAP	Elder Abuse	Healthy Living	Medicaid Intake
Providers	\$ 7,467,955	\$ 6,010,613	\$ 4,778,508	\$ 365,641	\$ -	\$ -	\$ -
Wages and benefits	401,990	44,803	292,475	27,393	6,595	60,319	362,734
Rental space	45,106	8,819	62,045	1,611	6,175	35,700	59,862
Maintenance and repairs	3,035	828	24,552	1,741	5,272	6,770	18,405
Travel and training	540	-	734	-	1,198	2,634	444
Communications and shipping	2,884	568	12,477	301	2,784	3,948	6,635
Printing and supplies	732	-	5,905	156	4,246	6,053	4,507
Equipment	759	-	200	-	-	321	-
Other expenses	4,804	-	98	-	1,426	963	783
Professional fees	-	-	10,336	-	134	134	3,669
Insurance	753	251	987	16	260	876	1,699
Volunteer expenses	8,697	-	82	-	594	14,890	313
Depreciation	-	-	-	-	-	-	-
Total expenses	<u>7,937,255</u>	<u>6,065,882</u>	<u>5,188,399</u>	<u>396,859</u>	<u>28,684</u>	<u>132,608</u>	<u>459,051</u>
Allocation of general and administrative expenses	<u>359,639</u>	<u>274,847</u>	<u>235,088</u>	<u>17,982</u>	<u>1,300</u>	<u>6,008</u>	<u>20,800</u>
Total expenses after allocation	<u>\$ 8,296,894</u>	<u>\$ 6,340,729</u>	<u>\$ 5,423,487</u>	<u>\$ 414,841</u>	<u>\$ 29,984</u>	<u>\$ 138,616</u>	<u>\$ 479,851</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Statements of Functional Expenses, continued
For the Years Ended December 31, 2019 and 2018

	Department of Elder Affairs (DOEA) Programs						Other DOEA Programs
	Elder Helpline	Home Care	MIPPA	Relief	SHINE	Senior Medicaid Patrol	
Providers	\$ -	\$ 828,549	\$ -	\$ 76,122	\$ -	\$ -	\$ 94,891
Wages and benefits	674,890	59,510	110,619	9,180	113,583	49,913	-
Rental space	203,977	7,372	55,082	-	48,272	-	-
Maintenance and repairs	93,711	2,645	6,905	30	42,540	87	-
Travel and training	4,065	-	1,768	-	3,048	9	-
Communications and shipping	36,918	1,498	2,243	126	9,937	76	-
Printing and supplies	22,137	434	779	-	4,126	223	-
Equipment	339	-	-	-	1,423	-	-
Other expenses	8,822	513	416	-	810	-	-
Professional fees	1,377	-	3,810	-	134	-	-
Insurance	4,643	50	146	-	559	-	-
Volunteer expenses	19,782	-	228	-	14,364	-	-
Depreciation	-	-	-	-	-	-	-
Total expenses	<u>1,070,661</u>	<u>900,571</u>	<u>181,996</u>	<u>85,458</u>	<u>238,796</u>	<u>50,308</u>	<u>94,891</u>
Allocation of general and administrative expenses	<u>48,511</u>	<u>40,805</u>	<u>8,246</u>	<u>3,872</u>	<u>10,820</u>	<u>2,279</u>	<u>4,300</u>
Total expenses after allocation	<u>\$ 1,119,172</u>	<u>\$ 941,376</u>	<u>\$ 190,242</u>	<u>\$ 89,330</u>	<u>\$ 249,616</u>	<u>\$ 52,587</u>	<u>\$ 99,191</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Statements of Functional Expenses, continued
For the Years Ended December 31, 2019 and 2018

	Non-DOEA Programs					Total Program Services	Support Services		Total 2019	Total 2018
	Other Non- DOEA	Benefit Enrollment	Foster Grandparents	Elder Rights	Veterans Choice		General and Administrative	Fundraising		
Providers	\$ 3,415	\$ -	\$ 118	\$ -	\$ 227,521	\$ 19,853,333	\$ 57,112	\$ -	\$ 19,910,445	\$ 18,988,106
Wages and benefits	7,121	117,966	247,567	202,734	24,473	2,813,865	601,073	-	3,414,938	3,771,217
Rental space	-	16,526	32,203	23,933	-	606,683	154,933	-	761,616	718,546
Maintenance and repairs	97,617	3,038	18,915	3,615	2,056	331,762	55,084	-	386,846	364,974
Travel and training	2,873	2,597	4,465	167	4,401	28,943	28,903	-	57,846	63,271
Communications and shipping	10,283	3,721	8,225	4,625	1,659	108,908	31,931	-	140,839	184,940
Printing and supplies	-	2,636	3,486	2,607	477	58,504	25,252	-	83,756	81,295
Equipment	150	-	-	-	-	3,192	785	-	3,977	69,466
Other expenses	14	85	474	85	11,763	31,056	54,788	-	85,844	113,523
Professional fees	-	67	403	134	67	20,265	31,235	-	51,500	26,062
Insurance	201	28	2,249	-	-	12,718	5,485	-	18,203	14,932
Volunteer expenses	-	1,940	372,284	205	4	433,383	50,451	-	483,834	615,748
Depreciation	-	-	-	-	-	-	4,125	-	4,125	7,263
Total expenses	<u>121,674</u>	<u>148,604</u>	<u>690,389</u>	<u>238,105</u>	<u>272,421</u>	<u>24,302,612</u>	<u>1,101,157</u>	<u>-</u>	<u>25,403,769</u>	<u>25,019,343</u>
Allocation of general and administrative expenses	<u>5,513</u>	<u>6,733</u>	<u>31,282</u>	<u>10,789</u>	<u>12,343</u>	<u>1,101,157</u>	<u>(1,101,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses after allocation	<u>\$ 127,187</u>	<u>\$ 155,337</u>	<u>\$ 721,671</u>	<u>\$ 248,894</u>	<u>\$ 284,764</u>	<u>\$ 25,403,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,403,769</u>	<u>\$ 25,019,343</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (38,908)	\$ (638,911)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,125	7,263
Changes in operating assets and liabilities:		
Federal and state grants receivable	678,280	(708,791)
Other receivables	252,422	133,847
Prepaid expenses	3,745	(29,857)
Advances to providers	56,135	257,134
Accounts payable	(100,630)	131,373
Accrued expenses	(32,989)	72,107
Due to providers	(368,531)	279,930
Deferred revenue	(325,963)	85,852
Net cash provided by (used in) operating activities	<u>127,686</u>	<u>(410,053)</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	127,686	(410,053)
Cash, beginning of year	<u>137,397</u>	<u>547,450</u>
Cash, end of year	<u>\$ 265,083</u>	<u>\$ 137,397</u>
<u>Supplemental cash flow information:</u>		
Cash paid for interest	<u>\$ 24,903</u>	<u>\$ 22,284</u>

See accompanying notes to financial statements.

Note 1 – Organization and Purpose

Area Agency on Aging of Palm Beach/Treasure Coast, Inc. d/b/a Your Aging & Disability Resource Center (the “Agency”) was incorporated on September 27, 1988 as a private, non-profit, regional agency designated by the State of Florida in accordance with the Older Americans Act of 1965 and in the State Community Care for the Elderly Act. The Agency administers a network of services for the aging population in Palm Beach, Martin, St. Lucie, Indian River and Okeechobee counties. The goal of the Agency is to meet the nutritional and social needs of the aging population. To carry out this goal, the Agency conducts annual assessments of the needs of the elderly population, determines resources available to satisfy these needs, and then plans and coordinates programs available to alleviate the identified needs. The Agency awards service provider contracts to the appropriate local agencies, which provide the service to the aging population.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Agency's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires the Agency to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the statements of activities and changes in deficiency in net assets. As of December 31, 2019 and 2018, there were no net assets with donor restriction.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying statements of activities and changes in deficiency in net assets and functional expenses. Accordingly, certain costs have been allocated among programs and general and administrative costs based on time expended or space occupied.

Note 2 – Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of reporting cash flows, the Agency considers all highly liquid instruments purchased with a maturity of three (3) months or less to be cash equivalents. As of December 31, 2019 and 2018, the Agency had no cash equivalents.

Federal and State Grants Receivable

Grants receivable are un-collateralized federal and state obligations due under normal trade terms requiring payment within thirty (30) days from the request date. Unpaid receivables with request dates over 30 days do not bear interest. Grants receivable are stated at the amount management expects to collect from outstanding balances. In the past, substantially all of grants receivable have been collected within sixty (60) days, therefore management has not recorded a provision for uncollectible accounts. Payments of receivables are allocated to the specific requests identified on the state's remittance advice.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are valued at fair value on the date of donation. Property and equipment consists primarily of office equipment. Office equipment is depreciated using the straight-line method over a range from three (3) to five (5) years. The Agency's policy is to capitalize property and equipment with a cost of \$1,000 or more.

Valuation of Long-Lived Assets

The Agency accounts for the valuation of long-lived assets under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), which requires that long-lived assets and certain intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the years ended December 31, 2019 and 2018.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. Unconditional promises to give are presumed to be time-restricted by the donor until collected and are reported as net assets with donor restriction.

Contributions are recorded at fair value. Contributions, including multi-year pledges, to be received after one year are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years.

Note 2 – Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

The Agency receives grant funding from federal agencies, state and local governments, and private sources. Revenue is recognized only to the extent of allowable expenditures under the terms of the grants. Excess expenses incurred are non-reimbursable to the Agency. Advance payments from grantors are recorded as refundable advances until expended for its intended purpose. The Agency must meet certain contractual matching requirements through cash and/or in-kind contributions. These requirements are proportionately passed on to the Agency's providers through contractual provisions in their subcontracts. The subcontract provider's match is reported to the Agency and tracked to ensure that all contractual matching requirements are met. However, the match provided by the Agency's providers is not recognized in the financial statements of the Agency.

Donated Goods and Services

Contributed services are recognized in the financial statements if the services received create or enhance nonfinancial assets; require specialized skills; are provided by individuals possessing those skills; and are typically purchased if not provided by donation.

All contributions are considered available for general use unless specifically restricted by the donor. Contributed services and goods are recorded at fair value. Donated building space is valued as the difference between fair rental value of the space occupied and the rent paid, or at an estimate of the fair rental value when no rent is paid.

Compensated Absences

Employees of the Agency are entitled to paid annual leave, which they earn throughout the year. As of December 31, 2019 and 2018, the Agency accrued an estimated liability for compensated absences in the amount of \$90,601 and \$133,785, respectively.

Deferred Revenue

Deferred revenue is comprised of amounts received from grantor agencies by the Agency prior to meeting the revenue recognition criteria. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. In subsequent periods, when the revenue recognition criteria have been met, the liability for deferred revenue is reduced and revenue is recognized.

Income Taxes

The Agency has been granted an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC"), as a non-profit corporation.

In accordance with U.S. GAAP on accounting for uncertainty in income taxes, the Organization recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for

Note 2 – Summary of Significant Accounting Policies, continued

Income Taxes, continued

uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization’s tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Recent Accounting Pronouncement

In June 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU No. 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Agency does not expect the adoption of ASU No. 2018-08 to have a material effect on the financial statements and disclosures.

Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported change in net assets.

Date of Management Review

Management has evaluated subsequent events through August 31, 2020, the date on which the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

The Agency’s financial assets available to meet cash needs for general expenditure, without donor or other restrictions limiting their use, within one year consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Cash	\$ 265,083	\$ 137,397
Federal and state grants receivable	3,830,753	4,509,033
Other receivables	189,309	441,731
Total financial assets	<u>4,285,145</u>	<u>5,088,161</u>
Less: financial assets not available for general expenditure within one year due to:		
Due to providers	<u>4,405,099</u>	<u>4,773,630</u>
Total financial assets unavailable for general expenditure	<u>4,405,099</u>	<u>4,773,630</u>
Total (deficiency in financial assets) financial assets available within one year to meet cash needs for general expenditures	<u>\$ (119,954)</u>	<u>\$ 314,531</u>

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Notes to Financial Statements

Note 3 – Liquidity and Availability of Resources, continued

The Agency has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Property and Equipment

Property and equipment consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 249,880	\$ 249,880
Less: accumulated depreciation	(249,099)	(244,974)
Property and equipment, net	<u>\$ 781</u>	<u>\$ 4,906</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$4,125 and \$7,263, respectively.

Note 5 – Federal and State Grants Receivable

Federal and state grants receivable from grantors consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Federal:		
Corporation for National and Community Service	\$ 155,413	\$ 141,376
U.S. Department of HHS	2,028,523	2,087,314
U.S. Department of Justice	14,110	59,889
Other	-	31,911
State:		
Florida Department of Elder Affairs	1,632,707	2,188,543
Total federal and state grants receivable	<u>\$ 3,830,753</u>	<u>\$ 4,509,033</u>

Note 6 – Line of Credit

On January 1, 2011, the Agency obtained a revolving line of credit (the “LOC”) from a financial institution for working capital needs. The LOC is unsecured and interest is payable monthly at the Wall Street Prime Rate (4.75% and 5.5% as of December 31, 2019 and 2018, respectively). The LOC has a max borrowing of \$450,000 and unpaid principal and interest matures on October 25, 2020.

During the years ended December 31, 2019 and 2018, the Agency paid interest expense of \$24,903 and \$22,284, respectively. As of December 31, 2019 and 2018, the Agency had \$450,000 outstanding on the LOC for both years.

Note 7 – Employee Benefit Plan

In August 2006, the Agency adopted a 401(a) Employer Retirement Plan (the “Plan”). The Plan allows for participation for all those employees 18 years of age or older. The employer contributions under the plan are discretionary. Employees are 25% vested after one year of service, 50% vested after two years, 75% vested after three years and 100% vested after four years of service.

During the years ended December 31, 2019 and 2018, total contributions made to the Plan by the Agency was \$95,505 and \$118,631, respectively.

Note 8 – Commitments and Contingencies

Leases

The Agency leases office space for its headquarters in West Palm Beach, Florida that expires in April 2028. The Agency also has a lease for their Treasure Coast Facility, the lease expires in October 2023. Total rent expense for the years ended December 31, 2019 and 2018 was \$761,615 and \$718,546, respectively.

Future minimum lease commitments consists of the following as of December 31, 2019:

<u>For the Years Ending December 31,</u>	
2020	\$ 625,895
2021	635,843
2022	651,765
2023	667,040
2024	659,985
Thereafter	<u>2,809,114</u>
Total	<u>\$ 6,049,642</u>

Legal matters

In the normal course of conducting its operations, the Agency occasionally becomes party to various legal actions and proceedings. Management is not aware of any pending or threatened litigation, claims, or assessments. Management also believes that the Agency has adequate general and professional liability coverage, current or subsequent claims could result in additional costs to the Agency.

Note 8 – Commitments and Contingencies, continued

Grants

The Agency participates in various federal and state assisted grant programs that are subject to review and audit by the respective grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the Agency and have an impact on future awards granted. During the years ended December 31, 2019 and 2018, the Agency's management identified deficiencies in compliance requirements with grant funds received from the DOEA. The rulings of such deficiencies are pending as of the date of managements review and could have an impact on future awards granted by the DOEA (See Subsequent Events Note).

As the revenue from the DOEA grant programs is significant to the financial statements, reduction or loss of funding from the DOEA may affect the Agency's ability to operate in its present form. (See Major Grantor Note).

Note – 9 Concentrations of Risk

Cash deposits

The Agency maintains its cash on deposit with a financial institution. The Federal Deposit Insurance Corporation (the "FDIC") covers \$250,000 per depositor, per insured bank. As of December 31, 2019 and 2018, the deposit amount held with the financial institution in excess of FDIC limits was \$96,583 and \$20,201, respectively.

Major Grantor

For the years ended December 31, 2019 and 2018, the DOEA accounted for 97% and 95%, respectively, of the Agency's total revenue. As of December 31, 2019 and 2018, the DOEA accounted for 91% and 94%, respectively, of the Agency's total grants receivable.

Note 10 – Related Parties

The Your Aging & Disability Resource Center Foundation, Inc. (the "Foundation") was formed to assist the Agency as a supporting agency as defined in Section 509(a)(3) of the IRC. The principal purpose of the Foundation is to support the Agency in its charitable efforts to improve the lives of senior citizens in Palm Beach, Martin, St. Lucie, Indian River and Okeechobee counties, Florida. The Foundation's function include, but are not limited to; raising, receiving, investing, managing and administering funds for the Agency to use for its charitable purposes. The by-laws of the Foundation specify that the Chief Executive Officer of the Agency is on the Board of the Foundation. There were minimal transactions between the Agency and the Foundation during the years ended December 31, 2019 and 2018. The Agency has chosen not to include the Foundation in their financial statements due to inconsequential activity with the Foundation.

Note – 11 Subsequent Events

In 2020, the Florida Department of Financial Services (the “FDFS”) began a forensic audit on the Agency for the year ended December 31, 2019 and prior, in regards to the misappropriation of program funds received from the DOEA. The misappropriation of funds primarily involved the Agency utilizing program funding to support operational expenses, which resulted in the Agency not paying providers in a timely manner. The misappropriation led to an approximate amount past due to providers of \$1,700,000, which is included in due to providers in the statements of financial position as of December 31, 2019, and 2018. The rulings of the FDFS forensic audit are pending and may affect the Agency’s ability to operate in its present form. In 2020, the Agency filed a crime claim and a directors and officers claim with its insurance provider in efforts to recoup the misappropriated funds. In August 2020, the Agency received insurance proceeds of approximately \$44,000 for the crime claim. Management is unable to estimate the amount and probability of recovering insurance proceeds for the directors and officers claim.

On March 20, 2020, the World Health Organization (the “WHO”) classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Agency’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Agency is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year ending December 31, 2020.

In response to the COVID-19 outbreak in the United States, Congress passed and signed into law the CARES Act and the Family First Act on March 27, 2020 and March 18, 2020, respectively. In 2020, the Agency was awarded grant funding for \$1,813,512 under the Family First Act and \$5,517,289 under the CARES Act. The funds received are not loans and therefore not required to be repaid so long as the funds are used for allowable expenditures.

The CARES Act also included the Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”), an extension of the SBA Section 7(a) program that provides up to \$349 billion in 100% SBA-guaranteed loans for eligible small businesses, including loan forgiveness provisions where loan proceeds are used for qualifying expenditures. On June 2, 2020, the Agency received a PPP loan (the “PPP loan”) under the SBA PPP with an original principal balance of \$533,847. The PPP loan principal and interest will be forgiven so long as the funds are used for qualifying expenditures as outlined in the CARES Act. Management intends for the principal and interest on the PPP loan to be forgiven in its entirety. The loan bears interest at 1% and matures on June 2, 2022. Eighteen (18) equal monthly principal and interest payments will commence on January 2, 2021, for any unforgiven principal and interest under the PPP loan.

Supplementary Schedule

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Schedule of Expenditures of Federal Awards and State Financial Assistance

Grantor/Pass-through Agency Program Title	CFDA/ CFSA Number	Grant Contract Number	Award Amount	Expenditures	Amounts Paid to Subrecipient
FEDERAL AWARDS					
Department of Health and Human Services:					
Passed through State of Florida:					
Department of Elder Affairs					
Older Americans Act					
Title III Administration	93.044	IA019	\$ 1,002,138	\$ 1,002,138	\$ -
Title III B	93.044	IA019	4,010,973	4,010,973	2,835,799
Title III C1	93.045	IA019	1,604,731	1,555,062	1,555,062
Title III C2	93.045	IA019	1,942,481	1,785,737	1,785,737
Administration on Aging					
Nutrition Services Incentive Program	93.053	IA019	502,237	498,301	498,301
Total Aging Cluster			<u>9,062,560</u>	<u>8,852,211</u>	<u>6,674,899</u>
Older Americans Act					
Title VII Elder Abuse Prevention	93.041	I7019	21,267	21,267	-
Title III D	93.043	IA019	126,020	126,020	-
Title III E	93.052	IA019	1,133,668	1,133,668	788,702
Total Older Americans Act			<u>1,280,955</u>	<u>1,280,955</u>	<u>788,702</u>
Senior Medicare Patrol Program					
Senior Medicare Patrol Program	93.048	IG019	51,739	30,181	-
Senior Medicare Patrol Program	93.048	IG018	44,348	14,783	-
Total Senior Medicare Patrol Program			<u>96,087</u>	<u>44,964</u>	<u>-</u>
Medicare Enrollment Assistance Program					
Medicare Enrollment Assistance Program	93.071	IB020	174,447	41,133	-
Medicare Enrollment Assistance Program	93.071	IB019	164,530	123,397	-
Total Medicare Enrollment Assistance Program			<u>338,977</u>	<u>164,530</u>	<u>-</u>
Emergency Home Energy Assistance					
Emergency Home Energy Assistance	93.568	IP018	525,715	242,670	219,935
Emergency Home Energy Assistance	93.568	IP019	429,320	160,392	145,707
Total Emergency Home Energy Assistance			<u>955,035</u>	<u>403,062</u>	<u>365,642</u>
Medical Assistance Program					
Medical Assistance Program	93.778	IX017	1,042,327	469,715	-
Total Medical Assistance Program			<u>1,042,327</u>	<u>469,715</u>	<u>-</u>
CMS Research					
CMS Research	93.779	IN018	256,497	64,124	-
CMS Research	93.779	IN019	256,497	192,373	-
Total CMS Research			<u>512,994</u>	<u>256,497</u>	<u>-</u>
Total Department of Health and Human Services			<u>13,288,935</u>	<u>11,471,934</u>	<u>7,829,243</u>
National Council on Aging Benefit Enrollment Center	93.071	1179	140,000	150,000	-
Corporation for National and Community Service:					
Foster Grandparent Program	94.011	19SFSFL003	973,548	440,597	-
Total Corporation for National and Community Service			<u>973,548</u>	<u>440,597</u>	<u>-</u>

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Schedule of Expenditures of Federal Awards and State Financial Assistance, continued

Grantor/Pass-through Agency Program Title	CFDA/ CFSA Number	Grant Contract Number	Award Amount	Expenditures	Amounts Paid to Subrecipient
Intergovernmental Personnel Act Title IV	-		-	25,081	-
Total Intergovernmental Personnel Act Title IV			-	25,081	-
Department of Justice					
Passed Through State of Florida					
Office of the Attorney General					
Victims of Crime	16.575	PAL-00177	130,692	89,945	-
Victims of Crime	16.575	PAL-00389	93,136	27,292	-
Victims of Crime	16.575	PAL-00043	137,453	27,932	-
Victims of Crime	16.575	PAL-00044	97,132	21,807	-
Total Victims of Crime			458,413	166,976	-
Total Expenditures of Federal Awards			14,860,896	12,254,588	7,829,243
STATE FINANCIAL ASSISTANCE					
Department of Elder Affairs:					
Community Care for the Elderly	65.010	IC018	5,367,972	2,534,667	2,384,319
Community Care for the Elderly	65.010	IC019	5,541,721	2,668,946	2,394,189
Home Care for the Elderly	65.001	IH018	791,222	460,555	444,238
Home Care for the Elderly	65.001	IH019	791,222	447,818	384,311
Local Service Programs	65.009	IL018	92,946	47,353	47,353
Local Service Programs	65.009	IL019	92,946	47,538	47,538
Respite for Elders Living in Everyday Families	65.006	IR018	102,000	34,700	32,445
Respite for Elders Living in Everyday Families	65.006	IR019	122,000	51,732	43,677
Medicaid Assistance	65.010	IX017	260,582	-	-
Medicaid Assistance	65.010	IX017	260,582	-	-
Alzheimer's Disease Initiative	65.004	IZ018	6,182,610	3,209,036	3,176,394
Alzheimer's Disease Initiative	65.004	IZ019	5,423,814	2,877,695	2,834,219
Total Department of Elder Affairs			25,029,617	12,380,040	11,788,683
Total State Financial Assistance			25,029,617	12,380,040	11,788,683
Total Federal and State			\$ 39,890,513	\$ 24,634,628	\$ 19,617,926

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards and the State of Florida Chapter 10.650, Rules of the Auditor General*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Agency has elected not to use the 10% de minimis indirect cost rate for its federal programs or state projects for the years ended December 31, 2019 and 2018. The indirect cost rates used on the Agency's federal programs and state projects are determined by the relevant federal or state agency.

Note 2 – Reconciliation of Schedule of Expenditures of Federal Awards and State Financial Assistance to the Statements of Activities and Changes in Deficiency in Net Assets

The following schedule is a reconciliation of total expenditures as shown on the Schedule to the revenue shown in the accompanying statements of activities and changes in deficiency in net assets for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Total expenditures on the Schedule	\$ 24,634,628	\$ 23,887,582
Federal grant revenue	12,254,588	12,079,537
State grant revenue	12,380,040	11,808,045
Total federal and state grant revenue on the statements of activities and changes in deficiency in net assets	\$ 24,634,628	\$ 23,887,582

Independent Auditors' Reports Required by
Government Auditing Standards and
Uniform Guidance

**Independent Auditors' 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 Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
West Palm Beach, Florida

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 Palm Beach/Treasure Coast, Inc. d/b/a Your Aging & Disability Resource Center ("The Agency," a nonprofit organization), which comprise the statement of financial positions as of December 31, 2019 and 2018, and the related statements of activities and changes in deficiency in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audits 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.

Continued from previous page

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-003.

The Agency's Response to Findings

The Agency's response to the findings identified in our audits is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coastal Capital LLP

Boca Raton, Florida
August 31, 2020

**Independent Auditors' Report on Compliance
for Each Major Federal Program and State Project
and on Internal Control Over Compliance
Required by the Uniform Guidance and State of Florida
Chapter 10.650, Rules of the Auditor General**

To the Board of Directors
Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
West Palm Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Area Agency on Aging of Palm Beach/Treasure Coast, Inc. d/b/a Your Aging & Disability Resource Center's ("the Agency," a nonprofit organization) 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 the Agency's major federal programs and State Projects for the years ended December 31, 2019 and 2018. The Agency's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs and state projects based on our audits of the types of compliance requirements referred to above. We conducted our audits 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, Audit Requirements for Federal Awards* (Uniform Guidance) and State of Florida Chapter 10.650, *Rules of the Auditor General*. Those standards and the Uniform Guidance require that we plan and perform the audits 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 project occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audits do not provide a legal determination of the Agency's compliance.

Continued from previous page

Opinion on Each Major Federal Program and State Project

In our opinion, the Agency 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 years ended December 31, 2019 and 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General* and which are described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-003. Our opinion on each major federal program and state project is not modified with respect to these matters.

The Agency's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audits of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Agency 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 audits of compliance, we considered The Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state 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 project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and State of Florida Chapter 10.650, *Rules of the Auditor General* 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 Agency'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 project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 a state 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 a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Continued from previous page

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-003, that we consider to be significant deficiencies.

The Agency's response to the internal control over compliance findings identified in our audits are described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audits of compliance and, accordingly, we express no opinion on the response.

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 and State of Florida Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Crystal Bolton LLP

Boca Raton, Florida
August 31, 2020

Schedule of Findings and Questioned Costs

**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Schedule of Findings and Questioned Costs**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unmodified	
Internal controls over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	
Management letter or report on other matters related to internal controls issued?	<u> </u> Yes	<u> X </u> No	

Federal Awards

Internal control over major federal programs:			
- Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
- Significant deficiency(ies) identified	<u> X </u> Yes	<u> </u> No	

Type of auditors' report issued on compliance for major programs:		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<u> X </u> Yes	<u> </u> No	
Dollar threshold used to distinguish between type A and type B programs:	\$	750,000	Federal
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

Federal Programs

<u>Name of Major Federal Program or Cluster</u>	<u>CFDA Number</u>
Aging Cluster:	
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
Nutrition Services Incentive Program	93.053
Title III E – Caregiver Support Services	93.052

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Schedule of Findings and Questioned Costs, continued

SECTION I - SUMMARY OF AUDITORS' RESULTS, continued

STATE FINANCIAL ASSISTANCE

Type of auditors' report issued on compliance for major projects:	Unmodified	
Internal control over major projects:		
Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ X Yes	_____ No
Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> .	_____ X Yes	_____ No
Dollar threshold used to distinguish between Type A and Type B projects	\$	750,000 State

Identification of major projects:

State Projects

<u>Name of Major State Project</u>	<u>CFSA Number</u>
Alzheimer's Disease Initiative	65.004
Community Care for the Elderly	65.010
Home Care for the Elderly	65.001

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported

SECTION III - FEDERAL PROGRAM AND STATE PROJECT AUDIT FINDINGS

CURRENT YEAR FINDINGS

Finding 2019-001

Criteria:

Federal awards and state financial assistance were used for unallowable expenditures.

Condition:

Certain federal awards and state financial assistance received from the DOEA were used to fund the Agency's operations and were not used for allowable expenditures per the grant agreements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Schedule of Findings and Questioned Costs, continued

SECTION III - FEDERAL PROGRAM AND STATE PROJECT AUDIT FINDINGS, continued

CURRENT YEAR FINDINGS, continued

Finding 2019-001, continued

Questioned Costs:

Federal awards and state financial assistance: Approximately \$357,000.

Cause:

The Agency did not have adequate internal controls in place to ensure federal awards and state financial assistance received from the DOEA were used for allowable expenditures.

Effect:

The use of federal awards and state financial assistance for unallowable expenditures results in noncompliance with the grant agreements.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that federal awards and state financial assistance will be used only for allowable expenditures.

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure federal awards and state financial assistance are used only for allowable expenditures.

Finding 2019-002

Criteria:

Approved provider invoices were not paid in a timely manner.

Condition:

The Agency is required to make payments to providers within thirty (30) days after receipt of the invoice, inspections and approval of good and services. Payments from the Agency are beyond the thirty (30) day period.

Questioned Costs:

Federal awards: Approximately \$815,000; state financial assistance: Approximately \$860,000.

Cause:

The Agency did not have adequate internal controls in place to ensure provider invoices would be paid within the thirty (30) day period.

Effect:

Past due payments result in non-compliance with provider agreements.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that provider invoices will be paid in a timely manner.

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure provider invoices are paid within a timely manner.

Finding 2019-003

Criteria:

The Agency's subcontract agreements were not submitted to the DOEA within thirty (30) days of execution.

Condition:

The Agency did not submit subcontract agreements to the DOEA within thirty (30) days of execution.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Schedule of Findings and Questioned Costs, continued

SECTION III - FEDERAL PROGRAM AND STATE PROJECT AUDIT FINDINGS, continued

CURRENT YEAR FINDINGS, continued

Finding 2019-003, continued

Questioned Costs:

N/A

Cause:

The Agency did not have adequate internal controls in place to ensure subcontract agreements would be submitted to the DOEA within thirty (30) days of execution.

Effect:

Not submitting executed subcontract agreements within the thirty (30) day period results in non-compliance with the grantor agreement.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that subcontract agreements will be submitted to the DOEA within thirty (30) days of execution.

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure that subcontract agreements will be submitted to the DOEA within thirty (30) days of execution.

PRIOR YEAR FINDINGS

Finding 2018-001

Criteria:

The single audit reporting package and data collection form shall be submitted to the grantor agencies thirty (30) days after receipt of the auditors' report, or nine (9) months after the end of the fiscal year whichever comes first.

Condition:

We noted that the Agency did not file with the grantor agencies as required by the Uniform Guidance.

Questioned Costs:

N/A

Cause:

The Agency did not have adequate internal controls in place to ensure the timely filing of the audit report to the grantor agencies.

Effect:

Late filing resulted in noncompliance with timely submission of financial information to the grantor agencies per the Uniform Guidance.

Recommendation:

We recommend that the Agency implement internal controls in order to timely file the audit report as required by the Uniform Guidance.

Views of Responsible Officials:

The Agency will update its monitoring procedures to include timely submission of the Agency's audit with the grantor agencies as required by the Uniform Guidance.

Status:

The single audit reporting package and data collection form for the year ended December 31, 2018 was submitted to the Federal Audit Clearinghouse ("FAC") on July 16, 2020.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Schedule of Findings and Questioned Costs, continued

SECTION III - FEDERAL PROGRAM AND STATE PROJECT AUDIT FINDINGS, continued

PRIOR YEAR FINDINGS, continued

Finding 2018-002

Criteria:

Federal awards and state financial assistance were used for unallowable expenditures.

Condition:

Certain federal awards and state financial assistance received from the DOEA were used to fund the Agency's operations and were not used for allowable expenditures per the grant agreements.

Questioned Costs:

Federal awards: Approximately \$815,000; state financial assistance: Approximately \$860,000.

Cause:

The Agency did not have adequate internal controls in place to ensure federal awards and state financial assistance received from the DOEA were used for allowable expenditures.

Effect:

The use of federal awards and state financial assistance for unallowable expenditures results in noncompliance with the grant agreements.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that federal awards and state financial assistance will be used only for allowable expenditures.

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure federal awards and state financial assistance are used only for allowable expenditures.

Status:

During the year ended December 31, 2019, certain federal awards and state financial assistance received from the DOEA were used to fund the Agency's operations and were not used for allowable expenditures per the grant agreements. Finding 2018-002, was not resolved during the year ended December 31, 2019 due to the Agency discovering the deficiency in March of 2019.

Finding 2018-003

Criteria:

Approved provider invoices were not paid in a timely manner.

Condition:

The Agency is required to make payments to providers within thirty (30) days after receipt of the invoice, inspections and approval of good and services. Payments from the Agency are beyond the thirty (30) day period.

Questioned Costs:

Federal awards: Approximately \$815,000; state financial assistance: Approximately \$860,000.

Cause:

The Agency did not have adequate internal controls in place to ensure provider invoices would be paid within the thirty (30) day period.

Effect:

Past due payments result in non-compliance with provider agreements.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that provider invoices will be paid in a timely manner.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
d/b/a Your Aging & Disability Resource Center
Schedule of Findings and Questioned Costs, continued

SECTION III - FEDERAL PROGRAM AND STATE PROJECT AUDIT FINDINGS, continued

PRIOR YEAR FINDINGS, continued

Finding 2018-003, continued

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure provider invoices are paid within a timely manner.

Status:

During the year ended December 31, 2019, approved provider invoices were not paid in a timely manner. Finding 2018-003, was not resolved during the year ended December 31, 2019 due to the Agency discovering the deficiency in March of 2019.

Finding 2018-004

Criteria:

The Agency's subcontract agreements were not submitted to the DOEA within thirty (30) days of execution.

Condition:

The Agency did not submit subcontract agreements to the DOEA within thirty (30) days of execution.

Questioned Costs:

N/A

Cause:

The Agency did not have adequate internal controls in place to ensure subcontract agreements would be submitted to the DOEA within thirty (30) days of execution.

Effect:

Not submitting executed subcontract agreements within the thirty (30) day period results in non-compliance with the grantor agreement.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that subcontract agreements will be submitted to the DOEA within thirty (30) days of execution.

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure that subcontract agreements will be submitted to the DOEA within thirty (30) days of execution.

Status:

During the year ended December 31, 2019, the Agency's subcontract agreements were not submitted to the DOEA within thirty (30) days of execution. Finding 2018-004, was not resolved during the year ended December 31, 2019 due to the Agency discovering the deficiency in June of 2020.