

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

**ANNUAL FINANCIAL REPORT**

**December 31, 2023**



**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.**  
**Annual Financial Report**  
**December 31, 2023**

**CONTENTS**

	Page
<b><i>Report of Independent Auditors</i></b>	1/3
<b><i>Financial Statements</i></b>	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6/7
Statement of Cash Flows	8
Notes to Financial Statements	9/20
<b><i>Supplementary Information</i></b>	
Schedule of Expenditures of Federal Awards	21/23
Schedule of Expenditures of State Financial Assistance	24
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	25
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 <i>Government Auditing Standards</i>	26/27
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by the Uniform Guidance and the State of Florida Chapter 10.650, <i>Rules of the Auditor General</i>	28/30
Schedule of Findings and Questioned Costs	31/32



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## Report of Independent Auditors

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

### **Opinion**

We have audited the accompanying financial statements of the Area Agency on Aging of Palm Beach/Treasure Coast, Inc. (the "Agency") a non-profit organization, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of December 31, 2023, and the changes in net assets and 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 (GAAS) and the standards applicable to financial statement 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 Agency 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.

### **Prior Period Financial Statements**

The financial statements of the Agency as of and for the year ended December 31, 2022 were audited by another auditor whose report dated September 15, 2023 expressed an unmodified audit opinion.

### **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.

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- 1 -

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

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 the Agency's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 Agency'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 Agency'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.



Berger, Toombs, Elam,  
Gaines & Frank  
Certified Public Accountants PL

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

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance") and the State of Florida Chapter 10.650, *Rules of the Auditor General* and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 GAAS. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have issued our report dated June 25, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Berger Toombs Elam  
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Stuart, Florida

June 25, 2024

**Area Agency on Aging of Palm Beach/Treasure Coast, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2023**  
**(With comparative totals at December 31, 2022)**

Assets	2023	2022
Current assets		
Cash and cash equivalents	\$ 3,931,287	\$ 2,616,415
Federal and state grants receivable	4,077,046	6,056,682
Other receivables	45,018	73,843
Prepaid expenses	-	2,713
Advances to providers	363,321	424,164
Total current assets	8,416,672	9,173,817
Noncurrent assets		
Investments	1,037,156	-
Right-of-use asset - Operating Lease, net of deferred rent of \$267,539 in 2023 and \$251,481 in 2022	2,498,379	3,018,517
Right-of-use asset - Finance Lease	-	32,383
Property and equipment, net of accumulated depreciation of \$67,491 in 2023 and \$249,880 in 2022	-	-
Deposits	2,718	2,718
Total assets	\$ 11,954,925	\$ 12,227,435
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 128,981	\$ 71,673
Accrued expenses	272,673	254,375
Due to providers	4,181,753	5,000,074
Deferred revenue	413,566	449,724
Operating lease liability, current portion	635,914	588,726
Finance lease liability, current portion	-	39,291
Total current liabilities	5,632,887	6,403,863
Noncurrent liabilities		
Operating lease liability, less current portion	2,397,543	2,932,753
Total liabilities	8,030,430	9,336,616
Net Assets		
Without donor restrictions	3,924,495	2,890,819
Total liabilities and net assets	\$ 11,954,925	\$ 12,227,435

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

**Area Agency on Aging of Palm Beach/Treasure Coast, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2023**

	Without Donor Restrictions
Revenues and support:	
Grants:	
Federal	\$ 19,018,272
State	18,274,412
Other	23,643
Donations	12,824
Program income	620,299
Investment income	98,612
Other income	23,658
	38,071,720
 Expenses	
Program services	
Older Americans Act	11,911,555
Alzheimers Disease Initiative	8,773,907
Community Care	8,221,713
EHEAP	769,833
Elder Abuse	21,460
Medicaid intake	726,737
Home care	894,737
Relief	32,436
SHINE	205,914
American Rescue	2,533,033
Other DOEA Programs	356,182
Other non-DOEA	192,126
Foster Grandparents	589,529
Veterans Choice	582,806
Total program services	35,811,968
Supporting services:	
General and administrative	1,226,076
Total supporting services	1,226,076
	37,038,044
 Changes in net assets	1,033,676
 Net assets - beginning of year	2,890,819
 Net assets - end of year	\$ 3,924,495

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



**Area Agency on Aging of Palm Beach/Treasure Coast, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2023**

**Department of Elder Affairs (DOEA) Programs**

	Older Americans Act	Alzheimers Disease Initiative	Community Care	EHEAP	Elder Abuse	Medicaid Intake	Home care	Relief	SHINE
Providers	\$ 10,399,902	\$ 8,738,241	\$ 7,861,130	\$ 435,196	\$ -	\$ -	\$ 496,617	\$ 13,515	\$ -
Client services	-	-	-	334,637	-	-	398,120	18,921	-
Wages and benefits	907,151	33,416	259,994	-	2,221	700,404	-	-	148,565
Rental space	290,200	2,250	30,180	-	13,750	24,450	-	-	25,100
Maintenance and repairs	37,941	-	5,793	-	12	-	-	-	775
Travel and training	6,014	-	-	-	202	-	-	-	4,975
Communications and utilities	69,754	-	11,521	-	2,418	-	-	-	3,162
Printing and supplies	24,706	-	425	-	200	-	-	-	4,925
Data maintenance and equipment	100,335	-	7,258	-	1,640	-	-	-	6,252
Other expenses	21,647	-	4,113	-	400	383	-	-	2,563
Professional fees	35,026	-	37,306	-	-	1,500	-	-	5,665
Insurance	18,879	-	3,993	-	617	-	-	-	3,367
Interest	-	-	-	-	-	-	-	-	565
<b>Total</b>	<b>11,911,555</b>	<b>8,773,907</b>	<b>8,221,713</b>	<b>769,833</b>	<b>21,460</b>	<b>726,737</b>	<b>894,737</b>	<b>32,436</b>	<b>205,914</b>
Allocation of management and general costs	407,782	300,367	281,463	26,355	735	24,879	30,631	1,110	7,049
<b>Total expenses</b>	<b>\$ 12,319,337</b>	<b>\$ 9,074,274</b>	<b>\$ 8,503,176</b>	<b>\$ 796,188</b>	<b>\$ 22,195</b>	<b>\$ 751,616</b>	<b>\$ 925,368</b>	<b>\$ 33,546</b>	<b>\$ 212,963</b>

**Area Agency on Aging of Palm Beach/Treasure Coast, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2023**

Continued from page 6

	Non-DOEA Programs					Total Program Services	Management and General	Totals 2023
	American Rescue	Other DOEA Programs	Other non-DOEA	Foster Grandparents	Veterans Choice			
Providers	\$ 2,447,997	\$ 102,655	\$ 772	\$ -	\$ -	\$ 30,496,025	\$ -	\$ 30,496,025
Client services	-	-	-	-	497,261	1,248,939	-	1,248,939
Wages and benefits	85,036	179,499	103,805	229,883	25,576	2,675,550	830,341	3,505,891
Rental space	-	59,760	20,405	21,700	32,116	519,911	170,710	690,621
Maintenance and repairs	-	2,015	2,044	1,020	22	49,622	26,367	75,989
Travel and training	-	36	-	5,236	1,773	18,236	7,278	25,514
Communications and utilities	-	3,915	5,208	5,290	966	102,234	40,128	142,362
Printing and supplies	-	1,003	26,132	5,337	4,250	66,978	11,930	78,908
Data maintenance and equipment	-	3,800	4,154	8,814	-	132,253	97,879	230,132
Other expenses	-	1,009	986	2,324	20,842	54,267	16,275	70,542
Professional fees	-	1,800	-	2,000	-	83,297	14,291	97,588
Insurance	-	690	4,748	4,793	-	37,087	10,877	47,964
Interest	-	-	23,872	303,132	-	327,569	-	327,569
<b>Total</b>	<b>2,533,033</b>	<b>356,182</b>	<b>192,126</b>	<b>589,529</b>	<b>582,806</b>	<b>35,811,968</b>	<b>1,226,076</b>	<b>37,038,044</b>
Allocation of management and general costs	86,716	12,194	6,661	20,182	19,952	1,226,076	(1,226,076)	-
<b>Total expenses</b>	<b>\$ 2,619,749</b>	<b>\$ 368,376</b>	<b>\$ 198,787</b>	<b>\$ 609,711</b>	<b>\$ 602,758</b>	<b>\$ 37,038,044</b>	<b>\$ -</b>	<b>\$ 37,038,044</b>

**Area Agency on Aging of Palm Beach/Treasure Coast, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2023**

Cash flows from operating activities:	
Change in net assets	\$ 1,033,676
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization expense - finance leasing	32,383
Changes in assets and liabilities:	
Decrease in federal and state grants receivable	1,979,636
Decrease in other receivable	28,825
Decrease in prepaid expenses	2,713
Decrease in operating leases right-of-use assets	520,138
Decrease in advances to providers	60,843
Increase in accounts payable	57,308
Increase in accrued expenses	18,298
(Decrease) in due to providers	(818,321)
(Decrease) in deferred revenue	(36,158)
(Decrease) in operating lease liability	<u>(488,022)</u>
Total adjustments	<u>1,357,643</u>
Net cash provided by operating activities	<u>2,391,319</u>
Cash flows from investing activities:	
Purchases of investments	<u>(1,037,156)</u>
Net cash used in investing activities	(1,037,156)
Cash flows from financing activities:	
Principal payments on finance leases	<u>(39,291)</u>
Net cash used in financing activities	(39,291)
Net increase in cash and cash equivalents	1,314,872
Cash and cash equivalents, beginning of year	<u>2,616,415</u>
Cash and cash equivalents, end of year	<u>\$ 3,931,287</u>

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

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**NOTE A - DESCRIPTION OF ORGANIZATION**

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

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Statements**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. Assets and related revenue are recorded when earned, and liabilities and related expenses are recognized as incurred. In applying generally accepted accounting principles to program service revenue, the legal and contractual requirements of the individual programs are used as guidance.

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in corporate documents and the application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others entered into in the course of its operations.

*Net Assets With Donor Restrictions*

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the statements of activities and changes in net assets. As of December 31, 2023 and 2022, there were no net assets with donor restriction.

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of estimates**

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

**Functional allocation of expenses**

The costs of providing various programs and other activities are summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Costs incurred by a program or supporting service are charged directly to that service. Accordingly, rent and facilities, insurances, taxes and amortization costs have been allocated among the programs and supporting services benefited. The allocation is based on a percentage of headcount on specific programs and supporting services.

**Cash and cash equivalents**

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

**Federal and state grants receivable**

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

**Advances to providers**

Advances to providers are comprised of amounts received from grantor agencies by the Agency that are submitted to sub-recipients prior to meeting the expense recognition criteria. In subsequent periods, when the expense recognition criteria have been met, the asset for prepaid expenses is reduced and expense is recognized.

**Property and equipment**

Property and equipment are recorded at cost. Donated property and equipment are valued at fair value on the date of donation. Property and equipment consists primarily of office equipment. Office equipment is depreciated using the straight-line method over a range from three to five years. The Agency's policy is to capitalize property and equipment with a cost of \$5,000 or more. As of December 31, 2023 and 2022, property and equipment was fully depreciated.

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Valuation of long-lived assets**

The Agency accounts for the valuation of long-lived assets under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), which required that long-lived assets and certain intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the years ended December 31, 2023 and 2022.

**Right-of-use assets**

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

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

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

**Revenue Recognition**

Grants and contributions: The Agency receives grant funding from federal agencies, state and local governments, and private sources. Grants and contributions are classified as either conditional or unconditional. Revenue is recognized on a conditional grant or contribution once a barrier or hurdle to be entitled to the resources is overcome and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Agency fails to overcome the barrier. Any funding received prior to overcoming the barrier is recognized as deferred revenue. Unconditional grants and contributions are recognized as revenue when the commitment to contribute is received. The Agency recognizes the revenue under grants and contracts and other contributions in the statement of activities and net assets. AAA has executed conditional grants and contracts of approximately \$15,803,934 that have not been recognized at December 31, 2023 because qualifying expenditures have not yet been incurred.

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue recognition (continued)**

A portion of the Agency's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported in deferred revenue in the statements of financial position. At December 31, 2023 and 2022, the Agency had advances relating to these activities of \$363,321 and \$424,164, respectively.

Service fees: the Agency provides various program activities with a negotiated fixed rate or price. Revenue is recognized upon the occurrence of the services. Revenue received in advance and not yet earned is deferred to the applicable period.

**Compensated absences**

Employees of the Agency are entitled to paid annual leave, which they earn throughout the year. As of December 31, 2023 and 2022, the Agency accrued an estimated liability for compensated absences in the amount of \$136,912 and \$125,463, respectively.

**Due to providers**

Due to providers is comprised of cost-reimbursement requests submitted by the Agency's service providers that the Agency has yet to pay out.

**Deferred revenue**

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

**Income taxes**

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

In accordance with U.S. GAAP on accounting for uncertainty in income taxes, the Agency recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management has analyzed the tax positions taken by the Agency and has concluded that as of December 31, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency's tax years subject to examination by tax authorities generally remained open for three years from the date of filing.

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

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**NOTE C – CASH AND CASH EQUIVALENT DEPOSITS - CONCENTRATIONS OF RISK**

Cash and cash equivalents consist of demand deposits, short-term money market funds and short-term treasury bills. These financial instruments are potentially subject to concentrations of credit risk as follows. Cash equivalent balances are maintained at three financial institutions and the U.S Treasury. Cash accounts at each individual institution as of December 31, 2023 are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Uninsured cash equivalent balances were \$3,512,840 on December 31, 2023. Included in uninsured deposits are U.S. Treasury Notes totaling \$1,845,990 on December 31, 2023. The U.S. Treasury Notes are not FDIC insured but are backed by the full faith and credit of the U.S. Government.

**Major grantor**

For the years ended December 31, 2023 and 2022, the DOEA accounted for approximately 98% and 97%, respectively, of the Agency's total revenue. As of December 31, 2023 and 2022, the DOEA accounted for 99% and 99%, respectively, of the Agency's total federal and state grants receivable.

**NOTE D – LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

	2023	2022
Cash and cash equivalents	\$ 3,931,287	\$ 2,616,415
Federal and state grants receivable	4,077,046	6,056,682
Other receivables	45,018	73,843
Investments	1,037,156	-
 Total financial assets available for general expenditures	 \$ 9,090,507	 \$ 8,746,940

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



**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE E – FEDERAL AND STATE GRANTS RECEIVABLE**

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

	2023	2022
Federal		
Corporation for National and Community Service	\$ 133,452	\$ 53,347
U.S. Department of HHS	2,153,037	3,447,567
State		
Florida Department of Elder Affairs	1,790,557	2,555,768
Total federal and state grants receivable	\$ 4,077,046	\$ 6,056,682

**NOTE F – INVESTMENTS**

Investments are reported at fair market value. Donated investments are recorded at their fair market value on the date of donation. Investment interest, dividends, gains and losses on sales of securities and unrealized gains and losses are generally reflected in the statements of activities as unrestricted revenue.

The composition of investment income included in the statement of activities for the year ended December 31, 2023:

Interest and dividends	\$ 98,612
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Investments as of June 30, 2023 are summarized as follows:

	Market Value	Cost
U.S. Treasury Notes	\$ 1,037,156	\$ 1,016,277

**NOTE G – PROPERTY, PLANT AND EQUIPMENT**

A summary of property, plant and equipment consist of the following at December 31, 2023:

	2023
Furniture and equipment	\$ 67,491
Less: accumulated depreciation	(67,491)
	\$ -

The Agency did not have any depreciation expense during 2023.

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE H – FAIR VALUE MEASUREMENTS**

The Agency reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted process in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 – Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the assets or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Fixed income notes* – Valued at the net asset value of the individual notes held by the entity at year end, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value as of December 31, 2023 on a recurring basis comprise the following:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$1,037,156	\$ -	\$ -	\$ 1,037,156

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

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**NOTE I – EMPLOYEE BENEFIT PLAN**

In August 2006, the Agency adopted a 401(k) Employer Retirement Plan (the “Plan”). The Plan allows for participation for all employees eighteen (18) years of age or older. The employer contributions under the plan are discretionary. Employees are 25% vested after one year of service, 50% vested after two years, 75% vested after three years and 100% vested after four years of service. In November of 2022, the Plan was amended to allow employees to be 50% vested after one year and 100% vested after two years.

During the years ended December 31, 2023 and 2022, total contributions made to the Plan by the Agency was \$239,112 and \$276,269, respectively.

**NOTE J – LEASES**

The Agency leases building space and equipment used in its operations. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the Agency recognized a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease costs, initial direct costs, and lease incentives. The Agency has elected and applies the practical expedient available to lessees to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The Agency remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

The Agency determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the Agency estimates its incremental borrowing rate as the discount rate. The Agency’s incremental borrowing rate, which is determined at either lease commencement or when a lease liability is remeasured, is an estimate of the interest rate it would pay on a collateralized borrowing, for an amount equal to the amount and currency of denomination of the lease payments, over a period commensurate with the lease term in a similar economic environment.

For accounting purposes, the Agency’s leases commence on the earlier of (i) the date upon which the Agency obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Agency’s leases coincides with the contractual with the contractual effective date. The Agency’s leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Agency and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts.

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

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**NOTE J – LEASES (continued)**

Unless the Agency determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Agency includes variable rental payments based on a rate or an index such as the Consumer Price Index (CPI) in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

**Leases involving real estate**

Leases for the Agency's operational locations have lease terms that range from 3 to 10 years, which terms has been incorporated into the measurement of the related right-of-use assets and lease liabilities. Our real estate leases generally require reimbursement of real estate taxes, common area maintenance, and insurance.

Rental payments on these leases typically provide for fixed minimum payments that increase over the lease term at predetermined amounts. Certain leases of real estate provide for rental increases based on the CPI, which are included in Agency's measurement of lease payments based on the rate or index in effect at lease commencement and are therefore included in the measurement of the lease liabilities.

The Agency leased office space under an amendment lease that is to expire in 2028. The annualized base rent for the first year of the lease term was at \$16 per rentable square foot of the space, with a 2.5% increase over the base year at each anniversary. In addition to the base rent, the Agency is obligated to pay 62% of Tenant's propriate share of the operating expenses, real estate taxes and assessments and the property and liability insurance as provided for in the lease.

**Leases involving equipment**

Equipment leases have lease terms that generally range from less than 1 year to 5 years and generally do not have renewal options. Rental payments on these leases typically provide for fixed payments that increase over the lease term at predetermined amounts, are included in the measurement of lease payments, and are therefore included in the measurement of lease liabilities. Certain of the Agency's leases involving equipment have purchase options. When those options are reasonably certain of being exercised, the Agency reflects such purchase options when measuring the lease term and lease payments for those leases.

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE J – LEASES (continued)**

**Financial information**

The following provides information about the Agency's right-of-use assets and lease liabilities for its operating and finance leases as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Right-of-use assets		
Operating leases	\$2,765,918	\$3,269,998
Finance leases	-	32,383
	<u>                    </u>	<u>                    </u>
Total leased assets	<u>\$2,765,918</u>	<u>\$3,302,381</u>
Lease liabilities		
<i>Current</i>		
Operating leases	\$ 635,914	\$ 588,726
Finance leases	-	39,291
<i>Noncurrent</i>		
Operating leases	2,397,543	2,932,753
Finance leases	-	-
	<u>                    </u>	<u>                    </u>
Total lease liabilities	<u>\$3,033,457</u>	<u>\$3,560,770</u>

The components of Agency's lease cost for the year ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost, net		
Rent expense	\$ 690,621	\$ 814,855
Finance lease cost		
Amortization expense	32,383	64,552
Interest expense (1)	1,992	7,869
	<u>                    </u>	<u>                    </u>
Total lease cost, net	<u>\$ 724,996</u>	<u>\$ 887,276</u>

- (1) Interest on the Company's finance lease liabilities is recognized on a level yield basis over the period preceding purchase options, if any, which is generally two to five years from lease commencement.

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE J – LEASES (continued)**

Supplemental cash flow information related to the Agency's leases for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
Operating	\$ 488,022	\$ 426,358
Finance	39,291	74,416
Total	\$ 527,313	\$ 500,774

Weighted average remaining lease term and weighted average discount rate for the Agency's leases as of December 31, 2023 and 2022:

Year ended December 31, 2023	Operating Leases	Finance Leases
Weighted average remaining term on leases	51 months	-
Incremental borrowing rate	2% & 4%	-
Year ended December 31, 2022	Operating Leases	Finance Leases
Weighted average remaining term on leases	64 months	11 months
Incremental borrowing rate	2%	10%

The Agency has elected to use its incremental borrowing rate for real estate leases and has elected to use risk-free rates as the discount rate for all its leases involving other classes of underlying assets. The Agency uses rates on US government securities for periods comparable with lease terms as risk-free rates.

Future minimum payments under noncancellable operating leases as of December 31, 2023, were as follows:

Year Ending December 31,	Total
2024	\$ 701,580
2025	729,168
2026	752,384
2027	754,008
2028	261,388
Total minimum lease payments	3,198,528
Less: amount representing interest	(165,071)
Lease liability as of December 31, 2023	\$3,033,457

**AREA AGENCY ON AGING OF PALM BEACH/TREASURE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

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***NOTE K – COMMITMENTS AND CONTINGENCIES***

**Grants**

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

**Legal matters**

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

***NOTE L – INCOME TAXES***

The Agency has adopted accounting guidance which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Agency's tax filings are subject to audit by various taxing authorities. The Agency's income tax returns for the years ended December 31, 2022, 2021 and 2020 remain open to examination by the Internal Revenue Service. In evaluating the Agency's tax provisions and accrual, management believes that the estimates are appropriate based on current facts and circumstances.

***NOTE M – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS***

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 25, 2024, the date that the financial statements were available to be issued.

***NOTE N – CONTINGENCIES***

Costs charged to the federal or state government under cost reimbursement grants and contracts are subject to government audit. Therefore, all such costs are subject to adjustment. Management believes adjustments, if any, would not have a significant effect on the financial statements.

## **SUPPLEMENTARY INFORMATION**



**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year ended December 31, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH AWARD NUMBER	TOTAL FEDERAL EXPENDITURES	PROVIDED TO SUBRECIPIENTS
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
PASSED-THROUGH FROM STATE OF FLORIDA DEPARTMENT OF ELDER AFFAIRS :				
AGING CLUSTER				
SPECIAL PROGRAMS FOR THE AGING, TITLE III, PART B GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS				
OAA TITLE III - ADMINISTRATION	93.044	IA023	\$ 811,977	\$ -
OAA TITLE III - B	93.044	IA023	6,240,950	4,963,710
OAA TITLE III - B - ARP	93.044	IRP21	1,245,516	806,237
			<u>8,298,443</u>	<u>5,769,947</u>
SPECIAL PROGRAMS FOR THE AGING, TITLE III, PART C, NUTRITION SERVICES				
OAA TITLE III - C1	93.045	IA023	1,425,671	1,425,671
OAA TITLE III - C2	93.045	IA023	2,215,821	2,215,821
OAA TITLE III - C1 - ARP	93.045	IRP21	680,807	680,807
OAA TITLE III - C2 - ARP	93.045	IRP21	803,009	803,009
OAA TITLE III - C	93.045	ICV21	14,154	-
			<u>5,139,462</u>	<u>5,125,308</u>
OAA NUTRITION SERVICES INCENTIVE PROGRAM	93.053	IAO23	547,114	547,114
TOTAL AGING CLUSTER			<u>\$ 13,985,019</u>	<u>\$ 11,442,369</u>

**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year ended December 31, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH AWARD NUMBER	TOTAL FEDERAL EXPENDITURES	PROVIDED TO SUBRECIPIENTS
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>				
PASSED-THROUGH FROM STATE OF FLORIDA DEPARTMENT OF ELDER AFFAIRS :				
SPECIAL PROGRAMS FOR THE AGING, TITLE VII, CHAPTER 3, PROGRAMS FOR PREVENTION OF ELDER ABUSE, NEGLECT, AND EXPLOITATION				
OAA TITLE VII - ELDER ABUSE PREVENTION	93.041	I7021	\$ 21,267	\$ -
SPECIAL PROGRAMS FOR THE AGING, TITLE III, PART D, DISEASE PREVENTION AND HEALTH PROMOTION SERVICES				
OAA TITLE III - D	93.043	IAO23	129,217	-
OAA TITLE III - D	93.043	IRP21	62,700	-
			<u>191,917</u>	<u>-</u>
SPECIAL PROGRAMS FOR THE AGING, TITLE IV, AND TITLE II, DISCRETIONARY PROJECTS				
SENIOR MEDICARE PATROL	93.048	IG022	46,196	-
SENIOR MEDICARE PATROL	93.048	IGO23	50,261	-
			<u>96,457</u>	<u>-</u>
NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E				
OAA TITLE III - E	93.052	IAO23	1,634,565	1,247,585
OAA TITLE III - E - ARP	93.052	IRP21	365,932	157,945
			<u>2,000,497</u>	<u>1,405,530</u>
EMERGENCY HOME ENERGY ASSISTANCE				
EMERGENCY HOME ENERGY ASSISTANCE	93.568	IPO21	801,497	422,307
EMERGENCY HOME ENERGY ASSISTANCE	93.568	IPP21	12,889	12,889
			<u>814,386</u>	<u>435,196</u>
MEDICARE ENROLLMENT ASSISTANCE PROGRAM				
PASSED THROUGH FROM FLORIDA DEPARTMENT OF ELDERLY AFFAIRS	93.071	IBO23	130,866	-
PASSED THROUGH FROM FLORIDA DEPARTMENT OF ELDERLY AFFAIRS	93.071	IBO24	53,940	-
PASSED THROUGH FROM NATIONAL COUNCIL ON AGING	93.071	NCOA	140,000	-
			<u>324,806</u>	<u>-</u>

**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year ended December 31, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH AWARD NUMBER	TOTAL FEDERAL EXPENDITURES	PROVIDED TO SUBRECIPIENTS
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>				
PASSED-THROUGH FROM STATE OF FLORIDA DEPARTMENT OF ELDER AFFAIRS :				
MEDICAID CLUSTER				
MEDICAL ASSISTANCE PROGRAM	93.778	IX020	379,166	-
MEDICAL ASSISTANCE PROGRAM	93.041	I7021	345,106	-
			<u>724,272</u>	<u>-</u>
CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) RESEARCH, DEMONSTRATIONS AND EVALUATIONS				
SHINE	93.779	IN022	69,199	-
SHINE	93.779	IN021	213,597	-
			<u>282,796</u>	<u>-</u>
<b>TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>18,441,417</u>	<u>13,283,095</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:</b>				
PASSED-THROUGH FROM STATE OF FLORIDA DEPARTMENT OF ELDER AFFAIRS :				
FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER				
FOSTER GRANDPARENT PROGRAM	94.011	19SFSFL003	576,854	-
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<u>576,854</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$19,018,272</u>	<u>\$13,283,095</u>

**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**For the Year ended December 31, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	GRANT CONTRACT NUMBER	TOTAL STATE EXPENDITURES	PROVIDED TO SUBRECIPIENTS
<b>STATE OF FLORIDA DEPARTMENT OF ELDER AFFAIRS</b>				
COMMUNITY CARE FOR THE ELDERLY	65.010	IC022	\$ 3,966,684	\$ 3,799,536
COMMUNITY CARE FOR THE ELDERLY	65.010	IC023	4,312,392	4,061,594
			<u>8,279,076</u>	<u>7,861,130</u>
HOME CARE FOR THE ELDERLY	65.001	IH022	345,555	185,563
HOME CARE FOR THE ELDERLY	65.001	IH023	471,512	266,105
ENHANCED HOME CARE FOR THE ELDERLY	65.001	IE022	158,476	45,578
			<u>975,543</u>	<u>497,246</u>
ALZHEIMER'S DISEASE INITIATIVE	65.004	IZ022	4,521,989	4,454,049
ALZHEIMER'S DISEASE INITIATIVE	65.004	IZ023	4,359,689	4,284,192
			<u>8,881,678</u>	<u>8,738,241</u>
RESPIRE FOR ELDERS LIVING IN EVERYDAY FAMILIES	65.006	IR022	35,459	13,515
LOCAL SERVICE PROGRAMS	65.009	IL022	57,942	57,942
LOCAL SERVICE PROGRAMS	65.009	IL023	44,713	44,713
			<u>102,655</u>	<u>102,655</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 18,274,411</u>	<u>\$ 17,212,787</u>

**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.**  
**NOTES TO THE SCHEDULES OF EXPENDITURES**  
**OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**For the Year Ended December 31, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") includes the federal and state award activity of the Agency under programs of the federal and state governments for the year ended December 31, 2023. The information in the schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State of Florida Chapter 10.650, Rules of the Auditor General*. Because the schedules present only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The Agency has elected not to use the 10% de minimis indirect cost rate for its federal award and state financial assistance programs. The indirect cost rates used for the Agency's programs are determined by the relevant federal or state agency.

**NOTE 3 – PROGRAM CLUSTERS**

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are considered to be one program and are presented accordingly.

**NOTE 4 – CONTINGENCIES**

Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Agency. In the opinion of Management, any such adjustment would not be significant.



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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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the Area Agency on Aging of Palm Beach/Treasure Coast, Inc., (the "Agency") which comprise the statement of financial position as of December 31, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements and have issued our report thereon dated June 25, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting 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 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.



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

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 over financial reporting that might be significant deficiencies or material weaknesses. During our audit, we noted no deficiencies, significant deficiencies or material weaknesses in internal control over financial reporting, however significant deficiencies or material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Stuart, Florida

June 25, 2024



Berger, Toombs, Elam,  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND STATE PROJECT  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF FLORIDA CHAPTER  
10.650, RULES OF THE AUDITOR GENERAL**

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

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

We have audited the Area Agency on Aging of Palm Beach/Treasure Coast, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Project 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, 2023. 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.

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

In our opinion, the Agency complied, in all material respects, with the 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, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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 State of Florida Chapter 10.650, Rules of the Auditor General. 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 the Agency 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 the Agency's compliance with the compliance referred to above.



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

### **Management's Responsibility 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 Agency's federal programs and state projects.

### **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 Agency'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 GAAS, *Government Auditing Standards*, and the Uniform Guidance 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 judgement made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *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 the Agency'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 Agency'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 the Agency'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.



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

### 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 or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the State of Florida Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Stuart, Florida

June 25, 2024

**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.  
 Schedule of Findings and Questioned Costs –  
 Federal Programs and State Financial Assistance  
 For the Year Ended December 31, 2023**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's 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 Awards and State Financial Assistance**

Internal Control over major programs/projects:

Material weakness(es) identified? \_\_\_ Yes     X  No

Significant deficiency(ies) identified? \_\_\_ Yes     X  None reported

Type of auditor's report issued on compliance for major federal programs and state financial assistance: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) and State of Florida Chapter 10.650, Rules of the Auditor General? \_\_\_ Yes     X  No

Identification of major programs/projects:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program(s) or Cluster</u>
93.044/93.045, 93.053 93.052	Aging Cluster National Family Caregiver Support

<u>CSFA Number(s)</u>	<u>Name of State Program(s) or Cluster</u>
65.010 65.004	Community Care for the Elderly Alzheimer's Disease Initiative

Dollar threshold used to distinguish between Type A and B Programs: \$750,000

**Area Agency on Aging of Palm Beach/Treasure Coast, Inc.  
Schedule of Findings and Questioned Costs –  
Federal Programs and State Financial Assistance  
For the Year Ended December 31, 2023**

Auditee qualified as low-risk auditee  
Pursuant to the Uniform Guidance?

  X   Yes             No

**FINDINGS – FINANCIAL STATEMENTS**

No reportable findings.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AND STATE  
FINANCIAL ASSISTANCE**

No reportable findings.

**OTHER ISSUES – SUMMARY OF PRIOR AUDIT FINDINGS**

There were no audit findings for the year ended December 31, 2022.