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### **Independent Auditor's Report**

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

#### ***Opinion***

We have audited the accompanying financial statements of Area Agency on Aging for Southwest Florida, Inc. (a non-profit corporation), which comprise the statement of financial position as of December 31, 2022 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 Area Agency on Aging for Southwest Florida, Inc. as of December 31, 2022, 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. 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 Area Agency on Aging for Southwest Florida, 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 opinion.

#### ***Emphasis of Matter***

As discussed in Note K to the financial statements, the accompanying financial statements have been restated to correct an error in recording of a security deposit in a prior year. The effect of the restatement was to increase security deposits by \$150,000. Also discussed in Note A to the financial statements, an additional restatement was made as a result of the adoption of the new lease guidance on the prior years. Net assets as of December 31, 2021 has been adjusted for the effect of these restatements. Our opinion is not modified with respect to this 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

#### **Affiliations**

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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 Area Agency on Aging for Southwest Florida, Inc.'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 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, including omissions, 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 Area Agency on Aging for Southwest Florida, 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 Area Agency on Aging for Southwest Florida, 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.

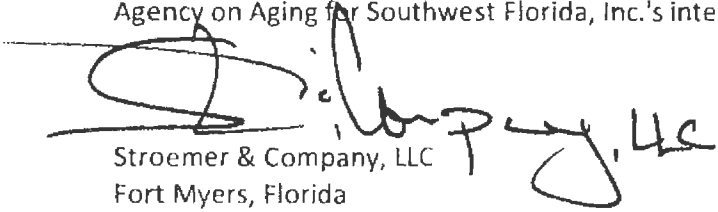
***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S.Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and

*Audit Requirements for Federal Awards* ("Uniform Guidance"); the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2023, on our consideration of Area Agency on Aging for Southwest Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Area Agency on Aging for Southwest Florida, Inc.'s internal control over financial reporting and compliance.



Stroemer & Company, LLC  
Fort Myers, Florida  
August 11, 2023

**Area Agency on Aging for Southwest Florida, Inc.**  
**Statement of Financial Position**  
**December 31, 2022**

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total
	General Operating	Property and Equipment	Total Without Donor Restrictions		
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,460,789	\$ -	\$ 2,460,789	\$ -	\$ 2,460,789
Due from grantors	4,695,188	-	4,695,188	-	4,695,188
Due from providers	180	-	180	-	180
Security deposits	150,000	-	150,000	-	150,000
<b>Total current assets</b>	<b>7,306,157</b>	<b>-</b>	<b>7,306,157</b>	<b>-</b>	<b>7,306,157</b>
<b>Property and equipment, net</b>	<b>-</b>	<b>442,770</b>	<b>442,770</b>	<b>-</b>	<b>442,770</b>
Operating lease right-of-use asset	2,721,669	-	2,721,669	-	2,721,669
<b>Total assets</b>	<b>\$ 10,027,826</b>	<b>\$ 442,770</b>	<b>\$ 10,470,596</b>	<b>\$ -</b>	<b>\$ 10,470,596</b>
<b>Liabilities and net assets</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 58,896	\$ -	\$ 58,896	\$ -	\$ 58,896
Due to providers	3,378,208	-	3,378,208	-	3,378,208
Accrued salaries and benefits	202,433	-	202,433	-	202,433
Current portion of operating lease liability	246,529	-	246,529	-	246,529
<b>Total current liabilities</b>	<b>3,886,066</b>	<b>-</b>	<b>3,886,066</b>	<b>-</b>	<b>3,886,066</b>
<b>Operating lease liability, net of current portion</b>	<b>2,534,980</b>	<b>-</b>	<b>2,534,980</b>	<b>-</b>	<b>2,534,980</b>
<b>Total liabilities</b>	<b>6,421,046</b>	<b>-</b>	<b>6,421,046</b>	<b>-</b>	<b>6,421,046</b>
<b>Net assets</b>					
Without donor restrictions	3,606,780	442,770	4,049,550	-	4,049,550
With donor restrictions	-	-	-	-	-
<b>Total net assets</b>	<b>3,606,780</b>	<b>442,770</b>	<b>4,049,550</b>	<b>-</b>	<b>4,049,550</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,027,826</b>	<b>\$ 442,770</b>	<b>\$ 10,470,596</b>	<b>\$ -</b>	<b>\$ 10,470,596</b>

The accompanying notes are an integral part of this statement.

**Area Agency on Aging for Southwest Florida, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Grants from Government agencies	\$ -	\$ 23,616,216	\$23,616,216
In-kind revenue	278,692	-	278,692
Contributions	30,082	-	30,082
Interest income	3,565	-	3,565
Total support and revenue	312,339	23,616,216	23,928,555
<b>Net assets released from restrictions</b>	23,616,216	(23,616,216)	-
<b>Total support and revenue and reclassifications</b>	23,928,555	-	23,928,555
<b>Expenses</b>			
Program services			
Alzheimer's disease initiative	3,234,283	-	3,234,283
Community care for the elderly	6,075,286	-	6,075,286
Home energy assistance	591,416	-	591,416
Home care for the elderly	441,023	-	441,023
Older Americans act	5,701,575	-	5,701,575
Respite RELIEF program	28,172	-	28,172
SHINE program	284,906	-	284,906
Wellness program	109,127	-	109,127
VDHCBS	2,450,266	-	2,450,266
Other programs	1,298,567	-	1,298,567
Information and intake	1,011,122	-	1,011,122
Total program services	21,225,743	-	21,225,743
Support services			
Administrative and general	2,227,611	-	2,227,611
Total support services	2,227,611	-	2,227,611
Total expenses	23,453,354	-	23,453,354
Change in net assets	475,201	-	475,201
<b>Net assets, beginning of year, as originally stated</b>	3,461,653	-	3,461,653
Prior period adjustment	112,696	-	112,696
<b>Net assets, beginning of year, as restated</b>	3,574,349	-	3,574,349
<b>Net assets, end of year</b>	<b>\$ 4,049,550</b>	<b>\$ -</b>	<b>\$ 4,049,550</b>

The accompanying notes are an integral part of this statement.

**Area Agency on Aging for Southwest Florida, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

<b>Program costs</b>	<b>Alzheimer's disease initiative</b>	<b>Community care for the elderly</b>	<b>Home energy assistance</b>	<b>Home care for the elderly</b>	<b>Nutrition services</b>	<b>Older Americans act</b>	<b>Respite RELIEF</b>	<b>SHINE program</b>
Provider reimbursements	\$ 3,234,283	\$ 6,075,286	\$ 590,176	\$ 441,023	\$ -	\$ 5,693,733	\$ 28,172	\$ -
Salaries	-	-	417	-	-	4,665	-	156,922
Payroll taxes	-	-	33	-	-	350	-	11,889
Employee benefits	-	-	235	-	-	805	-	33,776
Travel	-	-	-	-	-	26	-	2,409
Supplies	-	-	555	-	-	13	-	6,513
Professional fees	-	-	-	-	-	1,250	-	24,906
Rent	-	-	-	-	-	-	-	15,149
Utilities	-	-	-	-	-	-	-	16,196
Maintenance and repair	-	-	-	-	-	-	-	2,464
Insurance	-	-	-	-	-	-	-	6,070
Other	-	-	-	-	-	-	-	4,144
Property and equipment	-	-	-	-	-	733	-	4,468
<b>Total program costs</b>	<b>3,234,283</b>	<b>6,075,286</b>	<b>591,416</b>	<b>441,023</b>	<b>-</b>	<b>5,701,575</b>	<b>28,172</b>	<b>284,906</b>
<b>Property and equipment capitalization</b>								
Depreciation	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 3,234,283</b>	<b>\$ 6,075,286</b>	<b>\$ 591,416</b>	<b>\$ 441,023</b>	<b>\$ -</b>	<b>\$ 5,701,575</b>	<b>\$ 28,172</b>	<b>\$ 284,906</b>

The accompanying notes are an integral part of this statement.

**Area Agency on Aging for Southwest Florida, Inc.**  
**Statement of Functional Expenses (Continued)**  
**For the Year Ended December 31, 2022**

<b>Program costs</b>	<b>Wellness program</b>	<b>VDHCBS</b>	<b>Other programs</b>	<b>Information and intake</b>	<b>Total program services</b>	<b>Administrative and general</b>	<b>Total expenses</b>
Provider reimbursements	\$ -	\$ -	\$ 1,258,498	\$ -	\$ 17,321,171	\$ 7,288	\$ 17,328,459
Salaries	63,043	-	-	656,330	881,377	1,069,050	1,950,427
Payroll taxes	5,026	-	-	41,958	59,256	58,925	118,181
Employee benefits	7,364	-	-	93,893	136,073	265,961	402,034
Travel	3,919	-	-	-	6,354	31,382	37,736
Supplies	1,163	-	2,066	18,500	28,810	30,097	58,907
Professional fees	21,784	-	23,180	7,761	78,881	183,810	262,691
Rent	2,994	-	-	115,509	133,652	127,954	261,606
Utilities	879	-	13,753	23,269	54,097	36,739	90,836
Maintenance and repair	551	-	-	16,606	19,621	20,295	39,916
Insurance	1,301	-	-	16,927	24,298	14,363	38,661
Other	291	2,450,266	1,070	-	2,455,771	197,563	2,653,334
Property and equipment	812	-	-	20,369	26,382	110,615	136,997
<b>Total program costs</b>	<b>109,127</b>	<b>2,450,266</b>	<b>1,298,567</b>	<b>1,011,122</b>	<b>21,225,743</b>	<b>2,154,042</b>	<b>23,379,785</b>
<b>Property and equipment capitalization</b>							
Depreciation	-	-	-	-	-	73,569	73,569
<b>Total expenses</b>	<b>\$ 109,127</b>	<b>\$ 2,450,266</b>	<b>\$ 1,298,567</b>	<b>\$ 1,011,122</b>	<b>\$ 21,225,743</b>	<b>\$ 2,227,611</b>	<b>\$ 23,453,354</b>

The accompanying notes are an integral part of this statement.

Area Agency on Aging for Southwest Florida, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2022

<b>Cash flows from operating activities:</b>	
Cash received from revenue and support services	\$ 22,554,925
Cash paid to suppliers and employees	(22,777,763)
Interest income	3,565
<b>Net cash used in operating activities</b>	<u>(219,273)</u>
<b>Cash flows from investing activities:</b>	
Purchase of property and equipment	(23,811)
<b>Net cash used in investing activities</b>	<u>(23,811)</u>
Principal payments on loan	(324,600)
<b>Net cash used in financing activities</b>	<u>(324,600)</u>
<b>Net change in cash and cash equivalents</b>	(567,684)
Cash and cash equivalents at beginning of year	3,028,473
Cash and cash equivalents at end of year	<u><u>\$ 2,460,789</u></u>
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>	
Change in net assets	\$ 475,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	73,569
<b>(Increase)/decrease in assets:</b>	
Due from grantors	(1,113,909)
Accounts receivable - due from providers	2,925
Prepaid expenses	3,354
Security deposits	28,353
Operating lease right-of-use asset	(2,721,669)
<b>Increase/(decrease) in liabilities:</b>	
Accounts payable and accrued liabilities	(954)
Due to providers	177,599
Accrued salaries and benefits	74,749
Operating lease liability	<u>2,781,509</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (219,273)</u></u>
<b>Supplemental disclosure of non cash operating activities:</b>	
In-kind contributions of goods and services received	<u><u>\$ 278,692</u></u>
In-kind contributions of goods and services expensed	<u><u>\$ (278,692)</u></u>

The accompanying notes are an integral part of this statement.

**Area Agency on Aging for Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**Note A - Summary of Significant Accounting Policies**

**1. Purpose and organization**

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

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

Older Americans Act

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

Wellness Program

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

Home Energy Assistance

To assist eligible households to meet the costs of home energy.

Nutritional Services

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

Home care for the Elderly

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

Community Care for the Elderly

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

Alzheimer's Disease Initiative

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

Medicaid Waiver Program

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

**Area Agency on Aging for Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

**Purpose and organization (continued)**

Serving Health Insurance Needs of Elders (SHINE) Program

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

Respite RELIEF Program

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

Aging and Disability Resource Center

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

Veterans Directed Home & Community Based Services (VDHCBS)

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

**2. Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of the Agency are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

**3. Financial statement presentation**

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

**4. Cash and cash equivalents**

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

**5. Concentration of credit risk**

The Agency maintains its cash accounts in various financial institutions, which, at times, may exceed federally-insured limits. As of December 31, 2022, none of the Agency's bank balances

**Area Agency on Aging for Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

**5. Concentration of credit risk (continued)**

were uninsured. The Agency has not experienced any economic losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

**6. Due from grantors / due to providers**

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

**7. Property and equipment**

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

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

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

**8. Impairment of long-lived assets**

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

There was no effect on the Agency's financial statements resulting from this topic for the year ended December 31, 2022.

**9. Leases**

Leases, other than short-term leases, are classified as either finance or operating at inception of the lease, with classification affecting the pattern of expense recognition in the statement of activities. Operating leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. ROU assets represent the Agency's right to use the leased asset for the lease term and lease liabilities represent the obligation to make lease payments. Lease liabilities are calculated as the present value of the remaining minimum lease payments for existing operating leases using either the rate implicit in the lease or, if none exists,

Area Agency on Aging for Southwest Florida, Inc.  
Notes to the Financial Statements  
For the Year Ended December 31, 2022

**Note A - Summary of Significant Accounting Policies (continued)**

**9. Leases (continued)**

the Agency's incremental borrowing rate.

The Agency classifies all leases that at commencement date have a lease term of 12 months or less and do not include an option to purchase the underlying assets as short-term leases. As such, the Agency has taken advantage of the practical expedient permitted within Topic 842, to not recognize the ROU asset or lease liability in its financial statements.

**10. Deferred revenue**

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

**11. Fair value of financial instruments**

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

**12. Contributions**

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

**13. Support and revenue**

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

**14. Recognition of donor restrictions**

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

**15. Donated services**

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

**Area Agency on Aging for Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

15. **Donated services (continued)**  
ended December 31, 2022 was \$278,692.

16. **Revenue recognition**

**Revenue from Exchange Transactions:**

The Agency recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Agency did not have this type of revenue for the year ended December 31, 2022.

**Revenue from Non-Exchange Transactions:**

The Agency recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Agency records the following non-exchange transaction revenue in its statement of activities for the year ended December 31, 2022:

**Contributions**

Revenue from contributions is recognized at the time the contribution is made.

**Grants**

Revenue from grants is recognized pro-ratably over the contract period as reimbursements are requested and barriers are met.

17. **Functional expenses**

The Agency allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated by various statistical basis.

18. **Advertising and marketing**

The Agency incurs various marketing and promotional costs to let the community know about their services. These costs are expensed as incurred and totaled \$90,195 for the year ended December 31, 2022.

19. **Income taxes**

The Internal Revenue Service has determined that the Agency is exempt from federal income taxes under section 501 (c)(3) of the Internal Revenue Code. The Agency is a not-for-profit Florida

Area Agency on Aging for Southwest Florida, Inc.  
Notes to the Financial Statements  
For the Year Ended December 31, 2022

**Note A - Summary of Significant Accounting Policies (continued)**

**19. Income taxes (continued)**

corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Agency reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Agency's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Agency remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Agency adopted this guidance. The Agency has evaluated its tax positions will be recognized in income tax expense, if required.

**20. Management estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

**21. Recently issued accounting standards**

In February 2016, the FASB issued new guidance that created ASC Topic 842 "Leases". Topic 842 supersedes the lease guidance in ASC Topic 840, and creates a right-of-use ("ROU") model that requires a lessee to record a ROU asset and lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. This guidance also expanded the requirements for lessees to record leases embedded in other arrangements and the required quantitative and qualitative disclosures surrounding leases. Accounting guidance for lessors is essentially unchanged.

The Agency adopted the requirements of this new guidance as of January 01, 2022, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning net assets. The Agency applied the new guidance using the practical expedient provided in Topic 842 that allows the Agency not to reassess (i) whether any expired or existing lease contracts are or contain leases, (ii) the historical lease classification for any expired or existing leases and (iii) initial direct costs for any existing leases.

The adoption of the new lease guidance resulted in a decrease in net assets of \$37,304 as of January 01, 2022 and the recognition of operating lease right-of-use assets of \$2,721,669 and operating lease liabilities of \$2,781,509 as of December 31, 2022. The adoption of the new guidance did not have a material effect on the statement of activities and the cash flows.

Following are the line items from the Agency's statement of financial position as of December 31, 2022 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

Area Agency on Aging for Southwest Florida, Inc.  
Notes to the Financial Statements  
For the Year Ended December 31, 2022

**Note A - Summary of Significant Accounting Policies (continued)**

Recently issued accounting standards (continued)

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<b>Assets</b>			
Operating lease right-of-use asset	\$ -	\$ 2,721,669	\$ 2,721,669
<b>Liabilities</b>			
Current portion of operating lease liability	\$ -	\$ 246,529	\$ 246,529
Operating lease liability, net of current portion	\$ -	\$ 2,781,509	\$ 2,534,980

**Note B - Liquidity and Availability of Financial Assets**

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

Cash and cash equivalents	\$ 2,460,789
Due from grantors	4,695,188
Due from providers	180
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b><u>\$ 7,156,157</u></b>

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

**Note C - Due from Grantors/Due to Providers**

A summary of the due from grantors/due to providers as of December 31, 2022 is as follows:

	Due from Grantors	Due to Providers
Title III B	\$ 449,958	\$ 361,703
Title III C-1	259,442	268,210
Title III C-2	673,999	529,531
Title III D	18,356	3,511
Title III E	221,312	152,511
Title VII Elder Abuse	3,825	-

**Area Agency on Aging for Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**Note C - Due from Grantors/Due to Providers (continued)**

	Due from Grantors	Due to Providers
Nutrition Services Incentive Program	30,123	36,244
MIPPA Program	22,205	102
Emergency Home Energy Assistance	152,274	119,761
Respite RELIEF Program	3,017	7,400
Chronic Disease Self Management	5,508	331
Community Care for the Elderly	989,128	939,864
Alzheimer's Disease Initiative	803,359	787,472
Medicaid Waiver Specialist	28,395	595
Medicaid Aging Resource Center	99,545	2,997
Home Care for the Elderly	85,115	34,307
Senior Medicare Patrol (SMP)	18,762	102
SHINE	33,308	7,859
Veterans Association	797,557	125,708
	<b>\$ 4,695,188</b>	<b>\$ 3,378,208</b>

Differences arise between the amounts due from grantors and due to providers as a result of the timing and source of the remittances.

**Note D - Property and Equipment**

Property and equipment consisted of the following as of December 31, 2022:

Equipment	\$ 1,242,809
Less: accumulated depreciation	(800,039)
	<b>\$ 442,770</b>

Depreciation expense for the year ended December 31, 2022 was \$73,569.

**Note E - Pension Plan**

Employees who have completed one year of employment with the Agency are eligible to participate in the Agency's retirement plan. The plan allows for employer contributions of up to 10 percent of an employee's annual salary in an employee directed account or tax deferred savings plan. Employer contributions for the year ended December 31, 2022 were \$86,920.

Area Agency on Aging for Southwest Florida, Inc.  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**Note F - Line of Credit**

The Agency has a \$200,000 line of credit agreement with a bank. The agreement is collateralized by inventory, equipment, and accounts receivable of the Agency. The line of credit has an interest rate of Prime Rate plus 1.5 percent (9.0 percent at December 31, 2022), which is payable monthly and is payable on demand. As of December 31, 2022, the outstanding balance on the line of credit was \$0 and the entire \$200,000 was available for borrowings.

**Note G - Net Assets**

	2022
Without donor restrictions:	
Undesignated	\$ <u>4,049,550</u>
With donor restrictions	\$ <u>-</u>

**Note H - Net Assets Released from Donor Restrictions**

Net assets were released from donor restrictions during the year ended December 31, 2022 by incurring expenses satisfying the restricted purpose as follows:

**Expenditure for specific purpose accomplished:**

Grant related expenditures	\$ <u>23,616,216</u>
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**Note I - Matching Requirements**

The Agency must meet certain contractual matching requirements through cash and/or in-kind contributions. These requirements are proportionately passed on to the Agency's providers through contractual provisions in their subcontracts. The subcontract provider's match is reported to the Agency and tracked to ensure that all contractual matching requirements are met. However, the match provided by the Agency's providers is not recognized in the financial statements of the Agency. For the year ended December 31, 2022, the Agency met its matching requirements.

**Note J - Leases**

The Agency has an operating lease associated with office space. The operating lease has a term of 15 years. The components of lease expense for the year ended December 31, 2022 were as follows:

**Lease cost**

Operating lease cost	\$ <u>261,606</u>
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As the Agency's lease does not provide an implicit rate, the Agency determines the incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The assumptions used in accounting for ASC 842 for the year ended December 31, 2022 are as follows:

**Area Agency on Aging for Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**Note J - Leases (continued)**

	<u>Operating</u>
Weighted-average remaining lease terms (in years)	13
Weighted-average discount rate	3.25%

Future minimum operating lease payments as of December 31, 2022 were as follows:

<u>For the year ending December 31,</u>	<u>Operating</u>
2023	\$ 246,519
2024	250,147
2025	253,902
2026	257,789
2027	261,811
Thereafter	2,131,172
Total required future lease payments	3,401,340
Less amounts representing interest	(619,831)
<b>Present value of lease liabilities</b>	<b>\$ 2,781,509</b>

**Note K - Prior-Period Adjustment**

The accompanying financial statements have been restated to correct an error in recording of a security deposit in a prior year. The effect of the restatement was to increase security deposits by \$150,000. Also, as further discussed in Note A to the financial statements, an additional restatement was made as a result of the adoption of the new lease guidance on the prior years. Net assets as of December 31, 2021 has been adjusted for the effect of these restatements.

**Note L - Subsequent Events**

Management has assessed subsequent events through August 11, 2023, the date on which the financial statements were available to be issued.

***SUPPLEMENTARY INFORMATION***

**Area Agency on Aging for Southwest Florida, Inc.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended December 31, 2022**

Grantor/Pass Through Entity	CFDA/CFSA Number	Contract/Pass-Through Grantor Number	Award Amount	Expenditures	Transfer to Sub recipients
<b><u>FEDERAL AWARDS</u></b>					
<b><u>U.S. Department of Health and Human Services</u></b>					
Passed Through State of Florida, Department of Elder Affairs:					
Older Americans Act					
Special Programs for the Aging					
Aging Cluster					
Title III-B - Support Services	93.044	HA022	\$ 3,162,087	\$ 1,918,717	\$ 1,394,746
Title III-B - Support Services - Cares	93.044	HCA20	1,106,626	29,042	29,042
Title III-B Support Services - ARPA	93.044	HRP21	2,348,876	363,632	363,632
Administrative Grant	93.044	HA022	1,449,297	1,044,870	-
Administrative Grant - Cares	93.044	HCA20	506,725	23,434	-
Administrative Grant - ARPA	93.044	HRP21	813,934	146,815	-
Coronavirus Consolidated Appropriations Act for Nutrition	93.044	HCV	323,667	13,302	685
Total Program			<b>9,711,212</b>	<b>3,539,812</b>	<b>1,788,105</b>
Title III C-1 - Nutrition Services	93.045	HA022	4,806,131	1,162,014	1,162,014
Title III C-1 - Nutrition Services - Cares	93.045	HCA20	1,342,584	48	48
Title III C-1 - Nutrition Services - ARPA	93.045	HRP21	1,646,139	38,815	38,815
Title III C-2 - Nutrition Services	93.045	HA022	4,762,052	2,132,962	2,132,962
Title III C-2 - Nutrition Services - Cares	93.045	HRP21	1,342,584	140,829	140,829
Title III C - Nutrition Services - ARPA	93.045	HRP21	2,121,882	659,684	659,684

**Area Agency on Aging for Southwest Florida, Inc.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)**  
**For the Year Ended December 31, 2022**

Grantor/Pass Through Entity	CFDA/CFSA Number	Contract/Pass-Through Grantor Number	Award Amount	Expenditures	Transfer to Sub recipients
Title III C - Nutrition Services - Coronavirus Consolidated Appropriations Act	93.045	HCV21	1,087,519	-	-
Total Program			<b>17,108,891</b>	<b>4,134,352</b>	<b>4,134,352</b>
Food Distribution Program:					
Cash in Lieu of Commodities (NSIP)	93.053	HA022	261,992	254,274	254,274
Total Program			<b>261,992</b>	<b>254,274</b>	<b>254,274</b>
Total Aging Program			<b>27,082,095</b>	<b>7,928,438</b>	<b>6,176,731</b>
Title III-E - Family Caregiver Services	93.052	HA022	1,622,404	794,169	754,026
Title III-E - Family Caregiver Services - Cares	93.052	HCA20	610,944	4,347	4,347
Title III-E - Family Caregiver Services - ARPA	93.052	HRP21	924,429	21,415	21,415
Title III D-1 - Health and Wellness	93.043	HA022	255,103	83,980	-
Title III D-1 - Health and Wellness - ARPA	93.042	HRP21	249,626	-	-
Elder Abuse Prevention	93.041	H7022	21,267	7,842	-
Total Program			<b>3,683,773</b>	<b>911,753</b>	<b>779,788</b>
Federal Home Energy Assistance Program:					
Emergency Home Energy Assistance	93.568	HP021	1,546,668	207,511	202,511
Emergency Home Energy Assistance - ARPA	93.568	HPP21	505,287	388,659	383,659
Total Program			<b>2,051,955</b>	<b>596,170</b>	<b>586,170</b>
Medicare Waiver Specialist	93.778	HX020	338,592	55,828	-
Total Program			<b>338,592</b>	<b>55,828</b>	-

**Area Agency on Aging for Southwest Florida, Inc.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)**  
**For the Year Ended December 31, 2022**

Grantor/Pass Through Entity	CFDA/CFSA Number	Contract/Pass-Through Grantor Number	Award Amount	Expenditures	Transfer to Sub recipients
Medicaid Aging Resource Center	93.048	HX020	1,114,485	368,995	-
Medicaid Aging Resource Center - Cares	93.048	HXC20	256,365	17,882	-
Total Program			<b>1,370,850</b>	<b>386,877</b>	-
Serving Health Insurance Needs of Elders	93.324	HN021	199,848	49,962	-
Serving Health Insurance Needs of Elders	93.324	HN022	199,848	166,540	-
Total Program			<b>399,696</b>	<b>216,502</b>	-
MIPPA Program	93.071	HB022	136,646	87,112	-
MIPPA Program	93.071	HB023	136,646	44,410	-
Total Program			<b>273,292</b>	<b>131,522</b>	-
Chronic Disease Self-Management Education	93.734	HF019	128,845	17,073	-
Total Program			<b>128,845</b>	<b>17,073</b>	-
Senior Medicare Patrol (SMP)	93.048	HG021	55,529	55,529	-
Senior Medicare Patrol (SMP)	93.048	HG022	90,058	42,599	-
Total Program			<b>145,587</b>	<b>98,128</b>	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 35,474,685</b>	<b>\$ 10,342,291</b>	<b>\$ 7,542,689</b>

**STATE FINANCIAL ASSISTANCE**

**State of Florida**

Department of Elder Affairs:

Alzheimer's Disease Initiative	65.002	HZ021	\$ 3,562,193	\$ 1,581,051	\$ 1,581,051
Alzheimer's Disease Initiative	65.002	HZ022	5,191,871	1,648,427	1,632,539

**Area Agency on Aging for Southwest Florida, Inc.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)**  
**For the Year Ended December 31, 2022**

Grantor/Pass Through Entity	CFDA/CFSA Number	Contract/Pass-Through Grantor Number	Award Amount	Expenditures	Transfer to Sub recipients
Total Project			<b>8,754,064</b>	<b>3,229,478</b>	<b>3,213,590</b>
Alzheimer's Model Day Care	65.004	HZ021	75,000	12,907	12,907
Alzheimer's Model Day Care	65.004	HZ022	75,000	7,787	7,787
Total Project			<b>150,000</b>	<b>20,694</b>	<b>20,694</b>
Community Care for the Elderly	65.010	HC021	6,848,542	3,216,566	3,101,526
Community Care for the Elderly	65.010	HC022	7,348,150	3,095,774	2,973,760
Total Project			<b>14,196,692</b>	<b>6,312,340</b>	<b>6,075,286</b>
Home Care for the Elderly	65.001	HH021	551,674	265,596	232,307
Home Care for the Elderly	65.001	HH022	551,674	242,859	213,276
Total Project			<b>1,103,348</b>	<b>508,455</b>	<b>445,583</b>
Respite Relief	65.006	HR021	36,924	19,423	17,631
Respite Relief	65.006	HR022	36,924	12,327	10,541
Total Project			<b>73,848</b>	<b>31,750</b>	<b>28,172</b>
Total Expenditures of State Financial Assistance			<b>\$ 24,277,952</b>	<b>\$ 10,102,717</b>	<b>\$ 9,783,325</b>
Total Expenditures of Federal Awards and State Financial Assistance			<b>\$ 59,752,637</b>	<b>\$ 20,445,008</b>	<b>\$ 17,326,014</b>

Area Agency on Aging for Southwest Florida, Inc.  
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended December 31, 2022

**Note A - Basis of Presentation**

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

**Note B - Summary of Significant Accounting Policies**

The schedule of expenditures of federal awards and state financial assistance is prepared on the accrual basis of accounting.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the schedule of expenditures of federal awards and state financial assistance follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. The cost principles indicate that certain types of expenditures are not allowed or reimbursements of allowable costs are limited as to reimbursement.

**Note C - Contingencies**

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

**Note D - Indirect Costs**

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

***ADDITIONAL REPORTS OF INDEPENDENT AUDITOR***



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

Board of Directors

Area Agency on Aging for Southwest Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Area Agency on Aging for Southwest Florida, Inc. (the "Agency", a non-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 11, 2023.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 significant deficiencies or material weaknesses. 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.

**Affiliations**

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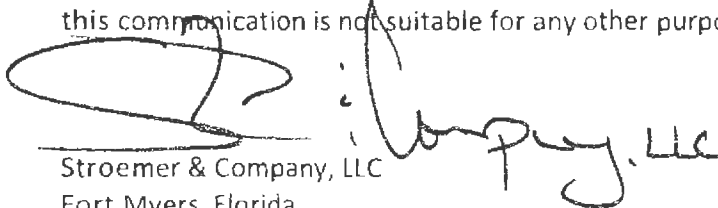
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Stroemer & Company, LLC  
Fort Myers, Florida  
August 11, 2023



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

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida**

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

**Report on Compliance for Each Major Federal Program and State Project**

**Opinion on Each Major Federal Program and State Project**

We have audited Area Agency on Aging for Southwest Florida, Inc.'s, (the "Agency") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs and state projects for the year ended December 31, 2022. The Agency's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of Findings and Questioned Costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2022.

**Basis for Opinion on Each Major Federal Program and State Project**

We conducted our audit 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 the Florida Single Audit Act (Florida Statute 215.97). 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 Area Agency on Aging for Southwest Florida, 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 project. Our audit does not provide a legal determination of Area Agency on Aging for Southwest Florida, Inc.'s compliance with the compliance requirements related to the above.

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### **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 provision of contracts or grant agreements applicable to Area Agency on Aging for Southwest Florida, Inc.'s federal programs and state projects.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Area Agency on Aging for Southwest Florida, 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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of 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 Area Agency on Aging for Southwest Florida, Inc.'s compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Area Agency on Aging for Southwest Florida, 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 Area Agency on Aging for Southwest Florida, 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, but not for the purpose of expressing an opinion on the effectiveness of Area Agency on Aging for Southwest Florida, 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**

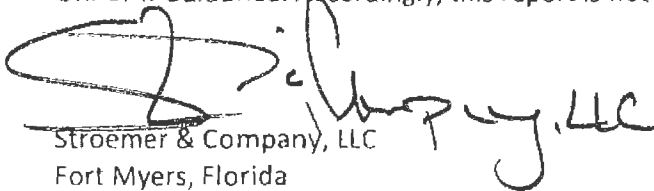
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 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 described above. However, material weaknesses or significant discrepancies in internal control over compliance may exist that have not been 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. Accordingly, this report is not suitable for any other purpose.



Stroemer & Company, LLC  
Fort Myers, Florida  
August 11, 2023

Area Agency on Aging for Southwest Florida, Inc.  
 Schedule of Findings and Questioned Costs - Federal Awards and State Financial Assistance  
 For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

**Identification of major programs (Type A):**

CFDA Number(s)	Name of Federal Program or Cluster
93.044/93.045/93.053	Aging Cluster

Dollar Threshold used to distinguish between Type A and Type B programs	Threshold used was \$750,000
Auditee qualified as low-risk auditee?	No

Area Agency on Aging for Southwest Florida, Inc.  
 Schedule of Findings and Questioned Costs - Federal Awards and State Financial Assistance (Continued)  
 For the Year Ended December 31, 2022

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Rules of Auditor General 10.654(1)(g)?	No

**Identification of major programs (Type A):**

CFDA	Number(s)	Name of Federal Program or Cluster
	65.010	Community Care for the Elderly

Dollar Threshold used to distinguish between Type A and Type B programs	Threshold used was \$750,000
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**Section II - Financial Statement Findings**

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

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

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

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

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

There were no findings related to prior year findings.



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

### Independent Auditor's Report to Management

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

We have audited the financial statements of Area Agency on Aging for Southwest Florida, Inc. (the "Agency") as of and for the fiscal year ended, December 31, 2022, and have issued our report thereon dated August 11, 2023.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"); and the Florida Single Audit Act (Florida Statute 215.97). We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and our Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, The Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, and Schedule of Findings and Questioned Costs Federal Awards and State Financial Assistance, and the disclosures in those reports and schedule, which are dated August 11, 2023, should be considered in conjunction with this management letter.

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

***Prior year comments that continue to apply:***

None

Affiliations

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

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\*By Appointment Only

***Current year comments that continue to apply:***

None

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



Stroemer & Company, LLC  
Fort Myers, Florida  
August 11, 2023