

*North Central Area Agency on Aging, Inc.*

*Financial Statements*

*Years ended September 30, 2022 and 2021  
With Independent Auditors' Report*



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North Central Area Agency on Aging, Inc.

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## Independent Auditors' Report

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

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of North Central Area Agency on Aging, Inc. (the Agency), a not-for-profit organization, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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. at September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Prior Period Financial Statements

The financial statements of North Central Area Agency on Aging, Inc.. as of September 30, 2021, were audited by other auditors whose report dated March 23, 2023, expressed an unmodified opinion on those statements.

#### Responsibilities of Management 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.

## Independent Auditors' Report (continued)

### Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Independent Auditors' Report (continued)

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2024, on our consideration of North Central Area Agency on Aging' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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' 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's internal control over financial reporting and compliance.

*Fiondella, Milone & LaSaracina LLP*

Glastonbury, Connecticut  
November 21, 2024

North Central Connecticut Area Agency on Aging, Inc.  
 Statements of Financial Position  
 As of September 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash	\$ 570,099	\$ 50,032
Accounts receivable	-	2,717
Grants receivable	2,707,956	1,797,374
Prepaid and other assets	3,600	6,011
Total assets	<b>\$ 3,281,655</b>	<b>\$ 1,856,134</b>
 <b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 22,377
Grants payable to subgrantees	1,302,684	1,167,374
Refundable advance	1,781,387	195,996
Total liabilities	<b>\$ 3,084,071</b>	<b>\$ 1,385,747</b>
 Net assets		
Net assets without donor restrictions	197,584	470,387
Total liabilities and net assets	<b>\$ 3,281,655</b>	<b>\$ 1,856,134</b>

*See accompanying notes*

North Central Connecticut Area Agency on Aging, Inc.  
Statements of Activities

For the years ended September 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Support and Revenue</b>		
Government grants	\$ 6,972,200	\$ 6,451,743
Program fee income	58,495	53,580
Miscellaneous income	2,549	162
Total revenue	7,033,244	6,505,485
<b>Expenses:</b>		
Program services	6,725,021	5,984,740
Management and general	581,026	467,994
Total expenses	7,306,047	6,452,734
<b>Change in net assets</b>	(272,803)	52,751
<b>Net assets - beginning of year</b>	470,387	417,636
<b>Net assets - end of year</b>	\$ 197,584	\$ 470,387

*See accompanying notes*

North Central Connecticut Area Agency on Aging, Inc.  
Statement of Functional Expenses  
For the year ended September 30, 2022

	Program Services		Total Program Expense	Administration	Total
	Nutrition	Social Services			
Personnel:					
Wages	\$ 684,782	\$ 13,123	\$ 697,905	\$ 310,076	\$ 1,007,981
Employee benefits and taxes	104,817	1,117	105,934	77,827	183,761
Total personnel	789,599	14,240	803,839	387,903	1,191,742
Subgrantees	2,106,293	3,481,699	5,587,992	-	5,587,992
Subcontractors	-	234,072	234,072	-	234,072
Equipment rental and maintenance	23,574	-	23,574	81,586	105,160
Occupancy	35,221	-	35,221	15,578	50,799
Audit	2,293	-	2,293	35,984	38,277
Professional fees	414	-	414	22,437	22,851
Dues and subscriptions	9,422	-	9,422	8,544	17,966
Telephone	12,612	-	12,612	4,708	17,320
Printing and publications	3,808	-	3,808	9,304	13,112
Insurance	8,460	-	8,460	4,192	12,652
Supplies	2,407	-	2,407	5,386	7,793
Travel	907	-	907	5,404	6,311
	\$ 2,995,010	\$ 3,730,011	\$ 6,725,021	\$ 581,026	\$ 7,306,047

*See accompanying notes*

North Central Connecticut Area Agency on Aging, Inc.  
Statement of Functional Expenses  
For the year ended September 30, 2021

	Program Services		Total		
	Nutrition	Social Services	Program Services	Administration	Total
<b>Personnel:</b>					
Wages	\$ 641,251	\$ 14,063	\$ 655,314	\$ 344,636	\$ 999,950
Employee benefits and taxes	124,741	-	124,741	45,052	169,793
Total personnel	765,992	14,063	780,055	389,688	1,169,743
<b>Other Expenses:</b>					
Subgrantees	1,503,492	3,262,882	4,766,374	3,185	4,769,559
Subcontractors	-	307,986	307,986	-	307,986
Equipment rental and maintenance	18,578	-	18,578	26,054	44,632
Occupancy	44,387	-	44,387	6,591	50,978
Audit	11,973	-	11,973	7,027	19,000
Professional fees	-	-	-	1,390	1,390
Dues and subscriptions	3,266	-	3,266	2,207	5,473
Telephone	16,233	-	16,233	6,651	22,884
Printing and publications	4,224	-	4,224	3,540	7,764
Insurance	12,286	-	12,286	2,883	15,169
Supplies	12,873	-	12,873	17,653	30,526
Travel	305	-	305	1,065	1,370
Staff development and conferences	6,200	-	6,200	60	6,260
	\$ 2,399,809	\$ 3,584,931	\$ 5,984,740	\$ 467,994	\$ 6,452,734

See accompanying notes

North Central Connecticut Area Agency on Aging, Inc.  
 Statements of Cash Flows  
 Years Ended September 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (272,803)	\$ 52,751
Changes in assets and liabilities		
Accounts receivable	2,717	(2,717)
Grants receivable	(910,582)	(1,567,825)
Prepaid and other assets	2,411	(2,411)
Accounts payable and accrued expenses	(22,377)	(7,005)
Grants payable to subgrantees	135,310	159,379
Refundable advance	1,585,391	(240,130)
Net cash provided by (used in) operating activities	<b>520,067</b>	(1,607,958)
Net change in cash	<b>520,067</b>	(1,607,958)
<b>Cash - beginning of year</b>	<b>50,032</b>	1,657,990
<b>Cash - end of year</b>	<b>\$ 570,099</b>	\$ 50,032

*See accompanying notes*

North Central Area Agency on Aging, Inc.  
Notes to Financial Statements

Years ended September 30, 2022 and 2021

**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.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Agency reports information regarding its financial position and activities according to two classes of net assets: Without donor restrictions and With donor restrictions. They are described as follows:

*Without donor restrictions* - Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for general use by Management.

*With donor restrictions* - Net assets whose use is limited by donor-imposed, time and/or purpose restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP 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.

**Reclassification**

Certain reclassifications were made to the prior year's financial statements to conform with current year presentation.

**Grants and Accounts Receivable**

Grants and accounts receivable, which principally represent monies due from grantors and other third parties, are stated net of an allowance for doubtful accounts (estimates for credit losses) when applicable. Estimates for credit losses are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party when considering estimates for credit losses. Receivables are written off when management determines amounts will not be collected.

North Central Area Agency on Aging, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

*Grants*

The Agency receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, staffing and other requirements. Such government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Receipts of grant awards in advance, which are payable back to the funding agency if not used, are classified as refundable advance in the accompanying statements of financial position.

*Program Fees*

Program service fees are recognized and billed when services are performed.

**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. All other expenses are allocated by percentage of employees per program.

**3. 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 21. Employer contributions are made based on a percentage of employee compensation. The Agency's contributions to the years ended September 30, 2022 and 2021, were \$53,994 and \$53,141, respectively.

**4. Concentrations of Credit Risk**

*Cash and Cash Equivalents*

The Agency maintains cash balances at a financial institutions located in Connecticut. At various times during the year, cash held at the Agency's banking institutions may exceed the federally insured limits.

North Central Area Agency on Aging, Inc.  
Notes to Financial Statements (continued)

**4. Concentrations of Credit Risk (contributions)**

*Revenue*

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.

Grant revenue earned from the Federal Contracts represents 82% and 81% of total revenue September 30, 2022 and 2021, respectively. State of Connecticut represented 17% and 18% of total revenues, gains and public support for the years ended September 30, 2022 and 2021, respectively. Reduction of this support would have a significant effect on the Agency's programs and activities.

*Risks and Uncertainties*

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID- 19) as a pandemic. COVID-19 has caused significant disruption in the national and global economy. The Agency's operating activities, liquidity, and cash flows may be adversely affected by this global pandemic. While the disruption is currently expected to be temporary, there is uncertainty related to the duration. Therefore, while the Agency expects this matter to negatively impact the business, the related financial impact cannot be reasonably estimated at this time.

**5. Income Taxes**

The Agency has received an exemption from the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

Management of the Agency evaluates all significant tax positions required by accounting principles generally accepted in the United States of America. At September 31, 2022 and 2021, management does not believe that it has taken any tax position that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months.

The Agency's tax returns are subject to examination by the appropriate taxing jurisdictions. The Agency is no longer subject to tax examinations for years prior to September 30, 2020.

North Central Area Agency on Aging, Inc.  
Notes to Financial Statements (continued)

**6. Liquidity and Availability**

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.

The Agency's financial assets to meet general expenditures available in the next 12 months are not limited through board designations or restricted net assets.

**7. Leases**

The Agency has a facility agreement effective August 1, 2020 through July 31, 2025. Rent expense for the years ended September 30, 2022 and 2021 was \$50,799 and \$50,978, respectively. Future minimum lease payments are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2023	\$ 58,315
2024	59,115
2025	50,661
2026	4,501
Thereafter	1,103
Total	<u>\$ 173,695</u>

**8. 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, 2022 through November 21, 2024, the date on which financial statements were available to be issued.

**II. Reports in Accordance with *Government Auditing Standards*  
and the *State Single Audit Act***



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*

Board of Directors  
North Central Area Agency on Aging, Inc.  
Hartford, Connecticut

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, 2022, 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 our report thereon dated November 21, 2024.

### **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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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 (continued)*

**Internal Control over Financial Reporting (continued)**

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. During our audit, we did not identify any deficiencies in internal control that we considered to be significant deficiencies. However, significant deficiencies 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Central Area Agency on Aging'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.

*Fiondella, Milone & LaSaracina LLP*

Glastonbury, Connecticut  
November 21, 2024

**Reports in Accordance with  
Uniform Guidance for State Awards**



Independent Auditors' Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of State Financial Assistance Required by the State Single Audit Act

Board of Directors  
North Central Area Agency on Aging Hartford, Connecticut

**Report on Compliance for Each Major State Program**

We have audited North Central Area Agency on Aging'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's major state programs for the year ended September 30, 2022. North Central Area Agency on Aging's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of North Central Area Agency on Aging'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'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's compliance.

Independent Auditors' Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of State Financial Assistance Required by the State Single Audit Act  
(continued)

***Basis for Qualified Opinion on Major Programs***

As described in the accompanying schedule of findings and questioned costs, North Central Area Agency on Aging did not comply with requirements regarding reporting and subrecipient monitoring as described in finding numbers 2022-002 and 2022-003. Compliance with such requirements is necessary, in our opinion, for North Central Area Agency on Aging to comply with the requirements applicable to that program.

***Qualified Opinion on Major Programs***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, North Central Area Agency on Aging complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on area agencies on Elderly Nutrition & Discretionary and Statewide Respite Care programs for the year ended September 30, 2022.

**Report on Internal Control over Compliance**

Management of North Central Area Agency on Aging 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's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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'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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 a 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.

Independent Auditors' Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of State Financial Assistance Required by the State Single Audit Act  
(continued)

**Report on Internal Control over Compliance (continued)**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003, that we consider to be material weaknesses.

North Central Area Agency on Aging's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. North Central Area Agency on Aging's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

***Other Matters***

North Central Area Agency on Aging, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. North Central Area Agency on Aging, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Independent Auditors' Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of State Financial Assistance Required by the State Single Audit Act  
(continued)

**Report on Schedule of Expenditures of State Financial Assistance Required by the  
State Single Audit Act**

We have audited the financial statements of North Central Area Agency on Aging as of and for the year ended September 30, 2022, and have issued our report thereon dated November 21, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Fiondella, Milone & LaSaracina LLP*

Glastonbury, Connecticut  
November 21, 2024

North Central Area Agency on Aging, Inc.  
 Schedule of Expenditures of State Financial Assistance  
 For the Fiscal Year Ended September 30, 2022

State Grantor/Program Title	State Grant Program CORE CT Number	Passed through to Subrecipients	Expenditures
<b>Department of Aging and Disability Services</b>			
Area Agencies on Aging			
Elderly Nutrition & Discretionary	11000-SDR63901-16278-10105	\$ 733,863	\$ 733,863
Statewide Respite Care	11000-SDR63901-16260-10402	-	271,382
Choices- Support	11000-SDR62500-16260-10723	-	68,209
Federal Title III Match	11000-SDR63901-16260-17025	47,376	47,376
Alzheimer's Aide	11000-SDR63901-16260-10403	30,974	30,974
Area Agency on Aging			
Administrative Funding	11000-SDR63901-16260-10601	-	18,246
Health Promotion Services	11000-SDR63901-16260-10305	-	5,403
Total State Financial Assistance		<u>\$ 812,213</u>	<u>\$ 1,175,453</u>

*The accompanying notes are an integral part of this schedule.*

North Central Area Agency on Aging, Inc.  
Notes to Schedule of Expenditures of State Financial Assistance  
for the Year Ended September 30, 2022

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of North Central Area Agency on Aging under programs of the State of Connecticut for the year ended September 30, 2022. 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. Because the Schedule presents only a selected portion of the operations of North Central Area Agency on Aging, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of North Central Area Agency on Aging.

**Basis of Accounting**

The accounting policies of North Central Area Agency on Aging conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified 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 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.

North Central Area Agency on Aging, Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2022

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        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?   X   Yes        No
- Significant deficiency(ies) identified?        Yes   X   None reported

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

**State Financial Assistance**

Internal control over major programs:  
 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?   X   Yes        No

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

State Grantor and Program	State Core-CT Number	Expenditures
Area Agencies on Aging		
Elderly Nutrition & Discretionary	11000-SDR63901-16278-10105	\$ 733,683
Statewide Respite Care	11000-SDR63901-16260-10402	271,382
Dollar threshold used to distinguish between type A and type B programs		\$ 200,000

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**II – Financial Statement Findings**

2022 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** Due to the organization not fully utilizing the capacity of their accounting system, the audit was significantly delayed. In addition, there was turnover within the accounting department which resulted in additional time to gain comfort over beginning balances and reconcile the activity for the year under audit.

**Criteria or Specific Requirement:** Internal controls over financial reporting are required to be designed to provide reasonable assurance that financial statement misstatements are prevented or detected and corrected. Our audit procedures revealed a continued need for improvement of a timely and complete monthly or periodic reconciliation and closing process. Lack of a complete monthly or periodic close led to a continuing and growing backlog of transactions and journal entries that were not posted into the accounting system, which rendered the accounting information inadequate.

**Effect:** Material adjustments were required to be made by management prior to providing a trial balance for audit. Because financial information was not being tracked within the accounting system, it took management a significant amount of time to reconcile and record activity and therefore, the audit was delayed.

**Cause:** The prior Director of Finance had been with the organization for a long period of time and did not utilize the accounting system as was intended. Many reconciliations were performed manually, and the current finance team was unable to reproduce the work of the previous Director of Finance.

**Repeat Finding:** Yes, 2021-001

**Recommendation:** We recommend that the Organization fully utilize the accounting system as intended to track daily financial activity. We also recommend that they formalize monthly account reconciliations and year-end closing procedures to ensure that all transactions are properly recorded in the appropriate account and the correct period.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**III – Findings and Questioned Costs – State Financial Assistance**

2022 – 002

State Agency: Department of Aging and Disability Services

State Program Name:

Elderly Nutrition & Discretionary

11000-SDR63901-16278-10105

Statewide Respite Care

11000-SDR63901-16260-10402

Award Period: 10/1/2021 – 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

**Condition:** Due to the organization not fully utilizing the capacity of their accounting system, the audit was significantly delayed. In addition, there was turnover within the accounting department which resulted in additional time to gain comfort over beginning balances and reconcile the activity for the year under audit.

**Questioned costs:** \$7,440 related to Statewide Respite Care program.

**Criteria or Specific Requirement:** Internal controls over financial reporting are required to be designed to provide reasonable assurance that financial statement misstatements are prevented or detected and corrected. Our audit procedures revealed a continued need for improvement of a timely and complete monthly or periodic reconciliation and closing process. Lack of a complete monthly or periodic close led to a continuing and growing backlog of transactions and journal entries that were not posted into the accounting system, which rendered the accounting information inadequate and the State Single Audit report not being filed timely and accurate quarterly reporting.

**Effect:** Material adjustments were required to be made by management prior to providing a trial balance for audit. Because financial information was not being tracked within the accounting system, it took management a significant amount of time to reconcile and record activity and therefore, the audit was delayed.

**Cause:** The prior Director of Finance had been with the organization for a long period of time and did not utilize the accounting system as was intended. Many reconciliations were performed manually, and the current finance team was unable to reproduce the work of the previous Director of Finance.

**Repeat Finding:** No

**Recommendation:** We recommend that the Organization fully utilize the accounting system as intended to track daily financial activity. We also recommend that they formalize monthly account reconciliations and year-end closing procedures to ensure that all transactions are properly recorded in the appropriate account and the correct period.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**III – Findings and Questioned Costs – State Financial Assistance (continued)**

2022 – 003

State Agency: Department of Aging and Disability Services

State Program Name:

Elderly Nutrition & Discretionary

11000-SDR63901-16278-10105

Statewide Respite Care

11000-SDR63901-16260-10402

Award Period: 10/1/2021 – 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

**Criteria or specific requirement:** Per the State of Connecticut Office of Policy and management, when an Organization is making a subaward, they are required to provide the recipient with all identifying award information, including the Core-CT number, award name, and name of state awarding agency. If a subaward is funded by both state and federal funds, the Organization is required to provide the recipient with sufficient information to determine the breakout of the state and federal funds.

**Condition:** A sample of five subrecipient agreements were selected for testing. Upon review, the agreements did not fully disclose the Core-CT number, award name, name of state awarding agency and the allocation of the award between state and federal funding, if applicable.

**Questioned costs:** None

**Context:** In total, the Organization passes through approximately 80% of all governmental grants received to subrecipients.

**Cause:** Management was not aware of the detailed requirements surrounding subrecipient agreements

**Effect:** The effect is that subrecipients may not be in compliance with federal or state single audit requirements due to their agreements not containing accurate award information.

**Repeat Finding:** Yes, 2021-003

**Recommendation:** We recommend that management amend each subaward agreement to include all required identifying award information, including the allocation of state and federal funds to the award.

**Views of responsible officials:** There is no disagreement with the audit finding.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**IV- Prior Year Findings**

**Financial Statement Findings:**

2021-001

**Condition:** Due to the organization not fully utilizing the capacity of their accounting system, the audit was significantly delayed so that the new finance team could gain comfort over beginning balances and reconcile the activity for the year under audit.

**Current Status:** The finding is continuing to be mitigated by management.

**State Program Findings**

2021 – 002

**Condition:** A sample of five subrecipient agreements were selected for testing. Upon review, the agreements did not fully disclose the Core-CT number, award name, name of state awarding agency and the allocation of the award between state and federal funding, if applicable.

**Current Status:** The finding is continuing to be mitigated by management.

2021-003

**Condition:** Several instances of non-compliance were identified in relation to supporting documentation for salary rates being maintained within employee personnel files. In addition to this, the policies and procedures of the Organization do not require all employees to prepare either a personal activity report or electronic daily timesheet, therefore some charges to state awards are not adequately supported.

**Current Status:** The finding has been mitigated by management.

*Federal Single Audit Report  
Year Ended September 30, 2022*



## Independent Auditors' Report on Compliance for each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Award Required by The Uniform Guidance

Board of Directors  
North Central Area Agency on Aging Hartford, Connecticut

### **Report on Compliance for Each Major Federal Program**

We have audited North Central Area Agency on Aging's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on North Central Area Agency on Aging's major federal program for the year ended September 30, 2022. North Central Area Agency on Aging's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for North Central Area Agency on Aging's major federal program 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' 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 the major federal program. However, our audit does not provide a legal determination of North Central Area Agency on Aging' compliance.

Independent Auditors' Report on Compliance for each Major Federal Program;  
Report on Internal Control over Compliance; and Report on Schedule of  
Expenditures of Federal Award Required by The Uniform Guidance (continued)

***Basis for Qualified Opinion on Aging Cluster and Title III, Part E***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of North Central Area Agency on Aging, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of North Central Area Agency on Aging, Inc.'s compliance with the compliance requirements referred to above.

As described in the accompanying schedule of findings and questioned costs, North Central Area Agency on Aging, Inc. did not comply with requirements regarding assistance listing numbers 93.044, 93.045 and 93.053 - Aging Cluster and 93.052 – Title III, Part E as described in finding numbers 2022-002 for reporting and 2022-003 for subrecipient monitoring; Aging Cluster finding numbers 2002-004 for allowable costs/cost principles, and 2022-005 and 2022-006 for activities allowed or unallowed. Compliance with such requirements is necessary, in our opinion, for North Central Area Agency on Aging, Inc. to comply with the requirements applicable to that program.

***Qualified Opinion on Aging Cluster and Title III, Part E***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Aging Cluster for the year ended September 30, 2022.

***Other Matters***

North Central Area Agency on Aging, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. North Central Area Agency on Aging, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Independent Auditors' Report on Compliance for each Major Federal Program;  
Report on Internal Control over Compliance; and Report on Schedule of  
Expenditures of Federal Award Required by The Uniform Guidance (continued)

**Report on Internal Control over Compliance**

Management of North Central Area Agency on Aging 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' 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 the 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' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 through 2022-006 to be material weaknesses.

*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. We did not identify any significant deficiencies.

Independent Auditors' Report on Compliance for each Major Federal Program;  
Report on Internal Control over Compliance; and Report on Schedule of  
Expenditures of Federal Award Required by The Uniform Guidance (continued)

**Report on Internal Control over Compliance (continued)**

North Central Area Agency on Aging, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. North Central Area Agency on Aging, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of North Central Area Agency on Aging as of and for the year ended September 30, 2022 and have issued our report thereon dated November 21, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Fiondella, Milone & LaSaracina LLP*

Glastonbury, Connecticut  
November 21, 2024

North Central Area Agency on Aging, Inc.  
Schedule of Expenditures of Federal Awards  
For the year ended September 30, 2022

State Grantor/Program Title	Federal Assistance Listing Number	Passed through to Subrecipients	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed through the State of Connecticut Department of Aging and Disability Services			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B- Grants for Supportive Services and Senior Centers			
	93.044	\$ 754,900	\$ 1,284,427
Special Programs for the Aging - Title III, Part C - Nutrition Services			
	93.045	1,516,020	1,758,499
Special Programs for the Aging - Title III, Part C - Nutrition Services American Rescue Plan Act (ARPA)			
	93.045	1,218,296	1,218,296
Nutrition Services Incentive Program			
	93.053	318,495	318,495
Total Aging Cluster		3,807,711	4,579,717
Special Program for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation			
	93.041	-	10,000
Special Program for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services			
	93.043	40,598	60,817
Special Program for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services American Rescue Plan Act (ARPA)			
	93.043	13,177	13,177
National Family Caregiver Support, Title III, Part E			
	93.052	516,782	565,690
National Family Caregiver Support, Title III, Part E American Rescue Plan Act (ARPA)			
	93.052	316,133	316,133
State Health Insurance Assistance Program			
	93.324	-	128,330
Social Services Block Grant			
	93.667	81,378	81,378
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects			
	93.048	-	33,671
Total US Department of Health and Human Services		968,068	1,209,196
Passed through the State of Connecticut Department of Public Health Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke			
	93.426	-	7,834
Total Expenditures of Federal Awards		\$ 4,775,779	\$ 5,796,747

*The accompanying notes are an integral part of this schedule.*

North Central Area Agency on Aging, Inc.  
Notes to Schedule of Expenditures of Federal Awards  
for the Year Ended September 30, 2022

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of North Central Area Agency on Aging under programs of the federal government for the year ended September 30, 2022. The information in the 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 the Schedule presents only a selected portion of the operations of North Central Area Agency on Aging, 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.

**Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, 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. For performance-based awards, expenditures reported represent amounts earned.

**2. Indirect Cost Recovery**

North Central Area Agency on Aging has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

North Central Area Agency on Aging, Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2022

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        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?   X   Yes        No
- Significant deficiency(ies) identified?        Yes   X   None reported

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

**Federal Financial Assistance**

Internal control over major programs:

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 510(a)?   X   Yes        No

Major programs:

Assistance Listing #	Name of Federal Program or Cluster
<i>Aging Cluster</i>	
93.044	Special Programs for the Aging – Title III, Part B- Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services
93.053	Nutrition Services Incentive Program
93.052	National Family Caregiver Support, Title III, Part E

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee?        Yes   X   No

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**II. Financial Statement Findings**

2022 – 001

Federal Agency: Department of Health and Human Services

Federal Program Name: Aging Cluster and National Family Caregiver Support - Title III, Part E  
Assistance Listing Number: 93.044, 93.045, 93.053 and 93.052

Pass-Through Agency: State of Connecticut Department of Aging and Disability Services

Award Period: 10/1/2022 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** Due to the organization not fully utilizing the capacity of their accounting system, the audit was significantly delayed. In addition, there was turnover within the accounting department which resulted in additional time to gain comfort over beginning balances and reconcile the activity for the year under audit.

**Criteria or Specific Requirement:** Internal controls over financial reporting are required to be designed to provide reasonable assurance that financial statement misstatements are prevented or detected and corrected. Our audit procedures revealed a continued need for improvement of a timely and complete monthly or periodic reconciliation and closing process. Lack of a complete monthly or periodic close led to a continuing and growing backlog of transactions and journal entries that were not posted into the accounting system, which rendered the accounting information inadequate.

**Effect:** Material adjustments were required to be made by management prior to providing a trial balance for audit. Because financial information was not being tracked within the accounting system, it took management a significant amount of time to reconcile and record activity and therefore, the audit was delayed.

**Cause:** The prior Director of Finance had been with the organization for a long period of time and did not utilize the accounting system as intended. Many reconciliations were performed manually, and the current finance team was unable to reproduce the work of the previous Director of Finance.

**Repeat Finding:** Yes

**Recommendation:** We recommend that the Organization fully utilize the accounting system as intended to track daily financial activity. We also recommend that they formalize monthly account reconciliations and year-end closing procedures to ensure that all transactions are properly recorded in the appropriate account and the correct period.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**III – Findings and Questioned Costs – Federal Awards**

2022 – 002

Federal Agency: Department of Health and Human Services

Federal Program Name: Aging Cluster and National Family Caregiver Support - Title III, Part E  
Assistance Listing Number: 93.044, 93.045, 93.053 and 93.052

Pass-Through Agency: State of Connecticut Department of Aging and Disability Services

Award Period: 10/1/2022 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Compliance

**Condition:** Due to the organization not fully utilizing the capacity of their accounting system, the audit was significantly delayed. In addition, there was turnover within the accounting department which resulted in additional time to gain comfort over beginning balances and reconcile the activity for the year under audit.

**Questioned costs:** None

**Criteria or Specific Requirement:** Internal controls over financial reporting are required to be designed to provide reasonable assurance that financial statement misstatements are prevented or detected and corrected. Our audit procedures revealed a continued need for improvement of a timely and complete monthly or periodic reconciliation and closing process. Lack of a complete monthly or periodic close led to a continuing and growing backlog of transactions and journal entries that were not posted into the accounting system, which rendered the accounting information inadequate and unable to complete the Federal Single Audit timely and accurate quarterly reporting.

**Effect:** Material adjustments were required to be made by management prior to providing a trial balance for audit. Because financial information was not being tracked within the accounting system, it took management a significant amount of time to reconcile and record activity and therefore, the audit was delayed.

**Cause:** The prior Director of Finance had been with the organization for a long period of time and did not utilize the accounting system as intended. Many reconciliations were performed manually, and the current finance team was unable to reproduce the work of the previous Director of Finance.

**Repeat Finding:** No

**Recommendation:** We recommend that the Organization fully utilize the accounting system as intended to track daily financial activity. We also recommend that they formalize monthly account reconciliations and year-end closing procedures to ensure that all transactions are properly recorded in the appropriate account and the correct period.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**III – Findings and Questioned Costs – Federal Awards (continued)**

2022 – 003

Federal Agency: Department of Health and Human Services

Federal Program Name: Aging Cluster and National Family Caregiver Support - Title III, Part E  
Assistance Listing Number: 93.044, 93.045, 93.053 and 93.052

Pass-Through Agency: State of Connecticut Department of Aging and Disability Services

Award Period: 10/1/2022 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Compliance

**Criteria or Specific Requirement:** Per Uniform Guidance, when an Organization is making a subaward, they are required to provide the recipient with all identifying award information, including the Assistance Listing number, award name, whether the award is research and development; and name of Federal awarding agency. If a subaward is funded by both state and federal funds, the Organization is required to provide the recipient with sufficient information to determine the breakout of the state and federal funds.

**Condition:** A sample of five subrecipient agreements were selected for testing. Upon review, the agreements did not fully disclose the assistance listing number, award name, whether the award is research and development, name of Federal awarding agency and the allocation of the award between state and federal funding, if applicable.

**Questioned costs:** None

**Context:** The Organization passes through approximately 80% of all governmental grants received to subrecipients.

**Cause:** Management was not aware of the detailed requirements surrounding subrecipient monitoring.

**Effect:** The effect is that subrecipients may not be in compliance with federal or state single audit requirements due to their agreements not containing accurate award information.

**Repeat Finding:** Yes 2021-003

**Recommendation:** We recommend that management amend each subaward agreement to include all required identifying award information, including the allocation of state and federal funds to the award.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**III – Findings and Questioned Costs – Federal Awards (continued)**

2022 – 004

Federal Agency: Department of Health and Human Services

Federal Program Name: Aging Cluster

Assistance Listing Number: 93.044, 93.045, 93.053

Pass-Through Agency: State of Connecticut Department of Aging and Disability Services

Award Period: 10/1/2022 9/30/2025 Type of Finding:

- Material Weakness in Internal Control over Compliance

**Criteria or Specific Requirement:** The Organization follows the Connecticut Cost Allocation Standards and is required to maintain a cost allocation plan that is approved by the governing board. The actual costs must be charged in accordance with this plan.

**Condition:** The Organization has an approved Cost Allocation Plan, however nonpayroll expenses were not allocated following the approved plan.

**Questioned costs:** None

**Context:** Of the 25 non payroll disbursements chosen for testing, five of the transactions were allocated in a method that differed from the cost allocation plan or the allocation method used could not be reperformed.

**Cause:** Management was not aware of the allocation compliance.

**Effect:** The effect is that expenses charged to the federal awards potentially could be in excess of actual allocated expense incurred.

**Repeat Finding:** No

**Recommendation:** We recommend that the Cost Allocation Plan be modified by management to the appropriate cost allocations for the Organization and obtain approval for the updated plan by the governing board.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**III – Findings and Questioned Costs – Federal Awards (continued)**

2022 – 005

Federal Agency: Department of Health and Human Services

Federal Program Name: Aging Cluster

Assistance Listing Number: 93.044, 93.045, 93.053

Pass-Through Agency: State of Connecticut Department of Aging and Disability Services

Award Period: 10/1/2022 9/30/2025 Type of Finding:

- Material Weakness in Internal Control over Compliance

**Criteria or Specific Requirement:** The Organization prescribed controls is to maintain documentation to support the expenditures that occurred for the programs.

**Condition:** The Organization has not maintained documentation for certain expenditures that have been charged again the major programs.

**Questioned costs:** \$8,771

**Context:** Of the 25 non payroll disbursements chosen for testing, 12 of the transactions were not supported with documentation of the expense.

**Cause:** Due to the time lapse of the audit and new management, the supporting documentation was not able to be located.

**Effect:** The effect is that expenses charged to the federal awards potentially could be in excess of actual allocated expense incurred.

**Repeat Finding:** No

**Recommendation:** We recommend a filing system either electronic or in paper be established by management.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
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**III – Findings and Questioned Costs – Federal Awards (continued)**

2022 – 006

Federal Agency: Department of Health and Human Services

Federal Program Name: Aging Cluster

Assistance Listing Number: 93.044, 93.045, 93.053

Pass-Through Agency: State of Connecticut Department of Aging and Disability Services

Award Period: 10/1/2022 9/30/2025 Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

**Criteria or Specific Requirement:** The Organization prescribed controls is to review payroll records and ensure the payroll system is operating effectively in accordance with the Organization’s policies and procedures as well as their prescribed rates.

**Condition:** The Organization and payroll provider miscalculated overtime wages.

**Questioned costs:** Not material

**Context:** Of the five employees chosen for testing, one employee’s overtime earnings were not properly calculated for 8 payroll periods during the year, which resulted in the employee being overpaid during the current year.

**Cause:** Transition of payroll providers during the current year with specific pay rates prescribed by grant agreements and application of those prescribed payrates to various programs.

**Effect:** The effect is that expenses charged to the federal awards in excess of actual allocated expense incurred.

**Repeat Finding:** No

**Recommendation:** We recommend proper review control procedures to be established by management.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

North Central Area Agency on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**IV- Prior Year Findings**

**Financial Statement Findings:**

2021-001

**Condition:** Due to the organization not fully utilizing the capacity of their accounting system, the audit was significantly delayed so that the new finance team could gain comfort over beginning balances and reconcile the activity for the year under audit.

**Current Status:** The finding is continuing to be mitigated by management.

**Federal Program Findings**

2021-002

**Condition:** Several instances of non-compliance were identified in relation to supporting documentation for salary rates being maintained within employee personnel files. In addition to this, the policies and procedures of the Organization do not require all employees to prepare either a personal activity report or electronic daily timesheet, therefore some charges to state awards are not adequately supported.

**Current Status:** The finding has been mitigated by management.

2021 – 003

**Condition:** A sample of five subrecipient agreements were selected for testing. Upon review, the agreements did not fully disclose the Core-CT number, award name, name of state awarding agency and the allocation of the award between state and federal funding, if applicable.

**Current Status:** The finding is continuing to be mitigated by management.