

**AREAWIDE COUNCIL ON
AGING OF BROWARD
COUNTY, INC.**

Financial Statements

**Year Ended
December 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Area Council on Aging of
Broward County, Inc.
Sunrise, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Areawide Council on Aging of Broward County, Inc. (the "Council"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of the Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Florida Chapter 10.650, *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 schedule of expenditures of federal awards and state financial assistance 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 September 22, 2022, on our consideration of the Council'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 Council'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 Council's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 22, 2022

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021

ASSETS

	<u>2021</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 7,368,125
Certificates of deposit	547,772
Investments	5,315,352
Due from grantors, net	8,815,245
Accounts receivable	4,919
Pledges receivable	231,047
Prepaid expenses	<u>43,498</u>
Total current assets	22,325,958
Non-current assets	
Property and equipment at cost, net	2,617,118
Deposits	<u>1,941</u>
Total other assets	<u>2,619,059</u>
Total assets	<u><u>\$ 24,945,017</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 198,233
Accrued compensation	458,115
Paycheck Protection Program loan	500,000
Due to providers	3,490,501
Deferred revenue	<u>371,106</u>
Total current liabilities	<u>5,017,955</u>
Commitments and contingencies	<u>-</u>
Total liabilities	<u>5,017,955</u>
NET ASSETS	
Without donor restrictions	19,636,395
With donor restriction	<u>290,667</u>
Total net assets	<u>19,927,062</u>
Total liabilities and net assets	<u><u>\$ 24,945,017</u></u>

The accompanying notes are an integral part of these financial statements.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Public support:			
Local fair share contributions	\$ 1,547,250	\$ -	\$ 1,547,250
Contributions	76,377	-	76,377
Private grants	<u>3,451,275</u>	<u>-</u>	<u>3,451,275</u>
Total public support	<u>5,074,902</u>	<u>-</u>	<u>5,074,902</u>
Grants from governmental agencies			
Federal grants	20,645,096	-	20,645,096
State grants	9,696,395	-	9,696,395
In kind local match	<u>1,020,185</u>	<u>-</u>	<u>1,020,185</u>
Total grants from governmental agencies	<u>31,361,676</u>	<u>-</u>	<u>31,361,676</u>
Other revenue			
Interest income	19,261	-	19,261
Investment income	240,229	-	240,229
Net realized and unrealized gain (loss) on investment	471,426	-	471,426
Special events income	42,031	-	42,031
Other	<u>8,715</u>	<u>-</u>	<u>8,715</u>
Total other revenues	<u>781,662</u>	<u>-</u>	<u>781,662</u>
Total public support and revenues	<u>37,218,240</u>	<u>-</u>	<u>37,218,240</u>
EXPENSES			
Program services	34,037,198	-	34,037,198
Support services:			
Management and general	<u>414,120</u>	<u>-</u>	<u>414,120</u>
Total operating expenses	<u>34,451,318</u>	<u>-</u>	<u>34,451,318</u>
Change in net assets before transfers	2,766,922	-	2,766,922
NET ASSETS, BEGINNING OF YEAR	<u>16,869,473</u>	<u>290,667</u>	<u>17,160,140</u>
NET ASSETS, END OF YEAR	<u>\$ 19,636,395</u>	<u>\$ 290,667</u>	<u>\$ 19,927,062</u>

The accompanying notes are an integral part of these financial statements.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services											Supporting Services Management & General		Total			
	Older Americans Act	CARES	Community Care for the Elderly	Home Care for the Elderly	Alzheimer's Disease Initiative	RELIEF	SHINE	ADRC & Medicaid Waiver	Local Service Programs	Other DOEA Programs	Non DOEA Programs	Total Program Funds					
Salaries and related expenses:																	
Salaries	\$ 1,145,491	\$ 117,577	\$ 246,413	\$ 92,784	\$ -	\$ 9,884	\$ 52,986	\$ 319,043	\$ 17,167	\$ 208,146	\$ 469,450	\$ 2,678,941	\$ 192,234	\$ 2,871,175			
Payroll taxes	79,240	7,626	18,363	7,011	-	715	3,234	23,654	1,303	11,295	19,541	171,982	13,007	184,989			
Employee benefits	202,004	34,669	51,718	20,584	-	2,321	11,066	86,538	1,458	31,422	71,657	513,437	54,668	568,105			
Total salaries and related expenses	1,426,735	159,872	316,494	120,379	-	12,920	67,286	429,235	19,928	250,863	560,648	3,364,360	259,909	3,624,269			
Other expenses																	
Program supplies	3,687,055	495,769	349,063	-	-	-	302	-	-	1,063,459	5,763,547	11,359,195	11,525	11,370,720			
Occupancy	42,595	1,443	2,622	699	-	77	792	4,275	483	1,021	1,073	55,080	3,571	58,651			
Utilities	11,457	477	1,394	372	-	46	439	2,258	259	601	546	17,849	476	18,325			
Miscellaneous	248	-	-	-	-	-	-	-	-	-	646	894	1,110	2,004			
Telephone	29,257	1,170	2,762	737	-	81	2,754	4,804	511	1,133	1,885	45,094	2,355	47,449			
Office supplies & printing	17,847	1,386	154	15	-	2	6,665	976	10	1,466	13,631	42,152	29,921	72,073			
Professional fees	148,800	73	511	-	-	-	544	-	-	688	31,210	181,826	26,458	208,284			
Travel	187	2	-	-	-	-	144	-	-	953	4,722	6,008	336	6,344			
Repairs & maintenance	3,934	-	250	67	-	6	79	404	45	107	96	4,988	4,135	9,123			
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	31,260	31,260			
Dues & subscriptions	42,087	-	884	242	-	18	299	1,432	194	641	993	46,790	17,722	64,512			
Advertising	4,493	-	-	-	-	-	2,458	-	-	-	787	7,738	2,512	10,250			
Staff training	1,374	-	-	-	-	-	-	19	-	-	31	1,424	8,786	10,210			
Total other expenses	3,989,334	500,320	357,640	2,132	-	230	14,476	14,168	1,502	1,070,069	5,819,167	11,769,038	140,167	11,909,205			
Depreciation expenses	56,668	-	9,830	3,126	-	-	4,228	15,802	-	-	7,855	97,509	13,233	110,742			
Subrecipients awarded	5,563,636	224,330	6,123,136	190,838	1,267,484	36,664	-	-	607,837	448,786	-	14,462,711	-	14,462,711			
Grants awarded	728,247	-	662,225	448,848	3,997	-	11	-	-	205,853	2,294,399	4,343,580	811	4,344,391			
Total expenses before allocation of management & general	11,764,620	884,522	7,469,325	765,323	1,271,481	49,814	86,001	459,205	629,267	1,975,571	8,682,069	34,037,198	414,120	34,451,318			
Allocation of management & general	143,137	10,762	90,877	9,311	15,470	606	1,046	5,587	7,656	24,036	105,632	414,120	(414,120)	-			
Total expenses after allocation	\$ 11,907,757	\$ 895,284	\$ 7,560,202	\$ 774,634	\$ 1,286,951	\$ 50,420	\$ 87,047	\$ 464,792	\$ 636,923	\$ 1,999,607	\$ 8,787,701	\$ 34,451,318	\$ -	\$ 34,451,318			

The accompanying notes are an integral part of these financial statements.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2021

	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 2,766,922
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	110,742
Realized and unrealized gain on investments	(471,426)
(Increase) decrease in:	
Due from grantors, net	(2,309,820)
Accounts receivable	24,580
Pledges receivable	668
Prepaid expenses	(30,430)
Increase (decrease) in:	
Accounts payable	38,077
Accrued compensation	17,875
Due to providers	(1,355,288)
Deferred revenue	90,889
	<hr/>
Net cash used in operating activities	(1,117,211)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(8,087)
Purchase of investments, including reinvestments	(240,229)
Net decrease in certificates of deposit	242,493
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Net cash used in investing activities	(5,823)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Paycheck Protection Program loan	500,000
	<hr/>
Net cash provided by financing activities	500,000
	<hr/>
Net decrease in cash and cash equivalents	(623,034)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,991,159
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,368,125
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The accompanying notes are an integral part of these financial statements.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – NATURE OF ORGANIZATION

Areawide Council on Aging of Broward County, Inc. ("Council" or "Organization") is a not-for-profit Florida corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council was organized to plan, coordinate, monitor and fund various groups, agencies, organizations, and programs relating to the welfare and well-being of the elderly in Broward County, Florida

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions: Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions: Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restriction. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments or other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Measure of Operations

The State of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Council's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be more unusual or nonrecurring in nature.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the collectability of receivables, determination of the usual lives of property and equipment, and allocation of functional expenses.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit and money market funds with financial institutions. The Organization considers all highly liquid assets with an initial maturity of three months or less as cash and cash equivalents.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains accounts in various banks. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the balances in these accounts may be more than federally insured limits. However, the Organization has not experienced and does not expect to incur any losses.

Certificate of Deposit

Certificates of deposit are recorded at cost plus accrued interest and held at three financial institutions with interest ranging from 0.25% to 1.14%.

Allowances for Doubtful Accounts

Due from granters, accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. At December 31, 2021, the allowance for doubtful accounts for due from granters is \$128,288. No allowance for doubtful accounts for accounts receivable and pledges receivable is considered necessary at December 31, 2021.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Those marketable securities and investments received as gifts or donations are recorded at their fair market value on the date received.

Property and Equipment

Property and equipment are stated at cost, if purchased or at estimated fair market value at the date of receipt, if acquired by gift. Management has a policy to capitalize individual items in excess of \$5,000. Depreciation is provided for amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, ranging from three to thirty-nine years, on a straight-line basis. Amortization of the interest in the leasehold is provided for over 30 years, the useful life of the property, on a straight-line basis.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

Revenue Recognition

The Council follows Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Contributions

Contributions and support received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants

Grants received by the Council are considered conditional contributions since the grant agreements require the Council to perform services, incur expenses or meet contract objectives to earn the grant funding. Advance payments received under these grants is deferred until earned. Revenue is earned and recognized in the financial statements when eligible expenses are incurred, services performed or grant objectives met.

Deferred Revenue

Deferred revenue is comprised of amounts received from grantor agencies by the Organization 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.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials and Services

Agencies and organizations, volunteers, businesses, the general community and others contribute substantial amounts of materials and services toward the fulfillment of the programs administered by the Council. Donated materials are recorded as support at their fair market value at the date of donation. Contributions of services are recorded as support at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of contributed services meeting the requirements for recognition in the financial statements is recorded as unrestricted support at the date of the donation. Donated services for the year ended December 31, 2021 was \$1,020,185.

A significant number of volunteers have donated substantial hours to the Council's programs and events during the year. These donated services are not reflected in the financial statements since the services do not require specialized skills.

Functional Expenses

The administrative costs of providing services to various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited, in accordance with the guidelines established by the State of Florida Department of Elder Affairs. These guidelines provide that all management and general expenses be allocated to program services in their entirety.

Income Tax

The Council has been granted an exemption from income taxes under Internal Revenue Code Section 501 (c)(3), as a non-profit corporation. As such, Areawide Council on Aging of Broward County, Inc. does not pay tax on its exempt function income.

Uncertain Tax Positions

The Council accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Council has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Council has determined that such tax position does not result in an uncertainty requiring recognition. The Council is not currently under examination by any taxing jurisdiction. The Council's federal returns are generally open for examination for three years following the date filed.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

The Organization expenses the costs of advertising as incurred. For the year ended December 31, 2021, advertising expense was \$10,250.

Fair Value Measurement

The financial statements are prepared in accordance with US GAAP standards, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements or on a recurring basis (at least annually). The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on a measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of unobservable inputs when measuring fair value. The standard describes three levels or inputs that may be used to measure fair value.

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Acquisitions of Nonexpendable Property

Property acquired by grants is considered to be owned by Areawide Council on Aging of Broward County, Inc. while used in the program for which it was purchased or in other future authorized programs; however, the State of Florida and/or the United States of America has a reversionary interest in the property. Such property's disposition as well as the ownership of any proceeds therefrom is subject to state and/or federal regulations.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with the required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Council's financial statements.

In February 2016, the FASB issued ASU 2016-02: Leases (Topic 842), to increase transparency and comparability among the Agency by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Council's financial assets available for general expenditure at December 31:

Financial Assets:	<u>2021</u>
Cash and cash equivalents	\$ 7,368,125
Certificates of deposits	547,772
Investments	5,315,352
Due from grantors, net	8,815,245
Accounts receivable	4,919
Pledges receivable	<u>231,047</u>
Total financial assets	22,282,460
Less: amounts not available for general expenditure within one year:	<u>290,667</u>
Financial assets to meet cash needs for general expenditures within one year	<u>\$ 21,991,793</u>

The Council has a policy to manage its liquidity and reserves following three guiding principles: operating without a prudent range of financial stability, maintaining adequate liquidity to fund near- term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE D – DUE FROM GRANTORS

Due from grantors as of December 31, 2021 are as follows:

	<u>2021</u>
Receivable in less than one year	\$ 8,943,533
Less allowance for doubtful accounts	<u>(128,288)</u>
Due from grantors, net	<u>\$ 8,815,245</u>

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE E – INVESTMENTS

Investments are carried at fair market value and are as follows at December 31, 2021:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Unrestricted:			
<i>US Equity Funds</i>			
Map Fund A	\$ 464,967	\$ 274,540	\$ 739,507
Large Cap Growth Fund	280,899	238,880	519,779
Equity Yield Class A	256,279	306,727	563,006
S&P 500 Index Fund	325,597	217,648	543,245
<i>Taxable Bond Fund</i>			
High Yield Corporate Bond A	792,837	727,229	1,520,066
<i>Mixed Asset Funds</i>			
Balance Fund A	482,591	126,425	609,016
Convertible Fund A	<u>515,419</u>	<u>305,314</u>	<u>820,733</u>
	<u>\$ 3,118,589</u>	<u>\$ 2,196,763</u>	<u>\$ 5,315,352</u>

Investment income for the year ended December 31, 2021 consists of the following:

	<u>2021</u>
Interest income	\$ 19,261
Investment income	240,229
Net realized and unrealized gain on investments	<u>471,426</u>
	<u>\$ 730,916</u>

NOTE F – PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2021 are as follows:

	<u>2021</u>
Receivable in less than one year	
Fair share pledges	\$ 209,122
Other	<u>21,925</u>
	<u>\$ 231,047</u>

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE G – PROPERTY AND EQUIPMENT

At December 31, 2021, property and equipment consists of the following:

	2021
Building	\$ 3,080,054
Interest in leasehold (Note L)	850,000
Land	616,188
Furniture and equipment	513,952
Vehicles	79,163
Technology	14,890
	5,154,247
Less accumulated depreciation	(2,537,129)
	\$ 2,617,118

NOTE H – FAIR VALUE MEASUREMENT

The investments of the Council are reported at fair value in the accompanying statement of financial position. Following is a description of valuation methodologies used for investments measured at fair value. There have been no changes in the methodology used at December 31, 2021.

US equity funds, taxable bond funds, and mixed asset funds - Valued using quoted market prices and/or other market data for the same or comparable instruments.

Certificates of deposit - Cost plus accrued interest based on stated interest rate, which approximates fair value.

Fair values of assets measured on a recurring basis at December 31, 2021 are as follows:

Fair Value Measurements at Reporting Date Using

	Quoted Prices in Active Markets Level1	Significant Other Observable Inputs Level2	Significant Unobservable Inputs Level3	Total Fair Value
Assets:				
Certificates of deposit	\$ -	\$ 547,772	\$ -	\$ 547,772
US equity funds	2,365,537	-	-	2,365,537
Taxable bond funds	1,520,066	-	-	1,520,066
Mixed asset funds	1,429,749	-	-	1,429,749
	\$ 5,315,352	\$ 547,772	\$ -	\$ 5,863,124
Total assets at fair value	\$ 5,315,352	\$ 547,772	\$ -	\$ 5,863,124

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE I – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On March 27, 2020, the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”) was enacted in response to the COVID-19 pandemic. Under the CARES Act, the Paycheck Protection Program (“PPP”) was established to aid small businesses and nonprofits with resources needed to maintain payroll and cover applicable overhead. During the first months of 2021, the Council was approved for a loan totaling \$500,000 under this program. The Council has since applied for forgiveness and will record loan forgiveness income totaling \$196,195 in 2022. The remaining balance of the loan was paid in full by the Council in June 2022.

NOTE J – NET ASSETS WITH DONOR RESTRICTION

For the year ended December 31, 2021, net assets with donor restrictions in the amount of \$290,667 consisted of support restricted for use in emergency respite or food, in-home trainer and related general administrative costs.

NOTE K – RETIREMENT PLAN

The Council provides all employees, with at least one year of service, certain post-retirement benefits in the form of annuity contracts. Amounts contributed in the annuity contracts are excludable from the current gross income of the employees pursuant to Section 403(b) of the Internal Revenue Code. The contracts are funded through elective employee contributions and Council provided funds. Employer contributions are 100% vested after the completion of three plan years. A plan year consists of at least 1,000 hours worked in any calendar year. Contributions from the Council are based upon length of service, as follows:

<u>Length of Service</u>	<u>Maximum Contribution</u>
1 - 5 years	6%
6 - 10 years	7%
11 - 15 years	8%
16 - 19 years	9%
20- 24 years	10%
25 years and over	11%

Retirement plan expense was \$150,637 for the year ended December 31, 2021.

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE L – NON-CASH FACILITIES TRANSACTIONS

In 1989, the Council entered into an agreement with the City of Margate, Florida (the City), whereby the City acquired the land and building of the Council located at 5750 Park Avenue, Margate, Florida. In consideration, the City constructed a new building at the site and provided the Council with a 99- year lease, commencing November 1, 1989, which requires annual payments of \$1. The lease stipulates that the structure shall be used for providing social, health, nutrition and other types of care, activities and services to the elderly of Northwest Broward County.

In the event that the building is sold by the City or seized by eminent domain, the City has granted to Council the right to receive the entire amount of any proceeds up to a maximum of \$850,000 reduced by \$8,586 for each year that the lease had existed prior to the sale, or \$566,662 at December 31, 2021.

NOTE M – GRANT MATCHING REQUIREMENTS

Certain grants received by the Council require matching contributions. A computation of required and actual matching contributions provided for contract calculations completed in the year ended December 31, 2021 is as follows:

Program	Qualifying Expenditures Requiring Matching	Match Percentage Required	Match Required	Match Provided	Excess (Deficiency)
State CCE	\$ 6,195,912	10%	\$ 619,592	\$ 688,435	\$ 68,844
OAA Admin	\$ 887,921	25%	\$ 221,980	\$ 228,011	\$ 6,031
Federal OAA	\$ 10,115,047	10%	\$1,015,505	\$1,102,556	\$ 87,051

AREAWIDE COUNCIL ON AGING OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE N – COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Council leases office equipment under agreements that are operating leases. Rent expense for the year ended December 31, 2021 was \$9,201. Rental commitments for the remaining terms of the leases are as follows:

	<u>Amount</u>
2022	\$ 8,584
2023	8,584
2024	<u>5,521</u>
	<u>\$ 22,689</u>

Concentrations

The Council receives substantially all of its support and revenue from federal, state and local funding sources. Continuing operation of the Council is greatly dependent upon the continued support of these government agencies.

Legal Matters

In the normal course of conducting its operations, the Council occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

COVID-19

On January 30, 2020, the World Health Association (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Council's financial condition, liquidity, and future results of operations. Management is actively monitoring the pandemic situation.

NOTE O – SUBSEQUENT EVENTS

The Council has evaluated all subsequent events through September 22, 2022, the date the financial statements were available to be issued. The Council is not aware of any subsequent events, which would require recognition or disclosure in the financial statements.