

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.

Financial Statements

December 31, 2020

Table of Contents

Independent Auditors' Report..... 1 – 2

Financial Statements:

 Statement of Financial Position 3

 Statement of Activities and Changes in Net Assets 4

 Statement of Functional Expenses 5 – 7

 Statement of Cash Flows..... 8

Notes to Financial Statements..... 9 – 18

Supplementary Schedule:

 Schedule of Expenditures of Federal Awards and State Financial Assistance 20 – 21

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance 22

Independent Auditors' Reports Required by *Government Auditing Standards* and Uniform Guidance:

 Independent Auditors' Report on Internal Control Over Financial Reporting and
 on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*..... 24 – 25

 Independent Auditors' Report on Compliance for Each Major Federal Program and
 State Project and on Internal Control Over Compliance Required by the Uniform
 Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General*..... 26 – 27

Schedule of Findings and Questioned Costs 29 – 32

Independent Auditors' Report

To the Board of Directors
Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
West Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Area Agency on Aging of Palm Beach/Treasure Coast, Inc. (the "Agency", a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities and changes in net assets, 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.

Auditors' 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 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 Agency'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 Agency'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.

Continued from previous page

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Area Agency on Aging of Palm Beach/Treasure Coast, Inc. as of December 31, 2020, 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

Other 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* Part 200, *Uniform Administrative Requirements, Cost Principles, the Audit Requirements for Federal Awards*, and State of Florida Chapter 10.65, *Rules of the Auditor General*, 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 our report dated June 29, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's 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.

Doyle Dalton LLP

Boca Raton, Florida

June 29, 2021

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Statement of Financial Position
December 31, 2020

Assets

Current assets:	
Cash and cash equivalents	\$ 1,888,142
Federal and state grants receivable	4,150,611
Other receivables	286,876
Prepaid expenses	2,945
Advances to providers	280,635
Total current assets	<u>6,609,209</u>
Other assets:	
Operating lease, right-of-use assets, net	4,346,805
Finance lease, right-of-use assets	164,145
Total other assets	<u>4,510,950</u>
 Total assets	 <u>\$ 11,120,159</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 211,157
Accrued expenses	245,624
Due to providers	4,900,981
Deferred revenue	483,107
Line of credit	450,000
Operating lease liability, net of current portion	534,606
Finance lease liability, net of current portion	70,437
Total current liabilities	<u>6,895,912</u>
Long-term liabilities:	
Operating lease liability, less current portion	3,947,253
Finance lease liability, less current portion	113,707
Total long-term liabilities	<u>4,060,960</u>
Commitments and contingencies	
Net assets:	
Without donor restriction	163,287
Total net assets	<u>163,287</u>
 Total liabilities and net assets	 <u>\$ 11,120,159</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	<u>Without Donor Restriction</u>
Revenues:	
Federal grants	\$ 17,823,193
State grants	11,074,499
Other grants and contributions	701,994
Paycheck protection program loan forgiveness	533,847
Total revenues	<u>30,133,533</u>
Expenses:	
Program services	27,848,643
Support services:	
General and administrative	1,083,201
Total expenses	<u>28,931,844</u>
Change in net assets	1,201,689
Deficiency in net assets, beginning of year	<u>(1,038,402)</u>
Net assets, end of year	<u><u>\$ 163,287</u></u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

Department of Elder Affairs (DOEA) Programs						
	Older Americans Act	Alzheimers Disease Initiative	Community Care	EHEAP	Elder Abuse	CARES Act
Providers	\$ 6,435,120	\$ 4,472,434	\$ 5,305,403	\$ 493,051	\$ -	\$ 4,175,570
Wages and benefits	473,865	43,658	258,636	27,817	9,094	435,766
Rental space	140,693	5,300	27,188	1,805	5,704	30,309
Maintenance and repairs	29,089	480	8,485	761	1,194	9,555
Travel and training	3,061	-	-	-	362	275
Communications and shipping	25,695	287	16,300	925	1,600	23,409
Printing and supplies	8,177	-	5,737	24	2,018	3,487
Data maintenance and equipment	22,422	130	9,994	1,196	664	17,476
Other expenses	21,417	-	9,897	-	280	-
Professional fees	5,000	-	-	-	-	10,142
Insurance	10,132	154	2,576	282	279	10,767
Volunteer expenses	3,011	-	161	107	72	672
Depreciation and amortization	17,310	-	8,725	-	-	9,785
Total expenses	<u>7,194,992</u>	<u>4,522,443</u>	<u>5,653,102</u>	<u>525,968</u>	<u>21,267</u>	<u>4,727,213</u>
Allocation of general and administrative expenses	<u>279,857</u>	<u>175,905</u>	<u>219,883</u>	<u>20,458</u>	<u>827</u>	<u>183,870</u>
Total expenses after allocation	<u>\$ 7,474,849</u>	<u>\$ 4,698,348</u>	<u>\$ 5,872,985</u>	<u>\$ 546,426</u>	<u>\$ 22,094</u>	<u>\$ 4,911,083</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Statement of Functional Expenses, continued
For the Year Ended December 31, 2020

	Department of Elder Affairs (DOEA) Programs				
	Medicaid Intake	Home Care	Relief	SHINE	Other DOEA Programs
Providers	\$ -	\$ 659,602	\$ 53,406	\$ -	\$ 89,921
Wages and benefits	447,522	30,631	10,121	99,292	140,971
Rental space	72,173	4,687	-	106,327	56,594
Maintenance and repairs	15,714	366	30	9,165	2,426
Travel and training	96	-	-	1,112	244
Communications and shipping	22,192	1,525	-	8,299	2,533
Printing and supplies	6,940	260	-	2,968	319
Data maintenance and equipment	21,162	1,430	-	6,726	6,752
Other expenses	1,116	88	-	7,198	19,630
Professional fees	3,900	-	-	4,178	-
Insurance	4,745	184	-	8,640	448
Volunteer expenses	407	-	-	2,286	185
Depreciation and amortization	-	-	-	-	-
Total expenses	<u>595,967</u>	<u>698,773</u>	<u>63,557</u>	<u>256,191</u>	<u>320,023</u>
Allocation of general and administrative expenses	<u>23,181</u>	<u>27,180</u>	<u>2,472</u>	<u>9,965</u>	<u>12,448</u>
Total expenses after allocation	<u>\$ 619,148</u>	<u>\$ 725,953</u>	<u>\$ 66,029</u>	<u>\$ 266,156</u>	<u>\$ 332,471</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Statement of Functional Expenses, continued
For the Year Ended December 31, 2020

	Non-DOEA Programs				Total Program Services	General and Administrative	Total
	Other Non-DOEA	Foster Grandparents	Elder Rights	Veterans Choice			
Providers	\$ 1,705,398	\$ -	\$ -	\$ 485,985	\$ 23,875,890	\$ -	\$ 23,875,890
Wages and benefits	128,059	204,871	130,732	1,863	2,442,898	842,419	3,285,317
Rental space	105,561	19,536	21,683	-	597,560	86,216	683,776
Maintenance and repairs	17,470	6,485	1,355	101	102,676	24,904	127,580
Travel and training	427	55	190	746	6,568	4,559	11,127
Communications and shipping	9,357	9,062	4,214	792	126,190	34,837	161,027
Printing and supplies	3,425	10,784	2,413	-	46,552	28,330	74,882
Data maintenance and equipment	21,635	10,136	2,586	451	122,760	26,861	149,621
Other expenses	9,486	623	138	17,403	87,276	13,097	100,373
Professional fees	8,821	-	3,400	-	35,441	14,223	49,664
Insurance	857	2,984	209	10,000	52,257	3,374	55,631
Volunteer expenses	11,812	265,787	209	87	284,796	4,381	289,177
Depreciation and amortization	781	-	-	31,178	67,779	-	67,779
Total expenses	<u>2,023,089</u>	<u>530,323</u>	<u>167,129</u>	<u>548,606</u>	<u>27,848,643</u>	<u>1,083,201</u>	<u>28,931,844</u>
Allocation of general and administrative expenses	<u>78,690</u>	<u>20,626</u>	<u>6,500</u>	<u>21,339</u>	<u>1,083,201</u>	<u>(1,083,201)</u>	<u>-</u>
Total expenses after allocation	<u>\$ 2,101,779</u>	<u>\$ 550,949</u>	<u>\$ 173,629</u>	<u>\$ 569,945</u>	<u>\$ 28,931,844</u>	<u>\$ -</u>	<u>\$ 28,931,844</u>

See accompanying notes to financial statements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ 1,201,689
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	67,779
Paycheck protection program loan forgiveness	(533,847)
Changes in operating assets and liabilities:	
Federal and state grants receivable	(319,858)
Other receivables	(97,567)
Prepaid expenses	57,982
Advances to providers	476,852
Accounts payable	(123,973)
Accrued expenses	259,711
Due to providers	495,882
Deferred revenue	(331,680)
Net cash provided by operating activities	<u>1,152,970</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities:	
Principal payments on finance leases	(63,758)
Proceeds from paycheck protection program loan	533,847
Net cash provided by financing activities	<u>470,089</u>
Net increase in cash and cash equivalents	1,623,059
Cash and cash equivalents, beginning of year	<u>265,083</u>
Cash and cash equivalents, end of year	<u>\$ 1,888,142</u>
<u>Supplemental cash flow information:</u>	
Cash paid for interest	<u>\$ 39,424</u>

See accompanying notes to financial statements.

Note 1 – Organization and Purpose

Area Agency on Aging of Palm Beach/Treasure Coast, Inc. (the “Agency”) was incorporated on September 27, 1988 as a private, non-profit, regional agency designated by the State of Florida in accordance with the Older Americans Act of 1965 and in the State Community Care for the Elderly Act. The Agency administers a network of services for the aging population in Palm Beach, Martin, St. Lucie, Indian River and Okeechobee counties. The goal of the Agency is to meet the nutritional and social needs of the aging population. To carry out this goal, the Agency conducts annual assessments of the needs of the elderly population, determines resources available to satisfy these needs, and then plans and coordinates programs available to alleviate the identified needs. The Agency awards service provider contracts to the appropriate local agencies, which provide the service to the aging population.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Agency’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires the Agency to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the statements of activities and changes in net assets. As of December 31, 2020, there were no net assets with donor restriction.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among programs and general and administrative costs based on time expended or space occupied.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Agency considers all highly liquid instruments purchased with an initial maturity of three (3) months or less to be cash equivalents.

Note 2 – Summary of Significant Accounting Policies, continued

Federal and State Grants Receivable

Grants receivable are un-collateralized federal and state obligations due under normal trade terms requiring payment within thirty (30) days from the request date. Unpaid receivables with request dates over thirty (30) days do not bear interest. Grants receivable are stated at the amount management expects to collect from outstanding balances. In the past, substantially all of grants receivable have been collected within sixty (60) days, therefore management has not recorded a provision for uncollectible accounts. Payments of receivables are allocated to the specific requests identified on the state's remittance advice.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are valued at fair value on the date of donation. Property and equipment consists primarily of office equipment. Office equipment is depreciated using the straight-line method over a range from three (3) to five (5) years. The Agency's policy is to capitalize property and equipment with a cost of \$1,000 or more. Depreciation expense for the year ended December 31, 2020 was \$781. As of December 31, 2020, property and equipment was fully depreciated.

Valuation of Long-Lived Assets

The Agency accounts for the valuation of long-lived assets under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), which requires that long-lived assets and certain intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the year ended December 31, 2020.

Accounting Pronouncements Adopted

On January 1, 2020, the Agency adopted Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("Topic 606") using the modified retrospective method. The adoption of Topic 606 did not have a material impact on the Agency's timing and amount of revenues. There was no adjustment to deficiency in net assets as of January 1, 2020, as there was no material impact to previously reported revenue and expenses.

The Agency determines revenue recognition through the following steps:

:

- identifying the contract, or contracts with the customer,
- identifying the performance obligations in the contract,
- determining the transaction price,
- allocating the transaction price to performance obligations in the contract; and
- recognizing revenue as each performance obligation is satisfied through the transfer of a promised good or service to a customer (i.e., "transfer of control").

Note 2 – Summary of Significant Accounting Policies, continued

Accounting Pronouncements Adopted, continued

On January 1, 2020, the Agency adopted FASB Accounting Standards Update (“ASU”) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* using a modified prospective approach. The ASU is intended to assist entities in evaluating whether transactions should be accounted for as contributions or an exchange transaction, as well as determining whether a contribution is conditional. There was no impact to revenue or expenses associated with adopting ASU 2018-08.

On January 1, 2020, the Agency adopted ASU No. 2016-02, *Leases* (“Topic 842”), using the modified retrospective method applied to leases that were in place as of January 1, 2020. Topic 842 establishes a right-of-use (“ROU”) model that requires the Agency to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Minimum rental payments under operating leases are recognized as a single lease expense on a straight-line basis over the term of the lease, while finance leases are recognized as interest and amortization expense.

The Agency’s leases consist of noncancelable operating and financing leases that relate to real estate and computer equipment rental agreements, respectively.

To determine the present value of minimum future lease payments for operating and finance leases as of January 1, 2020, the Agency was required to estimate a rate of interest that it would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment (the “incremental borrowing rate” or “IBR”).

The Agency determined the appropriate IBR by identifying a reference rate and making adjustments that take into consideration financing options and certain lease-specific circumstances. For the reference rate, the Agency used the ten (10) year mortgage interest rate.

Operating lease, ROU assets are presented net of deferred rent on the statement of financial position. Deferred rent as of December 31, 2020 was \$135,054.

There was no adjustment to deficiency in net assets as of January 1, 2020, as there was no material impact to previously reported revenue and expenses.

Revenue Recognition

The Agency receives grant funding from federal agencies, state and local governments, and private sources. Grant revenue received for grants determined to be exchange transactions are recognized when performance obligations are satisfied over a period of time as services are provided and the grantor receives benefits. Revenue is recognized only to the extent of allowable expenditures under the terms of the grants. Excess expenses incurred are non-reimbursable to the Agency. Advance payments from grantors are recorded as refundable advances until expended for its intended purpose. 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.

Note 2 – Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. Unconditional promises to give are presumed to be time-restricted by the donor until collected and are reported as net assets with donor restriction.

Contributions are recorded at fair value. Contributions, including multi-year pledges, to be received after one year are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years.

Compensated Absences

Employees of the Agency are entitled to paid annual leave, which they earn throughout the year. As of December 31, 2020, the Agency accrued an estimated liability for compensated absences in the amount of \$130,233.

Deferred Revenue

Deferred revenue is comprised of amounts received from grantor agencies by the Agency prior to meeting the revenue recognition criteria. In subsequent periods, when the revenue recognition criteria have been met, the liability for deferred revenue is reduced and revenue is recognized.

Income Taxes

The Agency has been granted an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC"), as a non-profit corporation.

In accordance with U.S. GAAP on accounting for uncertainty in income taxes, the Agency recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Agency's tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Date of Management's Review

Management has evaluated subsequent events through June 29, 2021, the date on which the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

The Agency's financial assets available to meet cash needs for general expenditure, without donor or other restrictions limiting their use, within one year consist of the following as of December 31, 2020:

Cash and cash equivalents	\$ 1,888,142
Federal and state grants receivable	4,150,611
Other receivables	286,876
Total financial assets	<u>6,325,629</u>
Less: financial assets not available for general expenditure within one year due to:	
Due to providers	<u>4,900,981</u>
Total financial assets unavailable for general expenditure	<u>4,900,981</u>
Total financial assets available for general expenditures	<u>\$ 1,424,648</u>

The Agency has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Federal and State Grants Receivable

Federal and state grants receivable from grantors consists of the following as of December 31, 2020:

Federal:	
Corporation for National and Community Service	\$ 67,430
U.S. Department of HHS	1,704,755
U.S. Department of Justice	7,093
State:	
Florida Department of Elder Affairs	2,371,333
Total federal and state grants receivable	<u>\$ 4,150,611</u>

Note 5 – Line of Credit

On January 1, 2011, the Agency obtained a revolving line of credit (the "LOC") from a financial institution for working capital needs. The LOC is unsecured and interest is payable monthly at the Wall Street Prime Rate (3.25% as of December 31, 2020). The LOC had a max borrowing of \$450,000 and unpaid principal and interest matured on April 25, 2021. As of December 31, 2020, the Agency had \$450,000 outstanding on the LOC.

Note 5 – Line of Credit, continued

On May 13, 2021, the Agency entered into a settlement agreement (the “agreement”) with the financial institution. Under the agreement, the Agency agreed to pay a lump sum to the financial institution in the amount of \$275,000 on or before May 25, 2021 and upon receipt of the settlement payment the financial institution shall release the Agency from all remaining amounts due on the LOC. On May 24, 2021, the Agency made a payment to the financial institution in the amount of \$275,000. The cancellation of debt in the approximate amount of \$175,000 will be recognized as a gain on extinguishment of debt in the statement of activities and changes in net assets during the year ending December 31, 2021.

Note 6 – Paycheck Protection Program Loan

In April 2020, the Agency received a Paycheck Protection Program loan (the “Loan”) from the Small Business Administration (“SBA”) for \$533,847. The Loan was forgiven in its entirety by the SBA on December 30, 2020, and the forgiven amount of \$533,847 is included in paycheck protection program loan forgiveness in the accompanying statement of activities and changes in net assets.

Note 7 – Employee Benefit Plan

In August 2006, the Agency adopted a 401(a) Employer Retirement Plan (the “Plan”). The Plan allows for participation for all employees eighteen (18) years of age or older. The employer contributions under the Plan are discretionary. Employees are 25% vested after one (1) year of service, 50% vested after two (2) years, 75% vested after three (3) years and 100% vested after four (4) years of service.

During the year ended December 31, 2020, total contributions made to the Plan by the Agency was \$53,678.

Note 8 – Operating Leases

Operating Lease, Right-of-Use Assets

Operating lease, right-of-use assets, net consisted of the following as of December 31, 2020:

Right-of-use assets	\$	4,481,859
Deferred rent		(135,054)
Operating lease, right-of-use assets, net	\$	<u>4,346,805</u>

Operating lease expense during the year ended December 31, 2020 totaled \$683,776, and is included in rental space expense on the accompanying statement of functional expenses.

Note 8 – Operating Leases, continued

Maturity of Operating Leases

Future maturities of minimum lease payments under operating leases are as follows:

<u>Years Ending December 31,</u>		
2021		\$ 634,232
2022		648,784
2023		661,340
2024		654,408
2025		669,480
Thereafter		1,623,316
Total undiscounted future minimum lease payments		<u>4,891,560</u>
Less: imputed interest		<u>(409,701)</u>
Total operating lease liability		4,481,859
Operating lease liability, current portion		(534,606)
Operating lease liability, less current portion		<u><u>\$ 3,947,253</u></u>

Note 9 – Finance Leases

The Agency leases computer equipment that are classified on the statement of financial position as finance leases.

Future maturities of minimum lease payments under finance leases are as follows:

<u>Years Ending December 31,</u>		
2021		\$ 85,680
2022		82,293
2023		41,275
Total undiscounted future minimum lease payments		<u>209,248</u>
Less: imputed interest		<u>(25,104)</u>
Total finance lease liability		184,144
Finance lease liability, current portion		(70,437)
Finance lease liability, less current portion		<u><u>\$ 113,707</u></u>

Note 9 – Finance Leases, continued

Finance lease cost consisted of the following for the year ended December 31, 2020:

Finance lease cost:		
Amortization of leased assets	\$	66,998
Interest of lease liabilities		21,921
Total finance lease cost	\$	<u>88,919</u>

Finance lease-related terms and discount rates consisted of the following as of December 31, 2020:

Weighted average remaining term on leases	30 months
Incremental borrowing rate	10%

Note 10 – Commitments and Contingencies

Grants

The Agency participates in various federal and state assisted grant programs that are subject to review and audit by the respective grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the Agency and have an impact on future awards granted.

In 2019, the Agency's management identified deficiencies in compliance requirements with grant funds received from the DOEA. The rulings of such deficiencies are pending as of the date of managements review and could have an impact on future awards granted by the DOEA.

In 2020, the Florida Department of Financial Services (the "FDFS") began a forensic audit on the Agency for the year ended December 31, 2019 and prior, in regards to the misappropriation of program funds received from the DOEA. The misappropriation of funds primarily involved the Agency utilizing program funding to support operational expenses, which resulted in the Agency not paying providers in a timely manner. The misappropriation led to an approximate amount past due to providers of \$1,700,000, which is included in due to providers in the statement of financial position as of December 31, 2020. The rulings of the FDFS forensic audit are pending and may affect the Agency's ability to operate in its present form. In 2020, the Agency filed a crime claim and a directors and officers claim with its insurance provider in efforts to recoup the misappropriated funds. In August 2020, the Agency received insurance proceeds of \$43,789 for the crime claim. Management is unable to estimate the amount and probability of recovering insurance proceeds for the directors and officers claim.

As the revenue from the DOEA grant programs is significant to the financial statements, reduction or loss of funding from the DOEA may affect the Agency's ability to operate in its present form. (See Major Grantor Note).

Note 10 – Commitments and Contingencies, continued

Legal Matters

From time to time, the Agency may become subject to threatened and/or asserted claims arising in the ordinary course of operations. In the opinion of management, there are currently no matters pending or outstanding that would have a material effect on the Agency's financial position or results of operations, except as noted below.

On July 6, 2020, the Agency received a demand letter (the "Demand") from a provider, whereby, the provider demanded payment for past due reimbursements from 2019 and prior in the approximate amount of \$1,700,000. The provider is claiming the Agency did not make required reimbursements under the terms of their subcontract agreement from funding the Agency received from the DOEA (See Grants Note). Management is in agreement with the Demand and is currently negotiating settlement terms with the provider. Management believes that the Agency has adequate general and professional liability coverage to pay the Demand but is unable to estimate the amount of insurance proceeds to be awarded. As of December 31, 2020, the past due reimbursements were accrued in the approximate amount of \$1,700,000, which is included in due to providers in the statement of financial position.

Risk and Uncertainties

In March 2020, a global pandemic was declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus ("COVID-19"). The pandemic has significantly impacted the economic conditions by disrupting supply chains and affecting production and sales across a range of industries. The extent of the effects of COVID-19 on the Agency's operating and financial performance cannot be predicted at this time, as they are dependent on many factors, including, but not limited to, (i) the duration and spread of the outbreak, (ii) the impact on the Agency's grantors, donors, management personnel and service providers, and (iii) the impact on the local, state, national and global economies.

Note 11 – Concentrations of Risk

Cash Deposits

The Agency maintains its cash on deposit with two (2) financial institutions. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 per depositor, per insured bank. As of December 31, 2020, deposits held in excess of FDIC limits was \$1,416,889.

Major Grantor

For the year ended December 31, 2020, the DOEA accounted for 97% of the Agency's total revenue. As of December 31, 2020, the DOEA accounted for 94% of the Agency's total federal and state grants receivable.

Note 12 – Related Parties

The Your Aging & Disability Resource Center Foundation, Inc. (the “Foundation”) was formed to assist the Agency as a supporting agency as defined in Section 509(a)(3) of the IRC. On December 30, 2020, the Foundation dissolved its operations. The principal purpose of the Foundation was to support the Agency in its charitable efforts to improve the lives of senior citizens in Palm Beach, Martin, St. Lucie, Indian River and Okeechobee counties, Florida. The Foundation primarily functioned to; raise, receive, invest, manage and administer funds for the Agency to use for its charitable purposes. There were minimal transactions between the Agency and the Foundation during the year ended December 31, 2020. The Agency has chosen not to include the Foundation in their financial statements due to inconsequential activity with the Foundation.

During the year ended December 31, 2020, the Agency received a cash contribution from the Foundation in the amount of \$19,491.

Supplementary Schedule

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
 Schedule of Expenditures of Federal Awards and State Financial Assistance

Grantor/Pass-through Agency Program Title	CFDA/ CFSA Number	Grant Contract Number	Award Amount	Expenditures	Amounts Paid to Subrecipients
FEDERAL AWARDS					
Department of Health and Human Services: Passed through State of Florida Department of Elder Affairs: Older Americans Act					
Title III Administration	93.044	IA020	\$ 1,195,203	\$ 1,083,202	\$ -
Title III B	93.044	IA020	3,964,922	2,901,093	1,466,472
Title III C1	93.045	IA020	2,045,871	1,299,192	1,053,654
Title III C2	93.045	IA020	3,562,493	2,244,187	1,616,737
Administration on Aging Nutrition Services Incentive Program	93.053	IA020	562,882	555,228	555,228
Total Aging Cluster			<u>11,331,371</u>	<u>8,082,902</u>	<u>4,692,091</u>
Older Americans Act					
Title VII Elder Abuse Prevention	93.041	I7020	21,267	21,267	-
Title III D	93.043	IA020	126,841	98,065	-
Title III E	93.052	IA020	1,169,824	766,806	450,450
Total Older Americans Act			<u>1,317,932</u>	<u>886,138</u>	<u>450,450</u>
Coronavirus Aid, Relief, and Economic Security Act ("CARES ACT")					
Title III Administration	93.044-45, 93.052	ICA20	531,278	7,582	7,582
Title IIIB	93.044	ICA20	1,259,717	1,259,679	895,051
Title IIIC	93.045	ICA20	3,030,834	2,780,003	1,894,749
Title IIIE	93.052	ICA20	695,461	678,613	457,096
Coronavirus Relief Fund	21.019	ICA20	3,100,000	1,700,000	-
Total CARES ACT			<u>8,617,290</u>	<u>6,425,877</u>	<u>3,254,478</u>
Emergency Home Energy Assistance					
Emergency Home Energy Assistance	93.568	IP019	566,140	388,565	227,401
Emergency Home Energy Assistance	93.568	IPC20	314,814	132,859	75,654
Total Emergency Home Energy Assistance			<u>880,954</u>	<u>521,424</u>	<u>303,055</u>
Senior Medicare Patrol Program					
Senior Medicare Patrol Program	93.048	IG019	51,739	21,558	-
Senior Medicare Patrol Program	93.048	IG020	44,348	25,869	-
Total Senior Medicare Patrol Program			<u>96,087</u>	<u>47,427</u>	<u>-</u>
Medicare Enrollment Assistance Program					
Medicare Enrollment Assistance Program	93.071	IB020	174,447	133,315	-
Medicare Enrollment Assistance Program	93.071	IB021	172,586	47,069	-
Total Medicare Enrollment Assistance Program			<u>347,033</u>	<u>180,384</u>	<u>-</u>
Medical Assistance Program					
Medical Assistance Program	93.778	IX017	521,163	261,898	-
Medical Assistance Program	93.778	IX020	770,423	326,284	-
Medical Assistance Program	93.778	IXC20	308,059	20,946	-
Total Medical Assistance Program			<u>1,599,645</u>	<u>609,128</u>	<u>-</u>
CMS Research					
CMS Research	93.779	IN019	256,497	64,124	-
CMS Research	93.779	IN020	256,497	192,373	-
Total CMS Research			<u>512,994</u>	<u>256,497</u>	<u>-</u>
Total Department of Health and Human Services			<u>24,703,306</u>	<u>17,009,777</u>	<u>8,700,074</u>

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
 Schedule of Expenditures of Federal Awards and State Financial Assistance, continued

Grantor/Pass-through Agency Program Title	CFDA/ CFSA Number	Grant Contract Number	Award Amount	Expenditures	Amounts Paid to Subrecipients
National Council on Aging Benefit Enrollment Center	93.071	-	105,000	115,000	-
National Council on Aging Benefit Enrollment Center	93.071	-	120,000	30,000	-
Total National Council on Aging Benefit Enrollment Center			225,000	145,000	-
Corporation for National and Community Service:					
Foster Grandparent Program	94.011	19SFSFL003	554,175	163,819	-
Foster Grandparent Program	94.011	19SFSFL003	591,426	366,504	-
Total Corporation for National and Community Service			1,145,601	530,323	-
Department of Justice					
Passed Through State of Florida					
Office of the Attorney General:					
Victims of Crime	16.575	PAL-00043	137,453	56,816	-
Victims of Crime	16.575	PAL-00044	97,132	71,318	-
Victims of Crime	16.575	PAL-00558	89,482	9,959	-
Total Victims of Crime			324,067	138,093	-
Total Expenditures of Federal Awards			26,397,974	17,823,193	8,700,074
STATE FINANCIAL ASSISTANCE					
Department of Elder Affairs:					
Community Care for the Elderly	65.010	IC019	5,541,721	2,384,128	2,196,411
Community Care for the Elderly	65.010	IC020	5,541,721	3,324,904	2,603,853
Home Care for the Elderly	65.001	IH019	791,222	277,468	277,468
Home Care for the Elderly	65.001	IH020	791,222	420,956	372,149
Local Service Programs	65.009	IL019	92,946	45,408	45,408
Local Service Programs	65.009	IL020	92,946	40,511	40,511
Respite for Elders Living in Everyday Families	65.006	IR019	122,000	35,618	13,508
Respite for Elders Living in Everyday Families	65.006	IR020	122,000	25,732	8,745
Alzheimer's Disease Initiative	65.004	IZ019	5,423,814	2,179,194	2,176,040
Alzheimer's Disease Initiative	65.004	IZ020	5,565,516	2,340,580	2,054,379
Total Department of Elder Affairs			24,085,108	11,074,499	9,788,472
Total State Financial Assistance			24,085,108	11,074,499	9,788,472
Total Federal and State			\$ 50,483,082	\$ 28,897,692	\$ 18,488,546

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards and the State of Florida Chapter 10.650, Rules of the Auditor General*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Agency has elected not to use the 10% de minimis indirect cost rate for its federal programs or state projects for the year ended December 31, 2020. The indirect cost rates used on the Agency's federal programs and state projects are determined by the relevant federal or state agency.

Note 2 – Reconciliation of Schedule of Expenditures of Federal Awards and State Financial Assistance to the Statements of Activities and Changes in Net Assets

The following schedule is a reconciliation of total expenditures as shown on the Schedule to the revenue shown in the accompanying statements of activities and changes in net assets for the year ended December 31, 2020:

Total expenditures on the Schedule	\$ 28,897,692
Federal grant revenue	17,823,193
State grant revenue	11,074,499
Total federal and state grant revenue on the statements of activities and changes in net assets	\$ 28,897,692

Independent Auditors' Reports Required by
Government Auditing Standards and
Uniform Guidance

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
West Palm Beach, 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 Palm Beach/Treasure Coast, Inc. (the "Agency", a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, 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 June 29, 2021.

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 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.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Continued from previous page

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Coastal Capital LLP

Boca Raton, Florida
June 29, 2021



**Independent Auditors' Report on Compliance
for Each Major Federal Program and State Project
and on Internal Control Over Compliance
Required by the Uniform Guidance and State of Florida
Chapter 10.650, Rules of the Auditor General**

To the Board of Directors
Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
West Palm Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Area Agency on Aging of Palm Beach/Treasure Coast, Inc.'s (the "Agency", a nonprofit organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement and the requirements described in the Department of Financial Services' State Projects 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, 2020. The Agency's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' 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, Audit Requirements for Federal Awards* (Uniform Guidance) and State of Florida Chapter 10.650, *Rules of the Auditor General*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program 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.

Continued from previous page

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, 2020.

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 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, and State of Florida Chapter 10.650, *Rules of the Auditor General* 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or a 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 a 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.

Diagyal Balaban LLP

Boca Raton, Florida
June 29, 2021

Schedule of Findings and Questioned Costs

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Schedule of Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unmodified	
Internal controls over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	
Management letter or report on other matters related to internal controls issued?	<u> </u> Yes	<u> X </u> No	

Federal Awards

Internal control over major federal programs:			
- Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
- Significant deficiency(ies) identified	<u> </u> Yes	<u> X </u> No	
Type of auditors' report issued on compliance for major programs:		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<u> </u> Yes	<u> X </u> No	
Dollar threshold used to distinguish between type A and type B programs:	\$	750,000	Federal
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

Federal Programs

<u>Name of Major Federal Program or Cluster</u>	<u>CFDA Number</u>
Aging Cluster:	
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
Nutrition Services Incentive Program	93.053
Title III E - Caregiver Support Services	93.052
CARES Act:	
Coronavirus Relief Fund	21.019

**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Schedule of Findings and Questioned Costs, continued**

SECTION I - SUMMARY OF AUDITORS' RESULTS, continued

STATE FINANCIAL ASSISTANCE

Type of auditors' report issued on compliance for major projects:		Unmodified
Internal control over major projects:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> No
Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> .	<u> </u> Yes	<u> X </u> No
Dollar threshold used to distinguish between Type A and Type B projects	\$	750,000 State

Identification of major projects:

State Projects

<u>Name of Major State Project</u>	<u>CFSA Number</u>
Alzheimer's Disease Initiative	65.004
Community Care for the Elderly	65.010

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported

SECTION III - FEDERAL PROGRAM AND STATE PROJECT AUDIT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

Finding 2019-001

Criteria:

Federal awards and state financial assistance were used for unallowable expenditures.

Condition:

Certain federal awards and state financial assistance received from the DOEA were used to fund the Agency's operations and were not used for allowable expenditures per the grant agreements.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc. Schedule of Findings and Questioned Costs, continued

SECTION III - FEDERAL PROGRAM AND STATE PROJECT AUDIT FINDINGS, continued

PRIOR YEAR FINDINGS, continued

Finding 2019-001, continued

Questioned Costs:

Federal awards and state financial assistance: Approximately \$357,000.

Cause:

The Agency did not have adequate internal controls in place to ensure federal awards and state financial assistance received from the DOEA were used for allowable expenditures.

Effect:

The use of federal awards and state financial assistance for unallowable expenditures results in noncompliance with the grant agreements.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that federal awards and state financial assistance will be used only for allowable expenditures.

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure federal awards and state financial assistance are used only for allowable expenditures.

Status:

The Agency has implemented adequate internal controls to ensure federal awards and state financial assistance are used only for allowable expenditures.

Finding 2019-002

Criteria:

Approved provider invoices were not paid in a timely manner.

Condition:

The Agency is required to make payments to providers within thirty (30) days after receipt of the invoice, inspections and approval of good and services. Payments from the Agency are beyond the thirty (30) day period.

Questioned Costs:

Federal awards: Approximately \$815,000; state financial assistance: Approximately \$860,000.

Cause:

The Agency did not have adequate internal controls in place to ensure provider invoices would be paid within the thirty (30) day period.

Effect:

Past due payments result in non-compliance with provider agreements.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that provider invoices will be paid in a timely manner.

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure provider invoices are paid within a timely manner.

Status:

The Agency has implemented adequate internal controls to ensure provider invoices are paid within a timely manner.

Area Agency on Aging of Palm Beach/Treasure Coast, Inc.
Schedule of Findings and Questioned Costs, continued

SECTION III - FEDERAL PROGRAM AND STATE PROJECT AUDIT FINDINGS, continued

PRIOR YEAR FINDINGS, continued

Finding 2019-003

Criteria:

The Agency's subcontract agreements were not submitted to the DOEA within thirty (30) days of execution.

Condition:

The Agency did not submit subcontract agreements to the DOEA within thirty (30) days of execution.

Questioned Costs:

N/A

Cause:

The Agency did not have adequate internal controls in place to ensure subcontract agreements would be submitted to the DOEA within thirty (30) days of execution.

Effect:

Not submitting executed subcontract agreements within the thirty (30) day period results in non-compliance with the grantor agreement.

Recommendation:

We recommend that the Agency implement internal controls which will provide reasonable assurance that subcontract agreements will be submitted to the DOEA within thirty (30) days of execution.

Views of Responsible Officials:

The Agency will implement adequate internal controls to ensure that subcontract agreements will be submitted to the DOEA within thirty (30) days of execution.

Status:

The Agency has implemented adequate internal controls which will provide reasonable assurance that subcontract agreements will be submitted to the DOEA within thirty (30) days of execution.