## NOTE A – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of activities

   Area Agency on Aging of Central Florida, Inc. d/b/a Senior Resource Alliance (the "Agency," a nonprofit organization) was incorporated on September 22, 1992, as a private, non-profit, regional agency designated by the State of Florida in accordance with the Older Americans Act of 1965 and in the State Community Care for Elderly Act. Since 1974, the Agency had operated as a division of the East Central Florida Regional Planning Council (Council) and began operating as a freestanding entity on January 1, 1993, at which time all authority passed from the Council to the Agency's Board of Directors.

   The Agency administers a network of services for the aging population in Orange, Osceola, Brevard, and Seminole counties. The goal of the Agency is to strive to meet the nutritional and social needs of the aging population in this geographical area. "Aging" is defined as age 60 or older. To carry out this goal, the Agency conducts annual assessments of the needs of the elderly population, determines resources available to satisfy these needs, and then plans and coordinates programs using available resources to alleviate the identified needs. Generally, financial resources are in the form of governmental grants. The Agency awards these monies in the form of "service provider contracts" to the appropriate local organizations which provide the service to the aging population.

2. Basis of accounting and financial statement presentation

   The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting and reporting practices promulgated by the American Institute of Certified Public Accountants (AICPA) for not-for-profit organizations. The Agency is required to report information regarding its financial position and activities according to two classes of net assets as follows:

   *Net Assets Without Donor Restrictions*

   Net assets without donor restrictions are available for general operations and not subject to donor restrictions. Within this category, the governing board may designate certain funds for specified purposes.

   See Note G for more information on the composition of net assets without donor restrictions.

**NOTE A – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Basis of accounting and financial statement presentation (continued)

*Net Assets With Donor Restrictions*

Net assets with donor restrictions are subject to certain donor or grantor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature. Donor-imposed restrictions are released when a restriction expires such as when the stipulated time has elapsed, when the purpose for which the resource was restricted has been fulfilled, or both. The Agency had no assets with donor restrictions at December 31, 2021 or 2020.

3. Revenue recognition

The Agency follows Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. There are no assets with donor restrictions at December 31, 2021 and 2020.

Support revenues from federal grants with the U.S. Department of Health and Human Services and U.S. Department of Transportation, and state grants with the Florida Department of Elder Affairs are recorded based upon the terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred within approved budget categories. Costs in excess of budgeted amounts are not grant reimbursable expenses. Advance payments from the Agency's grantor agencies are recorded as refundable advances until they are expenses for the purposes of the grant.

**NOTE A – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

4. Accounts receivable

   Accounts receivable represent amounts primarily due from the Veterans Administrations for caregiver assistance. At December 31, 2021 and 2020, the Agency's allowance for doubtful accounts was $0 and $32,530, respectively.

5. Property and equipment

   Property and equipment are recorded at cost. Donated property and equipment are valued at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years. The Agency's policy is to capitalize property and equipment with a cost of $1,000 or more.

6. Income taxes

   The Agency is organized as a not-for-profit organization and is currently exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements.

7. Compensated absences

   The Agency's policy is to pay employees upon termination for unused annual leave. The maximum accrual for each employee is two years and ranges from 140 hours to 330 hours based on the employee's length of service with the Agency and hours worked per week. A liability for accrued compensated absences has been reported in the accompanying financial statements.

8. Estimates

   The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Functional allocation of expenses

   The costs of providing program services and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related expenses, allocated primarily based on time and effort, and rent and utilities, primarily based on usage, as shown on the Statements of Functional Expenses.

**NOTE A – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

10. Cash and cash equivalents

    Cash and cash equivalents are defined as highly liquid investments that have an original maturity of three months or less.

11. Donated rent

    The present value of donated rent of $35,484 is being amortized over a 62 month lease period. The amortization of $7,097 is included in building space expense, and deferred rent of $19,664 is recorded as a liability on the Statement of Financial Position.

12. Donated services

    The Agency records the value of donated goods and services as both revenue and expense when there is an objective basis available to measure its value. Donated services from the Board of Directors members, advisory councils, and other committee members are not recorded by the Agency since the services do not meet the criteria of the Financial Accounting Standards Board.

13. Concentration of credit risk

    The Agency receives a majority of its funding from federal and state governments. Any significant decrease in the Agency's federal and state grants would have an adverse effect on operations.

14. Fair value of financial instruments

    The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is feasible to estimate that value.

    *Cash and cash equivalents and accounts receivable/payables*

    Carrying amount approximates fair value due to the short maturity of these instruments and other governmental entities. The continued existence of the programs administered by the Agency is dependent upon support received from these grants.

15. Recent accounting pronouncements

    In February 2016, the Financial Accounts Standards Board issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. The Agency is evaluating the potential effects ASU 2016-02 will have on its financial statements.

## NOTE A – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through August 19, 2022, the date on which the financial statements were available to be issued.

## NOTE B – DESCRIPTION OF PROGRAMS

**Older Americans Act**: Under the Older Americans Act federal legislation, U.S. residents over 60 are eligible for services with priority given to the people with the most economic and social need. These services include congregate and home-delivered meals, nutrition education, homemaker, transportation, information, referral, outreach, education, employment and legal services.

**Emergency Home Energy Assistance for the Elderly (EHEAP)**: This federally-funded program provides assistance for low income elderly persons who are in danger of having their power turned off due to non-payment. Fan purchases and air conditioner repair are part of the summer program and blanket purchases are part of the winter program.

**Serving Health Insurance Needs of Elders (SHINE)**: This federally-funded program offers free health insurance counseling to elders and their caregivers. Trained volunteers provide information, counseling, and assistance in areas related Medicare, Medicaid, long-term care insurance, managed care, and supplemental insurance.

**SHINE Senior Medicare Patrol**: This federally-funded program, using trained volunteers, provides local outreach, education, and assistance to Medicare beneficiaries in order to protect them from the economic and health related consequences associated with Medicare fraud, errors, and abuse.

**Community Care for the Elderly (CCE)**: This State of Florida General Revenue program provides in-home services for clients 60 and over who have been assessed as functionally impaired by trained case managers. Intake staff assess older adults who are in need of home and community-based services or who are at risk of nursing home placement. This program includes follow-up visits and provides links to other community services. The services include case management, homemaker, personal care, respite, emergency alert response, and medical transportation.

**Home Care for the Elderly (HCE)**: The state-funded program encourages the provision of care for elders age 60 and older in family-type living arrangements in private homes as an alternative to nursing homes or other institutional care. A basic subsidy is provided for support and maintenance of the elderly, including medical costs. A special subsidy may also be provided for additional services and supplies which are needed.

## NOTE B – DESCRIPTION OF PROGRAMS (continued)

**Alzheimer's Disease Initiative**: The state-funded program provides respite care services, including in-home services for the victims of Alzheimer's disease, and provides training for caregivers of these victims.

**Respite for Elders Living in Everyday Families (RELIEF)**: This state-funded program offers an expansion of currently available in-home respite, specifically evening and weekend respite, in order to increase the ability of a family unit to continue to care for a homebound elderly individual beyond the basic provisions of current public programs.

**Medicare Improvements for Patients and Providers Act of 2008 (MIPPA)**: This federally-funded program provides programmatic support to the SHINE program. The MIPPA program is intended to conduct targeted, community-based outreach to an increasing number of beneficiaries, with limited income and resources, who are eligible to receive assistance through this program.

**Florida Health Network Chronic Disease Self-Management Education (CDSME)**: This federally-funded program, which also includes diabetes self-management education, is an evidence-based program that is presented in community settings to help participants better manage chronic conditions and improve overall health.

**Aging and Disability Resource**: This state-funded program provides funding for trained call-center specialists to provide education on statewide Medicaid Managed Care Long-Term Care programs, screen individuals for potential Medicaid eligibility, and provide financial and medical eligibility assistance.

**Veteran-Directed Home and Community-Based Services Program**: This locally funded program empowers veterans and their caregivers by giving them the ability to have direct control over the goods and services they receive. The Agency provides budget and employment assistance, and acts as a fiscal intermediary for the program.

**FPN Society for the Advancement of Gerontological Environments (SAGE) Conference and Workshop**: This conference shares information and best practices about how nursing home architects and builders can implement the principles of person-centered care as they design, develop, and open new facilities.

**CARES Act:** Through the Coronavirus Relief Fund, the CARES Act provides for retroactive payments to state, local, and tribal governments navigating the impact of the COVID-19 outbreak and, therefore, these funds may be used to reimburse the Contractor for any goods and services provided on or after April 1, 2020.

**Volunteer FL AmeriCorps:** This locally funded program delivers high impact national service and volunteer programs in Florida. Volunteer Florida promotes and encourages volunteerism to meet critical needs across the state. Volunteer Florida also serves as Florida's lead agency for volunteers and donations before, during, and after disasters.

## NOTE B – DESCRIPTION OF PROGRAMS (continued)

**Local Services Program**: This state-funded program provides long-term care alternatives enabling elders to maintain an acceptable quality of life in their own homes and avoid or delay nursing home placement through providing home accessibility and fall prevention services and training.

**Car Fit**: This federally-funded educational program provides older adults the opportunity to find out how well their vehicles "fit" them and provides information and materials to enhance safety.

**Special Appeal**: This appeal provided "crowdfunding" for specific identified needs of seniors in PSA 7. In 2018, this provided temporary housing and assistance in finding housing for a homeless veteran.

## NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Agency include checking accounts maintained in a financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2021 and 2020, the Agency exceeded the insured limit by $1,656,943 and $1,636,902, respectively. In addition, a grant by the Florida Department of Transportation requires that grant proceeds be maintained and accounted for in a separate bank account. At December 31, 2021 and 2020, the Agency held $4,585 in funds for a third party as fiscal agent both years. These funds are considered restricted and included in accrued liabilities.

## NOTE D – RECEIVABLE FROM GOVERNMENTAL AGENCIES

Grants receivable at December 31, 2021 and 2020 are as follows:

| | 2021 | 2020 |
|---|---|---|
| U.S. Department of HHS | $ 1,672,177 | $ 3,206,398 |
| Florida Department of Elder Affairs | 1,142,796 | 1,350,434 |
| | $ 2,814,973 | $ 4,556,832 |

## NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Furniture and fixtures | $ 102,343 | $ 102,343 |
| Leasehold improvements | 23,564 | 23,564 |
| Computer equipment | 79,279 | 79,279 |
| | 205,186 | 205,186 |
| Less accumulated depreciation | (173,756) | (157,069) |
| Net property and equipment | $ 31,430 | $ 48,117 |

Depreciation expense for the years ended December 31, 2021 and 2020 was $16,687 and $16,467, respectively.

## NOTE F – LEASE COMMITMENTS

Operating Leases

The Agency leased office space under a non-cancellable operating lease that expired in July 2019. In March 2019, the Agency entered into a 62-month lease agreement for leasing space at a new facility beginning on the commencement date and ending December 2024. The first two months' rent was free. The move-in date of October 8, 2019 was dependent on completion of the renovation at the new facility. The lease terms provide for monthly rent payments starting at $15,699, with annual increases of 3%.

Lease expense for this lease amounted to $192,758 and $184,686 for the years ended December 31, 2021 and 2020, respectively.

The future minimum rental payments under the office space operating lease as of December 31, 2021 are as follows:

| | |
|---|---|
| 2022 | $ 200,876 |
| 2023 | 206,916 |
| 2024 | 213,136 |
| Total | $ 620,928 |

Total lease expense for the facility lease totaled $192,758 (including CAM) and net of the recognition of amortized deferred rent of $7,097. Deferred rent is being recognized on a level basis over the term of the lease and had a balance of $19,664 at December 31, 2021.

## NOTE G – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Agency's net assets without donor restrictions are comprised of undesignated amounts for the following purposes as follows:

| | 2021 | 2020 |
|---|---|---|
| Undesignated | $ 2,260,010 | $ 1,704,320 |
| Net investment in property and equipment | 31,430 | 48,117 |
| | $ 2,291,440 | $ 1,752,437 |

## NOTE H – EMPLOYEE BENEFIT PLAN

The Agency has a 401(k) savings plan that began January 1, 2010 and the plan was amended effective January 1, 2016. Under the plan, an employee is eligible to participate after six months of service with no age limitation. Employees are eligible for employer contributions after one year of service, dependent on 1,000 hours of service, with a minimum age requirement of 21. Employees may make contributions to this plan up to the dollar limit allowed by the Internal Revenue Code. The plan does not allow matching employer contributions but does allow employer contributions equal to 10% of eligible participants' annual compensation. In 2021 and 2020, the Agency contributed $106,503 and $85,886, respectively. The 2021 and 2020 contributions do not include the application of the Agency's forfeiture balances of $2,844 and $2,258, respectively.

## NOTE I – MATCHING REQUIREMENTS

The Agency must meet contractual matching requirements through cash and/or in-kind contributions. These requirements are proportionately passed on to the Agency's providers through contractual provisions in their subcontracts. The subcontract provider's match is reported to the Agency and tracked to ensure that all contractual matching requirements are met. However, the match provided by the Agency's providers is not recognized in the financial statements of the Agency.

## NOTE J – COMMITMENTS AND CONTINGENCIES

Grants require the fulfillment of certain conditions set forth in the grant agreements. Failure to fulfill or comply with the conditions could result in the return of funds to the grantor. Although this is a possibility, the Board considers the contingency remote, since by accepting the grants it has accommodated the objectives of the organization to the provisions of the grants.

## NOTE J – COMMITMENTS AND CONTINGENCIES (continued)

The Agency receives a substantial amount of its support from the U.S. Department of Health and Human Services ($11,933,372 and $15,090,995 in 2021 and 2020, respectively) and the Florida Department of Elder Affairs ($8,896,132 and $8,457,155 in 2021 and 2020, respectively). A significant reduction in the level of this support, if this were to occur, may have an effect on the Agency's activities.

## NOTE K – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Agency's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

| | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | $ 1,840,081 | $ 1,574,762 |
| Receivable from governmental agencies | 2,814,973 | 4,556,832 |
| Accounts receivable | 196,534 | 271,430 |
| Total financial assets available within one year | 4,851,588 | 6,403,024 |
| Less those unavailable for general expenditures within one year due to: | | |
| Funds restricted by purpose | (4,585) | (4,585) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 4,847,003 | $ 6,398,439 |

As part of the Agency's liquidity management, it invests cash in excess of daily requirements in savings accounts.

## NOTE L – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Agency's financial condition, liquidity, and future results of operations. Management is actively monitoring the pandemic.