

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
FINANCIAL REPORT

Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
St. Johns County Council on Aging, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Johns County Council on Aging, Inc. (a Florida not-for-profit corporation), 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 referred to above present fairly, in all material respects, the financial position of St. Johns County Council on Aging, Inc. 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 St. Johns County Council on Aging, Inc. 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.

Other Matters

Subsequent Event: COVID-19 Pandemic

As discussed in Note 18 to the financial statements, management has evaluated the operational and financial effect on the Organization of the COVID-19 pandemic. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 St. Johns County Council on Aging, Inc. 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. 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 St. Johns County Council on Aging, Inc.'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 St. Johns County Council on Aging, Inc.'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 projects, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 April 28, 2023, on our consideration of St. Johns County Council on Aging, 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 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 St. Johns County Council on Aging, Inc.'s internal control over financial reporting and compliance.

Alan, Krueger & Associates CPAs, LLC

St. Augustine, FL
April 28, 2023

ST. JOHNS COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

Cash and cash equivalents	\$ 1,100,523
Accounts receivable	39,272
Government grants and contracts receivable	1,230,159
Unconditional promises to give, net	94,881
Property and equipment, net	3,638,088
Other assets, net	<u>27,467</u>
TOTAL ASSETS	<u>\$ 6,130,390</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 239,998
Accrued expenses and other liabilities	228,669
Deferred revenue	2,871
Long-term debt, net	<u>2,620,329</u>
TOTAL LIABILITIES	<u>3,091,867</u>

NET ASSETS

Without donor restrictions	2,943,642
With donor restrictions	<u>94,881</u>
TOTAL NET ASSETS	<u>3,038,523</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,130,390</u>

See accompanying notes

ST. JOHNS COUNTY COUNCIL ON AGING, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Government grants and contracts	\$ -	\$ 5,100,636	\$ 5,100,636
Contributions	681,570	-	681,570
Refundable advances	-	802,163	802,163
Program service fees	347,053	-	347,053
River House event income	598,824	-	598,824
Investment income	125	-	125
Other revenue	<u>288,920</u>	<u>-</u>	<u>288,920</u>
Total revenue and support	<u>1,916,492</u>	<u>5,902,799</u>	<u>7,819,291</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>5,902,932</u>	<u>(5,902,932)</u>	<u>-</u>
EXPENSES			
Program services	6,007,779	-	6,007,779
Administrative, management and general	1,569,233	-	1,569,233
Fundraising	<u>35,850</u>	<u>-</u>	<u>35,850</u>
Total expenses	<u>7,612,862</u>	<u>-</u>	<u>7,612,862</u>
CHANGE IN NET ASSETS	206,562	(133)	206,429
NET ASSETS, BEGINNING	<u>2,737,080</u>	<u>95,014</u>	<u>2,832,094</u>
NET ASSETS, ENDING	<u>\$ 2,943,642</u>	<u>\$ 94,881</u>	<u>\$ 3,038,523</u>

See accompanying notes

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services						
	Adult Day Care	Caregiver Support/ Training	Case Aide	Case Management	Companionship	Congregate Meals C1	Congregate Meals (Screening) C1
Salaries and wages	\$ 4,333	\$ 4,481	\$ 1,238	\$ 29,919	\$ 30,966	\$ 43,740	\$ 4,698
Payroll taxes and benefits	584	602	166	4,022	4,161	5,878	631
Travel	53	-	-	397	1,936	-	-
Education/training	-	-	-	-	-	521	-
Communications and postage	-	-	-	-	-	-	-
Utilities	115	116	32	774	813	1,131	121
Printing and supplies	241	248	69	1,653	1,735	2,418	260
Insurance	1,083	1,118	309	7,460	7,786	10,907	1,172
Maintenance and repair	731	754	208	5,042	5,291	7,370	791
Professional fees/legal/audit	-	-	-	-	-	-	-
Sub-contractors	855	887	246	6,271	107,096	8,655	6,916
Interest	122	126	35	847	896	1,239	133
Program supplies	904	935	258	6,240	6,461	9,122	980
Depreciation	-	-	-	-	-	-	-
Food and food supplies	-	-	-	-	-	38,689	-
Other	-	-	-	-	-	-	-
Total expenses before allocation of management and general expenses	9,021	9,267	2,561	62,625	167,141	129,670	15,702
Allocation of management and general expenses	2,356	2,421	669	16,358	43,657	33,870	4,101
Total expenses after allocation of management and general expenses	<u>\$ 11,377</u>	<u>\$ 11,688</u>	<u>\$ 3,230</u>	<u>\$ 78,983</u>	<u>\$ 210,798</u>	<u>\$ 163,540</u>	<u>\$ 19,803</u>

See accompanying notes

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

Program Services

	Counseling	Education/ Training	Health Support	Home Delivered Meals	Homemaker	Intake	Nutrition Education	Personal Care
Salaries and wages	\$ 10,226	\$ 8,245	\$ 4,963	\$ 108,099	\$ 63,361	\$ 786	\$ 1,711	\$ 16,691
Payroll taxes and benefits	1,374	1,109	667	14,528	8,515	106	229	2,244
Travel	-	-	-	-	6,916	-	-	3,971
Education/training	-	-	-	-	-	-	-	-
Communications and postage	-	-	-	-	-	-	-	-
Utilities	264	213	129	2,795	1,638	20	44	431
Printing and supplies	565	456	275	5,974	3,503	44	95	923
Insurance	2,549	2,056	1,238	26,956	15,800	195	427	4,161
Maintenance and repair	1,723	1,389	836	18,214	10,677	133	289	2,813
Professional fees/legal/audit	-	-	-	-	-	-	-	-
Sub-contractors	-	14,181	982	21,388	101,209	156	339	37,825
Interest	289	233	140	3,062	1,795	23	49	472
Program supplies	2,133	1,719	1,036	22,545	24,855	164	357	3,481
Depreciation	-	-	-	-	-	-	-	-
Food and food supplies	-	-	-	38,417	-	-	5,751	-
Other	-	-	-	-	-	-	-	-
Total expenses before allocation of management and general expenses	19,123	29,601	10,266	261,978	238,269	1,627	9,291	73,012
Allocation of management and general expenses	4,995	7,732	2,681	68,429	62,236	425	2,427	19,071
Total expenses after allocation of management and general expenses	\$ 24,118	\$ 37,333	\$ 12,947	\$ 330,407	\$ 300,505	\$ 2,052	\$ 11,718	\$ 92,083

See accompanying notes

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

Program Services

	Pest Control (Initiation)	Pest Control (Maintenance)	Recreation	Respite (Facility Based)	Respite (In-Home)	Screening/Assessment
Salaries and wages	\$ 3	\$ 283	\$ 42,883	\$ 54,373	\$ 75,938	\$ 7,348
Payroll taxes and benefits	1	45	5,763	7,308	10,206	987
Travel	-	-	-	54	3,490	-
Education/training	-	-	-	-	-	-
Communications and postage	-	-	-	-	-	-
Utilities	-	7	1,109	1,406	1,963	189
Printing and supplies	-	16	2,370	3,004	4,197	406
Insurance	1	71	10,694	13,559	18,935	1,833
Maintenance and repair	-	48	7,226	9,162	12,795	961
Professional fees/legal/audit	-	-	-	-	-	-
Sub-contractors	1,073	4,599	8,484	12,642	85,410	1,453
Interest	-	8	1,215	1,540	2,152	209
Program supplies	1	60	8,943	11,339	15,837	1,533
Depreciation	-	-	-	-	-	-
Food and food supplies	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses before allocation of management and general expenses	1,079	5,137	88,687	114,387	230,923	14,919
Allocation of management and general expenses	282	1,342	23,165	29,878	60,317	3,897
Total expenses after allocation of management and general expenses	\$ 1,361	\$ 6,479	\$ 111,852	\$ 144,265	\$ 291,240	\$ 18,816

See accompanying notes

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services			Total
	Telephone Reassurance	Specialized Medical Equipment	Non-DOEA Services and Activities	Total Program Costs	Management and general	Fund Raising	Total Supporting Services	
Salaries and wages	\$ 151	\$ -	\$ 2,880,946	\$ 3,395,382	\$ 194,437	\$ 26,348	\$ 220,785	\$ 3,616,167
Payroll taxes and benefits	20	-	394,029	463,175	21,998	3,542	25,540	488,715
Travel	-	-	-	16,817	-	-	-	16,817
Education/training	-	-	1,936	2,457	13,225	-	13,225	15,682
Communications and postage	-	-	-	-	53,922	-	53,922	53,922
Utilities	4	-	68,561	81,875	5,907	-	5,907	87,782
Printing and supplies	9	-	6,675	35,136	133,495	-	133,495	168,631
Insurance	38	-	349,925	478,273	25,814	-	25,814	504,087
Maintenance and repair	42	-	-	86,495	436,772	-	436,772	523,267
Professional fees/legal/audit	-	-	5,028	5,028	21,241	-	21,241	26,269
Sub-contractors	30	-	-	420,697	32,026	5,214	37,240	457,937
Interest	4	-	99,706	114,295	7,518	746	8,264	122,559
Program supplies	31	27,265	446,656	592,855	132,351	-	132,351	725,206
Depreciation	-	-	41,602	41,602	475,031	-	475,031	516,633
Food and food supplies	-	-	124,978	207,835	3,252	-	3,252	211,087
Other	-	-	65,857	65,857	12,244	-	12,244	78,101
Total expenses before allocation of management and general expenses	329	27,265	4,485,899	6,007,779	1,569,233	35,850	1,605,083	7,612,862
Allocation of management and general expenses	86	7,122	1,171,716	1,569,233	(1,569,233)	-	(1,569,233)	-
Total expenses after allocation of management and general expenses	\$ 415	\$ 34,387	\$ 5,657,615	\$ 7,577,012	\$ -	\$ 35,850	\$ 35,850	\$ 7,612,862

See accompanying notes

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 206,429
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	516,633
Amortization	3,252
Net change in:	
Accounts receivable	(15,295)
Government grants and contracts receivable	111,914
Unconditional promises to give	133
Other assets, net	16,977
Accounts payable	(71,996)
Accrued expenses and other liabilities	104,629
Deferred revenue	<u>(32,772)</u>
Net cash provided by operating activities	<u>839,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(154,398)</u>
Net cash used by investing activities	<u>(154,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on line of credit	(76,016)
Payments on long-term debt	<u>(68,084)</u>
Net cash used by financing activities	<u>(144,100)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	541,406
CASH AND CASH EQUIVALENTS, BEGINNING	<u>559,117</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,100,523</u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid for interest	<u>\$ 122,559</u>

See accompanying notes

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

St. Johns County Council on Aging, Inc. (the "Organization") is a Florida not-for-profit corporation located in St. Johns County, Florida. The Organization is committed to the purpose of providing congregate meals, home-delivered meals, transportation and supportive services to the elderly and disadvantaged.

The Organization's major revenue sources are grants and contracts from federal, state and county entities, public contributions, fundraising, program service fees and River House event income.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Organization follows Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC), as developed by the Financial Accounting Standards Board (FASB). Under ASC 606, revenue recognition for customer contract related services is required when promised goods or services are transferred to customers in an amount that reflects the consideration to which an Organization expects to be entitled in exchange for those goods and services.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, accrued expenses, and other liabilities.

Classification of Net Assets

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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 Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of 90 days or less. Certificates of deposit are readily convertible to cash and are stated at cost plus accrued earnings, which approximate fair value.

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Accounts Receivable, Grants Receivable and Unconditional Promises to Give

During the year the Organization writes off all accounts receivable, grants receivable and unconditional promises to give ("receivables") balances of which deemed to be uncollectable. If a portion of the remaining receivables balances are considered questionable regarding full collection, the Organization will provide an allowance for doubtful accounts for those questionable accounts. All amounts receivable were considered to be fully collectable by the Organization at December 31, 2021 and consequently no allowance for uncollectable accounts was deemed necessary.

Property and Equipment

Land, buildings and equipment that are purchased are carried at cost, or, if donated, at the approximate fair value at the date of donation. Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to donor unrestricted net assets at that time. Expenditures for renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized. Expenditures that are less than \$1,000 are expensed as incurred.

Building and improvements are depreciated using the straight-line method over their estimated useful lives, which range from 5 to 40 years. Furniture and equipment and vehicles are depreciated using the straight-line method over their estimated useful lives, which range from 2 to 10 years. Depreciation expense for the year ended December 31, 2021 was \$516,633.

Contributions

In accordance with FASB ASC 958, *Financial Statements of Not-for-Profit Entities*, contributions received are recorded as donor unrestricted or donor restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in donor unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. Under FASB ASC 958, contributions that are required to be reported as donor restricted support are then reclassified to donor unrestricted net assets upon expiration of time restrictions or satisfaction of donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues 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 not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Pledges receivable are recorded when unconditional promises to pay are recorded. Unconditional promises to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectable contributions receivable would be provided, if necessary, based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity.

The Organization writes off specific pledges receivable as they become uncollectable. Use of the direct method did not result in a material departure from accounting principles generally accepted in the United States of America.

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services

The Organization records the value of donated goods or services at their estimated value at the date of donation when there is an objective basis available to measure their value. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to donor unrestricted net assets at that time.

When a contributed facility is promised for several years, either in connection with a lease or a situation similar to a lease then the contribution is recognized at fair value and is recorded as an increase in temporarily restricted net assets. The present value is reported as an asset that is amortized over the term of the promise.

Donated services of a professional or skilled nature are presented at the estimated value of such services. Additionally, a number of volunteers periodically donate significant amounts of time to the Organization. No amounts have been reflected in the statements for these contributed services since the contribution of these services did not create or enhance non-financial assets or require specialized skills.

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value.

Financial Accounting Standards Board ASC 820, *Fair Value Measurement* ("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 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2

Inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable for the asset or liability. Unobservable inputs are defined as inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

All financial instruments are considered to be Level 1 inputs in the fair value hierarchy.

Deferred Revenue

The Organization records grant revenue collected as deferred revenue until it is expensed for the purpose of the grant, at which time it is recognized as revenue.

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Project cost	Direct or time and effort
Education and training	Time and effort
Sub-contractors	Time and effort
Occupancy	Square footage
Utilities	Square footage
Repairs and maintenance	Time and effort or direct cost
Professional services	Full time equivalent
Depreciation	Square footage or direct cost
Other	Time and effort

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts and the variances are held to be immaterial.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). In accordance with the applicable provisions of the Internal Revenue Code, the Organization is subject to an excise tax on unrelated business income.

Accounting for uncertainty in income taxes

The Organization has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Organization, management believes that its income tax filing positions and deductions are well documented and supported.

As of December 31, 2021, the Organization had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of December 31, 2021, the Organization had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for uncertainty in income taxes (Continued)

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. At December 31, 2021, the periods that remain open to examination under federal statute are for the years ended December 31, 2018 through 2020.

Compensated Absences

All full-time employees accrue vacation pay at a rate based on their length of service according to the following schedule.

<u>Length of Service</u>	<u>Days Annually</u>
0– 60 months	10 days
61–120 months	15 days
121- plus months	20 days

Vacation pay is fully vested when earned. Employees may carry 160 hours of earned annual leave to the following year; any hours exceeding 160 are forfeited unless the Executive Director approves a written waiver. Accordingly, the liability recorded has been computed using the total number of unpaid hours earned as of December 31, 2021. Accrued vacation totaled \$112,403 at December 31, 2021 and is included in accrued expenses and other liabilities on the statement of financial position.

In addition, all full-time employees earn nonvesting sick pay benefits at the rate of four hours per pay period or thirteen days annually. The unused sick leave is not compensated in cash upon termination of the employee's service. Therefore, an accrual for accumulated nonvesting sick pay benefits is not required.

NOTE 3 LINE OF CREDIT

At December 31, 2021, the Organization had a line of credit agreement with a local financial institution, bearing a floatable interest rate at 7% which matures in November 2022. Borrowings under the line are limited to \$200,000 and are unsecured. At December 31, 2021, there was \$200,000 available to borrow.

NOTE 4 GOVERNMENT GRANTS AND CONTRACTS RECEIVABLE

Grants receivable consisted of the following at December 31, 2021:

St. Johns County Commissioners	\$ 783,074
Northeast Florida Area Agency on Aging, Inc.	268,468
Florida Transportation Disadvantaged Commission	49,449
Florida Department of Transportation	<u>129,168</u>
Total	<u>\$ 1,230,159</u>

NOTE 5 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are expected to be received as follows at December 31, 2021:

Less than one year	\$ 4,032
One to five years	20,042
More than five years	<u>201,045</u>
Total	225,119
Unamortized discount (4.25%)	<u>(130,238)</u>
Unconditional promises to give, net	<u>\$ 94,881</u>

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2021:

Buildings and improvements	\$ 4,580,208
Furniture and equipment	458,127
Vehicles	<u>3,326,939</u>
Total property and equipment	8,365,274
Less, accumulated depreciation	<u>(4,727,186)</u>
Property and equipment, net	<u>\$ 3,638,088</u>

The Organization has acquired vehicles with restricted state grant funds. Although the grantor agency reserves the right to request the vehicles be returned to the grantor agency before the end of the vehicle's useful life, the Organization has capitalized the vehicles since it is highly likely that it will be allowed to keep the vehicles.

NOTE 7 LONG-TERM DEBT

On August 16, 2019 the Organization entered into a \$2,800,000 financing and lease agreement with a financial institution and Ameris Bank (the "Institution"). Commencing on September 16, 2019, monthly payments are due in the amount equal to the amount necessary to be paid in equal monthly installments of principal and interest to fully amortize the outstanding principal amount of the obligation on a payment date at a variable per annum rate of interest equal to Adjusted LIBOR Rate. At December 31, 2021, the balance of the loan was \$2,661,476.

At December 31, 2021, maturities of the notes payable were as follows:

2022	\$	73,396
2023		76,470
2024		79,673
2025		83,010
2026		86,486
Thereafter		<u>2,262,441</u>
Total		2,661,476
Less, loan costs		<u>(41,147)</u>
Notes payable, net		<u>\$ 2,620,329</u>

At December 31, 2021, the Organization was in compliance with all loan covenants.

NOTE 8 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's donor unrestricted net assets consisted of the following at December 31, 2021:

Subject to the Organization's spending policy and appropriation	\$ 2,943,642
Total	<u>\$ 2,943,642</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

The Organization's donor restricted net assets consisted of the following at December 31, 2021:

Subject to expenditure for specific purpose:	
Programs	\$ 94,881
Total	<u>\$ 94,881</u>

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Donor restricted net assets are released based on donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Donor restricted net assets released during 2021 totaled \$5,902,932 and were utilized for acquiring property and equipment and for program services.

NOTE 11 GOVERNMENT GRANTS AND CONTRACTS

Government grants and contracts consisted of the following at December 31, 2021:

St. Johns County Commission	\$ 2,194,726
Northeast Florida Area Agency on Aging, Inc.	1,452,106
Florida Transportation Disadvantaged Commission	603,510
Florida Department of Elder Affairs	32,319
Florida Department of Transportation	<u>817,975</u>
Total	<u>\$ 5,100,636</u>

NOTE 12 CONCENTRATIONS OF RISK

The Organization received \$2,194,726 from the St. Johns County Commission (the "County") in direct funding and pass-through monies for the year ended December 31, 2021. This represents approximately 28% of the Organization's total revenue and support for the year ended December 31, 2021. At December 31, 2021, the Organization was owed a total of \$783,074 from the County.

The Organization received \$1,452,106 from the Northeast Florida Area Agency on Aging, Inc. ("NEFAAA") for the year ended December 31, 2021. This represents approximately 18% of the Organization's total revenue and support for the year ended December 31, 2021. At December 31, 2021, the Organization was owed \$268,468 from NEFAAA.

The Organization has a discounted lease agreement with the County for the use of facilities on Marine Street in St. Augustine, Florida. The lease is for ninety-five (95) years and requires the Organization to pay \$350 in years 2037 and 2067 for total lease payments of \$700, which was paid in 2007.

On July 26, 2007, the Organization entered into a discounted lease agreement with the County for the use of land and the use of maintenance facilities commencing in 2010 on Old Moultrie Drive in St. Augustine, Florida. The lease is for thirty (30) years with two additional terms of thirty (30) years requiring the Organization to pay one (1) dollar per term. The Organization is responsible for all operating costs including property insurance, maintenance and repairs, and utilities.

NOTE 13 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances with high quality financial institutions. Interest bearing accounts at these institutions currently are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, such balances may be in excess of FDIC insurance limits. At December 31, 2021, the Organization's uninsured cash balances totaled approximately \$674,011.

NOTE 14 OPERATING LEASE

In October of 2020, the Organization entered into a five-year agreement with an option to renew for up to five additional terms of one year, with St. Johns County to lease space to provide daily structured programs, activities, and health-related and rehabilitative services to older adults suffering from dementia or Alzheimer's disease. The lease requires annual payments of \$1. Both parties may terminate the lease upon 90 days written notice.

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 EMPLOYEE ELECTIVE DEFERRALS PLAN

The Organization maintains a 403(b) elective deferrals plan covering all eligible employees immediately upon becoming employed by the Organization. This plan does not provide for employer matching contributions or employer nonelective contributions.

NOTE 16 CONTINGENCIES

Federal, State and County funded programs are subject to special audits. Such audits could result in claims against the resources of the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 17 LIQUIDITY OF CURRENT ASSETS

The Organization is substantially supported by unrestricted and restricted funding. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date:

Financial Assets	
Cash and cash equivalents	\$ 1,100,523
Accounts, grants and contracts receivable	1,269,431
Unconditional promises to give, net	94,881
Other assets	<u>21,292</u>
Financial assets, at year end	<u>2,486,127</u>
Less, those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions:	
Restrictions by donor with purpose restrictions	<u>(94,881)</u>
	<u>(94,881)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,391,246</u></u>

NOTE 18 CORONAVIRUS (COVID-19)

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The spread of this virus caused business disruption to the Organization due to stay-at-home orders issued by the State of Florida. The impact of COVID-19 to the Organization during the year ended December 31, 2021 is fully reflected in these financial statements. Subsequent to the statement of financial position date, the extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the length of the stay-at-home orders, all of which are highly uncertain and cannot be predicted at this time.

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 19 REFUNDABLE ADVANCES

In February 2021, the Organization received \$802,163 under the Paycheck Protection Program (PPP) pursuant to the Coronavirus Aid, Relief and Economic Security (CARES) Act that was signed into law on March 27, 2020. As a U.S. small business, the Organization has qualified for the PPP, which allows businesses and nonprofits with fewer than 500 employees to obtain loans of up to \$10 million to incent companies to maintain their workers as they manage the business disruptions caused by the COVID-19 pandemic. Some or all of the loan may be forgiven if at least 60 percent of the loan proceeds are used to cover payroll costs, including the salaries and benefits and other allowable costs, provided the Organization maintains its employment and compensation within certain parameters during the forgiveness period, as determined by management (up to twenty-four weeks), following the loan origination date and complies with other relevant conditions. At December 31, 2021, the advance is forgiven in full and recognized as refundable advances on the statement of activities.

NOTE 20 SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 28, 2023. The impact of Coronavirus (COVID-19) to the Organization is discussed in Note 18. No other events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at December 31, 2021, including estimates inherent in the process of preparing these financial statements.

SUPPLEMENTAL INFORMATION

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
 YEAR ENDED DECEMBER 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Period</u>	<u>CFDA/ CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>ISPS Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>
FEDERAL AWARDS						
U.S. Department of Health and Human Services						
Pass-through programs from:						
Northeast Florida Area Agency on Aging						
Aging Cluster						
Title III B - Support Services	1/1/21-12/31/21	93.044	A121STJ		\$ 301,731	\$ 294,398
Title III C 1 - Congregate Meals	1/1/21-12/31/21	93.045	A121STJ		134,374	83,590
Title III C 2 - Home Delivered Meals	1/1/21-12/31/21	93.045	A121STJ		154,204	139,131
Title III C 2 - Home Delivered Meals	2/1/21-9/30/22	93.045			88,675	45,648
Title III E - Family Caregiver Program	1/1/21-12/31/21	93.052	A121STJ		147,865	114,217
Nutritional Services Incentive Program	1/1/21-12/31/21	93.053	U021STJ		26,880	26,796
						<u>703,780</u>
Emergency Home Energy Assistance	10/1/19-3/31/21	93.568	P019STJ		49,550	4,292
Emergency Home Energy Assistance	8/1/20-9/30/21	93.568	P021STJ		30,807	30,807
						<u>35,099</u>
Total Northeast Florida Area Agency on Aging						<u>738,879</u>
Federal Transit Administration						
State of Florida Department of Transportation						
Formula Grants for Other Than Urbanized Areas	1/1/20-8/31/21	20.509	G1975		332,051	219,207
Formula Grants for Other Than Urbanized Areas	6/11/20-6/30/21	20.509	G1M48		900,000	503,227
						<u>722,434</u>
Transit Services Programs						
Enhanced Mobility for Seniors and Individuals with disabilities	6/12/20-7/1/21	20.513	G1L09		110,308	95,533
						<u>95,533</u>
Total Expenditures of Federal Awards						<u>\$ 1,556,846</u>

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
 YEAR ENDED DECEMBER 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Period</u>	<u>CFDA/ CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>ISPS Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>
<u>STATE PROJECTS</u>						
Florida Department of Elder Affairs						
Pass-through programs from:						
Northeast Florida Area Agency on Aging						
Community Care for the Elderly	7/1/20-6/30/21	65010	C020STJ		405,585	179,168
Community Care for the Elderly	7/1/21-6/30/22	65010	C021STJ		462,672	179,068
Alzheimer's Disease Initiative	7/1/20-6/30/21	65004	Z020STJ		265,654	174,092
Alzheimer's Disease Initiative	7/1/21-6/30/22	65004	Z021STJ		259,948	151,599
Home Care for the Elderly	7/1/20-6/30/21	65001	H020STJ		39,498	8,777
Home Care for the Elderly	7/1/21-6/30/22	65001	H021STJ		39,522	20,523
Local Service Program	9/1/20-6/30/21	65009	L020STJ		36,135	14,623
Local Service Program	9/1/21-6/30/22	65009	L021STJ		37,796	17,696
						<u>745,546</u>
Florida Transportation Disadvantaged Commission						
Trip/Equipment Agreements	9/1/20-6/30/21	55001	G1O35		613,347	306,612
Trip/Equipment Agreements	9/1/21-6/30/22	55001	G1Y21		659,547	296,898
						<u>603,510</u>
Total Expenditures of State Projects						<u>\$ 1,349,056</u>

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state projects (the "Schedule") includes the federal grant and state assistance activity of the Organization under programs of the federal and state government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the operations of St. Johns County Council on Aging, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of St. Johns County Council on Aging, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 DE MINIMIS INDIRECT COST RATE ELECTION

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

ABARE, KRESGE & ASSOCIATES CPAS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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 of
St. Johns County Council on Aging, 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 St. Johns County Council on Aging, Inc. (the "Organization"), 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, and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abare, Kresge & Associates CPAs, LLC

St. Augustine, FL
April 28, 2023

ABARE, KRESGE & ASSOCIATES CPAS, LLC

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

To the Board of Directors of
St. Johns County Council on Aging, Inc.

Report on Compliance for Each Major Federal Program and State Award Opinion on Each Major Federal Program and State Award

We have audited St. Johns County Council on Aging, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Executive Office of the Florida Governor's State Projects Compliance Supplement, that could have a direct and material effect on each of the Organization's major federal programs and state awards for the year ended December 31, 2021. The Organization's major federal programs and state awards are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 awards for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program and State Award

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of St. Johns County Council on Aging, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state award. Our audit does not provide a legal determination of St. Johns County Council on Aging, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the St. Johns County Council on Aging, Inc.'s federal programs and state awards.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the St. Johns County Council on Aging, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance

requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the St. Johns County Council on Aging, Inc.'s compliance with the requirements of each major federal program and state awards as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 St. Johns County Council on Aging, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the St. Johns County Council on Aging, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of the St. Johns County Council on Aging, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 award 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Ahron, Krueger & Associates CPAs, LLC

St. Augustine, FL
April 28, 2023

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *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

Federal and State Awards

Internal Control over major programs:
 Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported
 in accordance with the Uniform Guidance and Chapter 10.650
 Rules of the Auditor General of the state of Florida _____ Yes X No

Identification of major programs and projects:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.044	Title III B - Support Services
93.045	Title III C1 - Congregate Meals
93.045	Title III C2 - Home Delivered Meals
93.052	Title III E - Family Caregiver Program
93.053	Nutrition Services Incentive Program

<u>CSFA Number(s)</u>	<u>Name of State Program</u>
55001	Trip/Equipment Agreements
65010	Community Care for the Elderly

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

Federal	\$ 750,000
State	<u>\$ 404,717</u>

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

ST. JOHNS COUNTY COUNCIL ON AGING, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

There are no prior audit findings.

ABARE, KRESGE & ASSOCIATES CPAS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1200 Plantation Island Drive South, Ste 230
St. Augustine, FL 32080
William T. Abare III, CPA, MAFF, CVA, MAcc

(904) 460-0747
Fax (904) 209-3000
Kenneth R. Kresge, CPA

To the Board of Directors
St. Johns County Council on Aging, Inc.
Saint Augustine, FL

Report on the Financial Statements

We have audited the financial statements of St. Johns County Council on Aging, Inc., as of and for the fiscal year ended December 31, 2021 and have issued our report thereon dated April 28, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; and Schedule of Findings and Questioned Costs in accordance with Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated April 26, 2023, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Abare, Kresge & Associates CPAs, LLC

St. Augustine, FL
April 28, 2023