

Council on Aging of Martin County, Inc.

ANNUAL FINANCIAL REPORT

June 30, 2023

**Council on Aging of Martin County, Inc.
Annual Financial Report
June 30, 2023**

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**Berger, Tooms, Elam
Gaines & Frank**

**Royal Palm Financial Center
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729 Southwest Federal Highway
Stuart, Florida 34994**

Report of Independent Auditors

To the Board of Directors
Council on Aging of Martin County, Inc.
Stuart, Florida

Opinion

We have audited the accompanying financial statements of the Council on Aging of Martin County, Inc., (the "Council") a non-profit organization, which comprise the statement of financial position as of June 30, 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 Council on Aging of Martin County, Inc. as of June 30, 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 and the standards applicable to financial statement audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council on Aging of Martin County, 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.

Report on Summarized Comparative Information

We have previously audited the Council's June 30, 2022 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2022. Subsequent to the issuance of the report in 2022 the Council adopted FASB ASC Topic 842 pertaining to the reporting of leases, these changes resulted in the restatement of beginning net assets. See Note T. The prior year comparative information has been restated to conform with the change. In our opinion, the restated summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects with the audited financial statements from which it has been derived.

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council on Aging of Martin County, Inc.'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 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 Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

Berger Toombs Elam Gaines & Frank

To the Board of Directors
Council on Aging of Martin County, 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 schedule of expenditures of federal awards and state financial assistance is 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 *Florida Single Audit Act* and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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 December 14, 2023 on our consideration of the Council on Aging of Martin County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council on Aging of Martin County, Inc.'s internal control over financial reporting and compliance.

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
Stuart, Florida

December 14, 2023

COUNCIL ON AGING OF MARTIN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With comparative totals at June 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	\$ 1,921,894	\$ 2,757,724
Accounts receivable, net of allowance for doubtful accounts of \$50,000 in 2023 and \$50,000 in 2022	167,702	135,593
Grants receivable	316,044	327,477
Bequests receivable, net of present value discount of \$505,685 in 2023 and \$533,551 in 2022	877,926	755,739
Lease receivable	133,151	196,838 *
Prepaid expenses	94,543	68,504
Inventory	9,798	16,030
Investments	2,764,561	1,935,356
Deposits	2,144	1,511
Right-of-use asset - Property, net of accumulated amortization of \$19,454 in 2023 and \$1,496 in 2022	34,419	52,377 *
Property and equipment, net of accumulated depreciation of \$5,355,847 in 2023 and \$5,044,380 in 2022	7,254,337	7,622,319
Total assets	\$ 13,576,519	\$ 13,869,468
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 217,515	\$ 203,772
Accrued liabilities	269,805	253,469
Deferred inflow of resources	129,397	196,908 *
Lease liabilities	35,448	52,363 *
EIDL loan payable	148,206	150,000
Note payable, net of deferred costs of \$15,347 in 2023 and \$18,876 in 2022	794,961	934,438
Total liabilities	1,595,332	1,790,950
 Net Assets		
With donor restrictions	2,763,235	2,511,868
Without donor restrictions	9,217,952	9,566,650 *
Total net assets	11,981,187	12,078,518
Total liabilities and net assets	\$ 13,576,519	\$ 13,869,468

* Restated

COUNCIL ON AGING OF MARTIN COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023
(With comparative totals at June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Revenues and support:				
Grants:				
Federal	\$ 872,073	\$ -	\$ 872,073	\$ 945,745
State	915,813	-	915,813	844,491
Local	149,900	-	149,900	130,492
Private	130,000	-	130,000	175,707
Donations	258,582	734,671	993,253	1,308,673
Fees for services/program income	2,721,488	-	2,721,488	2,653,306
Investment income	350,559	-	350,559	298,937
Special events	183,515	-	183,515	202,130
Other income	131,758	-	131,758	50,557 *
Total net support	<u>5,713,688</u>	<u>734,671</u>	<u>6,448,359</u>	<u>6,610,038</u>
Net assets released from restrictions	<u>483,304</u>	<u>(483,304)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>6,196,992</u>	<u>251,367</u>	<u>6,448,359</u>	<u>6,610,038</u>
 Expenses				
Program services				
Adult day care	1,295,502	-	1,295,502	1,183,728
Case management services	1,034,599	-	1,034,599	992,884
Meals program	1,350,913	-	1,350,913	1,197,309
Medical	1,280,014	-	1,280,014	1,320,278
Senior Center	555,680	-	555,680	505,525
Total program services	<u>5,516,708</u>	<u>-</u>	<u>5,516,708</u>	<u>5,199,724</u>
Supporting services:				
General and administrative	774,433	-	774,433	684,800 *
Fundraising activities	253,512	-	253,512	287,545
Total supporting services	<u>1,027,945</u>	<u>-</u>	<u>1,027,945</u>	<u>972,345</u>
Total expenses	<u>6,544,653</u>	<u>-</u>	<u>6,544,653</u>	<u>6,172,069 *</u>
Loss on disposal of assets	1,037	-	1,037	-
Unrealized losses on investments	-	-	-	538,740
Total expenses and losses	<u>6,545,690</u>	<u>-</u>	<u>6,545,690</u>	<u>6,710,809 *</u>
Changes in net assets	<u>(348,698)</u>	<u>251,367</u>	<u>(97,331)</u>	<u>(100,771) *</u>
Net assets - beginning of year	<u>9,566,650</u>	<u>2,511,868 *</u>	<u>12,078,518</u>	<u>12,179,289</u>
Net assets - end of year	<u>\$ 9,217,952</u>	<u>\$ 2,763,235</u>	<u>\$ 11,981,187</u>	<u>\$ 12,078,518 *</u>

* Restated

COUNCIL ON AGING OF MARTIN COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services						Supporting Services			Totals 2023
	Adult Day Care	Case Management Services	Meals Program	Medical	Senior Center	Total	Management and General	Fund Raising	Total	
Salaries	\$ 662,469	\$ 372,961	\$ 515,681	\$ 872,247	\$ 114,729	\$ 2,538,087	\$ 435,850	\$ 147,764	\$ 583,614	\$ 3,121,701
Employee benefits	57,512	35,913	26,234	65,964	12,637	198,260	70,934	9,795	80,729	278,989
Payroll taxes	49,297	27,807	38,555	65,373	8,558	189,590	32,297	11,162	43,459	233,049
Total salaries and related expenses	769,278	436,681	580,470	1,003,584	135,924	2,925,937	539,081	168,721	707,802	3,633,739
Client meals and services	2,106	510,847	449,184	60	50,392	1,012,589	3,274	-	3,274	1,015,863
Fuel & supplies	32,742	2,180	109,664	65,292	7,326	217,204	42,439	1,013	43,452	260,656
Software fees	-	13,099	-	29,806	-	42,905	22,579	6,084	28,663	71,568
Professional and contract services	2,320	-	4,609	18,652	61,293	86,874	98,745	2,625	101,370	188,244
Insurance	42,527	-	4,317	25,372	-	72,216	86,104	-	86,104	158,320
Communications, postage and printing	794	1,811	5,698	1,754	717	10,774	76,826	11,026	87,852	98,626
Travel, training and meetings	548	2,405	1,284	5,614	25	9,876	3,932	956	4,888	14,764
Special event Expense	2,159	-	-	-	12,408	14,567	1,110	43,269	44,379	58,946
Lease expense	-	-	-	-	-	-	19,245	-	19,245	19,245
Equipment leases	-	240	15,330	1,175	-	16,745	2,470	-	2,470	19,215
Building services and storage	1,134	-	8,293	1,134	2,198	12,759	90,262	-	90,262	103,021
Maintenance	28,984	-	38,104	-	227	67,315	60,339	-	60,339	127,654
Utilities	51,148	3,889	35,500	7,927	9,570	108,034	66,541	-	66,541	174,575
Advertising and promotion	2,296	-	9,877	22,906	15,504	50,583	11,819	3,165	14,984	65,567
Dues, subscriptions, and licenses	1,465	-	550	4,379	824	7,218	9,684	1,464	11,148	18,366
Direct support from donations	19,484	24,095	142	6,000	-	49,721	-	3,239	3,239	52,960
Miscellaneous	4,839	170	10,339	1,682	212	17,242	36,352	2,073	38,425	55,667
Interest	-	-	-	-	-	-	30,929	-	30,929	30,929
Depreciation	58,022	-	12,209	-	-	70,231	306,497	-	306,497	376,728
Total	1,019,846	995,417	1,285,570	1,195,337	296,620	4,792,790	1,508,228	243,635	1,751,863	6,544,653
Allocation of management and general costs	275,656	39,182	65,343	84,677	259,060	723,918	(733,795)	9,877	(723,918)	-
Total expenses	\$ 1,295,502	\$ 1,034,599	\$ 1,350,913	\$ 1,280,014	\$ 555,680	\$ 5,516,708	\$ 774,433	\$ 253,512	\$ 1,027,945	\$ 6,544,653

COUNCIL ON AGING OF MARTIN COUNTY, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ (97,331)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	394,654
Net realized and unrealized gain on investments	(246,013)
Changes in assets and liabilities:	
(Increase) in accounts receivable	(32,109)
Increase in bequests receivable	(122,187)
Decrease in grants receivable	11,433
Decrease in lease receivable	63,687
Decrease in inventory	6,232
(Increase) in prepaid expenses	(26,039)
(Increase) in deposits	(633)
(Decrease) in deferred inflow of resources	(67,511)
Increase in accounts payable	13,743
Increase in accrued expenses	16,336
	11,593
Total adjustments	11,593
Net cash used in operating activities	(85,738)
Cash flows from investing activities:	
Purchases of property and equipment	(11,942)
Proceeds from sale of investments	1,924,373
Purchase of investments	(2,503,050)
Net cash used in investing activities	(590,619)
Cash flows from financing activities:	
Principal payments on lease payable	(18,202)
Principal payments on notes payable	(141,271)
Net cash used in financing activities	(159,473)
Net decrease in cash and cash equivalents	(835,830)
Cash and cash equivalents, beginning of year	2,757,724
Cash and cash equivalents, end of year	\$ 1,921,894

Supplemental disclosure of cash flow information (Note M).

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A - DESCRIPTION OF ORGANIZATION

The Council on Aging of Martin County, Inc. (the Council) was founded and incorporated in Florida in 1974 as a non-profit corporation with the mission to be the primary provider of comprehensive lifesaving and life-improving services and programs for seniors in Martin County.

Grants (federal, state, and local governments, and other), donations, and program services fees provide the funding for the following program services:

- Services for frail seniors include an adult day program, a care management program, and a meals program that are all designed to improve seniors' quality of life through enhanced socialization, nutrition, and mobility.
- At the Charles and Rae Kane Center in Stuart, the Council offers a range of senior center programs designed to help active seniors stay healthy and engaged within their community.
- The Council operates an on-site primary care clinic (Joseph C. and Ann S. Day Medical Center) at the Charles and Rae Kane Center in Stuart, Florida that serves seniors by providing primary and specialty geriatric care in a setting that conveniently houses a range of social support services.
- The Council's transportation program provides fixed route transportation services for seniors who need the services offered at the Charles and Rae Kane Center in Stuart. The Council also provides a Meals on Wheels program delivering and serving meals to seniors in Martin County who are unable to shop or cook or have a need for this service through its transportation fleet.

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.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statements (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Council must continue to use the resources in accordance with the donor's instructions.

The Council's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net asset with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the asset is placed in service by the Council, unless the donor provides more specific directions about the period of its use.

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions are reported as net assets with donor restrictions if a donor imposes a restriction that may be satisfied by the passage of time or the actions of the Council. Net assets with donor restrictions also include contributions that include stipulations by the donor that the contribution be maintained perpetually but may allow the organization to use all or part of the income derived from the underlying asset for unrestricted purposes.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market value. Donated investments are recorded as contributions equal to their market value at the date of receipt. Unrealized gains and losses are included in the change in net assets. Investment return that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the investment return is recognized.

Accounts Receivable

Accounts receivable represent amounts owed for program services performed in Martin County, Florida, on behalf of the people the Council on Aging of Martin County, Inc. serves. These amounts have been determined based upon the actual services provided by the Council and the standard fees for these services. No interest is accrued on any accounts receivable. Amounts outstanding over sixty days are considered delinquent and may be written off by management after collection efforts are unsuccessful.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

The Council determines an allowance for uncollectible receivables by specifically identifying balances which are doubtful as to collectability (typically amounts over sixty days old).

Advertising Costs

All advertising costs are considered non direct-response advertising costs and are expensed as incurred.

Contributed Services

Contributions of services are recognized as revenues at their estimated values at the date of receipt if the services received create or enhance nonfinancial assets or require a specialized skill. No contributed services have been recognized in the accompanying financial statements.

Leases

The Council has implemented FASB ASC Topic 842, *Leases*, in the current year, which changes the accounting and financial reporting for leases. FASB ASU 2016-02 defines a lease as a contract that conveys the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Under FASB ASU 2016-02, leases other than short-term leases, defined as having a maximum possible term of 12 months or less, are required to be recognized on the Statement of Financial Position. A lessee should recognize a lease liability and an intangible right of use asset, while a lessor should recognize a lease receivable and a deferred inflow of resources. Contracts that transfer ownership should be accounted for as finance leases by the lessee or sales-type leases by the lessor.

The Council determines if an arrangement is a lease, or contains a lease, at inception. Lessee arrangements recognize a lease liability and a right of use (ROU) asset in the Statement of Financial Position at the commencement date of the lease. The lease liability represents the Council's obligation to make lease payments arising from the lessee arrangement and is initially and subsequently recognized based on the present value of future lease payments. The ROU asset represents the Council's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction, and is amortized on a straight-line basis over the terms of the associated leases. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise that option.

Payment for short-term leases with a lease term of less than twelve months, and lease agreements below the Council's approved annualized threshold, are recognized as expenses as incurred. The Council has established a \$5,000 threshold, for total annual payments, for leases subject to FASB ASC Topic 842. Short-term leases and leases under the threshold are not included as lease liabilities or right of use assets on the Statement of Financial Position.

At implementation on July 1, 2022, the Council, as lessee, recognized a lease liability of \$52,363 along with a corresponding right of use asset of \$52,377 and a lease receivable of \$196,838 and a deferred inflow of resources of \$196,908.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of various programs have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, costs have been allocated among the Program and Supporting Services, based upon the square footage of the building which different programs utilize or hours allocated by employee's time spent on each program and supporting services.

Accrued Compensated Absences

Paid time off is accrued based on completed years of employment with the Council. Paid time off may be accrued up to a maximum of 90 hours. Upon resignation, termination or retirement, employees are paid in one lump sum for accrued paid time off as of the last day of employment.

Employees of the Council are also entitled to accrue extended illness time off. This time is for a serious personal medical condition, hospitalization experienced by an employee, or for an employee to care for an immediate family member. Employees can accrue a maximum of 48 hours per fiscal year. The extended illness time off may be accrued up to a maximum of 240 hours and will be forfeited upon separation of employment. This amount has not been recorded in the financial statements since it is not a qualifying liability under accounting principles generally accepted in the United States of America. As of June 30, 2023, the accrued paid time off was valued and reported at \$82,837. This amount has been recorded in the financial statements as a qualifying liability.

Promises to Give and Bequests Receivable

The Council recognizes contributions and bequests receivable at their estimated fair values when the donor makes a promise to give, that is, in substance, unconditional.

Unconditional promises and bequests to give cash over a period of time exceeding one year are recorded at their present value of estimated future cash flows using a discount rate appropriate for the level of risk involved, if significant to the financial statements. Any related interest income is recorded as contribution revenue over the duration of the pledge.

The Council is named the beneficiary in a Trust held by a third party. This Trust is initially recorded at fair value, based on the Council's interest in the fair value of the underlying assets at the time of the gift discounted by the net present value of future cash flows to be received. Subsequent changes to the Trust's fair value are reported as net unrealized gains or losses related to net assets with donor restrictions and are included on the Statement of Activities. Future distributions from the Trust are recorded at the net present value of the future cash flow, adjusted by the annual change in the Trust's fair value calculated by the Trust's third party. Under the terms of the Trust, the Council has an irrevocable right to receive annual distributions on the Trust's assets. Distributions from the Trust are based on the terms of the underlying Trust agreement and generally requires a minimum distribution of 5% of the Trust's assets to be distributed on an annual basis. The Trust is invested in cash equivalents, municipal bonds, preferred securities, common stocks, and mutual funds. The Trust assets are not insured by the FDIC and are subject to investment risks, including the possible loss of the principal invested.

Contributions that are restricted by the donor are presented as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give and Bequests Receivable (continued)

Unconditional promises to give and bequests receivable that are due in future periods and are not restricted by the donor generally increase net assets with donor restrictions unless the donor explicitly stipulates that the promise or bequest is to support current period activities. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Property and Equipment

The Council capitalizes all long-lived assets with estimated useful life of three years or more and original cost/value of \$2,500 or more. Property and equipment are stated at cost for purchased assets and estimated fair value for donated assets and depreciated using the straight-line method over the following estimated useful lives:

<u>Property Class</u>	<u>Useful Lives</u>
Buildings and improvements	7-31.5 years
Furniture and Equipment	3-7 years
Computers	3 years
Transportation	5 years

Contributions of property and equipment are recorded as revenues at their estimated fair value. Such contributions are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Cash Flows

The Council presents its cash flows using the indirect method. Cash and cash equivalents may consist of cash on hand, time deposits, and all highly liquid debt instruments with original maturities of three months or less.

Accounting 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Income taxes are not provided for in the financial statements since the Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council is not classified as a private foundation. The Council adopted the provisions of FASB ASC Topic 740-10, Income Taxes, which clarifies the accounting for uncertainty in income taxes by defining the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in the financial statements prepared in conformity with accounting principles generally accepted in the United States of America. The Council may recognize the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. Additionally, FASB ASC Topic 740-10 provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. In accordance with the disclosure requirements, the Council's policy on statement of activity and functional expense classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense. The organization has determined that it does not have any uncertain tax positions and thus has not recognized any liabilities, interest or penalties in these financial statements.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

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 June 30, 2023 are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Uninsured cash equivalent balances were \$1,617,830 at June 30, 2023. Included in uninsured deposits are money market accounts totaling \$650,628 and U.S. Treasury Bills totaling \$347,237 at June 30, 2023. The money market accounts are insured by the Securities Investor Protection Corporation (SIPC). The asset protection provided by the SIPC is not against losses from fluctuations in value, but rather only if the brokerage firm ceases doing business. The U.S. Treasury Bills are not FDIC or SIPC insured but are backed by the full faith and credit of the U.S. Government.

The Council received \$1,787,886 of funding from a source that comprises ten percent or more of total revenue and support for the year ended June 30, 2023. As of June 30, 2023, the Council had receivables from this source of \$291,091. Furthermore, the Council had \$877,926 of a bequest receivable from one source at June 30, 2023 that comprised one hundred percent of total bequests receivable.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE D – 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 June 30, 2023:

Interest and dividends	\$ 104,546
Net realized losses on investments	(18,578)
Net unrealized gains on investments	<u>264,591</u>
	<u>\$ 350,559</u>

Investments as of June 30, 2023 are summarized as follows:

	Market Value	Cost
Fixed Income Bonds	\$ 1,071,217	\$ 1,195,091
Equities	<u>1,693,344</u>	<u>1,469,366</u>
	<u>\$ 2,764,561</u>	<u>\$ 2,664,457</u>

NOTE E – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are:

Financial Assets	
Cash	\$ 1,921,894
Accounts receivable	167,702
Grants receivable	316,044
Investments	2,764,561
Less financial assets held to meet donor imposed restrictions	<u>(2,763,235)</u>
Amount available for general expenditures within one year	<u>\$ 2,406,966</u>

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE F – BEQUESTS AND ACCOUNTS RECEIVABLE

Bequests receivable is stated at the net present value of future payments. The balance as of June 30, 2023 is as follows:

Bequests receivable	\$ 1,383,611
Less discount on future cash flows	<u>(505,685)</u>
Total	<u>\$ 877,926</u>

Details of unconditional promises to give at June 30, 2023 are as follows:

Due within one year	\$ 69,181
Due within two to five years	243,819
Thereafter	1,070,611
Less discount on future cash flows	<u>(505,685)</u>
	<u>\$ 877,926</u>

Accounts receivable represents amounts owed to the Council for program services performed on behalf of clients. Accounts receivable are reported in the financial statements as \$217,702 less the allowance for doubtful accounts of \$50,000 for a net total of \$167,702. Bequests receivable are not reduced for any allowance for doubtful accounts as management believes all amounts are collectible.

NOTE G – PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment consist of the following at June 30, 2023:

	2023
Land and land improvements	\$ 2,450,628
Building and improvements	8,550,601
Furniture and equipment	791,215
Computers	77,424
Transportation	<u>740,316</u>
	12,610,184
Less: accumulated depreciation	<u>(5,355,847)</u>
	<u>\$ 7,254,337</u>

Depreciation expense for the year ended June 30, 2023 was \$376,728.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE H – FAIR VALUE MEASUREMENTS

The Council 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 bonds – Valued at the net asset value of the individual bonds held by the entity at year end, which approximates fair value.

Equities – Valued at the net asset value of the shares held by the entity at year end, which approximates fair value.

Bequests receivable and promises to give – Valued at the pledge amount discounted to the present value of the future cash flows to be received.

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 Council 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.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE H – FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value as of June 30, 2023 on a recurring basis comprise the following:

	Level 1	Level 2	Level 3	Total
Fixed income bonds	\$1,071,217	\$ -	\$ -	\$ 1,071,217
Equities	1,693,344	-	-	1,693,344
Bequests receivable	-	-	877,926	877,926
Total Assets at Fair Value	<u>\$ 2,764,561</u>	<u>\$ -</u>	<u>\$ 877,926</u>	<u>\$ 3,642,487</u>

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the entity's Level 3 assets for the fiscal year ended June 30, 2023.

Level 3 Assets Year Ended June 30, 2023

	Beginning Balance 6/30/22	Unrealized Gains/losses	Purchases, issuances, settlements	Ending Balance 6/30/23
Bequests receivable	<u>\$ 755,739</u>	<u>\$ 159,152</u>	<u>\$ (36,965)</u>	<u>\$ 877,926</u>

NOTE I – NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30, 2023:

Time restrictions	\$ 877,926
Donor restrictions	179,968
ADC scholarships	61,948
MOW wait list	48,541
Perpetual donor restrictions	<u>1,594,852</u>
	<u>\$ 2,763,235</u>

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the purpose or time restrictions as follows:

Time restrictions	\$ 36,965
ADC & MOW restrictions	361,292
Donor restrictions	<u>85,047</u>
	<u>\$ 483,304</u>

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE J – NOTES PAYABLE

The Council has a mortgage loan with Seacoast Bank that is secured by the Charles and Rae Kane Senior Center. This loan originated on February 7, 2022 (refinancing and replacing a previous mortgage loan). The current loan is for 10 years with an original balance of \$1,000,000, carrying a 3.25% interest rate. Monthly payments are \$9,793. The Council intends to continue to pay the monthly amount of the prior mortgage principal and interest of \$14,349 to accelerate the payback. The maturity schedule below reflects the additional principle being paid according to the accelerated payback schedule.

Annual maturities for years following June 30, 2023 are as follows:

Years	Principal Owed
2024	\$ 148,477
2025	152,956
2026	158,001
2027	163,214
2028-2029	187,660
Total	<u>810,308</u>
Deferred loan costs	<u>(15,347)</u>
	<u>\$ 794,961</u>

During the year ended June 30, 2023 the Council incurred total interest costs of \$29,193. As of June 30, 2023, the balance on the note payable was \$ 794,961, net of deferred loan costs of \$15,347.

NOTE K – RETIREMENT PLANS

The Council sponsors a 403(b) tax-sheltered annuity arrangement that is available to all employees immediately upon employment and this plan has been in effect since 2015. Employees are eligible to participate in this plan upon hire and are eligible for any discretionary employer match after completing 1,000 hours of service in a twelve-month period and obtaining the age of 21. The employer provided match for the year ended June 30, 2023 was \$31,076.

NOTE L – LEASES

The Council has an obligation as a lessee for office space with initial noncancelable terms in excess of one year. The Council has classified this lease as a operating lease. The Council's lease does not include termination options for either party to the lease. Payments due under the lease arrangements are comprised entirely of fixed payments, with some agreements including an agreed upon annual increase of the fixed amount.

Stuart Office

In May 2022, the Council entered into an agreement to lease building space which required monthly payments ranging from \$1,510.50 to \$1,586.03, based on annual base payment increases. The lease liability was measured at the risk-free borrowing rate of 2.88%, which is the Council's incremental borrowing rate. As a result of the lease, the Council reported a right of use asset with a net book value of \$34,419 at June 30, 2023.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE L – LEASES (CONTINUED)

The lease cost for the year ended June 30, 2023 are as follows:

Operating Lease Cost	\$ 36,160
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Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 18,202
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Non-cash investing and financing activities:

Additions to right of use assets obtained from:

New operating lease liabilities	\$ -
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Supplemental balance sheet information related to leases was as follows:

Operating Lease Right of Use Assets	\$ 34,419
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Operating Lease Liabilities	\$ 35,448
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Future minimum payments of lease liabilities under noncancellable operating leases as of June 30, 2023, were as follows:

Year Ending June 30,	Total
2024	\$ 19,032
2025	17,446
2026	-
2027	-
Total minimum lease payments	36,478
Less: amount representing interest	(1,030)
Lease liability as of June 30, 2023	\$ 35,448

As of June 30, 2023, the weighted-average remaining lease term for all operating leases is 1.92 years. As the discount rate was not indicated on the lease agreements, the Council utilized the risk-free borrowing rate as the discount rate. The weighted-average discount rate associated with all operating leases is 2.88%.

Brain Matters

In May 2022, the Council entered into an agreement to lease out 2,212 square feet of building space located in the Kane Center – Day Medical Center building located at 900 SE Salerno Road. This agreement required monthly payments ranging from \$5,695.90 to \$6,042.78 based on annual base payment increases of 3%. The lease receivable was measured at a discount rate of 2.88%, which is the risk-free borrowing rate. As a result of the lease, the Council reported a lease receivable of \$131,151 at June 30, 2023.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE L – LEASES (CONTINUED)

Future minimum payments of lease receivables under noncancellable operating leases as of June 30, 2023, were as follows:

Year Ending June 30,	Total
2024	\$ 70,577
2025	66,471
2026	-
2027	-
Total minimum lease payments	137,048
Less: amount representing interest	(3,897)
Lease liability as of June 30, 2023	\$ 131,151

NOTE M - ENDOWMENT

FASB ASC Topic 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The State of Florida enacted UPMIFA and it has been applied to this organization beginning in the 2012/2013 fiscal year.

The Council’s donors have not placed restrictions on the use of investment income or net appreciation resulting from the donor-restricted endowment funds.

The Council has adopted investment and spending policies for endowment assets to be managed with the goal of achieving the maximum annual growth and income from interest and dividends, while maintaining and protecting the principal. The Council’s spending and investing policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Council targets a diversified asset allocation that places an emphasis on investments to achieve its long-term return objectives within prudent risk parameters. The spending policy establishes prudent objectives for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment. In making its decisions, the Council uses reasonable care, skill, and caution in considering the purposes of the Council, the intent of the donors of the endowment, the terms of applicable instruments, the long-term and short-term needs of the Council in carrying out its purposes, the general economic conditions, the possible effect of inflation or deflation, or other resources of the Council, and perpetuation of the endowment.

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE M – ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	Unrestricted	Donor Restrictions	Total
Donor restricted endowment funds and appreciation	\$ 787,161	\$ 1,594,852	\$ 2,382,013

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Unrestricted	Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 534,526	\$ 1,344,852	\$ 1,879,378
Contributions	-	250,000	250,000
Investment gain, net	252,635	-	252,635
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	\$ 787,161	\$ 1,594,852	\$ 2,382,013

NOTE N – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest during the year	\$ 34,769
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NOTE O – EIDL LOANS

The Council received a COVID-19 Economic Injury Disaster Loan (EIDL) of \$150,000 on July 21, 2020. The loan was in deferment status while interest was being accrued until January 2023 when monthly payments of \$641 started. Loan term is 30 years with a 2.75% fixed interest rate with the balance due at the end.

Annual maturities for years following June 30, 2023 are as follows:

Years	Principal Paid
2024	\$ 3,361
2025	3,455
2026	3,551
2027	3,650
2028-2051	134,189
Total	\$ 148,206

COUNCIL ON AGING OF MARTIN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE P – INCOME TAXES

The Council 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 Council's tax filings are subject to audit by various taxing authorities. The Council's income tax returns for the years ended June 30, 2022, 2021 and 2020 remain open to examination by the Internal Revenue Service. In evaluating the Council's tax provisions and accrual, management believes that the estimates are appropriate based on current facts and circumstances.

NOTE Q – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 14, 2023, the date that the financial statements were available to be issued.

NOTE R – 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.

NOTE S – PRIOR PERIOD ADJUSTMENT – FASB ASC TOPIC 842 ADOPTION

During fiscal year 22/23 the Council adopted FASB ASC Topic 842 pertaining to leases. The Council leases (lessee) office space in Martin County through an operating lease. The lease term continues for another 22 months after June 30, 2023. The Council also leases (lessor) out office space located in the Kane Center. The lease term continues for another 22 months after June 30, 2023. Upon adoption of the new guidance, the Council elected to apply the following package practical expedients:

- Contracts need not be reassessed to determine whether they are or contain leases.
- All existing leases that were previously classified as operating leases continue to be classified as operating leases, and all existing leases that were previously classified as capital leases continue to be classified as financial (capital) leases, if applicable.

NOTE T – RESTATEMENT OF BEGINNING NET ASSETS

Net Assets were restated to properly reflect beginning net assets related to the implementation of a new accounting standard (Note S).

Net Assets without donor restrictions – July 1, 2022, as previously reported	\$9,566,706
Increase in right of use assets	52,377
Increase in lease receivable	196,838
Increase in lease liabilities	(52,363)
Increase in deferred inflow of resources	<u>(196,908)</u>
Net Assets without donor restrictions – July 1, 2022, restated	<u>\$9,566,650</u>

SUPPLEMENTARY INFORMATION

Council on Aging of Martin County, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year ended June 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PROGRAM YEAR	Grant/Contract I.D. #	FEDERAL CFDA #	FUNDING PERIOD	TOTAL EXPENDED
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES					
PASS-THROUGH FROM AREA AGENCY ON AGING:					
OAA TITLE III - B - SUPPORT SERVICES	2022	IA022-9100	93.044	01/01/22-12/31/22	\$ 76,057
OAA TITLE III - B - SUPPORT SERVICES	2023	IA023-9100	93.044	01/01/23-12/31/23	65,785
OAA TITLE III - B - TRANSPORTATION	2022	IA022-9100	93.044	01/01/22-12/31/22	57,705
OAA TITLE III - B - TRANSPORTATION	2023	IA023-9100	93.044	01/01/23-12/31/23	48,836
OAA TITLE III - B - ADC	2022	IA022-9100	93.044	01/01/22-12/31/22	11,215
OAA TITLE III - B - ADC	2023	IA023-9100	93.044	01/01/23-12/31/23	14,400
					<u>273,998</u>
OAA TITLE III - C1 - CONGREGATE MEALS/OTHER	2022	IA022-9100	93.045	01/01/22-12/31/22	84,903
OAA TITLE III - C1 - CONGREGATE MEALS/OTHER	2023	IA023-9100	93.045	01/01/23-12/31/23	110,176
OAA TITLE III - C2 - HOME DELIVERED MEALS/OTHER SERVICES	2022	IA022-9100	93.045	01/01/22-12/31/22	118,888
OAA TITLE III - C2 - HOME DELIVERED MEALS/OTHER SERVICES	2023	IA023-9100	93.045	01/01/23-12/31/23	128,371
					<u>442,338</u>
OAA TITLE III - E - CAREGIVER SUPPLEMENTAL SERVICES	2022	IA022-9100	93.052	01/01/22-12/31/22	14,410
OAA TITLE III - E - CAREGIVER SUPPLEMENTAL SERVICES	2023	IA023-9100	93.052	01/01/23-12/31/23	20,794
					<u>35,204</u>
EMERGENCY HOME ENERGY ASSISTANCE	2021/2022	IPP21-9100	93.568	11/01/21-09/30/22	20,925
EMERGENCY HOME ENERGY ASSISTANCE	2021/2023	IP021-9100	93.568	04/01/21-09/30/23	22,199
					<u>43,124</u>
OAA NUTRITION SERVICES INCENTIVE PROGRAM	2022	IU022-9100	93.053	01/01/22-12/31/22	38,608
OAA NUTRITION SERVICES INCENTIVE PROGRAM	2023	IU023-9100	93.053	01/01/23-12/31/23	38,801
					<u>77,409</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 872,073</u>

Council on Aging of Martin County, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year ended June 30, 2023

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PROGRAM YEAR	Grant/Contract I.D. #	STATE CSFA #	FUNDING PERIOD	TOTAL EXPENDED
FLORIDA DEPARTMENT OF ELDER AFFAIRS					
PASS-THROUGH FROM AREA AGENCY ON AGING:					
COMMUNITY CARE FOR THE ELDERLY	2022/2023	IC022-9100	65.010	07/01/22-06/30/23	\$ 526,575
ALZHEIMER'S DISEASE INITIATIVE	2022/2023	IZ022-9100	65.004	07/01/22-06/30/23	371,331
HOME CARE FOR THE ELDERLY	2022/2023	IH022-9100	65.001	07/01/22-06/30/23	17,907
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE					<u>\$ 915,813</u>

Council on Aging of Martin County, Inc.
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state award activity of the Council on Aging of Martin County, Inc. under programs of the federal and state governments for the year ended June 30, 2023. 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*. Because the schedule presents only a selected portion of the operations of the Council on Aging of Martin County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council on Aging of Martin County, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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 tested accordingly.

NOTE 4 – SUB-RECIPIENT MONITORING

The Council on Aging of Martin County, Inc. has provided no federal or state awards to subrecipients.

NOTE 5 – 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 Council on Aging of Martin County, Inc. In the opinion of Management, any such adjustment would not be significant.

**Council on Aging of Martin County, Inc.
Schedule of Findings and Questioned Costs –
Federal Programs and State Financial Assistance
For the Year Ended June 30, 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 No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards and State Financial Assistance

Internal Control over major programs/projects:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes 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)? Yes No

Identification of major programs/projects:

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

Auditee qualified as low-risk auditee Pursuant to the Uniform Guidance? Yes No

**Council on Aging of Martin County, Inc.
Schedule of Findings and Questioned Costs –
Federal Programs and State Financial Assistance
For the Year Ended June 30, 2023**

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 June 30, 2022.

**Berger, Tooms, Elam
Gaines & Frank**

**Royal Palm Financial Center
Suite 103
729 Southwest Federal Highway
Stuart, Florida 34994**

**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
Council on Aging of Martin County, Inc.
Stuart, 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 Council on Aging of Martin County, Inc., which comprise the statement of financial position as of June 30, 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 December 14, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Council on Aging of Martin County, Inc.'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 Council on Aging of Martin County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council on Aging of Martin County, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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The Board of Directors
Council on Aging of Martin County, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council on Aging of Martin County, Inc.'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
Certified Public Accountants PL
Stuart, Florida

December 14, 2023

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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 FLORIDA SINGLE AUDIT ACT**

The Board of Directors
Council on Aging of Martin County, Inc.
Stuart, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the Council on Aging of Martin County, Inc.'s (the "Council") 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 Council on Aging of Martin County, Inc.'s major federal programs and state projects for the year ended June 30, 2023. The Council on Aging of Martin County, Inc.'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.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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*. Those standards, the Uniform Guidance and the Florida Single Audit Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Council's compliance.

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The Board of Directors
Council on Aging of Martin County, Inc.

Opinion on Each Major Federal Program and State Project

In our opinion, the Council on Aging of Martin County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2023.

Report on Internal Control Over Compliance

Management of the Council on Aging of Martin County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Council on Aging of Martin County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Florida Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council on Aging of Martin County, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 first paragraph of this section and was not designed to identify all deficiencies. During our audit, we noted no deficiencies, significant deficiencies or material weaknesses in internal control over compliance.

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Council on Aging of Martin County, Inc.

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 Florida Single Audit Act. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Berger Toombs Elam Gaines & Frank".

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

December 14, 2023