

**AREA AGENCY ON AGING FOR
SOUTHWEST FLORIDA, INC.**

**FINANCIAL STATEMENTS AND SCHEDULES
REQUIRED BY THE UNIFORM GUIDANCE
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR**

**YEAR ENDED
DECEMBER 31, 2018**

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INTEGRITY... KNOWLEDGE... SERVICE... COMMITMENT

Independent Auditor's Report

Board of Directors
Area Agency on Aging for Southwest Florida, Inc.
North Fort Myers, Florida

We have audited the accompanying financial statements of Area Agency on Aging for Southwest Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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

Affiliations

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239-433-1002 • www.stroemercpa.com

14030 Metropolis Avenue, Suite 200, Fort Myers, FL 33912

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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 Area Agency on Aging for Southwest Florida, Inc. as of December 31, 2018, 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.

Report on 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, 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 28, 2019, on our consideration of Area Agency on Aging for Southwest Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

Area Agency on Aging for Southwest Florida, Inc
Page 3

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Area Agency on Aging for Southwest Florida, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and cursive, with the first part being a large, looped "S" and the second part being "troemer & Company, LLC".

STROEMER & COMPANY, LLC
Fort Myers, Florida
May 28, 2019

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
 STATEMENT OF FINANCIAL POSITION
 December 31, 2018

| | Net Assets Without Donor Restrictions | | | Net Assets With Donor Restrictions | |
|---|---------------------------------------|------------------------|--------------------|------------------------------------|---------------------|
| | General Operating | Property and Equipment | Total | | Total |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 946,540 | \$ - | \$ 946,540 | \$ - | \$ 946,540 |
| Due from Grantors | 2,592,684 | - | 2,592,684 | - | 2,592,684 |
| Accounts receivable- due from provider | 106 | - | 106 | - | 106 |
| Security deposits | 8,500 | - | 8,500 | - | 8,500 |
| TOTAL CURRENT ASSETS | 3,547,830 | - | 3,547,830 | - | 3,547,830 |
| PROPERTY AND EQUIPMENT, NET | - | 124,344 | 124,344 | - | 124,344 |
| TOTAL ASSETS | \$ 3,547,830 | \$ 124,344 | \$3,672,174 | \$ - | \$ 3,672,174 |
| LIABILITIES AND NET ASSETS | | | | | |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 188,530 | \$ - | \$ 188,530 | \$ - | \$ 188,530 |
| Capital leases payable | 24,024 | - | 24,024 | - | 24,024 |
| Due to providers | 1,641,147 | - | 1,641,147 | - | 1,641,147 |
| Accrued salaries and benefits | 118,061 | - | 118,061 | - | 118,061 |
| Accrued rent | 34,236 | - | 34,236 | - | 34,236 |
| TOTAL CURRENT LIABILITIES | 2,005,998 | - | 2,005,998 | - | 2,005,998 |
| NET ASSETS | | | | | |
| Net Assets Without Donor Restrictions | 1,541,832 | 124,344 | 1,666,176 | - | - |
| Net Assets With Donor Restrictions | - | - | - | - | - |
| TOTAL NET ASSETS | 1,541,832 | 124,344 | 1,666,176 | - | - |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,547,830 | \$ 124,344 | \$3,672,174 | \$ - | \$ 3,672,174 |

The accompanying notes are an integral part of this statement.

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| CHANGES IN NET ASSETS | | | |
| SUPPORT & REVENUE | | | |
| Grants from Government agencies | \$ - | \$ 18,339,201 | \$ 18,339,201 |
| In-kind revenue | 192,559 | - | 192,559 |
| Miscellaneous | 5,824 | - | 5,824 |
| Interest income | 1,023 | - | 1,023 |
| TOTAL SUPPORT & REVENUE | 199,406 | 18,339,201 | 18,538,607 |
| Net assets released from restrictions | 18,339,201 | (18,339,201) | - |
| TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS | 18,538,607 | - | 18,538,607 |
| EXPENSES | | | |
| PROGRAM SERVICES | | | |
| Alzheimer's Disease Initiative | 2,142,582 | - | 2,142,582 |
| Community Care for the Elderly | 4,938,459 | - | 4,938,459 |
| Home Energy Assistance | 248,979 | - | 248,979 |
| Home Care for the Elderly | 462,516 | - | 462,516 |
| Nutrition Services | 3,215,033 | - | 3,215,033 |
| Older Americans Act | 3,212,391 | - | 3,212,391 |
| Respite RELIEF Program | 31,158 | - | 31,158 |
| SHINE Program | 204,221 | - | 204,221 |
| Wellness Program | 73,960 | - | 73,960 |
| VDHCBS | 1,230,778 | - | 1,230,778 |
| Other Programs | 27,850 | - | 27,850 |
| Information and Intake | 1,019,194 | - | 1,019,194 |
| TOTAL PROGRAM SERVICES | 16,807,121 | - | 16,807,121 |
| SUPPORT SERVICES | | | |
| Administrative and general | 1,446,337 | - | 1,446,337 |
| TOTAL SUPPORT SERVICES | 1,446,337 | - | 1,446,337 |
| TOTAL EXPENSES | 18,253,458 | - | 18,253,458 |
| CHANGE IN NET ASSETS | 285,149 | - | 285,149 |
| NET ASSETS, | | | |
| BEGINNING OF YEAR | 1,381,027 | - | 1,381,027 |
| NET ASSETS, END OF YEAR | \$ 1,666,176 | \$ - | \$ 1,666,176 |

The accompanying notes are an integral part of this statement.

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 Year ended December 31, 2018

| | Program Services | | | | | | |
|---------------------------------------|--------------------------------------|--------------------------------------|------------------------------|---------------------------------|-----------------------|---------------------------|-------------------|
| | Alzheimer's Disease Initiative | Community Care for the Elderly | Home Energy Assistance | Home Care for the Elderly | Nutrition Services | Older Americans Act | Respite RELIEF |
| PROGRAM COSTS | | | | | | | |
| Provider Reimbursements | \$2,142,582 | \$4,938,459 | \$ 213,659 | \$462,516 | \$3,215,033 | \$3,200,483 | \$31,158 |
| Salaries | - | - | 9,331 | - | - | 8,790 | - |
| Payroll Taxes | - | - | 570 | - | - | 667 | - |
| Employee Benefits | - | - | 2,444 | - | - | 1,673 | - |
| Travel | - | - | - | - | - | 348 | - |
| Supplies | - | - | - | - | - | 56 | - |
| Professional Fees | - | - | 17,175 | - | - | 112 | - |
| Rent | - | - | 107 | - | - | - | - |
| Utilities | - | - | - | - | - | - | - |
| Maintenance & Repair | - | - | 2 | - | - | - | - |
| Insurance | - | - | 8 | - | - | - | - |
| Other | - | - | 5,669 | - | - | 142 | - |
| Property and Equipment | - | - | 14 | - | - | 120 | - |
| Total program costs | 2,142,582 | 4,938,459 | 248,979 | 462,516 | 3,215,033 | 3,212,391 | 31,158 |
| PROPERTY AND EQUIPMENT | | | | | | | |
| Property and equipment capitalization | - | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - | - |
| Total property and equipment | - | - | - | - | - | - | - |
| TOTAL EXPENSES | \$2,142,582 | \$4,938,459 | \$ 248,979 | \$462,516 | \$3,215,033 | \$3,212,391 | \$31,158 |

The accompanying notes are an integral part of this statement.

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
 STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
 Year ended December 31, 2018

| | Program Services | | | | | Total Program Services |
|---------------------------------------|-------------------|---------------------|---------------------|-------------------|------------------------------|------------------------------|
| | SHINE Program | Wellness Program | VDHCBS | Other Programs | Information and Intake | |
| PROGRAM COSTS | | | | | | |
| Provider Reimbursements | \$ - | \$ - | \$ - | \$ 4,772 | \$ - | \$ 14,208,662 |
| Salaries | 101,744 | 45,093 | - | - | 664,478 | 829,436 |
| Payroll Taxes | 7,616 | 3,396 | - | - | 42,227 | 54,476 |
| Employee Benefits | 27,095 | 12,195 | - | - | 135,530 | 178,937 |
| Travel | 12,973 | 3,804 | - | - | 332 | 17,457 |
| Supplies | 7,710 | 462 | - | - | 13,027 | 21,255 |
| Professional Fees | 3,655 | 3,741 | - | - | 6,221 | 30,904 |
| Rent | 8,289 | 1,967 | - | - | 64,863 | 75,226 |
| Utilities | 14,767 | 427 | - | - | 26,125 | 41,319 |
| Maintenance & Repair | 887 | 175 | - | - | 7,130 | 8,194 |
| Insurance | 1,731 | 651 | - | - | 10,430 | 12,820 |
| Other | 3,316 | 800 | 1,230,778 | 23,078 | 10,330 | 1,274,113 |
| Property and Equipment | 14,438 | 1,249 | - | - | 38,501 | 54,322 |
| Total program costs | 204,221 | 73,960 | 1,230,778 | 27,850 | 1,019,194 | 16,807,121 |
| PROPERTY AND EQUIPMENT | | | | | | |
| Property and equipment capitalization | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - |
| Total property and equipment | - | - | - | - | - | - |
| TOTAL EXPENSES | \$ 204,221 | \$ 73,960 | \$ 1,230,778 | \$ 27,850 | \$ 1,019,194 | \$ 16,807,121 |

The accompanying notes are an integral part of this statement

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
 STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
 Year ended December 31, 2018

| | Supporting Services | | Total |
|---------------------------------------|-------------------------------|------------------------------|----------------------|
| | Administrative and General | Total Support Services | |
| PROGRAM COSTS | | | |
| Provider Reimbursements | \$ - | \$ - | \$ 14,208,662 |
| Salaries | 825,051 | 825,051 | 1,654,487 |
| Payroll Taxes | 50,519 | 50,519 | 104,995 |
| Employee Benefits | 171,934 | 171,934 | 350,871 |
| Travel | 12,327 | 12,327 | 29,784 |
| Supplies | 18,118 | 18,118 | 39,373 |
| Professional Fees | 129,128 | 129,128 | 160,032 |
| Rent | 39,666 | 39,666 | 114,892 |
| Utilities | 36,169 | 36,169 | 77,488 |
| Maintenance & Repair | 7,249 | 7,249 | 15,443 |
| Insurance | 10,097 | 10,097 | 22,917 |
| Other | 65,141 | 65,141 | 1,339,254 |
| Property and Equipment | 24,287 | 24,287 | 78,609 |
| Total program costs | 1,389,686 | 1,389,686 | 18,196,807 |
| PROPERTY AND EQUIPMENT | | | |
| Property and equipment capitalization | - | - | - |
| Depreciation | 56,651 | 56,651 | 56,651 |
| Total property and equipment | 56,651 | 56,651 | 56,651 |
| TOTAL EXPENSES | \$ 1,446,337 | \$ 1,446,337 | \$ 18,253,458 |

The accompanying notes are an integral part of this statement

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2018

| | <u>Amount</u> |
|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from revenue and support services | \$ 18,010,174 |
| Cash paid to suppliers and employees | (17,973,570) |
| Interest income | <u>1,023</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 37,627 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of property and equipment | <u>(48,170)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | (48,170) |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Proceeds from capital lease obligations | 18,000 |
| Principal payments on capital lease obligations | <u>(16,077)</u> |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>1,923</u> |
| NET CHANGE IN CASH | (8,620) |
| Cash, beginning of year | <u>955,160</u> |
| CASH, END OF YEAR | <u>\$ 946,540</u> |
| SUPPLEMENTAL DISCLOSURE OF NON CASH ACTIVITIES | |
| In-kind contributions of goods and services received | \$ 192,559 |
| In-kind contributions of goods and services expensed | \$ (192,559) |

The accompanying notes are an integral part of this statement

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF CASH FLOWS, CONTINUED
Year ended December 31, 2018

**RECONCILIATION OF CHANGE IN NET
ASSETS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES**

| | <u>Amount</u> |
|--|-------------------------|
| Change in net assets | \$ 285,149 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 56,651 |
| (Increase)/decrease in assets: | |
| Due from Grantors | (133,588) |
| Accounts receivable - due from providers | 2,008 |
| Increase/(decrease) in liabilities: | |
| Accounts payable and accrued liabilities | 39,512 |
| Due to providers | (203,271) |
| Accrued salaries and benefits | 14,751 |
| Accrued rent | <u>(23,585)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ <u>37,627</u> |

The accompanying notes are an integral part of this statement

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Purpose and organization

Area Agency on Aging for Southwest Florida, Inc. (the "Agency") founded in 1978, is a not-for-profit corporation. The agency is one of eleven Area Agencies on Aging in the state of Florida providing assistance for the development, planning and administration of service programs for the elderly. Substantially all of the Agency's funding comes from grants from the U.S. Department of Health and Human Services and the Florida State Department of Elder Affairs. The funds are passed through to the direct services providers

Federal and state funds for a seven-county area are awarded to the Agency under grant contracts. The Agency's service area includes Charlotte, Collier, DeSoto, Glades, Hendry, Lee and Sarasota Counties. The Agency is responsible for developing an area plan and sub-granting federal and state funds to direct providers of services for older persons to achieve the plan goals. The direct providers include governmental entities and other not-for-profit organizations. The purposes of the respective program services, which are administered by the direct providers, are as follows:

Older Americans Act

To foster the development of community based systems of service for older persons and provision of supportive services, including multi-purpose senior centers.

Wellness Program

To develop or strengthen preventive health service and health promotion systems.

Home Energy Assistance

To assist eligible households to meet the costs of home energy

Nutrition Services

To improve the diets of the elderly and to increase the market of domestically produced foods acquired under surplus removal or price support operations.

Home Care for the Elderly

To encourage the provision of care for elders in family type living arrangements in private homes as an alternative to nursing homes or other institutional care.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Purpose and organization, continued

Community Care for the Elderly

To decrease or delay premature or inappropriate and expensive placement of older persons in nursing homes and other institutions.

Alzheimer's Disease Initiative

To address the special needs of Alzheimer's Disease clients and their caregivers.

Medicaid Waiver Program

To provide intensive case management and supportive services to prevent or delay institutionalization.

Serving Health Insurance Needs of Elders (SHINE) Program

To provide elders with information, counseling and assistance on Medicare, Medicaid, and other health insurance.

Respite RELIEF Program

The "Respite for Elders Living in Everyday Families" (RELIEF) program provides in-home respite that is an expansion of respite currently available through other programs, specifically including evening and weekend respite.

Aging and Disability Resource Center

To facilitate customer friendly access to long-term care information, services and benefits for elders, younger individuals with disabilities and family caregivers.

Veterans Directed Home & Community Based Services (VDHCBS)

A home and community based service program funded through the Veterans Health Administration via agreements between local Veterans Administration Medical Centers and Area Agencies on Aging.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of the Agency are in accordance with

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Basis of accounting, continued

the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

Financial statement presentation

The Agency prepares its financial statements in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

In accordance with the "Not-For Profit Entities" topic of the FASB ASC, contributions received are recorded as net assets without donor restricted or net assets with donor restricted support depending on the existence and/or nature of any donor restrictions. Under this topic, donor-restricted contributions are required to be reported as net assets with donor restrictions.

Support and revenues

The Agency receives its support primarily from the community, local not-for-profits and grantor agencies. Revenues are recorded as support when pledged if the contribution is unconditional and without any donor contingencies.

Cash and cash equivalents

For purposes of these statements, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and having original maturities of three months or less.

Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, or when the purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Concentration of credit risk

The Agency maintains its cash accounts in various financial institutions, which, at times, may exceed federally-insured limits. At December 31, 2018, none of the Agency's bank balances were uninsured. The Agency has not experienced any economic losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

Property and equipment

Furniture and equipment is recorded at cost, or if donated, at fair market value on the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the assets.

The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss from disposition is reported on the statement of activities.

Impairment of long-lived assets

The Agency adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Agency's financial statements resulting from this topic for the year ended December 31, 2018

Functional expenses

The Agency allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Functional expenses, continued

allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated by various statistical bases.

Fair value of financial instruments

The carrying amount of cash and cash equivalents, receivables, and payables approximate fair value due to the short maturity of these financial instruments.

Income taxes

The Internal Revenue Services has determined that the Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Agency reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Agency's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Agency remain open to examination by these government agencies. The Agency follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Agency has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Agency has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Management estimates

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

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Donated services

The Agency has reported donated goods and services in the financial statements. The Agency has established an objective basis to measure the value of such goods and services. The type of donated items include, volunteer time, equipment, and supplies. However, the Board of Directors has donated significant amounts of their time and expertise to the Agency which is not reflected on the financial statements. The amount reported as donated goods and services for the current year ended December 31, 2018 was \$192,559.

Due From Grantors / Due To Providers

The Agency records amounts Due from Grantors/Due to Providers for funds previously expended by provider agencies and for which reimbursement requests have been submitted. In the opinion of management, these amounts will be fully collected from the appropriate funding agency.

Deferred revenue

Advance payments received from the grantor agencies are deferred and recognized over the periods to which the payments relate.

Grant revenue

Grant revenue includes all resources that the Agency receives from another entity in accordance with a contract, entitlement, or grant agreement.

Advertising costs

The Agency incurs various marketing and promotional costs to let the community know about their services. These costs are expensed as incurred and totaled \$1,333 for the year ended December 31, 2018.

Recently issued accounting standards

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which simplifies the current net asset classification requirements and improves the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recently issued accounting standards, continued

cash flows. The standard is effective for years beginning after December 15, 2017. Total net assets did not change as a result of adoption of this ASU.

The effect of the adoption on net asset classifications in the 2017 information is as follows:

| | |
|---|---------------------|
| Net assets at beginning of the year as originally reported: | <u>Amount</u> |
| Unrestricted | \$ 1,381,027 |
| Temporarily restricted | - |
| Permanently restricted | - |
| | <u>\$ 1,381,027</u> |

| | |
|--|---------------------|
| Net assets at beginning of the year as restated: | <u>Amount</u> |
| Without donor restrictions | \$ 1,381,027 |
| With donor restrictions | - |
| | <u>\$ 1,381,027</u> |

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

| | |
|---|---------------------|
| | <u>Amount</u> |
| Cash and cash equivalents | \$ 946,540 |
| Due from grantors | 2,592,684 |
| Accounts receivable - due from providers | 106 |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 3,539,330</u> |

The Agency manages its financial assets in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This topic requires that the Agency maintains sufficient resources to meet the responsibilities of its donors. Therefore financial assets may not be available for general expenditure within one year. As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE C - DUE FROM GRANTORS/DUE TO PROVIDERS

A summary of the Due from Grantors/Due to Providers at December 31, 2018 is as follows:

| <u>Grant</u> | <u>Due from Grantors</u> | <u>Due to Providers</u> |
|--------------------------------------|------------------------------|-----------------------------|
| Title III B | \$ 738,182 | \$ 434,555 |
| Title III C-1 | 265,659 | 265,659 |
| Title III C-2 | 296,932 | 296,932 |
| Title III D | 23,804 | - |
| Title III E | 176,841 | 176,828 |
| Title VII Elder Abuse | 3,852 | - |
| Nutrition Services Incentive Program | 13,657 | 13,657 |
| MIPPA Program | 7,649 | - |
| Emergency Home Energy Assistance | 20,796 | 20,545 |
| Respite RELIEF Program | 2,563 | 2,255 |
| Community Care for the Elderly | 313,793 | 290,240 |
| Alzheimer's Disease Initiative | 137,921 | 137,921 |
| Medicaid Waiver Specialist | 21,809 | - |
| Medicaid Aging Resource Center | 61,564 | - |
| Home Care for the Elderly | 45,344 | 2,555 |
| Senior Medicare Patrol (SMP) | 3,752 | - |
| SHINE | 14,962 | - |
| Veterans Association | 443,604 | - |
| | <u>\$ 2,592,684</u> | <u>\$ 1,641,147</u> |

Differences arise between the amounts Due from Grantors and Due to Providers as a result of the timing and source of the remittances.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2018:

| | <u>Amount</u> |
|--------------------------|-------------------|
| Equipment | \$ 685,101 |
| Accumulated depreciation | (560,757) |
| | <u>\$ 124,344</u> |

Depreciation expense was \$56,651 for the year ended December 31, 2018

NOTE E - PENSION PLAN

Employees who have completed one year of employment with the Agency are eligible to participate in the Agency's retirement plan. The plan allows for employer contributions of up to 10 percent of an employee's annual salary in an employee directed account or tax deferred savings plan. Employer contributions for the year ended December 31, 2018 were \$114,014.

NOTE F - LINE OF CREDIT

The Agency has a \$200,000 line of credit agreement with a bank. The agreement is collateralized by inventory, equipment, and accounts receivable of the Agency. The line of credit has an interest rate of Prime Rate plus 1.5 percent (approximately 7.00 percent at December 31, 2018), which is payable monthly and is payable on demand. As of December 31, 2018, the outstanding balance on the line of credit was \$0 and the entire \$200,000 was available for borrowings.

NOTE G - OPERATING LEASE COMMITMENTS

The Agency entered into an agreement with Zeno Office Solutions to lease Digital Printers. The lease agreement calls for 63 monthly payments of \$541 ending in March, 2021.

The Agency entered into an agreement with RB Merchants, LLC to lease office space. The lease calls for payment of a base rent, currently \$9,839 (through March 2018), \$10,134 (through March 2019), and \$10,438 (through March 2020), plus a percentage of the property operating expenses including common area maintenance, insurance, real estate taxes, and utilities. The lease agreement has a term of 132 months and expires on March 2020.

The Agency entered into an agreement with Avaya to lease a telephone system. The lease agreement calls for 60 monthly payments of \$830 ending in March, 2019.

The future minimum operating lease payments under these leases are as follows:

| <u>Year Ending</u> <u>December 31,</u> | <u>Amount</u> |
|---|------------------|
| 2019 | \$ 132,326 |
| 2020 | 37,806 |
| 2021 | 1,623 |
| | <u>\$ 19,473</u> |

Total lease expense under these operating leases totaled \$131,344 for the year ended December 31, 2018.

NOTE H - CAPITAL LEASES PAYABLE

The Agency entered into 4 capital lease agreements with Dell to lease computer equipment. The obligation under the capital leases has been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates ranging from 4.07% to 4.14%. The cost and accumulated depreciation of this equipment, included in property and equipment at December 31, 2018 is \$101,947 and \$100,236, respectively. The capital leases require total monthly payments of \$1,880, including interest, through January, 2019.

The Agency entered into a capital lease agreement with Avaya to lease phone equipment. The obligation under the capital leases has been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rate 9.517%. The cost and accumulated depreciation of this equipment, included in property and equipment at December 31, 2018 is \$22,691 and \$378, respectively. The capital leases require total monthly payments of \$378, including interest, through November, 2023.

The future minimum capital lease payments under these leases are as follows.

| <u>Year Ended</u> <u>December 31,</u> | <u>Amount</u> |
|--|------------------|
| 2019 | \$ 6,347 |
| 2020 | 5,651 |
| 2021 | 5,651 |
| 2022 | 5,651 |
| 2023 | <u>5,275</u> |
| Total minimum lease payments | 28,575 |
| Less: amount representing interest | <u>(4,551)</u> |
| Present value of minimum lease payments | <u>\$ 24,024</u> |

NOTE I - NET ASSETS

Net assets consist of the following at December 31, 2018.

| | |
|----------------------------|---------------------|
| | <u>Amount</u> |
| With donor restrictions | \$ - |
| | <u>Amount</u> |
| Without donor restrictions | |
| Undesignated | \$ <u>1,666,176</u> |

NOTE J - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Net assets released from donor restrictions were:

| | <u>Amount</u> |
|---|----------------------|
| Expenditure for specific purpose accomplished | |
| Grant related expenditures | \$ 18,339,201 |
| Total released from restrictions: | <u>\$ 18,339,201</u> |

NOTE K - UNDERWATER ENDOWMENT FUNDS

In accordance with the "Not-For-Profit Entities" topic of the FASB ASC, the Agency shall disclose the aggregate amount of deficiencies for all donor-restricted endowment funds for which the fair value of the assets at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions.

The Agency had no underwater endowment funds as of December 31, 2018.

NOTE L - MATCHING REQUIREMENTS

The Agency must meet certain contractual matching requirements through cash and/or in-kind contributions. These requirements are proportionately passed on to the Agency's providers through contractual provisions in their subcontracts. The subcontract provider's match is reported to the Agency and tracked to ensure that all contractual matching requirements are met. However, the match provided by the Agency's providers is not recognized in the financial statements of the Agency. For the year ended December 31, 2018, The Agency met its matching requirements.

NOTE M - SUBSEQUENT EVENTS

Management has assessed subsequent events through May 28, 2019, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended December 31, 2018

| Grantor/Pass Through Entity | CFDA/ CFSA Number | Contract/ Pass-Through Grantor Number | Award Amount | Expenditures | Transfer to Sub recipients |
|--|-------------------------|--|----------------------|---------------------|-------------------------------|
| FEDERAL AWARDS | | | | | |
| <u>U.S. Department of Health and Human Services</u> | | | | | |
| Passed Through State of Florida, | | | | | |
| Department of Elder Affairs: | | | | | |
| Older Americana Act | | | | | |
| Special Programs for the Aging | | | | | |
| Aging Cluster | | | | | |
| Title III-B - Support Services | 93.044 | HA-018 | \$ 3,032,850 | \$ 3,002,907 | \$ 2,420,504 |
| Administrative Grant | 93.044 | HA-018 | 914,177 | 806,608 | - |
| Total Program | | | 3,947,027 | 3,809,515 | 2,420,504 |
| Title III C-1 - Nutrition Services | 93.045 | HA-018 | 1,639,855 | 1,421,117 | 1,421,117 |
| Title III C-2 - Nutrition Services | 93.045 | HA-018 | 1,631,508 | 1,582,195 | 1,582,195 |
| Total Program | | | 3,271,363 | 3,003,312 | 3,003,312 |
| Food Distribution Program: | | | | | |
| Cash in Lieu of Commodities (NSIP) | 93.053 | HA-018 | 211,721 | 211,721 | 211,721 |
| Total Program | | | 211,721 | 211,721 | 211,721 |
| Total Aging Program | | | 7,430,111 | 7,024,548 | 5,635,537 |
| Title III-E - Family Caregiver Services | 93.052 | HA-018 | 956,320 | 851,561 | 714,887 |
| Title III D-1 - Health and Wellness | 93.043 | HA-018 | 116,340 | 76,597 | - |
| Elder Abuse Prevention | 93.042 | B241DO | 21,267 | 21,267 | - |
| Total Program | | | 137,607 | 97,864 | - |
| Federal Home Energy Assistance Program: | | | | | |
| Emergency Home Energy Assistance | 93.568 | HP-017 | 565,481 | 217,730 | - |
| Emergency Home Energy Assistance | 93.568 | HP-018 | 296,588 | 188,469 | 187,719 |
| Total Program | | | 862,069 | 406,199 | 187,719 |
| Medicare Waiver Specialist | 93.778 | HX-017 | 55,056 | 28,979 | - |
| Medicare Waiver Specialist | 93.778 | HX-017 | 55,056 | 28,015 | - |
| Total Program | | | 110,112 | 56,994 | - |
| Medicaid Aging Resource Center | 93.048 | HX-017 | 163,019 | 79,202 | - |
| Medicaid Aging Resource Center | 93.048 | HX-017 | 181,217 | 71,469 | - |
| Total Program | | | 344,236 | 150,671 | - |
| Serving Health Insurance Needs of Elders | 93.324 | HN-017 | 732,730 | 44,887 | - |
| Serving Health Insurance Needs of Elders | 93.324 | HN-018 | 179,548 | 134,661 | - |
| Total Program | | | 912,278 | 179,548 | - |
| MIPPA Program | 93.071 | HB-018 | 84,150 | 45,925 | - |
| MIPPA Program | 93.071 | HB-019 | 91,790 | 22,948 | - |
| Total Program | | | 175,940 | 68,873 | - |
| Senior Medicare Patrol (SMP) | 93.048 | HGB-018 | 45,029 | 18,762 | - |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 10,973,702 | \$ 8,855,020 | \$ 6,538,143 |

**AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED
Year ended December 31, 2018**

| Grantor/Pass Through Entity | CFDA/ Number | Contract/ Pass-Through Grantor Number | Award Amount | Expenditures | Transfer to Sub recipients |
|--|-----------------|--|----------------------|----------------------|-------------------------------|
| STATE FINANCIAL ASSISTANCE | | | | | |
| State of Florida | | | | | |
| Department of Elder Affairs: | | | | | |
| Alzheimer's Disease Initiative | 65.002 | HZ-017 | \$ 150,000 | \$ 98,978 | \$ 98,978 |
| Alzheimer's Disease Initiative | 65.002 | HZ-018 | <u>75,000</u> | <u>45,636</u> | <u>45,636</u> |
| Total Project | | | 225,000 | 144,614 | 144,614 |
| Alzheimer's Model Day Care | 65.004 | HZ-017 | 1,995,821 | 1,009,830 | 1,009,830 |
| Alzheimer's Model Day Care | 65.004 | HZ-018 | <u>2,091,672</u> | <u>956,838</u> | <u>956,838</u> |
| Total Project | | | 4,087,493 | 1,966,668 | 1,966,668 |
| Community Care for the Elderly | 65.010 | HC-017 | 5,160,135 | 2,617,057 | 2,503,593 |
| Community Care for the Elderly | 65.010 | HC-018 | <u>5,219,602</u> | <u>2,557,332</u> | <u>2,404,919</u> |
| Total Project | | | 10,379,737 | 5,174,389 | 4,908,512 |
| Home Care for the Elderly | 65.001 | HH-017 | 523,694 | 282,189 | 246,864 |
| Home Care for the Elderly | 65.001 | HH-018 | <u>542,254</u> | <u>251,083</u> | <u>215,758</u> |
| Total Project | | | 1,065,948 | 533,272 | 462,622 |
| Respite Relief | 65.006 | HR-017 | 34,600 | 18,447 | 17,197 |
| Respite Relief | 65.006 | HR-018 | <u>37,000</u> | <u>15,811</u> | <u>13,961</u> |
| Total Project | | | 71,600 | 34,258 | 31,158 |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | | <u>\$ 15,829,778</u> | <u>\$ 7,853,201</u> | <u>\$ 7,513,574</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE | | | <u>\$ 26,803,480</u> | <u>\$ 16,708,221</u> | <u>\$ 14,051,717</u> |

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended December 31, 2018

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NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State grant activity of Area Agency on Aging for Southwest Florida, Inc. and is presented based on accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the Florida Single Audit Act (Florida Statute 215.97).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the Schedule of Expenditures of Federal Awards and State Financial Assistance follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations. The cost principles indicate that certain types of expenditures are not allowed or reimbursements of allowable costs are limited as to reimbursement.

NOTE C - INDIRECT COSTS

The Agency records all expenditures of federal awards and state financial assistance using the direct cost method. In this manner, the Agency has elected not to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.

NOTE D - CONTINGENCIES

The Federal and State programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect Area Agency on Aging for Southwest Florida, Inc.'s continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although Area Agency on Aging for Southwest Florida, Inc. believes the Agency to be in substantial compliance and therefore expects such amounts, if any, to be immaterial.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



INTEGRITY . . . KNOWLEDGE . . . SERVICE . . . COMMITMENT

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**Independent Auditor's Report On Internal Control
Over Financial Reporting And On Compliance And
Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

Board of Directors
Area Agency on Aging for Southwest Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Area Agency on Aging for Southwest Florida, Inc. (the "Agency", a non-profit organization), which comprise the statement of financial position as of December 31, 2018, 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 28, 2019.

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 Agency'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.

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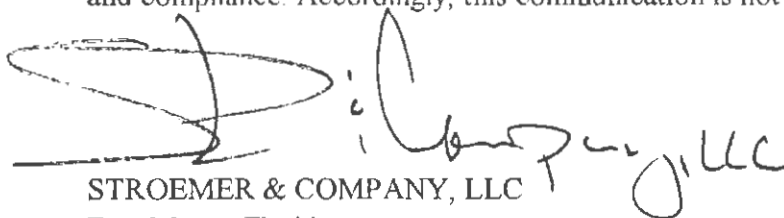
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, 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 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 to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



STROEMER & COMPANY, LLC

Fort Myers, Florida

May 28, 2019



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**Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required By The Uniform
Guidance, The Florida Single Audit Act (Florida Statute 215.97) And
Chapter 10.650 Of The Rules Of The Auditor General Of The State Of Florida**

Board of Directors
Area Agency on Aging for Southwest Florida, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Area Agency on Aging for Southwest Florida, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs and state projects for the year ended December 31, 2018. The Agency's major federal programs and state 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs and state 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"); the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Those standards and the Uniform Guidance require that we plan and

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perform the audit to obtain reasonable assurance about whether noncompliance with the type of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project 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 major federal program and state project. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2018.

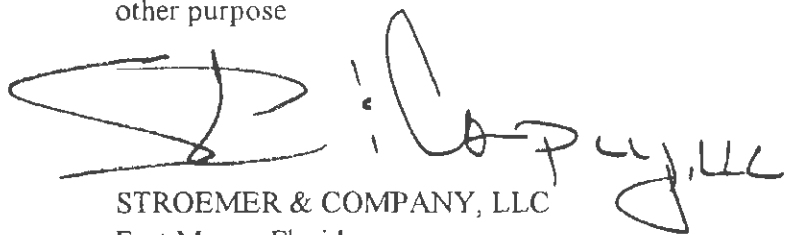
Report on Internal Control Over Compliance

Management of Area Agency on Aging for Southwest Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state 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 project and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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 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 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 the deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, The Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC", is written over the printed name of the firm.

STROEMER & COMPANY, LLC
Fort Myers, Florida
May 28, 2019

**AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year ended December 31, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

| | | | |
|---|-------------|------------------------------------|--|
| Type of auditor's report issued | Unqualified | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified? | _____ Yes | _____ <u>X</u> _____ No | |
| Significant deficiency(ies) identified? | _____ Yes | _____ <u>X</u> _____ None reported | |
| Noncompliance material to financial statements noted? | _____ Yes | _____ <u>X</u> _____ No | |

Federal Awards

| | | | |
|--|-------------|------------------------------------|--|
| Internal control over major programs: | | | |
| Material weakness(es) identified? | _____ Yes | _____ <u>X</u> _____ No | |
| Significant deficiency(ies) identified? | _____ Yes | _____ <u>X</u> _____ None reported | |
| Type of auditors report issued on compliance for major programs | Unqualified | | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | _____ Yes | _____ <u>X</u> _____ No | |

Identification of major programs (Type A):

| <u>CFDA</u> | <u>Name of Federal Program or Cluster</u> |
|--|---|
| <u>Number(s)</u> 93.044/93.045/93.053 | Aging Cluster |

Dollar threshold used to distinguish between Type A and Type B programs Threshold used was \$750,000.

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

**AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED
 Year ended December 31, 2018**

State Financial Assistance

Internal control over major programs:

| | | | | | | |
|---|-------------|-----|-------|---|-------|---------------|
| Material weakness(es) identified? | _____ | Yes | _____ | X | _____ | No |
| Significant deficiency(ies) identified? | _____ | Yes | _____ | X | _____ | None reported |
| Type of auditors report issued on compliance for major programs | Unqualified | | | | | |
| Any audit findings disclosed that are required to be reported in accordance with Rules of Auditor General 10.654(1)(g)? | _____ | Yes | _____ | X | _____ | No |

Identification of major programs (Type A):

| | |
|------------------|---|
| CSFA | |
| <u>Number(s)</u> | <u>Name of State Project or Cluster</u> |
| 65.010 | Community Care For The Elderly |

Dollar threshold used to distinguish between Type A and Type B programs
 Threshold used was \$300,000

Section II- Financial Statement Findings

There were no material weaknesses or instances of noncompliance related to the financial statements.

Section III- Federal Award and State Financial Assistance Findings and Questioned Costs

There were no audit findings related to federal awards required to be reported by 2 CFR Section 200.516(a).

There were no audit findings related to State Financial Assistance required to be reported by Rules of the Auditor General 10.654(1)(g).

Section IV- Status of Federal and/or State Prior Year Findings Assistance Findings

There were no prior year findings.



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Board of Directors
Area Agency on Aging for Southwest Florida, Inc.

We have audited the financial statements of Area Agency on Aging for Southwest Florida, Inc. (the "Agency") as of and for the fiscal year ended, December 31, 2018, and have issued our report thereon dated May 28, 2019.

We conducted our audit 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"); and the Florida Single Audit Act (Florida Statute 215.97). We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the Florida Single Act (Florida Statute 215.97), and Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance, and the disclosures in those reports and schedule, which are dated May 28, 2019 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650 of the Rules of the Auditor General of the State of Florida, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, the following matters are required to be disclosed:

Affiliations

American Institute of Certified Public Accountants • Florida Institute of Certified Public Accountants

239-433-1002 • www.stroemercpa.com

14030 Metropolis Avenue, Suite 200, Fort Myers, FL 33912

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*By Appointment Only

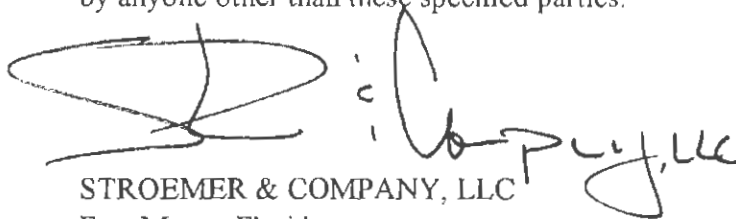
Prior year comment that continues to apply:

NONE

Current year comments:

NONE

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies, and pass-through entities, the Auditor General of the State of Florida, and federal and state audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.



STROEMER & COMPANY, LLC
Fort Myers, Florida
May 28, 2019