

NORTH CENTRAL AREA AGENCY ON AGING, INC.

September 30, 2018 and 2017

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*Government Auditing Standards***
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NORTH CENTRAL AREA AGENCY ON AGING, INC.

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September 30, 2018 and 2017

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I. FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
North Central Area Agency on Aging, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of North Central Area Agency on Aging, Inc. (the "Agency") which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, 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 statement 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Central Area Agency on Aging, Inc. as of September 30, 2018 and 2017, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, 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* and the State Single Audit Act, are presented for purposes of additional analysis and are 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 January 23, 2019 on our consideration of North Central Area Agency on Aging, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Central Area Agency on Aging, Inc.’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 North Central Area Agency on Aging, Inc.’s internal control over financial reporting and compliance.



Hartford, Connecticut
January 23, 2019

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Statements of Financial Position

September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 808,939	\$ 1,087,150
Grants receivable	478,662	170,806
Security deposit	3,600	3,600
Equipment, net	<u>4,177</u>	<u>6,963</u>
Total assets	<u>\$ 1,295,378</u>	<u>\$ 1,268,519</u>
 Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued expenses	\$ 26,186	\$ 17,480
Grants payable to subgrantees	383,374	482,191
Refundable advances	<u>548,253</u>	<u>458,114</u>
Total liabilities	<u>957,813</u>	<u>957,785</u>
 Net Assets:		
Unrestricted	333,388	303,771
Temporarily restricted	<u>4,177</u>	<u>6,963</u>
Total net assets	<u>337,565</u>	<u>310,734</u>
Total liabilities and net assets	<u>\$ 1,295,378</u>	<u>\$ 1,268,519</u>

The accompanying notes are an integral part of the financial statements.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Statements of Activities

For the years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Change in unrestricted net assets:		
Support:		
Grants		
Administration	\$ 347,439	\$ 331,164
Social services	2,112,804	1,926,647
Nutrition	2,749,397	2,584,031
Total grants	<u>5,209,640</u>	<u>4,841,842</u>
Miscellaneous income	8,823	5,410
Program fee income	20,793	24,389
Net assets released from restrictions:		
Satisfaction of time restrictions	2,786	2,786
Total support	<u>5,242,042</u>	<u>4,874,427</u>
Expenses:		
Program services	4,862,201	4,515,594
Administration	350,224	333,948
Total expenses	<u>5,212,425</u>	<u>4,849,542</u>
Change in unrestricted net assets	<u>29,617</u>	<u>24,885</u>
Change in temporarily restricted net assets:		
Net assets released from restrictions	<u>(2,786)</u>	<u>(2,786)</u>
Change in temporarily restricted net assets	<u>(2,786)</u>	<u>(2,786)</u>
Change in net assets	26,831	22,099
Net assets, beginning of year	<u>310,734</u>	<u>288,635</u>
Net assets, end of year	<u>\$ 337,565</u>	<u>\$ 310,734</u>

The accompanying notes are an integral part of the financial statements.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Statement of Functional Expenses

For the year ended September 30, 2018

	Social Services	Nutrition	Total Program Services	Administration	Total
Personnel:					
Wages	\$ 619,296	\$ 9,000	\$ 628,296	\$ 260,204	\$ 888,500
Employee health and retirement benefits	114,110	730	114,840	20,010	134,850
Payroll taxes	58,728	-	58,728	16,954	75,682
 Total personnel	 792,134	 9,730	 801,864	 297,168	 1,099,032
Other expenses:					
Subgrantees	1,126,149	2,739,431	3,865,580	-	3,865,580
Program fees	62,644	-	62,644	-	62,644
Professional fees	5,583	-	5,583	10,417	16,000
Occupancy	44,955	-	44,955	10,244	55,199
Printing and publications	6,784	-	6,784	5,088	11,872
Telephone	6,755	236	6,991	2,391	9,382
Supplies	21,752	-	21,752	6,869	28,621
Postage	1,189	-	1,189	2,419	3,608
Staff development and conferences	13,644	-	13,644	3,464	17,108
Equipment rental and maintenance	11,919	-	11,919	4,899	16,818
Travel	6,147	-	6,147	603	6,750
Insurance	10,030	-	10,030	2,539	12,569
Dues and subscriptions	3,119	-	3,119	1,337	4,456
Depreciation	-	-	-	2,786	2,786
 Total other expenses	 1,320,670	 2,739,667	 4,060,337	 53,056	 4,113,393
 Total functional expenses	 \$ 2,112,804	 \$ 2,749,397	 \$ 4,862,201	 \$ 350,224	 \$ 5,212,425

The accompanying notes are an integral part of the financial statements.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Statement of Functional Expenses

For the year ended September 30, 2017

	Social Services	Nutrition	Total Program Services	Administration	Total
Personnel:					
Wages	\$ 542,263	\$ 55,314	\$ 597,577	\$ 261,544	\$ 859,121
Employee health and retirement benefits	133,216	12,815	146,031	9,196	155,227
Payroll taxes	49,728	4,356	54,084	20,194	74,278
 Total personnel	 725,207	 72,485	 797,692	 290,934	 1,088,626
Other expenses:					
Subgrantees	1,019,110	2,501,586	3,520,696	-	3,520,696
Program fees	68,531	-	68,531	-	68,531
Professional fees	7,100	-	7,100	8,900	16,000
Occupancy	42,784	1,207	43,991	16,010	60,001
Printing and publications	9,287	1,110	10,397	1,195	11,592
Telephone	5,622	1,456	7,078	600	7,678
Supplies	11,882	653	12,535	2,673	15,208
Postage	2,398	380	2,778	479	3,257
Staff development and conferences	14,031	-	14,031	2,504	16,535
Equipment rental and maintenance	9,645	-	9,645	2,754	12,399
Travel	3,050	1,847	4,897	195	5,092
Insurance	9,407	-	9,407	2,733	12,140
Miscellaneous	4,816	-	4,816	-	4,816
Dues and subscriptions	2,000	-	2,000	2,185	4,185
Depreciation	-	-	-	2,786	2,786
 Total other expenses	 1,209,663	 2,508,239	 3,717,902	 43,014	 3,760,916
 Total functional expenses	 \$ 1,934,870	 \$ 2,580,724	 \$ 4,515,594	 \$ 333,948	 \$ 4,849,542

The accompanying notes are an integral part of the financial statements.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Statements of Cash Flows

For the years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 26,831	\$ 22,099
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	2,786	2,786
Increase in assets:		
Grants receivable	(307,856)	(24,672)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	8,706	(10,105)
Grants payable to subgrantees	(98,817)	(60,105)
Refundable advances	90,139	(102,363)
	<u>(278,211)</u>	<u>(172,360)</u>
Net change in cash from operating activities	(278,211)	(172,360)
Cash, beginning of year	<u>1,087,150</u>	<u>1,259,510</u>
Cash, end of year	<u><u>\$ 808,939</u></u>	<u><u>\$ 1,087,150</u></u>

The accompanying notes are an integral part of the financial statements.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Notes to Financial Statements

September 30, 2018 and 2017

NOTE 1 - ORGANIZATION

North Central Area Agency on Aging, Inc. (the “Agency”) was created to administer Federal and State grants for programs funded under Title III of the Older Americans Act. The Agency awards grants to other agencies (“subgrantees”) for the purpose of providing social services and nutrition programs for the elderly in the North Central Connecticut area.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Agency’s policy is to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation – Financial statement presentation follows the requirements of the *Financial Statements of Not-for-Profit Organizations* topic of the FASB Accounting Standards Codification. The Agency reports information regarding its financial position and activities according to two classes of net assets - unrestricted net assets and temporarily restricted net assets.

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that are satisfied either by the passage of time or expenditures that meet the donor-specified purpose.

Equipment – Equipment purchases that exceed \$3,500 individually are recorded at cost. Depreciation is calculated using the straight-line method over five years which is the estimated useful life of the assets.

Revenue Recognition – The Agency recognizes grants and contracts to the extent that eligible grant and contract costs are incurred. Revenue from performance-based grants and contracts are recognized to the extent of performance achieved. Grant awards are classified as refundable advances until expended for the purposes of the grants since they are exchange transactions. Receivables are recognized to the extent that costs have been incurred but not reimbursed. Program fee revenue is recognized as revenue in the period in which the related services are provided.

Expenses by Function – The costs of providing various programs and activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated amount the programs and supporting services benefited.

Federal and State Income Taxes – The Agency is a non-profit corporation which has been determined to be exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Also, the Agency is exempt from State income taxes. As such, no provision for income taxes has been made in the accompanying financial statements.

Use of 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 in the financial statements. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events – The Agency monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the year ended September 30, 2018 through January 23, 2019, the date on which financial statements were available to be issued.

Reclassifications – Certain reclassifications have been made to prior year amounts to agree to current year presentation.

NOTE 3 - EQUIPMENT

The cost and accumulated depreciation for equipment are as follows at September 30,:

	2018	2017
	<u> </u>	<u> </u>
Equipment	\$ 59,737	\$ 59,737
Less: accumulated depreciation	<u>(55,560)</u>	<u>(52,774)</u>
Total equipment, net	<u><u>\$ 4,177</u></u>	<u><u>\$ 6,963</u></u>

NOTE 4 - SUMMARY OF FUNDING

The following information summarizes the Agency’s major grant and contract activity during the year ended September 30, 2018:

	Grant/Contract Period	Amount	Support Recognized	Carryover Awards
		<u> </u>	<u> </u>	<u> </u>
Administration:				
Federal IIIC	FYE 9/30/18	\$ 285,907	\$ 285,907	\$ -
Federal IIIE	FYE 9/30/18	46,750	46,750	-
State Match	FYE 6/30/18	14,782	14,782	-
State Match	FYE 6/30/19	14,782	-	14,782
Total Administration		<u><u>\$ 362,221</u></u>	<u><u>\$ 347,439</u></u>	<u><u>\$ 14,782</u></u>
Social Services:				
Title IIIB - Federal	FYE 9/30/18	\$ 47,042	\$ 47,042	\$ -
Title IIIB - Federal	FYE 9/30/19	826,617	755,665	70,952
Title IIIB - State	FYE 6/30/18	21,803	21,803	-
Title III - SDA Admin	FYE 6/30/18	44,440	44,440	-
Title IIIB - State	FYE 6/30/19	21,803	-	21,803
Total Title IIIB		<u>961,705</u>	<u>868,950</u>	<u>92,755</u>
Alzheimer - State	FYE 6/30/18	31,147	31,147	-
Alzheimer - State	FYE 6/30/19	41,528	8,514	33,014
Total Alzheimer		<u>72,675</u>	<u>39,661</u>	<u>33,014</u>
Respite - State	FYE 6/30/18	323,048	323,048	-
Respite - State	FYE 6/30/19	361,228	39,027	322,201
Respite - Private	FYE 9/30/17	1,781	1,781	-
Respite - Private	FYE 9/30/18	9,596	1,991	7,605
Total Respite		<u>695,653</u>	<u>365,847</u>	<u>329,806</u>

NOTE 4 - SUMMARY OF FUNDING (CONTINUED)

	Grant/Contract Period	Amount	Support Recognized	Carryover Awards
Title IIIE - Federal	FYE 9/30/17	\$ 42,415	\$ 42,415	\$ -
Title IIIE - Federal	FYE 9/30/18	420,753	280,999	139,754
Title III - SDA Admin	FYE 9/30/18	24,521	24,521	-
III E Private	FYE 9/30/17	9,689	-	9,689
III E Private	FYE 9/30/18	2,649	-	2,649
Total Title III E		<u>500,027</u>	<u>347,935</u>	<u>152,092</u>
Title IIID - Federal	FYE 9/30/17	30,351	30,351	-
Title IIID - Federal	FYE 9/30/18	66,528	58,071	8,457
Title IIID - State	FYE 6/30/18	1,148	1,148	-
Title IIID - State EHP	FYE 6/30/18	6,000	6,000	-
Title IIID - State	FYE 6/30/19	1,148	-	1,148
Title IIID - State EHP	FYE 6/30/19	6,000	-	6,000
Total Title IIID		<u>111,175</u>	<u>95,570</u>	<u>15,605</u>
ADRC - Federal	FYE 9/30/10	64,736	-	64,736
Total ADRC		<u>64,736</u>	<u>-</u>	<u>64,736</u>
MSP - State	FYE 9/30/18	27,749	27,749	-
Total MSP		<u>27,749</u>	<u>27,749</u>	<u>-</u>
CHOICES - Federal	FYE 6/30/18	131,113	131,113	-
CHOICES - Federal	FYE 6/30/19	154,834	24,235	130,599
Total Choices		<u>285,947</u>	<u>155,348</u>	<u>130,599</u>
Money Follows - Federal	FYE 6/30/18	49,478	49,478	-
Money Follows - Federal	FYE 6/30/19	66,000	11,616	54,384
Total Money Follows		<u>115,478</u>	<u>61,094</u>	<u>54,384</u>
SMP - Federal	FYE 6/30/18	41,250	41,250	-
SMP - Federal	FYE 6/30/19	52,442	12,189	40,253
Total SMP		<u>93,692</u>	<u>53,439</u>	<u>40,253</u>
BEC - Federal	FYE 6/30/19	100,000	33,143	66,857
Total BEC		<u>100,000</u>	<u>33,143</u>	<u>66,857</u>
MIPPA - Federal	FYE 9/30/18	26,966	26,966	-
Total MIPPA		<u>26,966</u>	<u>26,966</u>	<u>-</u>
Elder Abuse - Federal	FYE 9/30/18	10,500	10,500	-
Total Elder Abuse		<u>10,500</u>	<u>10,500</u>	<u>-</u>

NOTE 4 - SUMMARY OF FUNDING (CONTINUED)

	Grant/Contract Period	Amount	Support Recognized	Carryover Awards
DSMP - Federal	FYE 6/30/18	\$ 26,162	\$ 26,162	\$ -
DSMP - Federal	FYE 6/30/19	20,614	-	20,614
Total DSMP		<u>46,776</u>	<u>26,162</u>	<u>20,614</u>
OMBUDSMAN - Federal	FYE 9/30/18	24,067	440	23,627
Total OMBUDSMAN		<u>24,067</u>	<u>440</u>	<u>23,627</u>
Total Social Services		<u><u>\$ 3,137,146</u></u>	<u><u>\$ 2,112,804</u></u>	<u><u>\$ 1,024,342</u></u>
Nutrition:				
Congregate - Federal	FYE 9/30/17	\$ 123,675	\$ 123,675	\$ -
Congregate - Federal	FYE 9/30/18	1,022,103	936,432	85,671
Congregate - State	FYE 6/30/18	26,392	26,392	-
Congregate - State	FYE 6/30/19	26,392	-	26,392
Total Congregate		<u>1,198,562</u>	<u>1,086,499</u>	<u>112,063</u>
Home Delivery - Federal	FYE 9/30/17	132,067	132,067	-
Home Delivery - Federal	FYE 9/30/18	657,915	496,419	161,496
Home Delivery - State	FYE 6/30/18	8,033	8,033	-
Additional SSBG - Federal	FYE 9/30/18	99,659	99,659	-
Title III - SDA Admin - Federal	FYE 9/30/18	11,735	11,735	-
Home Delivery - State	FYE 6/30/19	8,033	-	8,033
Total Home Delivery		<u>917,442</u>	<u>747,913</u>	<u>169,529</u>
Nutrition - State	FYE 6/30/18	590,352	590,352	-
Nutrition - State	FYE 6/30/19	586,048	-	586,048
Total State Nutrition		<u>1,176,400</u>	<u>590,352</u>	<u>586,048</u>
NSIP - Federal	FYE 9/30/18	324,633	324,633	-
Total NSIP		<u>324,633</u>	<u>324,633</u>	<u>-</u>
Total Nutrition		<u><u>\$ 3,617,037</u></u>	<u><u>\$ 2,749,397</u></u>	<u><u>\$ 867,640</u></u>
Total Funding			<u><u>\$ 5,209,640</u></u>	<u><u>\$ 1,906,764</u></u>
			Support Recognized	Carryover Awards
Total Federal			\$ 4,107,873	\$ 867,400
Total State			1,097,995	1,019,421
Total Private			3,772	19,943
Total Federal, State and Private			<u><u>\$ 5,209,640</u></u>	<u><u>\$ 1,906,764</u></u>

NOTE 5 - CONCENTRATION

The Agency received approximately 99% of its funding from the Federal and State agencies for the years ended September 30, 2018 and 2017.

NOTE 6 - GRANTS PAYABLE TO SUBGRANTEES

An analysis detailing the grants payable to subgrantees is summarized below as of September 30,:

	2018	2017
III-B Social Services	\$ 79,414	\$ 195,673
III-C Congregate	71,503	121,602
III-C Home Delivery	93,793	89,224
Respite	28,368	33,827
III-D Preventative Health	52,025	14,114
Alzheimer	-	10,381
III-E Caregiver Support	12,588	10,373
III-E Program	21,096	6,997
III-E Grandparent	24,587	-
	<u>\$ 383,374</u>	<u>\$ 482,191</u>
Total grants payable to subgrantees	<u>\$ 383,374</u>	<u>\$ 482,191</u>

NOTE 7 - EMPLOYEE RETIREMENT PLAN

The Agency has a 403(b) thrift plan (the "Plan"). The Plan covers all employees who have completed one year of service, worked 1,000 hours during the year and have attained age twenty-one. Employer contributions are made based on a percentage of employee compensation. The Agency's contributions to the Plan for the years ended September 30, 2018 and 2017 were \$74,162 and \$81,943, respectively.

NOTE 8 - LEASES

The Agency had a facility agreement effective May 1, 2013 through April 30, 2018 that was renegotiated during fiscal year 2018. A new facility agreement is effective April 1, 2018 through March 31, 2020. Rent expense for the years ended September 30, 2018 and 2017 was \$55,199 and \$60,001, respectively. Future minimum lease payments are as follows as of September 30,:

2019	\$ 55,200
2020	27,600

NOTE 9 - CONTINGENCIES

The Agency's income is derived from Federal and State grants which are renewed on an annual basis. Grants require the fulfillment of certain conditions as set forth in the grant. Failure to fulfill the conditions can result in the return of funds to the grantors. Management believes that the conditions of the grants will be fulfilled.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

The Agency places its cash deposits with high credit quality institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Agency, at times throughout the year, maintains cash balances over this limit. The Agency has not experienced any losses in this area and management believes its cash deposits are not subject to significant credit risk.

**II. REPORTS IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

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 of
North Central Area Agency on Aging, 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 North Central Area Agency on Aging, Inc., which comprise the statement of financial position as of September 30, 2018 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued a report thereon dated January 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Central Area Agency on Aging, 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 North Central Area Agency on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of North Central Area Agency on Aging, Inc.'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the North Central Area Agency on Aging, Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 North Central Area Agency on Aging, 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 result of that testing, and not to provide an opinion on the effectiveness of North Central Area Agency on Aging, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Area Agency on Aging, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
January 23, 2019

**III. REPORTS IN ACCORDANCE WITH UNIFORM
GUIDANCE**

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
North Central Area Agency on Aging, Inc.

Report on Compliance for Each Major Federal Program

We have audited North Central Area Agency on Aging, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Central Area Agency on Aging, Inc.'s major federal programs for the year ended September 30, 2018. North Central Area Agency on Aging, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of North Central Area Agency on Aging, Inc.'s major federal programs 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; and 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). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about North Central Area Agency on Aging, Inc.'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. However, our audit does not provide a legal determination of North Central Area Agency on Aging, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, North Central Area Agency on Aging, 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 for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of North Central Area Agency on Aging, 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 North Central Area Agency on Aging, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 to test and report on internal control over compliance in accordance with Uniform Guidance, 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 North Central Area Agency on Aging, 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 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 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 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.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
January 23, 2019

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Total Federal Expenditures
Aging Cluster:				
<i>U.S. Department of Health and Human Services</i>				
<i>Pass-through Programs:</i>				
State of Connecticut Department of Rehabilitation Services				
Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	20835-10605 20841-10101	\$ 604,142	\$ 802,707
Special Program for the Aging - Title III, Part C - Nutrition Services	93.045	20841-10102 20841-10103 20835-10602	2,114,654	2,398,792
Nutrition Services Incentive Program	93.053	20783-10104	-	-
Total Aging Cluster			\$ 2,718,796	\$ 3,201,499
U.S. Department of Health and Human Services:				
<i>Pass-through Programs:</i>				
State of Connecticut Department of Rehabilitation Services				
Special Program for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	20880-10802	\$ -	\$ 91,196
Special Program for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	20857-10303	66,220	88,422
Special Program for the Aging - Title IV - and Title II, Discretionary Projects	93.048	20835-20101	440	440
National Family Caregiver Support, Title III, Part E	93.052	20862-10501 20862-10503 20862-10502	123,408	370,164
Medicare Enrollment Assistance Program	93.071	n/a	-	33,143
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	n/a	-	323,009
Total Department of Health and Human Services Programs			190,068	906,374
Total Expenditures of Federal Awards			\$ 2,908,864	\$ 4,107,873

See accompanying notes to schedule of expenditures of federal awards.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Notes to Schedule of Expenditures of Federal Awards

For the year ended September 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of North Central Area Agency on Aging, Inc. under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the 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"). Because this schedule presents only a selected portion of the operations of North Central Area Agency on Aging, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of North Central Area Agency on Aging, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) North Central Area Agency on Aging, Inc. has elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Schedule of Federal Findings and Questioned Costs

September 30, 2018

I. Summary of Auditors' Results:

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?

_____ yes X no

Identification of Major Federal Programs

CFDA Number	Name of Federal Program or Cluster
Aging Cluster:	
<i>U.S. Department of Health and Human Services Pass-through Programs:</i>	
	State of Connecticut Department of Rehabilitation Services
93.044	Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers
93.045	Special Program for the Aging - Title III, Part C - Nutrition Services
93.053	Nutrition Services Incentive Program

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

II. Financial Statement Findings

No matters were reported.

III. Federal Award Findings and Questioned Costs

No matters were reported.

**IV. REPORTS IN ACCORDANCE WITH
THE STATE SINGLE AUDIT ACT**

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE STATE SINGLE AUDIT ACT

To the Board of Directors of
North Central Area Agency on Aging, Inc.

Report on Compliance for Each Major State Program

We have audited North Central Area Agency on Aging, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of North Central Area Agency on Aging, Inc.'s major state programs for the year ended September 30, 2018. North Central Area Agency on Aging, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of North Central Area Agency on Aging, Inc.'s major state programs 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; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about North Central Area Agency on Aging, Inc.'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 state program. However, our audit does not provide a legal determination of North Central Area Agency on Aging, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, North Central Area Agency on Aging, 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 state programs for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of North Central Area Agency on Aging, 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 North Central Area Agency on Aging, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 North Central Area Agency on Aging, 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 state program 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 state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program 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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
January 23, 2019

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Schedule of Expenditures of State Financial Assistance

For the year ended September 30, 2018

State Grantor / Pass-Through Grantor / Program Title	State Grant Program Core-CT Number	Passed through to Subrecipients	Expenditures
Department of Rehabilitation Services			
Area Agencies on Aging			
Elderly Nutrition & Discretionary	11000-SDR63500-90696-10105	\$ 624,777	\$ 624,777
Area Agency on Aging Administrative Funding	11000-SDR63500-90696-10601	39,661	39,661
Federal Title III Match	11000-SDR63500-90696-10604	292,278	43,733
Total Area Agencies on Aging		956,716	708,171
Medicare Savings Program	11000-SDR63901-52991-10020	-	27,749
Statewide Respite Care Program	11000-SDR63500-90696-10402	-	362,075
		-	362,075
Total State Financial Assistance		\$ 956,716	\$ 1,097,995

See accompanying notes to schedule of expenditures of state financial assistance.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Notes to Schedule of Expenditures of State Financial Assistance

For the year ended September 30, 2018

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the North Central Area Agency on Aging, Inc. under the programs of the State of Connecticut for the year ended September 30, 2018. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs include providing funding for social and nutrition services for the elderly and helping older individuals continue to lead independent lifestyles through training, education, health screenings, and community supported housing.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the North Central Area Agency on Aging, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on the expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Schedule of State Findings and Questioned Costs

For the year ended September 30, 2018

I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ yes X no

- The following schedule reflects the major state programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Rehabilitation Services		
Area Agencies on Aging		
Elderly Nutrition & Discretionary	11000-SDR63500-90696-10105	\$ 624,777
Area Agency on Aging Administrative Funding	11000-SDR63500-90696-10601	39,661
Federal Title III Match	11000-SDR63500-90696-10604	43,733
• Dollar threshold used to distinguish between type A and type B programs	<u>\$ 200,000</u>	

II. Financial Statement Findings

No matters were reported.

III. State Financial Assistance Findings and Questioned Costs

No matters were reported.

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