

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

**FINANCIAL STATEMENTS AND COMPLIANCE  
REPORTS**

*As of and for the Year Ended December 31, 2013*

*And Report of Independent Auditor*

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

**TABLE OF CONTENTS**

---

**REPORT OF INDEPENDENT AUDITOR.....1-2**

**FINANCIAL STATEMENTS**

Statement of Financial Position.....3  
Statement of Activities.....4  
Statement of Functional Expenses.....5-6  
Statement of Cash Flows .....7  
Notes to the Financial Statements .....8-11

**SUPPLEMENTARY INFORMATION**

Schedule of Expenditures of Federal Awards and State Financial Assistance .....12-13  
  
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance..... 14

**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*.....15-16  
  
Report of Independent Auditor on Compliance for Each Major Federal Program and State Financial assistance 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 ..... 17-18  
  
Schedule of Findings and Questioned Costs .....19-20

## 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 Area Agency on Aging of Pasco-Pinellas, Inc. (the "Agency") which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***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, 2013, 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.

## **OTHER MATTERS**

### ***Report on Summarized Comparative Information***

We have previously audited the Agency's 2012 financial statements, and our report dated May 3, 2013, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary 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 and state financial assistance, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organization* is presented for purposes of additional analysis 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 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 29, 2014 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 29, 2014

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

DECEMBER 31, 2013

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012)

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,061,847	\$ 914,491
Prepaid expenses	43,462	67,146
Due from grantors	2,106,339	2,273,134
Other receivables	4,821	5,422
Other current assets	<u>18,375</u>	<u>18,375</u>
Total current assets	3,234,844	3,278,568
Furniture and equipment, net	<u>23,043</u>	<u>24,665</u>
<b>Total assets</b>	<b><u>\$ 3,257,887</u></b>	<b><u>\$ 3,303,233</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 233,196	\$ 196,301
Accrued expenses	132,956	149,294
Due to subrecipients	1,824,987	2,099,255
Liability for amounts held on behalf of others	98,366	41,558
Refundable advances	<u>32,072</u>	<u>30,447</u>
Total current liabilities	2,321,577	2,516,855
Deferred rent	<u>55,428</u>	-
Total liabilities	<u>2,377,005</u>	<u>2,516,855</u>
Net assets		
Unrestricted:		
Undesignated	791,185	786,378
Designated	<u>89,697</u>	-
Total net assets	<u>880,882</u>	<u>786,378</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,257,887</u></b>	<b><u>\$ 3,303,233</u></b>

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

*FOR THE YEAR ENDED DECEMBER 31, 2013*  
*(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012)*

	<u>2013</u>	<u>2012</u>
Support and revenues		
Public support - federal grants	\$ 8,343,739	\$ 8,865,551
Public support - state grants	8,935,456	8,495,245
Public support - local grants	179,584	134,413
Other revenue	73,426	194,173
In-kind	510,041	416,270
Total support and revenues	<u>18,042,246</u>	<u>18,105,652</u>
Expenses		
Program services:		
Other DOEA Programs	13,769,247	13,877,038
Assessment and Referral	347,566	319,010
Screening and Assessment	289,974	261,523
OAA Intake	144,725	152,270
Community Care for the Elderly (CCE) Intake	295,342	293,498
Emergency Home Energy Assistance Program (EHEAP)	45,188	52,628
Serving Health Insurance Needs of Elders (SHINE)	222,990	175,046
Title VII Health and Wellness	23,868	25,554
Medicaid Specialist	160,242	166,660
Aging and Disability Resource Center	400,203	282,609
Victims of Crime Advocates (VOCA)	81,177	97,379
Medicare Patrol	456,603	572,728
Other Programs	155,613	199,926
Total program services	<u>16,392,738</u>	<u>16,475,869</u>
Supporting services:		
Management and general	1,555,004	1,496,738
Total expenses	<u>17,947,742</u>	<u>17,972,607</u>
Increase in net assets	94,504	133,045
Net assets at beginning of year	<u>786,378</u>	<u>653,333</u>
Net assets at end of year	<u>\$ 880,882</u>	<u>\$ 786,378</u>

See notes to the financial statements.

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

FOR THE YEAR ENDED DECEMBER 31, 2013  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012)

	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	\$ -	\$ 199,521	\$ 166,184	\$ 82,907	\$ 157,725	\$ 28,323	\$ 88,862	\$ 14,105	\$ 101,668	\$ 191,559
Payroll taxes	-	15,734	11,994	6,296	12,092	2,156	6,855	1,117	7,916	14,762
Employee benefits	-	39,155	41,451	18,761	39,502	7,281	17,319	2,380	25,690	44,578
Building rent	-	25,475	12,503	9,241	20,282	2,721	32,134	1,063	12,207	21,175
Telephone	-	6,157	3,625	1,564	5,979	445	8,273	634	2,809	4,739
Insurance	-	3,800	3,800	-	-	-	1,598	-	-	2,039
Travel	-	348	1,689	-	1,373	-	532	240	510	2,957
Training/professional development	-	-	-	-	55	-	-	39	-	-
Equipment purchases under \$1,000	-	5,622	1,965	1,494	4,639	3,171	14,139	216	2,735	12,076
Office supplies	-	1,967	821	284	3,294	76	2,259	50	1,300	2,044
Postage	-	1,829	1,048	669	1,690	249	2,841	270	1,275	2,273
Printing	-	534	1,917	158	398	52	4,759	32	260	512
Equipment rental	-	1,900	1,286	653	1,438	186	2,309	119	1,058	2,320
Subcontracted services	-	-	-	-	-	-	3,250	-	-	91,500
Legal and consulting	-	1,502	533	-	38	-	-	-	-	266
Audit and accounting fees	-	4,274	4,274	4,274	4,788	-	-	-	-	2,057
Advertising	-	1,331	316	18	322	-	711	299	317	62
Dues and subscriptions	-	465	-	-	-	-	-	-	-	-
Client/volunteer expense	-	-	-	-	-	-	32,621	-	-	-
Meals	-	-	-	-	-	-	-	-	-	-
Maintenance	-	1,253	1,212	460	1,430	132	1,317	49	828	1,078
Storage	-	2,353	1,784	748	2,072	207	2,201	194	1,118	2,038
Other/miscellaneous	-	3,346	1,572	2,198	2,755	189	1,010	461	551	2,168
Disbursements to subrecipients	9,191,960	-	-	-	-	-	-	-	-	-
Providers (vendors)	4,068,898	-	-	-	-	-	-	-	-	-
Home care for the elderly subsidies	508,389	-	-	-	-	-	-	-	-	-
In-kind	-	31,000	32,000	15,000	35,470	-	-	2,600	-	-
<b>Total before depreciation</b>	<b>13,769,247</b>	<b>347,566</b>	<b>289,974</b>	<b>144,725</b>	<b>295,342</b>	<b>45,188</b>	<b>222,990</b>	<b>23,868</b>	<b>160,242</b>	<b>400,203</b>
Depreciation	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 13,769,247</b>	<b>\$ 347,566</b>	<b>\$ 289,974</b>	<b>\$ 144,725</b>	<b>\$ 295,342</b>	<b>\$ 45,188</b>	<b>\$ 222,990</b>	<b>\$ 23,868</b>	<b>\$ 160,242</b>	<b>\$ 400,203</b>

(continued)

See notes to the financial statements.

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

FOR THE YEAR ENDED DECEMBER 31, 2013  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012)

	Program Services			Total Program Services	Supporting Services	Total 2013	2012
	VOCA	Medicare Patrol	Other Programs		Management and General		
Expenses:							
Salaries	\$ 52,568	\$ 137,526	\$ 49,537	\$ 1,270,485	\$ 637,621	\$ 1,908,106	\$ 1,881,779
Payroll taxes	4,106	10,658	3,750	97,436	48,265	145,701	143,002
Employee benefits	8,937	21,940	12,924	279,918	148,187	428,105	457,116
Building rent	3,562	22,910	5,484	168,757	116,273	285,030	244,168
Telephone	1,273	4,932	834	41,264	19,368	60,632	48,398
Insurance	-	10,430	-	21,667	7,691	29,358	52,575
Travel	1,624	3,429	2	12,704	4,642	17,346	30,607
Training/professional development	-	995	-	1,089	226	1,315	2,435
Equipment purchases under \$1,000	5	4,060	1,325	51,447	15,851	67,298	45,567
Office supplies	340	10,163	452	23,050	9,142	32,192	53,737
Postage	645	9,293	443	22,525	4,348	26,873	26,489
Printing	56	14,747	86	23,511	2,072	25,583	45,509
Equipment rental	433	1,610	441	13,753	9,707	23,460	30,037
Subcontracted services	-	123,182	42,853	260,785	3,182	263,967	270,414
Legal and consulting	-	-	38	2,377	4,910	7,287	5,728
Audit and accounting fees	-	8,343	15	28,025	5,074	33,099	31,201
Advertising	-	46,362	-	49,738	883	50,621	75,678
Dues and subscriptions	-	1,143	-	1,608	11,546	13,154	13,461
Client/volunteer expense	-	17,302	-	49,923	237	50,160	73,981
Meals	-	-	-	-	216	216	811
Maintenance	102	1,533	346	9,740	6,094	15,834	17,686
Storage	7	1,889	399	15,010	5,522	20,532	15,912
Other/miscellaneous	-	3,820	36,684	54,754	91,389	146,143	95,230
Disbursements to subrecipients	-	-	-	9,191,960	-	9,191,960	9,494,022
Providers (vendors)	-	-	-	4,068,898	-	4,068,898	3,843,486
Home care for the elderly subsidies	-	-	-	508,389	-	508,389	539,530
In-kind	7,519	336	-	123,925	386,116	510,041	416,270
<b>Total before depreciation</b>	<b>81,177</b>	<b>456,603</b>	<b>155,613</b>	<b>16,392,738</b>	<b>1,538,562</b>	<b>17,931,300</b>	<b>17,954,829</b>
Depreciation	-	-	-	-	16,442	16,442	17,778
<b>Total expenses</b>	<b>\$ 81,177</b>	<b>\$ 456,603</b>	<b>\$ 155,613</b>	<b>\$ 16,392,738</b>	<b>\$ 1,555,004</b>	<b>\$ 17,947,742</b>	<b>\$ 17,972,607</b>

See notes to the financial statements.



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

*FOR THE YEAR ENDED DECEMBER 31, 2013*  
*(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012)*

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 94,504	\$ 133,045
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	16,442	17,778
Deferred rent	55,428	-
(Increase) decrease:		
Prepaid expenses	23,684	(14,414)
Due from grantors	166,795	(39,102)
Advances to subrecipients	-	4,799
Other receivables	601	1,301
Other current assets	-	(18,375)
Increase (decrease):		
Accounts payable	36,895	(85,346)
Accrued expenses	(16,338)	20,586
Due to subrecipients	(274,268)	180,929
Liability for amounts held on behalf of others	56,808	25,589
Refundable deposits	1,625	(15,069)
Net cash provided by operating activities	<u>162,176</u>	<u>211,721</u>
<b>Cash flows from investing activities:</b>		
Purchase of furniture and equipment	<u>(14,820)</u>	<u>(4,596)</u>
Net cash used in investing activities	<u>(14,820)</u>	<u>(4,596)</u>
Net increase in cash and cash equivalents	147,356	207,125
Cash and cash equivalents at beginning of year	<u>914,491</u>	<u>707,366</u>
Cash and cash equivalents at end of year	<u>\$ 1,061,847</u>	<u>\$ 914,491</u>

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

DECEMBER 31, 2013

---

**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. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations. Net assets voluntarily designated by the Agency’s Board for specific purposes are reported as unrestricted net assets. The Board of Directors has established a reserve of \$89,697 from unrestricted net assets. The Board-designated net assets can only be used for purposes approved by the Board of Directors. Currently these funds will be used to cover any program losses in 2014.

*Cash and Cash Equivalents* – The Agency considers cash accounts which are not subject to withdrawal restrictions or penalties, money market accounts and certificates of deposit with original maturities of 90 days or less to be cash equivalents.

*Due from Grantors* – Amounts due from grantors represent amounts receivable from grantor agencies for allowable expenses incurred before December 31, 2013. 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, 2013, the cost and accumulated depreciation for such assets was:

Furniture and equipment	\$	186,272
Less accumulated depreciation		(163,229)
	\$	<u>23,043</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, 2013, the Agency disposed of approximately \$62,000 of furniture and equipment.

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

DECEMBER 31, 2013

---

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

*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, 2013.

*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.

*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 \$73,000.

*Advertising Costs* – The Agency charges costs of advertising to operations as incurred. Advertising expenses was approximately \$51,000 for the year ended December 31, 2013.

*Deferred Rent* – The Agency's lease contains scheduled rent adjustments during the lease term. GAAP requires lease expense to be recognized ratably over the lease term which gives rise to a deferred rent liability.

*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.

Management has evaluated the effect of the guidance provided by GAAP on Accounting for Uncertainty in Income Taxes and has determined that the Agency had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended December 31, 2013. The Agency's federal income tax returns subsequent to 2010 are subject to examination by the internal Revenue Service, generally for a period of three years after the date the federal income tax returns were filed.

*Statement of Functional Expenses* – The cost of providing the various programs and other activities has 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 are allocated to program services based on the number of full-time employees in the program.

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

DECEMBER 31, 2013

---

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

*Use of Estimates* – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities 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 2012* – 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, 2012, from which the summarized information was derived.

*Subsequent Events* – The Agency has evaluated subsequent events through May 29, 2014 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

**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 covers \$250,000 for substantially all depository accounts. The Agency from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2013, the Agency had cash and cash equivalent balances of approximately \$1,124,000 which exceeded these insured amounts.

**Note 3 – Lease commitments**

The Agency leases office space in St. Petersburg, Florida under a lease accounted for as an operating lease maturing in January 2028. The Agency also leases office equipment under several operating leases, which expire between 2014 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, 2013 was \$308,490.

The total minimum future lease commitments at December 31, 2013 are due as follows:

2014	\$	240,687
2015		248,128
2016		249,391
2017		259,167
2018		267,333
Thereafter		2,773,333
	\$	<u>4,038,039</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 2013, the Board of Directors approved a contribution of 10% of all eligible employee salaries, which was \$176,216 for the year ended December 31, 2013. 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 THE FINANCIAL STATEMENTS**

*DECEMBER 31, 2013*

---

**Note 5 – In-kind contributions**

The following schedule summarized the in-kind contributions received for the year ended December 31, 2013:

Pinellas County public access TV	\$	403,560
Pasco County public access TV		93,600
Facilities space lease		4,940
Advisory council		3,470
Supply donation		1,892
Cell phone donations		1,045
Crime forums rent		1,534
	\$	<u>510,041</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.

## **SUPPLEMENTARY 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, 2013*

	<u>CFDA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>FEDERAL AWARDS:</b>				
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through the State of Florida Department of Elder Affairs</i>				
<b>Administration on Aging</b>				
Special Programs for the Aging - Title III, Part D I - Disease Prevention and Health Promotion Services 01/01/13-12/31/13	93.043	ED013	\$ 130,766	\$ 130,766
National Family Caregiver Support - Title III, Part E 01/01/13-12/31/13	93.052	EA013	721,149	53,991
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation 01/01/13-12/31/13	93.041	E7013	21,267	-
<b>Special Programs for the Aging - Title IV and Title II</b>	93.048			
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 09/30/12-09/29/13		90SP0096/01	220,140	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 09/30/13-09/29/15		90SP00770100	68,013	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 06/01/11-05/31/14		90MP0101/02	106,407	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 06/01/11-05/31/14		90MP0101/0300	61,868	-
Special Programs for the Aging - Title IV and Title II - Discretionary Projects 05/24/13-09/29/13		EX384	89,379	-
<b>Total Special Programs for the Aging - Title IV and Title II</b>			<u>545,807</u>	<u>-</u>
<b>Aging Cluster</b>				
Special Programs for the Aging - Title III Admin 01/01/13-12/31/14	93.044-45	EA013	676,366	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers 01/01/13-12/31/14	93.044	EA013	2,746,505	2,157,603
Special Programs for the Aging - Title III, Part C-I - Nutrition Services 01/01/13-12/31/14	93.045	EA013	816,186	816,186
Special Programs for the Aging - Title III, Part C-II - Nutrition Services 01/01/13-12/31/14	93.045	EA013	1,242,332	1,242,332
<i>Passed through the United State Department of Agriculture</i>				
Nutrition Services Incentive Program 10/01/12-12/31/13	93.053	EU013	218,598	218,598
Nutrition Services Incentive Program 10/01/13-9/30/14	93.053	EU014	71,829	71,829
<b>Total Aging Cluster</b>			<u>5,771,816</u>	<u>4,506,548</u>
<b>Total Administration on Aging</b>			<u>7,190,805</u>	<u>4,691,305</u>
<b>Low-Income Home Energy Assistance Program</b>				
Low-Income Home Energy Assistance Program 08/01/12-03/31/13	93.568	EP012	129,191	118,837
Low-Income Home Energy Assistance Program 03/01/13-03/31/14		EP013	366,706	332,290
<b>Total Low-Income Home Energy Assistance Program</b>			<u>495,897</u>	<u>451,127</u>
<b>Centers for Medicare and Medicaid Services</b>				
<b>Medical Assistance Program</b>				
Medical Assistance Program 07/01/12-06/30/13	93.778	EX012	78,709	-
Medical Assistance Program 07/01/13-06/30/14		EX013	80,881	-
Medical Assistance Program 01/01/13-06/30/13		EW113	42,489	-
Medical Assistance Program 07/01/13-06/30/14		EW014	38,420	-
<b>Total Medical Assistance Program</b>			<u>240,499</u>	<u>-</u>
<b>Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations Program</b>				
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations 04/01/12-03/31/13	93.779	EN012	68,041	-
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations 04/01/13-03/31/16		EN013	154,949	-
<b>Total Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations Program</b>			<u>222,990</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>8,150,191</u>	<u>5,142,432</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, 2013

	<u>CFDA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>U.S. Department of Agriculture</b>				
<i>Passed through State of Florida Department of Elder Affairs</i>				
<b>Supplemental Nutrition Assistance Program, Process and Technology Improvement Grant</b>				
Supplemental Nutrition Assistance Program 09/01/12-08/31/13	10.580	AA67AB3	10,261	-
<b>Total U.S. Department of Agriculture</b>			<u>10,261</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
<i>Passed through Florida Office of Attorney General</i>				
<b>Crime Victim Assistance Program</b>				
Crime Victim Assistance Program 10/01/12-9/30/13	16.575	V12215	56,215	-
Crime Victim Assistance Program 10/01/13-9/30/14		V13215	17,313	-
<b>Total U.S. Department of Justice</b>			<u>73,528</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 8,233,980</u>	<u>\$ 5,142,432</u>
	<u>CSFA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>STATE FINANCIAL ASSISTANCE:</b>				
<i>State of Florida Department of Elder Affairs</i>				
<b>Community Care for the Elderly Program</b>				
Community Care for the Elderly Program 07/01/12-06/30/13	65.010	EC012	\$ 3,014,364	\$ 1,224,450
Community Care for the Elderly Program 07/01/13-06/30/14	65.010	EC012	2,966,732	1,212,880
<b>Total Community Care for the Elderly Program</b>			<u>5,981,096</u>	<u>2,437,330</u>
<b>Alzheimer's Respite Services Program</b>				
Alzheimer's Respite Services 07/01/12-06/30/13	65.004	EZ012	370,618	154,744
Alzheimer's Respite Services 07/01/13-06/30/14	65.004	EZ012	400,590	168,173
<b>Total Alzheimer's Respite Services Program</b>			<u>771,208</u>	<u>322,917</u>
<b>Local Services Program</b>				
Local Services Program 07/01/12-06/30/13	65.009	EL012	1,104,277	1,037,475
Local Services Program 07/01/13-06/30/14	65.009	EL013	174,193	174,193
<b>Total Local Services Program</b>			<u>1,278,470</u>	<u>1,211,668</u>
<b>Home Care for the Elderly Program</b>				
Home Care for the Elderly Program 07/01/12-06/30/13	65.001	EH012	364,933	325,931
Home Care for the Elderly Program 07/01/13-06/30/14	65.001	EH012	299,073	260,072
<b>Total Home Care for the Elderly Program</b>			<u>664,006</u>	<u>586,003</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 8,694,780</u>	<u>\$ 4,557,918</u>



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

*DECEMBER 31, 2013*

---

**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 favorably resolved.

## **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***

To the 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, 2013 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 29, 2014.

#### **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 and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida  
May 29, 2014

**Report of Independent Auditor on Compliance for Each Major Federal Program and State Financial Assistance 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**

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

**Report on Compliance for Each Major Federal Program and State Financial Assistance 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, 2013. The Agency's major federal programs and state financial assistance projects are identified in the summary of auditor's 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 each of 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 each of 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 Each Major Federal Program and State Financial Assistance Project***

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, 2013.

## 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 each 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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida  
May 29, 2014

**AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*FOR THE YEAR ENDED DECEMBER 31, 2013*

---

**Part I - Summary of Audit Results**

**Financial Statement Section**

Type of auditor's 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 or Chapter 10.650?	_____ 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
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779

**AREA AGENCY ON AGING OF PASCO-PINELLAS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*FOR THE YEAR ENDED DECEMBER 31, 2013*

---

**Part I - Summary of Audit Results (continued)**

**Identification of the major state financial assistance projects:**

<b>Name of State Projects</b>	<b>CSFA Number(s)</b>
Department of Elder Affairs	
Community Care for the Elderly Program	65.010
Alzheimer's Respite Services Program	65.004
Home Care for the Elderly Program	65.001

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

Type A	
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 Financial Assistance 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.

A summary schedule of prior audit findings is not necessary since there were no prior audit findings.