

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
COMMUNITY AGING AND RETIREMENT SERVICES, INC.

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Community Aging and Retirement Services, Inc.

Report of the Financial Statements

We have audited the accompanying financial statements of Community Aging and Retirement Services, Inc. (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 Statement

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Aging and Retirement Services, 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.

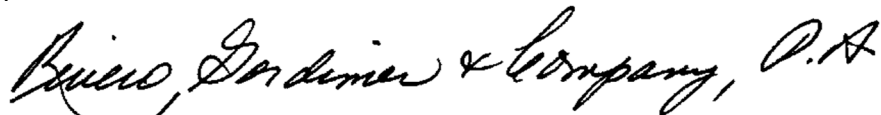
Other Matters

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 state financial assistance as required by Chapter 10.650, *Rules of the Auditor General* is presented for additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying schedule of functional expenses by services as required by the Department of Elder Affairs (DOEA) is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2021 on our consideration of Community Aging and Retirement Services, 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 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 Community Aging and Retirement Services, Inc.'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 Community Aging and Retirement Services, Inc.'s internal control over financial reporting and compliance.



Tampa, Florida
May 27, 2021

Community Aging and Retirement Services, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

(With comparative totals for December 31, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash	\$ 339,397	\$ 79,620
Accounts receivable	76,604	43,277
Grants receivable	518,782	336,448
Current portion note receivable	200,000	250,000
Prepaid assets and deposits	8,927	8,061
	<u>1,143,710</u>	<u>717,406</u>
Total current assets		
Investments	359,289	-
Property and equipment, net	1,975,136	2,040,612
Non-current portion of note receivable	-	200,000
Beneficial interest in assets held by others	103,728	98,245
	<u>103,728</u>	<u>98,245</u>
Total assets	<u>\$ 3,581,863</u>	<u>\$ 3,056,263</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 133,275	\$ 136,177
Accrued expenses and other liabilities	109,999	85,805
Current portion of notes payable	31,088	28,559
Line of credit	149,863	149,933
Deferred revenue	2,659	3,863
	<u>426,884</u>	<u>404,337</u>
Total current liabilities		
Notes payable, noncurrent portion	<u>733,086</u>	<u>765,434</u>
Total liabilities	<u>1,159,970</u>	<u>1,169,771</u>
Net assets		
Without donor restrictions	2,421,893	1,886,492
With donor restrictions	-	-
	<u>2,421,893</u>	<u>1,886,492</u>
Total net assets		
Total liabilities and net assets	<u>\$ 3,581,863</u>	<u>\$ 3,056,263</u>

The accompanying notes are an integral part of this financial statement.

Community Aging and Retirement Services, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2020
(With comparative totals for December 31, 2019)

	<u>2020</u>	<u>2019</u>
Revenues and support		
Grant revenue	\$ 2,162,481	\$ 2,184,657
Program service fees	280,756	486,265
Contributions	751,764	885,328
Special events, net of direct expenses of \$1,946	21,194	59,647
In-kind contributions	-	1,629
Investment income	15,891	13,122
Other income	1,594	1,810
	<u>3,233,680</u>	<u>3,632,458</u>
Total revenues and support		
Expenses		
Program services		
Adult day care	305,623	416,504
Care managed services	1,855,227	1,717,040
Skilled care	-	10,130
Senior centers	718,085	969,166
Senior health clinic	67,222	74,292
	<u>2,946,157</u>	<u>3,187,132</u>
Support Services		
Management and general	249,764	287,587
Fundraising	3,436	13,849
	<u>253,200</u>	<u>301,436</u>
Total expenses	<u>3,199,357</u>	<u>3,488,568</u>
Increase in net assets from operations	<u>34,323</u>	<u>143,890</u>
Non-operating income		
Gain on loan forgiveness	498,830	-
Gain on sale of assets	2,248	-
Sale of Medicare license	-	950,000
	<u>501,078</u>	<u>950,000</u>
Increase in net assets	535,401	1,093,890
Net assets at beginning of year	<u>1,886,492</u>	<u>792,602</u>
Net assets end of year	<u>\$ 2,421,893</u>	<u>\$ 1,886,492</u>

The accompanying notes are an integral part of this financial statement.

Community Aging and Retirement Services, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020
(With comparative totals for December 31, 2019)

	Program Services					Support Services		Total 2020	Total 2019
	Adult Day Care	Care Managed Services	Senior Centers	Senior Health Clinic	Total	Management and General	Fund Raising		
Personnel	\$ 291,810	\$ 1,747,348	\$ 193,371	\$ 48,543	\$ 2,281,072	\$ 208,156	\$ 2,065	\$ 2,491,293	\$ 2,460,985
Travel	1,196	14,382	7,541	-	23,119	2,670	-	25,789	160,577
Communications	314	4,879	47,288	-	52,481	2,854	-	55,335	62,941
Printing and supplies	667	6,041	6,830	816	14,354	3,386	-	17,740	16,178
Maintenance and repair	278	9,554	27,559	-	37,391	357	-	37,748	88,678
Contract services	7,117	37,675	31,185	10,620	86,597	2,876	-	89,473	68,478
Special events	10	1,080	9,168	-	10,258	1,677	-	11,935	5,521
Advertising	137	2,929	20,632	-	23,698	5,370	380	29,448	21,109
Insurance	-	1,219	46,573	-	47,792	-	-	47,792	51,403
Program supplies	2,365	10,608	32,199	150	45,322	62	282	45,666	78,276
Utilities	-	-	50,988	-	50,988	-	-	50,988	68,052
Professional fees	411	3,735	46,733	821	51,700	7,226	-	58,926	91,266
Finance costs and taxes	-	47	52,835	-	52,882	4,693	-	57,575	67,693
Other costs	1,318	15,091	44,798	171	61,378	10,261	709	72,348	135,712
Depreciation	-	639	100,385	6,101	107,125	176	-	107,301	111,699
Total expenses	\$ 305,623	\$ 1,855,227	\$ 718,085	\$ 67,222	\$ 2,946,157	\$ 249,764	\$ 3,436	\$ 3,199,357	\$ 3,488,568

The accompanying notes are an integral part of this financial statement.

Community Aging and Retirement Services, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020
(With comparative totals for December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase in net assets	\$ 535,401	\$ 1,093,890
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain on loan forgiveness	(498,830)	-
Donated land	-	(325,000)
Depreciation	107,301	111,699
Gain on sale of assets	(2,248)	-
Net realized and unrealized gain on investments	(9,000)	-
Sale of Medicare license	-	(950,000)
(Increase) decrease in accounts receivable	(33,327)	42,888
Increase in grants receivable	(182,334)	(3,316)
(Increase) decrease in prepaid and other assets	(865)	1,107
Net increase in beneficial interest held by others	(5,483)	(10,404)
Increase (decrease) in accounts payable and accrued expenses	21,291	(325,846)
(Decrease) increase in deferred revenues	(1,204)	3,863
	<u>(69,298)</u>	<u>(361,119)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(41,825)	(30,000)
Proceeds from sale of assets	2,248	-
Purchase of investments	(350,289)	-
Payments on notes receivable from sale of Medicare license	250,000	500,000
	<u>(139,866)</u>	<u>470,000</u>
Net cash provided by investing activities		
Cash flows from financing activities		
Proceeds from Paycheck Protection Program Loan	498,830	-
Proceeds from notes payable	-	30,000
Principal payments on notes payable	(29,819)	(97,820)
Net payments from line of credit	(70)	(100,000)
	<u>468,941</u>	<u>(167,820)</u>
Net cash provided (used) by financing activities		
Net increase (decrease) in cash	259,777	(58,939)
Cash at beginning of year	<u>79,620</u>	<u>138,559</u>
Cash at end of year	<u>\$ 339,397</u>	<u>\$ 79,620</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	<u>\$ 39,940</u>	<u>\$ 51,186</u>
Cash paid during the year for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Background Information

Community Aging and Retirement Services, Inc. ("CARES") is a tax exempt, Florida not-for-profit corporation organized for the purpose of development, delivery and coordination of high-quality programs and services which are responsive to the needs of adults and older persons residing in Pasco County, Florida. CARES currently conducts its operations through one program office, two enrichment centers, two adult day care centers and one senior health clinic.

2. Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on CARES as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- With Donor Restrictions – Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of CARES to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.
- Without Donor Restriction – Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

3. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See note B.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Cash and Cash Equivalents

CARES considers all highly liquid debt instruments and securities purchased with a maturity of three months or less to be cash equivalents, except those managed as part of investment strategies for investments held for long term purposes. There are no cash equivalents at December 31, 2020.

6. Concentrations of Credit Risk

Financial instruments that potentially subject CARES to concentrations of credit risk are primarily cash and accounts receivable. CARES' cash deposits are placed in financial institutions which at times may exceed the Federal Deposit Insurance Corporation (FDIC) coverage. CARES has not experienced any losses in its cash accounts and does not believe it is exposed to any significant credit risks related to uninsured amounts.

7. Accounts Receivable and Allowance of Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances, less estimated contractual adjustments related to agreements with third-party payers. Accounts receivable are reviewed for write off after 180 days and analysis of collection efforts. Management provides for probable uncollectible amounts through a charge to expense and a credit to an allowance based on prior bad debt experience and a review of existing receivables. Balances that remain outstanding after management has used reasonable collection efforts are written off. There was no allowance deemed necessary for the year ended December 31, 2020.

8. Grant Revenue and Receivables

Grant revenue is received from federal, state and local sources. Grant revenue is recorded based upon the terms of the grantor allotment, which generally provides that revenues are earned when the allowable costs of the specific grant provisions have been incurred or such services have been rendered. Such revenues are subject to audit by the grantor, and if the examination results in a deficiency of allowable expenses, CARES would be required to refund any deficiencies.

9. Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over estimated useful lives ranging from 5 to 30 years. It is CARES' policy that maintenance and repairs are charged to expense as incurred. Additions and improvements exceeding \$1,000 and with a useful life of over one year are capitalized. Donated property and equipment are recorded at fair value at the date of the gift.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the absence or existence and nature of any donor restrictions. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions, which increases that class of net assets. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

11. Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of CARES are reported as expenses of those functional areas. Expenses that benefit multiple functional areas have been allocated across programs, general and administrative, and fundraising expenses based on the proportion of employee time involved.

CARES program services include:

Adult Day Care – This is a federal, state, & locally funded program providing an array of health, social and other related support services to functionally and/or impaired adults in community based adult day care centers located in East (Dade City) and West (New Port Richey) Pasco County.

Care Managed Services – This is a grant and fee supported program providing in-home support services to elderly clients to prevent institutionalization. Support services include homemaking, personal care, respite care for caregivers, companionship, home delivered meals, emergency alert response units, medical transportation, and financial risk reduction.

Senior Centers – Helps to enrich the lives and minds of older adults by offering a wide variety of social, recreational, wellness, computer learning and other educational programs.

Senior Health Clinic – Helps older adults by offering a wide variety of services and resources for physical, mental, and overall wellness.

12. Advertising

CARES expenses all media advertising as incurred. Advertising expense totaled \$29,448 for the year ended December 31,2020.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Income Taxes

CARES has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been presented in these financial statements. CARES has not reported any unrelated business income; however, such status is subject to final determination upon examination, if any, of the related income tax returns by appropriate taxing authorities.

CARES is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after December 31, 2016 remain subject to examination by federal and state taxing authorities.

14. New Accounting Pronouncements

In 2020, CARES adopted the provisions of FASB ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. Adoption of this pronouncement had no effect on CARES' current or previously issued financial statements.

15. Reclassifications

Certain amounts from the December 31, 2019 financial statements have been reclassified to conform to the December 31, 2020 presentation. These reclassifications had no effect on the reported net assets or change in net assets of CARES.

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets, without donor or other restrictions limiting their use, available for general expenditures within one year of the statement of financial position date comprise the following at December 31, 2020:

Cash	\$	339,397
Accounts receivable		76,604
Grants receivable		518,782
Current portion of note receivable		200,000
Amount available from spending policy of beneficial interest in assets held by others		<u>5,186</u>
Total financial assets available within one year	\$	<u>1,139,969</u>

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

CARES maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CARES maintains a board designated endowment which can be released at any time should the need arise. Additionally, CARES has the ability to draw additional amounts from their beneficial interest in assets held by others as long as they meet certain contractual requirements. CARES also maintains a line of credit to help manage its liquidity needs. See Note G.

NOTE C - INVESTMENTS

CARES has established a board designated endowment fund for the benefit of CARES and is included as investments on the statement of financial position. Investments include the following at December 31, 2020:

Cash and cash equivalents	\$ 269,954
Mutual funds	<u>89,335</u>
Total investments	<u>\$ 359,289</u>

The following is the activity of the board designated endowment for the year ended December 31, 2020:

Balance at January 1, 2020	\$ -
Cash invested	350,000
Interest and dividend income, net of fees of \$50	289
Realized and unrealized gains (losses)	<u>9,000</u>
Balance at December 31, 2020	<u>\$ 359,289</u>

NOTE D - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

CARES has established an agency fund with the Community Foundation of Tampa Bay ("Community Foundation") for the benefit of CARES. The assets are pooled by the Community Foundation into a larger investment fund. CARES' agency fund is valued on a pro-rata share of the Community Foundation's total investment fund.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE D - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS - Continued

Balance at January 1, 2020	\$	98,245
Realized and unrealized gains (losses)		9,698
Interest and dividend income, net of fees of \$690		697
Contributions received		-
Grants paid		<u>(4,912)</u>
Balance at December 31, 2020	\$	<u>103,728</u>

The Community Foundation maintains the Community Aging and Retirements Services, Inc - Designated Fund to benefit CARES. This investment account is not considered an asset of CARES and therefore is not included in these financial statements. The value of this investment account held for the benefit of CARES by the Community Foundation was \$27,894 as of December 31, 2020.

NOTE E - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2020.

Mutual funds are valued using quoted market prices of identical assets on active exchanges, or Level 1 measurements.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE E - FAIR VALUE MEASUREMENTS - Continued

Beneficial interest in assets held by others is consists of funds held by a community foundation. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value is equal to the value reported by the trustee.

The fair values of net assets measured on a recurring basis at December 31, 2020 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 89,335	\$ 89,335	\$ -	\$ -
Beneficial interest in assets held by others	<u>103,728</u>	<u>-</u>	<u>-</u>	<u>103,728</u>
	<u>\$ 193,063</u>	<u>\$ 89,335</u>	<u>\$ -</u>	<u>\$ 103,728</u>

NOTE F - PROPERTY AND EQUIPMENT

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

Land	\$ 575,000
Buildings	2,362,503
Leasehold improvements	416,705
Furniture and equipment	258,389
Vehicles	<u>141,853</u>
	3,754,450
Less accumulated depreciation	<u>(1,779,314)</u>
	<u>\$ 1,975,136</u>

Depreciation expense was \$107,301 for the year ended December 31, 2020.

NOTE G - LINE OF CREDIT

CARES maintains a \$250,000 line of credit with a financial institution. The line of credit is due on demand and bears interest at the Wall Street Journal prime rate plus one percent (6.5% at December 31, 2020). The balance outstanding on this line of credit at December 31, 2020 was \$149,863. The line of credit is collateralized by the Crescent Senior Enrichment Center and the Rao Musunuru MD Senior Enrichment Center.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE H - NOTES PAYABLE

Notes Payable consist of the following at December 31, 2020:

Mortgage note payable to bank, interest of 4.20%. Monthly principle and interest payments of \$1,612, with balloon payment due August 2027. Collateralized by a mortgage on the Crescent Senior Enrichment Center, which has a net book value of \$543,052 at December 31, 2020.	\$ 230,456
Mortgage note payable to bank, interest of 4.20%. Monthly principle and interest payments of \$3,534, with balloon payment due July 2027. Collateralized by a mortgage on the Rao Musunuru MD Senior Enrichment Center, which has a net book value of \$589,664 at December 31, 2020.	503,718
\$30,000 mortgage note payable, provided by Pasco County, Florida, in accordance with conditions of the Community Development Block Grant (CDBG) program. The mortgage bears no stated interest rate or principal repayment and all amounts due will be deferred and fully forgiven in June 2049, so long as CARES complies with the program provisions.	<u>30,000</u>
Total notes payable	764,174
Less current portion of notes payable	<u>(31,088)</u>
Notes payable, noncurrent portion	<u><u>\$ 733,086</u></u>

Maturities of notes payable are as follows:

<u>Year ending December 31,</u>	
2021	\$ 31,088
2022	32,131
2023	33,112
2024	34,571
2025	36,261
Thereafter	<u>597,011</u>
	<u><u>\$ 764,174</u></u>

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE I - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, CARES applied for and received funds of \$498,830 as part of the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP"). The proceeds from the loan were used to fund payroll and other specific costs outlined in the program for a twenty four week covered period after receipt of the proceeds. CARES accounted for the loan in accordance with FASB ASC 958-605. Accordingly, the loan was recognized as a contribution once the conditions of release had been substantially met. Management applied for and received full forgiveness in December 2020. The entire amount of \$498,830 was recognized as non-operating income for the year ended December 31, 2020.

NOTE J - CONTINGENCIES

CARES participates in federal and state government grant programs, the expenditures for which are subject to audit from the respective funding agencies. Upon examination, expenditures could be disallowed, and refunds required. CARES has not been notified that any such audits are forthcoming and is not aware of any expenditures for which such allowances or refunds would be required by funding agencies.

During the year ended December 31, 2020, approximately 58% of revenues were received indirectly from the State of Florida, Department of Elder Affairs.

NOTE K - NOTE RECEIVABLE

During the year ended December 31, 2019, CARES entered into a contract to sell its Medicare license to a private entity for \$950,000. CARES received \$500,000 from the sale of the license in April 2019 and \$250,000 in January 2020, with \$200,000 due April 2021. The note receivable bears no interest.

NOTE L - RISKS AND UNCERTAINTIES

In March 2020, the United States and global financial markets experienced significant volatility resulting from uncertainty caused by the world-wide coronavirus pandemic (COVID-19). General economic uncertainties have arisen that may impact future cash flows and changes in net assets as a result of the pandemic. The related financial impact cannot be reasonably estimated at this time.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to December 31, 2020 as of May 27, 2021, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Community Aging and Retirement Services, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended December 31, 2020

State Grantor Program or Cluster Title	State CSFA #	Pass-through Entity Identifying Number	Total State Expenditures	Transfers to Subrecipients
State Agency				
<u>State of Florida Department of Elder Affairs</u>				
Indirect Programs				
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.				
Community Care for the Elderly	65.010*	ECO019-CARES & ECO020-CARES	\$ 1,070,799	\$ -
Alzheimer's Respite Services	65.004	EZ019-CARES & EZ020-CARES	228,102	-
Home Care for the Elderly	65.001	EH019-CARES & EH020-CARES	46,973	-
Local Services Programs	65.009	EL020-CARES-2020 & EL020-CARES-ADC	99,088	-
Total State of Florida Department of Elder Affairs			<u>1,444,962</u>	<u>-</u>
Total expenditures of state financial assistance			<u>\$ 1,444,962</u>	<u>\$ -</u>

* Denotes major project

The accompanying notes are an integral part of this schedule.

Community Aging and Retirement Services, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

December 31, 2020

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the State project activity of CARES under programs of the State of Florida for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule only presents a selected portion of the operations of CARES, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CARES.

NOTE B - BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting

NOTE C - CONTINGENCIES

These State projects 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 CARES continued participation in specific projects. The amount of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although CARES expects such amounts, if any, to be immaterial.

NOTE D - INDIRECT COSTS

CARES did not allocate costs to the state financial assistance project. All costs charged to the project were direct costs.

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE

For the year ended December 31, 2020

DOEA FUNDED SERVICES

	Adult Day Care	III-D Chronic Disease	III-D Diabetes Self Management	III-D Healthy Eating	III-D Chronic Pain Self Mgmt	III-D Matter of Balance	III-D Active Living Everyday
Personnel	\$ 291,810	\$ 10,408	\$ 10,614	\$ 6,515	\$ 12,115	\$ 8,414	\$ 6,676
Travel	1,196	-	-	-	-	-	-
Communications	314	-	-	-	-	-	-
Printing and supplies	667	-	-	-	-	-	-
Maintenance and repair	278	-	-	-	-	-	-
Contract services	7,117	208	613	50	283	793	132
Special events	10	-	-	-	-	-	-
Advertising	137	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Program supplies	2,365	-	-	-	-	80	-
Utilities	-	-	-	-	-	-	-
Professional fees	411	-	-	-	-	-	-
Finance costs and taxes	-	-	-	-	-	-	-
Other costs	1,318	-	-	-	-	59	-
Depreciation	-	-	-	-	-	-	-
Program direct costs	305,623	10,616	11,227	6,565	12,398	9,346	6,808
Allocation of admin costs	150,964	1,770	1,775	1,381	1,943	1,558	1,352
Total expenses	<u>\$ 456,587</u>	<u>\$ 12,386</u>	<u>\$ 13,002</u>	<u>\$ 7,946</u>	<u>\$ 14,341</u>	<u>\$ 10,904</u>	<u>\$ 8,160</u>
Units of service	13,645	-	2	3	2	13	2
Unit cost	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 6,501</u>	<u>\$ 2,889</u>	<u>\$ 6,374</u>	<u>\$ 823</u>	<u>\$ 4,080</u>

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE - CONTINUED

For the year ended December 31, 2020

DOEA FUNDED SERVICES

	III-D Health							
	Wellness	Tai-Chi	Homemaker	Personal Care	Respite Care	Companionship	Escort	Enhanced Chore
Personnel	\$	11,630	\$ 652,784	\$ 146,704	\$ 257,615	\$ 32,553	\$ -	\$ 9,372
Travel		1,109	3,884	-	-	-	-	-
Communications		1,512	1,317	-	-	-	-	-
Printing and supplies		428	1,239	-	-	-	-	-
Maintenance and repair		-	107	-	-	-	-	-
Contract services		2,426	13,240	2,794	5,063	910	-	331
Special events		-	-	-	-	-	-	-
Advertising		-	2,039	-	-	-	-	-
Insurance		-	-	-	-	-	-	-
Program supplies		163	4,580	-	-	-	-	-
Utilities		-	-	-	-	-	-	-
Professional fees		411	1,981	-	-	-	-	-
Finance costs and taxes		-	-	-	-	-	-	-
Other costs		2,725	10,990	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Program direct costs		20,404	692,161	149,498	262,678	33,463	-	9,703
Allocation of admin costs		1,919	153,932	37,660	46,575	9,965	-	868
Total expenses	\$	22,323	\$ 846,093	\$ 187,158	\$ 309,253	\$ 43,428	\$ -	\$ 10,571
Units of service		11	26,284	4,917	10,339	1,053	-	206
Unit cost	\$	2,077	\$ 32	\$ 38	\$ 30	\$ 41	\$ -	\$ 51

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE - CONTINUED

For the year ended December 31, 2020

<u>DOEA FUNDED SERVICES</u>						
	<u>Case Management</u>	<u>Case Aide</u>	<u>Chore</u>	<u>TOTAL DOEA FUNDED PROGRAMS</u>	<u>Non-DOEA</u>	<u>Total Expenses</u>
Personnel	\$ 358,987	\$ 172,473	\$ 50,488	\$ 2,039,158	\$ 452,135	\$ 2,491,293
Travel	8,059	357	973	15,578	10,211	25,789
Communications	616	-	1,434	5,193	50,142	55,335
Printing and supplies	3,526	193	655	6,708	11,032	17,740
Maintenance and repair	-	-	9,447	9,832	27,916	37,748
Contract services	5,618	2,741	2,473	44,792	44,681	89,473
Special events	-	-	-	10	11,925	11,935
Advertising	890	-	-	3,066	26,382	29,448
Insurance	-	-	1,219	1,219	46,573	47,792
Program supplies	103	-	5,682	12,973	32,693	45,666
Utilities	-	-	-	-	50,988	50,988
Professional fees	1,109	-	234	4,146	54,780	58,926
Finance costs and taxes	-	-	-	-	57,575	57,575
Other costs	225	207	932	16,456	55,892	72,348
Depreciation	-	-	-	-	107,301	107,301
Program direct costs	379,133	175,971	73,537	2,159,131	1,040,226	3,199,357
Allocation of admin costs	84,218	37,797	22,391	556,068	(556,068)	-
Total expenses	<u>\$ 463,351</u>	<u>\$ 213,768</u>	<u>\$ 95,928</u>	<u>\$ 2,715,199</u>	<u>\$ 484,158</u>	<u>\$ 3,199,357</u>
Units of service	<u>7,283</u>	<u>4,897</u>	<u>2,059</u>			
Unit cost	<u>\$ 64</u>	<u>\$ 44</u>	<u>\$ 47</u>			

COMPLIANCE REPORTS

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*

COMMUNITY AGING AND RETIREMENT SERVICES, INC.

December 31, 2020



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
Community Aging and Retirement Services, 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 Community Aging and Retirement Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Aging and Retirement Services, Inc.'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 Community Aging and Retirement Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Aging and Retirement Services, Inc.'s internal control.

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

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



Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Community Aging and Retirement Services, Inc.'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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Aging and Retirement Services, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tampa, Florida
May 27, 2021

A handwritten signature in cursive script that reads "Benicio, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location text.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

COMMUNITY AGING AND RETIREMENT SERVICES, INC.

December 31, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

The Board of Directors
 Community Aging and Retirement Services, Inc.
 Hudson, Florida:

Report on Compliance for Each Major State Project

We have audited Community Aging and Retirement Services, Inc.'s compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of Community Aging and Retirement Services, Inc.'s major state projects for the year ended December 31, 2020. Community Aging and Retirement Services, Inc.'s major 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 state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Aging and Retirement Services, Inc.'s major state projects based on our audit of the types of compliance requirements referred 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; and Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above and that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Community Aging and Retirement Services, Inc.'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 state project. However, our audit does not provide a legal determination of Community Aging and Retirement Services, Inc.'s compliance.



Opinion on Each Major State Project

In our opinion, Community Aging and Retirement Services, Inc. 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 state projects for the year ended December 31, 2020.

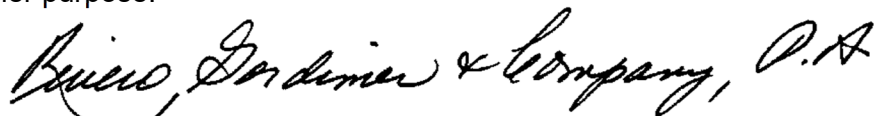
Report on Internal Control Over Compliance

Management of Community Aging and Retirement Services, 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 Community Aging and Retirement Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state project and to test and report on internal control over compliance in accordance with the 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 Community Aging and Retirement Services, Inc.'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 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 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 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 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 Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Tampa, Florida
May 27, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
COMMUNITY AGING AND RETIREMENT SERVICES, INC.

For the year ended December 31, 2020

Community Aging and Retirement Services, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

State Projects

Internal control over major projects:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Type of auditors' report issued on compliance for major projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, *Rules of the Auditor General*?

 yes X no

Identification of major state project:

CSFA Number

Name of State Project

65.010

Community Care for the Elderly

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

\$ 433,489

Section II - Financial Statement Findings

No matters were reported for the year ended December 31, 2020.

Section III - State Financial Assistance Findings and Questioned Costs

No matters were reported for the year ended December 31, 2020.

Other Issues

- a) A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e).
- b) A summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.).