

NORTH CENTRAL AREA AGENCY ON AGING, INC.

September 30, 2019 and 2018

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NORTH CENTRAL AREA AGENCY ON AGING, INC.

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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, 2019 and 2018, 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 auditors consider 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, 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 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 22, 2020 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 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 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 22, 2020

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Statements of Financial Position

September 30, 2019 and 2018

	2019	2018
Assets:		
Cash	\$ 444,715	\$ 808,939
Grants receivable	882,873	478,662
Security deposit	3,600	3,600
Equipment, net	<u>1,391</u>	<u>4,177</u>
Total assets	<u>\$ 1,332,579</u>	<u>\$ 1,295,378</u>
 Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued expenses	\$ 29,722	\$ 26,186
Grants payable to subgrantees	499,760	383,374
Refundable advances	<u>418,671</u>	<u>548,253</u>
Total liabilities	<u>948,153</u>	<u>957,813</u>
 Net Assets:		
Net assets without donor restriction	<u>384,426</u>	<u>337,565</u>
Total liabilities and net assets	<u>\$ 1,332,579</u>	<u>\$ 1,295,378</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, 2019 and 2018

	2019	2018
Change in net assets without donor restriction:		
Support:		
Grants		
Administration	\$ 354,460	\$ 347,439
Social services	2,180,460	2,112,804
Nutrition	<u>2,925,077</u>	<u>2,749,397</u>
Total grants	<u>5,459,997</u>	<u>5,209,640</u>
Program fee income	26,849	20,793
Miscellaneous income	<u>22,797</u>	<u>8,823</u>
Total support	<u>5,509,643</u>	<u>5,239,256</u>
Expenses:		
Program services	5,105,537	4,862,201
Administration	<u>357,245</u>	<u>350,224</u>
Total expenses	<u>5,462,782</u>	<u>5,212,425</u>
Change in net assets	46,861	26,831
Net assets, beginning of year	<u>337,565</u>	<u>310,734</u>
Net assets, end of year	<u>\$ 384,426</u>	<u>\$ 337,565</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, 2019

	Social Services	Nutrition	Program Services	Administration	Total
Personnel:					
Wages	\$ 625,169	\$ 10,009	\$ 635,178	\$ 270,915	\$ 906,093
Employee health and retirement benefits	109,523	-	109,523	13,927	123,450
Payroll taxes	<u>49,660</u>	<u>-</u>	<u>49,660</u>	<u>21,377</u>	<u>71,037</u>
Total personnel	<u>784,352</u>	<u>10,009</u>	<u>794,361</u>	<u>306,219</u>	<u>1,100,580</u>
Other expenses:					
Subgrantees	1,155,963	2,915,068	4,071,031	-	4,071,031
Program fees	76,789	-	76,789	-	76,789
Professional fees	11,340	-	11,340	6,733	18,073
Occupancy	45,041	-	45,041	10,160	55,201
Printing and publications	8,894	-	8,894	1,381	10,275
Telephone	8,504	-	8,504	714	9,218
Supplies	24,066	-	24,066	5,241	29,307
Postage	1,395	-	1,395	612	2,007
Staff development and conferences	19,309	-	19,309	4,723	24,032
Equipment rental and maintenance	22,004	-	22,004	15,916	37,920
Travel	9,376	-	9,376	287	9,663
Insurance	10,220	-	10,220	1,452	11,672
Dues and subscriptions	3,207	-	3,207	1,021	4,228
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,786</u>	<u>2,786</u>
Total other expenses	<u>1,396,108</u>	<u>2,915,068</u>	<u>4,311,176</u>	<u>51,026</u>	<u>4,362,202</u>
Total functional expenses	<u>\$ 2,180,460</u>	<u>\$ 2,925,077</u>	<u>\$ 5,105,537</u>	<u>\$ 357,245</u>	<u>\$ 5,462,782</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	<u>58,728</u>	<u>-</u>	<u>58,728</u>	<u>16,954</u>	<u>75,682</u>
Total personnel	<u>792,134</u>	<u>9,730</u>	<u>801,864</u>	<u>297,168</u>	<u>1,099,032</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,786</u>	<u>2,786</u>
Total other expenses	<u>1,320,670</u>	<u>2,739,667</u>	<u>4,060,337</u>	<u>53,056</u>	<u>4,113,393</u>
Total functional expenses	<u>\$ 2,112,804</u>	<u>\$ 2,749,397</u>	<u>\$ 4,862,201</u>	<u>\$ 350,224</u>	<u>\$ 5,212,425</u>

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 46,861	\$ 26,831
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	(404,211)	(307,856)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	3,536	8,706
Grants payable to subgrantees	116,386	(98,817)
Refundable advances	<u>(129,582)</u>	<u>90,139</u>
Net change in cash from operating activities	(364,224)	(278,211)
Cash, beginning of year	<u>808,939</u>	<u>1,087,150</u>
Cash, end of year	<u>\$ 444,715</u>	<u>\$ 808,939</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, 2019 and 2018

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 Financial Accounting Standards Board (“FASB”) Codification. Under this topic of the Codification, the Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as described below:

Net assets without donor restrictions – Net assets without donor restrictions represent available resources not subject to donor-imposed stipulations. These resources may be expended at the discretion of the Board of Directors.

Net assets with donor restrictions – Net assets with donor restrictions represent net assets that are restricted by the donor as to purpose or time of expenditures. The Agency did not have any net assets with donor restrictions at September 30, 2019 and 2018.

Adoption of New Accounting Pronouncement – For the year ended September 30, 2019, the Agency adopted the Financial Accounting Standard Board’s Accounting Standards Update (“ASU”) No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return among not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the net asset classes used in these financial statements.

A summary of the net asset classification driven by the adoption of ASU 2016-14 as of October 1, 2017 is presented below:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 333,388	\$ -	\$ 333,388
Temporarily restricted	-	4,177	4,177
	333,388	4,177	337,565
Reclassifications to implement ASU 2016-14			
Restricted property and equipment	4,177	(4,177)	-
Net assets, as reclassified			
October 1, 2017	\$ 337,565	\$ -	\$ 337,565

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Agency does not provide an allowance for doubtful accounts because collectivity is reasonably certain due to the nature of the funding sources.

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 among the programs and supporting services benefited. Wages, benefits, payroll taxes, subgrantees and program fees are allocated by time and effort. Depreciation expenses are considered to be administrative. All other allocable expenses are allocated by percentage of employees per program.

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.

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, 2019 through January 22, 2020, 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 - AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets available to meet general expenditures in the next twelve months at September 30, 2019:

Cash	\$ 444,715
Grants receivable	<u>882,873</u>
Financial assets available to meet general expenditures in the next twelve months	
	<u>\$ 1,327,588</u>

The Agency manages its liquidity by preparing annual budgets that provide sufficient funds to operate within a prudent range of financial soundness and stability and meet other obligations as they become due. The availability of liquid funds to meet general expenditures is subject to the government funding the programs. At this time, the Agency anticipates there being sufficient liquidity to meet its general expenditures.

NOTE 4 - EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Equipment	\$ 59,737	\$ 59,737
Less: accumulated depreciation	<u>(58,346)</u>	<u>(55,560)</u>
Total equipment, net	<u>\$ 1,391</u>	<u>\$ 4,177</u>

NOTE 5 - SUMMARY OF FUNDING

The following information summarizes the Agency's major grant and contract activity during the year ended September 30, 2019:

	Grant/Contract Period	Amount	Support Recognized	Carryover Awards
Administration:				
Federal IIIC	FYE 9/30/19	\$ 291,319	\$ 291,319	\$ -
Federal IIIE	FYE 9/30/19	47,516	47,516	-
State Match	FYE 6/30/19	14,782	14,782	-
State Match	FYE 6/30/20	14,921	-	14,921
Miscellaneous - Private	FYE 9/30/19	843	843	-
Total Administration		<u>\$ 369,381</u>	<u>\$ 354,460</u>	<u>\$ 14,921</u>
Social Services:				
Title IIIB - Federal	FYE 9/30/18	\$ 70,952	\$ 70,952	\$ -
Title IIIB - Federal	FYE 9/30/19	836,011	715,692	120,319
Title IIIB - State	FYE 6/30/19	21,803	21,803	-
Title III - SDA Admin	FYE 9/30/19	11,629	11,629	-
Title IIIB - State	FYE 6/30/20	21,803	-	21,803
Total Title IIIB		<u>962,198</u>	<u>820,076</u>	<u>142,122</u>
Alzheimer - State	FYE 9/30/19	33,014	33,014	-
Alzheimer - State	FYE 9/30/20	41,528	10,382	31,146
Total Alzheimer		<u>74,542</u>	<u>43,396</u>	<u>31,146</u>
Respite - State	FYE 6/30/19	322,201	322,201	-
Respite - State	FYE 6/30/20	361,843	43,231	318,612
Respite - Private	FYE 9/30/18	7,605	754	6,851
Respite - Private	FYE 9/30/19	4,463	-	4,463
Total Respite		<u>696,112</u>	<u>366,186</u>	<u>329,926</u>
Title IIIE - Federal	FYE 9/30/18	139,754	139,754	-
Title IIIE - Federal	FYE 9/30/19	427,651	321,738	105,913
IIIIE - Private	FYE 9/30/18	12,338	-	12,338
IIIIE - Private	FYE 9/30/19	282	-	282
Total Title IIIIE		<u>580,025</u>	<u>461,492</u>	<u>118,533</u>

NOTE 5 - SUMMARY OF FUNDING (CONTINUED)

	Grant/Contract Period	Amount	Support Recognized	Carryover Awards
Title IID - Federal	FYE 9/30/18	\$ 8,457	\$ 8,457	\$ -
Title IID - Federal	FYE 9/30/19	67,199	48,231	18,968
Title IID - State	FYE 6/30/19	1,148	1,148	-
Title IID - State EHP	FYE 6/30/19	6,000	-	6,000
Title IID - State	FYE 6/30/20	1,148	-	1,148
Title IID - State EHP	FYE 6/30/20	6,000	-	6,000
Total Title IID		<u>89,952</u>	<u>57,836</u>	<u>32,116</u>
ADRC - Federal	FYE 9/30/10	64,736	-	64,736
Total ADRC		<u>64,736</u>	<u>-</u>	<u>64,736</u>
NWD VA - Federal	FYE 9/30/20	184,538	43,559	140,979
Total NWD VA		<u>184,538</u>	<u>43,559</u>	<u>140,979</u>
CHOICES - Federal	FYE 6/30/19	131,398	131,398	-
CHOICES - Federal	FYE 6/30/20	154,793	25,095	129,698
Miscellaneous - Private	FYE 6/30/19	4,225	-	4,225
Total Choices		<u>290,416</u>	<u>156,493</u>	<u>133,923</u>
Money Follows - Federal	FYE 6/30/19	43,384	43,384	-
Total Money Follows		<u>43,384</u>	<u>43,384</u>	<u>-</u>
SMP - Federal	FYE 6/30/19	40,253	40,253	-
SMP - Federal	FYE 6/30/20	51,942	5,091	46,851
Total SMP		<u>92,195</u>	<u>45,344</u>	<u>46,851</u>
BEC - Federal	FYE 6/30/19	66,857	58,226	8,631
Total BEC		<u>66,857</u>	<u>58,226</u>	<u>8,631</u>
MIPPA - Federal	FYE 9/30/19	28,544	26,969	1,575
Total MIPPA		<u>28,544</u>	<u>26,969</u>	<u>1,575</u>
Elder Abuse - Federal	FYE 9/30/19	10,000	10,000	-
Total Elder Abuse		<u>10,000</u>	<u>10,000</u>	<u>-</u>
DSMP - Federal	FYE 6/30/19	20,614	20,614	-
DSMP - Federal	FYE 6/30/20	20,614	4,579	16,035
Total DSMP		<u>41,228</u>	<u>25,193</u>	<u>16,035</u>
Hartford Foundation - Private	FYE 9/30/20	50,000	12,306	37,694
Total Hartford Foundation		<u>50,000</u>	<u>12,306</u>	<u>37,694</u>

NOTE 5 - SUMMARY OF FUNDING (CONTINUED)

	Grant/Contract Period	Amount	Support Recognized	Carryover Awards
Elder Symposium - Private	FYE 9/30/19	\$ 10,000	\$ 10,000	\$ -
Total Elder Symposium		10,000	10,000	-
OMBUDSMAN - Federal	FYE 9/30/18	23,627	-	23,627
Total OMBUDSMAN		23,627	-	23,627
Total Social Services		\$ 3,308,354	\$ 2,180,460	\$ 1,142,815
Nutrition:				
Congregate - Federal	FYE 9/30/18	\$ 85,671	\$ 85,671	\$ -
Congregate - Federal	FYE 9/30/19	1,041,611	932,854	108,757
Congregate - State	FYE 6/30/19	26,392	26,392	-
Congregate - State	FYE 6/30/20	26,392	-	26,392
Total Congregate		1,180,066	1,044,917	135,149
Home Delivery - Federal	FYE 9/30/18	161,496	161,496	-
Home Delivery - Federal	FYE 9/30/19	677,058	573,683	103,375
Home Delivery - State	FYE 6/30/18	8,033	8,033	-
Additional SSBG - Federal	FYE 9/30/19	102,348	102,348	-
Title III - SDA Admin - Federal	FYE 9/30/19	77,510	77,510	-
Home Delivery - State	FYE 6/30/20	8,033	-	8,033
Total Home Delivery		1,034,478	923,070	111,408
Nutrition - State	FYE 6/30/19	623,335	623,335	-
Nutrition - State	FYE 6/30/20	629,108	-	629,108
Total State Nutrition		1,252,443	623,335	629,108
NSIP - Federal	FYE 9/30/19	333,755	333,755	-
Total NSIP		333,755	333,755	-
Total Nutrition		\$ 3,800,742	\$ 2,925,077	\$ 875,665
Total Funding			\$ 5,459,997	\$ 2,018,480
			Support Recognized	Carryover Awards
Total Federal			\$ 4,331,773	\$ 889,464
Total State			1,104,321	1,063,163
Total Private			23,903	65,853
Private			\$ 5,459,997	\$ 2,018,480

NOTE 6 - CONCENTRATION

The Agency received approximately 99% of its funding from the Federal and State agencies for the years ended September 30, 2019 and 2018. Amounts receivable relative to programs from these agencies were \$854,085 and \$478,662 of the Agency's total grants receivable as of September 30, 2019 and 2018, respectively.

NOTE 7 - GRANTS PAYABLE TO SUBGRANTEES

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

	<u>2019</u>	<u>2018</u>
III-B Social Services	\$ 133,053	\$ 79,414
III-C Congregate	97,953	71,503
III-C Home Delivery	93,108	93,793
Respite	112,514	28,368
III-D Preventative Health	19,603	52,025
Alzheimers	16,651	-
III-E Caregiver Support	1,442	12,588
III-E Program	1,591	21,096
III-E Grandparent	<u>23,845</u>	<u>24,587</u>
 Total grants payable to subgrantees	 <u>\$ 499,760</u>	 <u>\$ 383,374</u>

NOTE 8 - 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, 2019 and 2018 were \$68,659 and \$74,162, respectively.

NOTE 9 - LEASES

The Agency has a facility agreement effective April 1, 2018 through March 31, 2020. Rent expense for the years ended September 30, 2019 and 2018 was \$55,201 and \$55,199, respectively. Future minimum lease payments are \$27,600 for the year ending September 30, 2020.

NOTE 10 - 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 11 - 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, 2019 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 22, 2020.

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.

Whittlesey PC

Hartford, Connecticut
January 22, 2020

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, 2019. 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, 2019.

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.



Hartford, Connecticut
January 22, 2020

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2019

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 Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	20835-10605 20841-10101	\$ 543,396	\$ 786,644
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	20841-10102 20841-10103 20835-10602	1,923,553	2,147,371
Nutrition Services Incentive Program	93.053	20783-10104	333,755	333,755
Total Aging Cluster			<u>\$ 2,800,704</u>	<u>\$ 3,267,770</u>
<i>U.S. Department of Health and Human Services:</i>				
<i>Pass-through Programs:</i>				
State of Connecticut Department of Rehabilitation Services				
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	20880-10802	\$ -	\$ 99,139
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	20857-10303	35,200	56,688
National Family Caregiver Support, Title III, Part E	93.052	20862-10501 20862-10503 20862-10502	227,067	509,008
Medicare Enrollment Assistance Program	93.071	n/a	-	58,226
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	n/a	-	297,383
Nursing Workforce Diversity	93.178	n/a	-	43,559
Total Department of Health and Human Services Programs			<u>262,267</u>	<u>1,064,003</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,062,971</u></u>	<u><u>\$ 4,331,773</u></u>

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, 2019

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, 2019. 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 minimis indirect cost rate as allowed under the Uniform Guidance.

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Schedule of Federal Findings and Questioned Costs

For the year ended September 30, 2019

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?
- Significant deficiency(ies) identified?

yes no
 yes none reported
 yes no

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

yes no
 yes 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) of Uniform Guidance?

yes no

Identification of Major Federal Programs

Name of Federal Program or Cluster	CFDA Number	Expenditures
Aging Cluster:		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	\$ 786,644
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	2,147,371
Nutrition Services Incentive Program	93.053	333,755
National Family Caregiver Support Program	93.052	509,008
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000	
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> 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, 2019. 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, 2019.

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.



Hartford, Connecticut
January 22, 2020

NORTH CENTRAL AREA AGENCY ON AGING, INC.

Schedule of Expenditures of State Financial Assistance

For the year ended September 30, 2019

<u>State Grantor / Pass-Through Grantor / Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed through to Subrecipients</u>	<u>Expenditures</u>
Department of Rehabilitation Services			
Area Agencies on Aging			
Elderly Nutrition & Discretionary	11000-SDR63901-16278-10105	\$ 657,760	\$ 657,760
Area Agency on Aging Administrative Funding	11000-SDR63901-16260-10601	43,396	43,396
Federal Title III Match	11000-SDR63901-16260-10604	-	37,733
Total Area Agencies on Aging		701,156	738,889
Statewide Respite Care	11000-SDR63901-16260-10402	306,904	365,432
Total State Financial Assistance		<u>\$ 1,008,060</u>	<u>\$ 1,104,321</u>

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, 2019

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, 2019. 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, 2019

I. Summary of Auditors' Results:

Financial Statements

Type of auditors' opinion issued:	<i>Unmodified</i>		
Internal control over financial reporting:			
• Material weakness(es) identified?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	no
• Significant deficiency(ies) identified?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	no

State Financial Assistance

Internal control over major programs:			
• Material weakness(es) identified?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	no
• Significant deficiency(ies) identified?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	none reported

Type of auditors' opinion issued on compliance for major programs:	<i>Unmodified</i>
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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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	no
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- The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
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Department of Rehabilitation Services

Area Agencies on Aging			
Elderly Nutrition & Discretionary	11000-SDR63901-16278-10105	\$	657,760
Area Agency on Aging Administrative Funding	11000-SDR63901-16260-10601		43,396
Federal Title III Match	11000-SDR63901-16260-10604		37,733
Statewide Respite Care	11000-SDR63901-16260-10402		365,432
• Dollar threshold used to distinguish between type A and type B programs		<u>\$ 200,000</u>	

II. Financial Statement Findings

No matters reported.

III. State Financial Assistance Findings and Questioned Costs

No matters reported.

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