



**AREA AGENCY ON AGING OF PASCO-
PINELLAS, INC.**

FINANCIAL AND COMPLIANCE REPORTS

As of and for the Year Ended December 31, 2012

And Report of Independent Auditor

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.

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Report of Independent Auditor

To the Board of Directors of
Area Agency on Aging of Pasco-Pinellas, Inc.
St. Petersburg, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Area Agency on Aging of Pasco-Pinellas, Inc. (the "Agency") which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Agency's 2011 financial statements and, in our report dated May 21, 2012, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2012, 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.

Accompanying Information

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 as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organization* is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2013 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Cherry Bekant LLP

Tampa, Florida
May 3, 2013

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash	\$ 914,491	\$ 707,366
Prepaid expenses	67,146	52,732
Due from grantors	2,273,134	2,234,032
Advances to subrecipients	-	4,799
Other receivables	5,422	6,723
Other current assets	18,375	-
Total current assets	3,278,568	3,005,652
Furniture and equipment, net	24,665	37,847
Total assets	\$ 3,303,233	\$ 3,043,499
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 196,301	\$ 281,647
Accrued expenses	149,294	128,708
Due to subrecipients	2,099,255	1,918,326
Liability for amounts held on behalf of others	41,558	15,969
Deferred revenue and refundable advances	30,447	45,516
Total current liabilities	2,516,855	2,390,166
Net assets		
Unrestricted net assets	786,378	653,333
Total liabilities and net assets	\$ 3,303,233	\$ 3,043,499

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AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011)

	<u>2012</u>	<u>2011</u>
Support and revenues		
Public support - federal grants	\$ 8,865,551	\$ 8,748,547
Public support - state grants	8,495,245	8,612,181
Public support - local grants	134,413	70,811
Other revenue	194,173	107,837
In-kind	416,270	420,513
Total support and revenues	<u>18,105,652</u>	<u>17,959,889</u>
Expenses		
Program services:		
Other DOEA Programs	13,877,038	13,837,002
Assessment and Referral	319,010	312,669
Screening and Assessment	261,523	246,467
OAA Intake	152,270	139,860
Community Care for the Elderly (CCE) Intake	293,498	335,590
Emergency Home Energy Assistance Program (EHEAP)	52,628	38,268
Serving Health Insurance Needs of Elders (SHINE)	175,046	139,273
Title VII Health and Wellness	25,554	25,655
Medicaid Specialist	166,660	173,943
Aging and Disability Resource Center	282,609	271,453
Victims of Crime Advocates (VOCA)	97,379	92,613
Medicare Patrol	572,728	643,762
Medicare and Disability Outreach and Assistance	-	32,847
Other Programs	199,926	196,489
Total program services	<u>16,475,869</u>	<u>16,485,891</u>
Supporting services:		
Management and general	1,496,738	1,345,227
Total expenses	<u>17,972,607</u>	<u>17,831,118</u>
Increase in net assets	133,045	128,771
Net assets at beginning of year	<u>653,333</u>	<u>524,562</u>
Net assets at end of year	<u>\$ 786,378</u>	<u>\$ 653,333</u>

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011)

	Program Services									
	Other DOEA Programs	Assessment and Referral	Screening and Assessment	OAA Intake	CCE Intake	EHEAP	SHINE	Title VII Health and Wellness	Medicaid Specialist	Aging and Disability Resource Center
Expenses:										
Salaries	\$ -	\$ 179,503	\$ 133,589	\$ 91,337	\$ 151,484	\$ 34,225	\$ 63,360	\$ 14,560	\$ 96,360	\$ 171,562
Payroll taxes	-	14,091	9,697	7,077	11,724	2,401	4,977	1,178	7,700	13,531
Employee benefits	-	48,091	42,788	20,073	46,192	9,703	11,063	2,771	23,816	46,555
Building rent	-	27,463	15,440	10,801	16,035	4,207	9,664	1,842	14,721	25,016
Telephone	-	4,052	3,574	1,521	4,198	340	4,217	197	3,215	3,755
Insurance	-	1,737	2,582	939	3,379	69	651	42	225	325
Travel	-	2,155	2,198	107	546	-	802	1,243	2,698	1,986
Training/professional development	-	35	-	-	-	-	-	-	-	-
Equipment purchases under \$1,000	-	243	448	38	1,588	43	12,363	18	7,365	4,639
Office supplies	-	918	1,336	431	2,466	410	3,633	31	3,715	1,221
Postage	-	1,591	972	683	1,259	339	2,485	253	1,265	1,942
Printing	-	283	237	97	265	29	158	28	294	237
Equipment rental	-	1,764	1,369	754	1,510	306	1,791	72	1,201	2,039
Subcontracted services	-	-	15,235	-	14,923	-	-	-	-	-
Legal and consulting	-	475	-	133	418	-	-	95	-	-
Audit and accounting fees	-	1,330	1,088	578	1,284	-	-	118	530	3,125
Advertising	-	261	42	37	255	49	9,645	-	37	-
Dues and subscriptions	-	275	-	-	-	-	-	-	-	-
Client/volunteer expense	-	-	-	-	-	-	47,710	12	-	-
Meals	-	-	-	-	-	-	-	-	-	-
Maintenance	-	1,585	713	575	1,564	225	1,604	53	693	1,320
Storage	-	1,774	1,134	725	1,322	278	902	425	821	1,794
Other/miscellaneous	-	3,489	1,421	1,137	3,257	4	21	60	2,004	3,562
Disbursements to subrecipients	9,494,022	-	-	-	-	-	-	-	-	-
Providers (vendors)	3,843,486	-	-	-	-	-	-	-	-	-
Home care for the elderly subsidies	539,530	-	-	-	-	-	-	-	-	-
In-kind	-	27,895	27,660	15,227	29,829	-	-	2,556	-	-
Total before depreciation	13,877,038	319,010	261,523	152,270	293,498	52,628	175,046	25,554	166,660	282,609
Depreciation	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 13,877,038	\$ 319,010	\$ 261,523	\$ 152,270	\$ 293,498	\$ 52,628	\$ 175,046	\$ 25,554	\$ 166,660	\$ 282,609

(continued)

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011)

	Program Services				Supporting	Total	2011
	VOCA	Medicare Patrol	Other Programs	Total Program Services	Management and General		
Expenses							
Salaries	\$ 56,575	\$ 135,356	\$ 75,055	\$ 1,202,966	\$ 678,813	\$ 1,881,779	\$ 1,816,058
Payroll taxes	4,471	10,361	5,931	93,139	49,863	143,002	135,336
Employee benefits	10,829	25,939	19,359	307,179	149,937	457,116	419,861
Building rent	5,691	25,913	8,644	165,437	78,731	244,168	235,354
Telephone	1,889	4,764	744	32,466	15,932	48,398	48,043
Insurance	123	10,668	143	20,883	31,692	52,575	27,681
Travel	1,225	5,116	1,704	19,780	10,827	30,607	37,544
Training/professional development	-	100	525	660	1,775	2,435	7,496
Equipment purchases under \$1,000	1,332	5,531	1,463	35,071	10,496	45,567	91,523
Office supplies	2,212	20,891	2,035	39,299	14,438	53,737	54,145
Postage	453	9,910	814	21,966	4,523	26,489	28,299
Printing	161	31,674	1,380	34,843	10,666	45,509	51,626
Equipment rental	665	1,696	829	13,996	16,041	30,037	29,737
Subcontracted services	-	177,858	52,366	260,382	10,032	270,414	299,722
Legal and consulting	-	532	-	1,653	4,075	5,728	6,186
Audit and accounting fees	-	5,204	2,336	15,593	15,608	31,201	30,500
Advertising	-	62,235	46	72,607	3,071	75,678	87,832
Dues and subscriptions	-	195	-	470	12,991	13,461	11,571
Client/volunteer expense	2,352	23,907	-	73,981	-	73,981	70,883
Meals	-	-	63	63	748	811	310
Maintenance	335	1,304	527	10,498	7,188	17,686	23,627
Storage	-	1,090	478	10,743	5,169	15,912	4,502
Other/miscellaneous	39	1,354	25,484	41,832	53,398	95,230	38,784
Disbursements to subrecipients	-	-	-	9,494,022	-	9,494,022	9,226,605
Providers (vendors)	-	-	-	3,843,486	-	3,843,486	4,123,886
Home care for the elderly subsidies	-	-	-	539,530	-	539,530	486,511
In-kind	9,027	11,130	-	123,324	292,946	416,270	420,513
Total before depreciation	97,379	572,728	199,926	16,475,869	1,478,960	17,954,829	17,814,135
Depreciation	-	-	-	-	17,778	17,778	16,983
Total expenses	\$ 97,379	\$ 572,728	\$ 199,926	\$ 16,475,869	\$ 1,496,738	\$ 17,972,607	\$ 17,831,118

See notes to financial statements.

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase in net assets	\$ 133,045	\$ 128,771
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,778	16,983
(Increase) decrease:		
Prepaid expenses	(14,414)	(52,732)
Due from grantors	(39,102)	(779,705)
Advances to subrecipients	4,799	(4,799)
Other receivables	1,301	(1,474)
Other current assets	(18,375)	-
Increase (decrease) in:		
Accounts payable	(85,346)	93,637
Accrued expenses	20,586	(55,833)
Due to subrecipients	180,929	127,051
Liability for amounts held on behalf of others	25,589	8,990
Deferred revenue and refundable deposits	(15,069)	(51,365)
Net cash provided by (used in) operating activities	<u>211,721</u>	<u>(570,476)</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(4,596)</u>	<u>(17,807)</u>
Net cash used in investing activities	<u>(4,596)</u>	<u>(17,807)</u>
Net increase (decrease) in cash	207,125	(588,283)
Cash at beginning of year	<u>707,366</u>	<u>1,295,649</u>
Cash at end of year	<u>\$ 914,491</u>	<u>\$ 707,366</u>

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 1 – Nature of activities and summary of significant accounting policies

Nature of Activities – Area Agency on Aging of Pasco-Pinellas, Inc. (the "Agency") is a not-for-profit organization incorporated under the laws of the State of Florida on April 25, 2000. The Agency administers a network of services for the 60+ population in Pasco and Pinellas counties. The goal of the Agency is to meet the nutritional and social service needs of the aging population in the designated geographical area. All programs of the Agency relate to assisting the elderly. The Agency conducts assessments of the needs of the elderly population, determines resources available to satisfy those needs, and plans and coordinates programs using available resources to alleviate the identified needs. Financial resources for accomplishment of the activities of the Agency are principally in the form of federal and state government grants. The Agency awards contracts to service providers who directly provide the service to the aging population. The Agency also does business as Better Living for Seniors in Pinellas County and as Pasco Aging Network in Pasco County.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. There were no donor imposed restrictions on net assets at December 31, 2012. Accordingly, net assets of the Agency and changes therein are classified and reported as unrestricted net assets.

Due from Grantors – Amounts due from grantors represent amounts receivable from grantor agencies for allowable expenses incurred before December 31, 2012. Management believes all expenses are allowable under the grant requirements and are fully collectible. As such, no allowance for doubtful accounts is considered necessary.

Furniture and Equipment – Furniture and equipment are carried at cost, if purchased, or at estimated fair value at date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years. The Agency follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000, in accordance with policies established by the State Department of Elder Affairs. Maintenance and repair costs are expensed as incurred. At December 31, 2012, the cost and accumulated depreciation for such assets was:

Furniture and equipment	\$	233,415
Less: accumulated depreciation		(208,750)
	\$	<u>24,665</u>

The Agency has restrictions on disposals of fixed assets pursuant to grantor contracts. The Agency can gift fixed assets to its provider or dispose of fixed assets with the permission of the provider. During the year ended December 31, 2012, the Agency did not have any furniture and equipment disposals.

Due to Subrecipients – Amounts due to subrecipients represent amounts requested for reimbursement from the Agency for allowable expenses incurred by the subrecipients before December 31, 2012.

Liability for Amounts Held on Behalf of Others - In accordance with current accounting standards on *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions to Others*, the Agency recognizes a liability for funds received and held for the sole benefit of another organization.

Refundable Advances – Refundable advances represent advances from third parties that require the Agency to achieve certain objectives. Should the Agency not achieve these objectives, the funds would be returned to the third party.

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 1 – Nature of activities and summary of significant accounting policies (continued)

Revenue Recognition – Grant funds are deemed to be earned and reported as revenues when expenditures are incurred in compliance with specific grant requirements (reimbursable expenditures).

In-Kind Contributions – Contributions of non-cash assets are recorded at estimated fair value in the period received. In accordance with GAAP, the Agency records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Many volunteers have contributed significant amounts of time to activities of the Agency without compensation. The financial statements do not reflect the value of those contributed services because they do not meet the above recognition criteria. The estimated fair value of the volunteers' time is approximately \$105,500.

Advertising Costs – The Agency charges costs of advertising to operations as incurred.

Federal Income Tax – The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly no provision for income taxes has been made.

The Agency has evaluated the effect of the guidance provided by GAAP related to accounting for uncertainty in income taxes. Management believes that the Agency continues to satisfy the requirements of a tax-exempt organization and therefore had no uncertain income tax positions at December 31, 2012.

Statement of Functional Expenses – The cost of providing the various programs and other activities have been detailed in the Statement of Functional Expenses. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. For grant purposes, general and administrative expenses were allocated to program services based on the number of full-time employees in the program.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Summarized Financial Information for 2011 – The financial statements include certain prior-year summarized comparative information in total but not by functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Subsequent Events – The Agency has considered subsequent events through May 3, 2013, which represents the date the financial statements were issued.

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 2 – Concentrations of credit risk

The Agency places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts. In addition, the FDIC provided unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts through December 31, 2012; however, effective January 1, 2013 the FDIC discontinued the additional unlimited coverage. The Agency from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2012, the Agency had approx. \$25,000 exceeding these insured amounts. However, the Agency had approximately \$615,000 of uninsured cash balances on January 1, 2013 resulting from the FDIC's discontinuance of unlimited coverage on non-interest bearing accounts.

Note 3 – Lease commitments

The Agency leases office space and office equipment under several operating leases, which expire between 2012 and 2015. At the end of the lease terms, these leases are subject to renewal at the discretion of the lessors. Total rent expense for the year ended December 31, 2012 was \$274,205.

The Agency entered into a lease agreement for office space on September 5, 2012 and commencing February 1, 2013 at an initial annual rate of \$220,500, subject to increases, as specified in the lease agreement, for a term of 15 years.

The total minimum future lease commitments at December 31, 2012 are due as follows:

2013	\$	252,034
2014		242,739
2015		249,154
2016		249,167
2017		259,167
Thereafter		3,040,667
	\$	<u>4,292,928</u>

Note 4 – Employee benefit plan

The Agency has established a 401(k) Profit Sharing Plan which covers all full time employees who complete 6 months of service and choose to participate in the plan. Annual contributions of the Agency are voluntary and are made at the discretion of the board of directors. For 2012, the board of directors approved a contribution of 10% of all eligible employee salaries, which was \$175,930 for the year ended December 31, 2012. Employees are fully vested after 5 years of service or when the participant has reached retirement age or upon death or disability prior to that date.

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 5 – In-kind contributions

The following schedule summarized the in-kind contributions received for the year ended December 31, 2012:

Pinellas county public access TV	\$	297,564
Pasco county public access TV		93,600
Facilities space lease		13,667
Advisory council		4,064
Senior connection ad		2,400
Cell phone donations		2,090
Crime forums rent		2,000
Furniture donation		765
Printing Solutions of Florida printing		120
	\$	<u>416,270</u>

Note 6 – Contingency

Expenditures incurred by the Agency and the subgrantees are subject to audit and possible disallowances by federal and state agencies. The Agency would be responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by subgrantees if they were not able to repay the amounts disallowed. It is the opinion of management that no grant expenditures would be disallowed.

Note 7 – Concentrations

The Agency's activities are conducted in Pinellas and Pasco County, Florida and are supported by funding provided by government agencies. The Agency is dependent upon grants from federal and state agencies for its principal source of revenues. A significant decline in funding to the Agency could adversely affect the operating results of the Agency.

Note 8 – Reclassifications

Certain items in the December 31, 2011 statement of financial position were reclassified to conform to current presentation.

ACCOMPANYING INFORMATION

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2012

	Federal CFDA Number	Contract Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AWARDS:				
U.S. Department of Health and Human Services <i>Passed through the State of Florida Department of Elder Affairs</i>				
Administration on Aging				
Special Programs for the Aging - Title III, Part D	93.043			
Special Programs for the Aging -Title III, Part D I - Disease Prevention and Health Promotion Services 01/01/12-12/31/12		ED012	\$ 114,042	\$ 114,042
Special Programs for the Aging -Title III, Part D II - Disease Prevention and Health Promotion Services 01/01/11-12/31/11		ED011	24,694	24,694
Total Special Programs for the Aging - Title III, Part D			<u>138,736</u>	<u>138,736</u>
National Family Caregiver Support -Title III, Part E 01/01/12-12/31/12	93.052	EA112	710,111	476,410
Special Programs for the Aging -Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation 01/01/12-12/31/12	93.041	E7012	23,000	-
Special Programs for the Aging - Title IV and Title II	93.048			
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 10/01/11-09/30/12		XQ283	68,525	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 10/01/11-09/30/12		90MP0125/01	317,850	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 10/01/12-09/30/13		90MP0125/02	79,733	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 06/01/11-05/31/12		90MP010/011	99,539	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 06/01/12-05/31/13		90MP010/02	71,519	-
Total Special Programs for the Aging - Title IV and Title II			<u>637,166</u>	<u>-</u>
Aging Cluster				
Special Programs for the Aging -Title III Admin 01/01/12-12/31/12	93.044-45	EA112	760,675	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers 01/01/12-12/31/12	93.044	EA112	2,784,045	2,223,713
Special Programs for the Aging - Title III, Part C-I - Nutrition Services 01/01/11-12/31/11	93.045	EA112	1,007,854	1,007,854
Special Programs for the Aging - Title III, Part C-II - Nutrition Services 01/01/12-12/31/12 <i>Passed through the United State Department of Agriculture</i>	93.045	EA112	1,319,279	1,319,279
Nutrition Services Incentive Program 10/01/11-9/30/12	93.053	EU012	260,755	260,755
Nutrition Services Incentive Program 10/01/12-9/30/13	93.053	EU013	90,079	90,079
Total Aging Cluster			<u>6,222,687</u>	<u>4,901,680</u>
Total Administration on Aging			<u>7,731,700</u>	<u>5,516,826</u>
Low-Income Home Energy Assistance Program				
Low-Income Home Energy Assistance Program 05/01/11-07/31/12	93.568	EP011	372,655	346,755
Low-Income Home Energy Assistance Program 04/01/12-03/31/13		EP012	258,749	232,016
Total Low-Income Home Energy Assistance Program			<u>631,404</u>	<u>578,771</u>
Centers for Medicare and Medicaid Services				
Medical Assistance Program	93.778			
Medical Assistance Program 07/01/11-06/30/12		EX112	77,104	-
Medical Assistance Program 07/01/10-06/30/11		EX111	66,085	-
Medical Assistance Program 07/01/11-06/30/12		EW012	41,310	-
Medical Assistance Program 07/01/12-12/31/12		EW013	42,313	-
Total Medical Assistance Program			<u>226,812</u>	<u>-</u>
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations Program				
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations 04/01/11-03/31/12	93.779	EN011	68,818	-
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations 04/01/12-03/31/13		EN012	105,578	-
Total Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations Program			<u>174,396</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>8,764,312</u>	<u>6,095,597</u>
U.S. Department of Agriculture <i>Passed through State of Florida Department of Elder Affairs</i>				
Supplemental Nutrition Assistance Program	10.580			
Supplemental Nutrition Assistance Program 07/01/11-08/31/12		XQ108	15,200	-
Supplemental Nutrition Assistance Program 09/01/12-08/31/13		AA67AB3	2,770	-
Total U.S. Department of Agriculture			<u>17,970</u>	<u>-</u>
U.S. Department of Justice <i>Passed through Florida Office of Attorney General</i>				
Crime Victim Assistance Program	16.575			
Crime Victim Assistance Program 10/01/11-9/30/12		V11215	65,162	-
Crime Victim Assistance Program 10/01/12-9/30/13		V12215	18,107	-
Total U.S. Department of Justice			<u>83,269</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 8,865,551</u>	<u>\$ 6,095,597</u>

(continued)

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>CSFA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
STATE FINANCIAL ASSISTANCE:				
<i>State of Florida Department of Elder Affairs</i>				
Community Care for the Elderly Program				
Community Care for the Elderly Program 07/01/11-06/30/12	65.010	EC011	\$ 2,786,488	\$ 2,624,135
Community Care for the Elderly Program 07/01/12-06/30/13	65.010	EC012	2,755,248	2,585,847
Total Community Care for the Elderly Program			<u>5,541,736</u>	<u>5,209,982</u>
Alzheimer's Respite Services Program				
Alzheimer's Respite Services 07/01/11-06/30/12	65.004	EZ011	380,665	380,665
Alzheimer's Respite Services 07/01/12-06/30/13	65.004	EZ012	348,693	348,693
Total Alzheimer's Respite Services Program			<u>729,358</u>	<u>729,358</u>
Local Services Program				
Local Services Program 07/01/11-06/30/12	65.009	EL011	1,157,463	1,080,223
Local Services Program 07/01/12-06/30/13	65.009	EL012	137,899	137,899
Total Local Services Program			<u>1,295,362</u>	<u>1,218,122</u>
Home Care for the Elderly Program				
Home Care for the Elderly Program 07/01/11-06/30/12	65.001	EH011	397,607	358,606
Home Care for the Elderly Program 07/01/12-06/30/13	65.001	EH012	304,372	285,371
Total Home Care for the Elderly Program			<u>701,979</u>	<u>623,977</u>
Total Expenditures of State Financial Assistance			<u>\$ 8,268,435</u>	<u>\$ 7,781,439</u>

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

DECEMBER 31, 2012

Note 1 – Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with GAAP as applicable to non-profit organizations, and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General of the State of Florida.

Note 2 – Contingency

Expenditures incurred by the Agency and the subrecipients are subject to audit and possible disallowances by federal and state agencies. The Agency would be responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by subrecipients if they were not able to repay the amounts disallowed. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.

GRANT COMPLIANCE

**Report of Independent Auditor 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
Area Agency on Aging of Pasco-Pinellas, Inc.
St. Petersburg, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Area Agency on Aging of Pasco-Pinellas, Inc. (the "Agency"), which comprise the statement of financial position as of December 31, 2012 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 May 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekant LLP

Tampa, Florida
May 3, 2013

Report of Independent Auditor on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida

Board of Directors
Area Agency on Aging of Pasco-Pinellas, Inc.
St. Petersburg, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Area Agency on Aging of Pasco-Pinellas, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor of the State of Florida's State Projects Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs and state financial assistance projects for the year ended December 31, 2012. The Agency's major federal programs and state financial assistance projects are identified in the summary of audit 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 federal programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Agency's major federal programs and state financial assistance projects 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards, OMB Circular A-133 and Chapter 10.650 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 the major federal programs or state financial assistance projects occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs and state financial assistance projects. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on the Major Federal Programs and State Projects

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program or state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, 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 the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Tampa, Florida
May 3, 2013

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2012

Part I - Summary of Audit Results

Financial Statement Section

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	_____ x _____ no	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ yes	_____ x _____ none reported	
Noncompliance material to financial statements noted	_____ yes	_____ x _____ no	

Federal Awards and State Financial Assistance Section

Internal control over major programs:			
Material weakness(es) identified?	_____ yes	_____ x _____ no	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ yes	_____ x _____ none reported	
Type of auditors' report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133	_____ yes	_____ x _____ no	

Identification of the major federal programs:

Name of Federal Program or Cluster	CFDA Number(s)
Department of Health and Human Services	
<u>Aging Cluster:</u>	
Special Programs for the Aging – Title III, Part B - Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045
Special Programs for the Aging – Title III Admin.	93.044-45
Nutrition Services Incentive Program	93.053
Low-Income Home Energy Assistance Program	93.568

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012

Part I - Summary of Audit Results (continued)

Identification of the major state projects:

Name of State Project	CSFA Number(s)
Department of Elder Affairs	
Community Care for the Elderly Program	65.010
Local Services Program	65.009

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

Federal	\$300,000
State	\$300,000

Auditee qualified as low-risk auditee? x yes no

Part II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Part III – Findings and Questioned Costs – Major Federal Awards

This section identifies significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, related to the audit of major federal awards, as required to be reported by OMB Circular A-133.

There were no findings required to be reported in accordance with OMB Circular A-133.

Part IV – Findings and Questioned Costs – Major State Projects

This section identifies significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, related to the audit of major state projects, as required to be reported by Chapter 10.650, Rules of the Auditor General.

There were no findings required to be reported in accordance with Chapter 10.650, Rules of the Auditor General.

Part V – Other Matters

No management letter is required in accordance with Chapter 10.650, Rules of the Auditor General.

AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS AND CORRECTIVE ACTION PLAN

YEAR ENDED DECEMBER 31, 2012

There were no prior year audit findings.

There were no current year audit findings; therefore the Agency is not required to prepare a Corrective Action Plan.