



**Southwestern Connecticut
Agency on Aging, Inc.**

Financial Statements, Uniform Guidance
and State Single Audit Schedules
Together with Independent Auditors' Reports

September 30, 2020

Southwestern Connecticut Agency on Aging, Inc.
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Independent Auditors' Report

Board of Directors **Southwestern Connecticut Agency on Aging, Inc.**

We have audited the accompanying financial statements of Southwestern Connecticut Agency on Aging, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Connecticut Agency on Aging, Inc. as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of expenditures of state financial assistance as required by the State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on our consideration of Southwestern Connecticut Agency on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 effectiveness of Southwestern Connecticut Agency on Aging, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwestern Connecticut Agency on Aging, Inc.'s internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

January 25, 2021

Southwestern Connecticut Agency on Aging, Inc.

Statement of Financial Position
September 30, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,768,018
Investments	1,180,401
Home care program receivables	1,226,900
Grants receivable	258,259
Prepaid expenses and other current assets	<u>462,507</u>
	5,896,085

Property and equipment, net	<u>48,338</u>
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Total Assets	<u>\$ 5,944,423</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 1,192,285
Deferred revenue	752,497
Grantor advances	150,000
Due to grantees and other contractors	276,400
Paycheck Protection Program loan payable - current	<u>359,567</u>
	2,730,749

Paycheck Protection Program loan payable - long term	<u>719,133</u>
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Total Liabilities	<u>3,449,882</u>
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Net Assets

Net assets without donor restrictions	<u>2,494,541</u>
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Total Liabilities and Net Assets	<u>\$ 5,944,423</u>
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See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Statement of Activities
For the Year ended September 30, 2020

Operating Revenues and Expense

Public support and revenue:	
Governmental grants and contracts	\$ 12,661,149
Program and other income	1,166,601
Investment and dividend income, net	<u>16,734</u>
Total Public Support	<u>13,844,484</u>

Operating Expenses:

Program services	
Home care services for the elderly	4,756,260
Nutrition and social services for the elderly	<u>7,869,553</u>
Total Program Services	<u>12,625,813</u>

Supporting services

Management and general	<u>1,012,988</u>
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Total Operating Expenses	<u>13,638,801</u>
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Change in Net Assets Without Donor Restrictions before Non-operating Revenue and Expenses	205,683
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Non-operating Revenue and Expenses

Investment gain	<u>51,981</u>
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Change in Net Assets Without Donor Restrictions	257,664
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NET ASSETS WITHOUT DONOR RESTRICTIONS

Beginning of Year	<u>2,236,877</u>
End of Year	<u>\$ 2,494,541</u>

See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Statement of Functional Expenses
For the Year Ended September 30, 2020

	Home Care Services for the Elderly	Nutrition and Social Services for the Elderly	Total Program Services	Management and General	Total
Salaries and wages	\$ -	\$ 4,464,452	4,464,452	\$ 637,779	\$ 5,102,231
Payroll taxes	-	303,082	303,082	43,298	346,380
Employee benefits	-	929,830	929,830	131,119	1,060,949
Grants	4,756,260	-	4,756,260	-	4,756,260
Veteran administration fiscal intermediary	-	994,671	994,671	-	994,671
Occupancy	-	327,684	327,684	57,827	385,511
Other professional fees	-	283,510	283,510	70,878	354,388
Housing coordination services	-	178,750	178,750	-	178,750
Telephone and internet	-	90,680	90,680	10,076	100,756
Miscellaneous	-	37,098	37,098	5,455	42,553
Copying, printing and postage	-	44,485	44,485	4,943	49,428
Travel	-	38,460	38,460	4,273	42,733
Client outreach, transportation and advertising	-	42,606	42,606	-	42,606
Depreciation and amortization	-	28,667	28,667	4,284	32,951
Accounting and legal fees	-	-	-	32,913	32,913
Bad debt	-	29,713	29,713	-	29,713
Office expenses	-	25,762	25,762	3,657	29,419
Insurance	-	24,724	24,724	2,747	27,471
Conferences, conventions and meetings	-	12,145	12,145	3,036	15,181
Senior housing assistance	-	6,024	6,024	-	6,024
Dues and subscription	-	3,955	3,955	440	4,395
Equipment	-	2,367	2,367	263	2,630
Alzheimer respite co-pay	-	888	888	-	888
	<u>\$ 4,756,260</u>	<u>\$ 7,869,553</u>	<u>\$ 12,625,813</u>	<u>\$ 1,012,988</u>	<u>\$ 13,638,801</u>

See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Statement of Cash Flows
For the Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 257,664
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation and amortization	32,951
Gain on investment	(51,981)
Changes in operating assets and liabilities	
Home care program receivables	38,576
Grants receivable	(43,739)
Prepaid expenses and other current assets	(100,301)
Accounts payable and accrued expenses	226,088
Deferred revenue	196,985
Due to grantees and other contractors	56,210
Net Cash from Operating Activities	<u>612,453</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(406,075)
Proceeds from the sales of investment	387,051
Purchase of property and equipment	(25,760)
Net Cash from Investing Activities	<u>(44,784)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Paycheck Protection Program loan	<u>1,078,700</u>
Net Change in Cash	1,646,369

CASH AND CASH EQUIVALENTS

Beginning of Year	<u>1,121,649</u>
End of Year	<u>\$ 2,768,018</u>

See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2020

1. Organization

Nature of Operations

Southwestern Connecticut Agency on Aging, Inc. ("SWCAA") is a nonprofit, nonstock corporation that was established to provide leadership and resources to meet the needs of the rapidly growing elderly population in the 14-town region defined as Southwestern Connecticut. Support and revenue consists primarily of federal and state grants and contracts.

2. Summary of Significant Accounting Policies

New Accounting Pronouncements

Effective July 1, 2019, SWCAA adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way SWCAA recognizes contributions and grants, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Basis of Presentation and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

SWCAA reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors. Each year, the Board of Directors designates a portion of the net assets without donor restrictions for the purpose of future operational needs and investment in property and equipment. The Board retains the discretion to permit the use of some or all of the designated net assets if necessary to ensure continued operations of SWCAA. Refer to Note 8 for additional information. These net assets may be used at the discretion of SWCAA's management and the board of directors.

Net assets with donor restrictions: Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) contributions that require that the principal be maintained in perpetuity but permit SWCAA to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted assets that have not been appropriated for expenditure. There are no net assets with donor restrictions at September 30, 2020.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

For the purpose of the statement of cash flows, SWCAA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. SWCAA maintained deposits in financial institutions that exceeded federal depository insurance limits. However, management believes that SWCAA's deposits are not subject to significant credit risk.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gain includes SWCAA's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses and investment income are classified as increases and decreases in net assets without donor restrictions.

Property and Equipment

Property and equipment acquisitions and improvements thereon that individually exceed \$5,000 are capitalized at cost and are depreciated on the straight-line method over their estimated useful lives. Expenditures for maintenance and repairs are charged to expense as incurred.

Grants and Contracts

Revenue from cost-reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance-based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. SWCAA reports nongovernmental contributions and grants to cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

SWCAA reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. In the absence of donor stipulations about how long those assets must be maintained, SWCAA reports expirations of donor restrictions when the assets are placed in service.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition. However, many volunteers have donated significant amounts of time in supporting SWCAA's programs.

Operating Measure

SWCAA defines the change in net assets from operations as the result of all revenues and expenses except investment gains and losses.

Accounting for Uncertainty in Income Taxes

SWCAA recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the SWCAA had no uncertain tax positions that would require financial statement recognition or disclosure. The SWCAA is no longer subject to examinations by the applicable tax jurisdictions for periods prior to 2017.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated based upon time and effort include salaries and wages, payroll taxes, employee benefits, occupancy, other professional fees, telephone and internet, office expenses, travel, accounting fees, insurance, bad debt, conferences, conventions and meetings, accounting and equipment.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 25, 2021.

3. Concentrations

SWCAA receives a majority of its support from Federal and State grants. As with all governmental funding, these grants and contracts are subject to reduction or termination in future years. Any significant reduction in these grants and contracts could have an adverse effect on SWCAA's program services.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2020

4. Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SWCAA 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 asset 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 measurements.

The asset's 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.

SWCAA's financial instruments carried at fair value consist of investments in exchange traded funds which are valued at the closing price reported in the active market in which the individual securities are traded. There have been no changes in this methodology for the years ended September 30, 2020.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while SWCAA 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.

Investments grouped by the fair value hierarchy consist of the following at September 30, 2020:

Level 1 Investments	
Bond	\$ 816,244
Equity - domestic	295,314
Equity - foreign	<u>68,843</u>
	<u>\$ 1,180,401</u>

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2020

4. Fair Value Measurements (continued)

Investment returns for the year ended September 30, 2020 consisted of the following:

Interest and dividend income	\$	28,294
Investment fee		(11,560)
Realized and unrealized gains		<u>51,981</u>
	\$	<u>68,715</u>

5. Unemployment Trust

SWCAA is self-insured for unemployment claims through Unemployment Services Trust (the "Trust"). Contributions to the Trust are accumulated and used to pay future claims. SWCAA could be required to make additional payments if claims exceed the accumulated contributions. As of September 30, 2020, accumulated contributions of \$132,283 was included in prepaid expenses and other current assets on the statement of financial position and there was estimated claim liabilities of \$16,538 included in the accounts payable and accrued expenses on the statement of financial position. Per the contract with the Trust, SWCAA has the ability to withdraw funds if accumulated contributions exceed the estimated liability.

6. Property and Equipment

A summary of property and equipment as of September 30, 2020 is as follows:

Furniture and equipment	\$	461,242
Leasehold improvements		<u>53,457</u>
		514,699
Accumulated depreciation and amortization		<u>(466,361)</u>
	\$	<u>48,338</u>

Depreciation and amortization expense totaled \$32,951 for the years ended September 30, 2020. Useful lives of assets range from 5 – 10 years.

7. Grantor Advance

During the year ended September 30, 2013, the Department of Social Services ("DSS") made an advance of \$150,000 to SWCAA for working capital purposes in connection with SWCAA's home care program. No amounts have been repaid on this advance. This advance is repayable on demand to DSS.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2020

8. Liquidity and Availability of Resources

SWCAA's financial assets available within one year of the statement of financial position date for general expenditures as of September 30, 2020 are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$ 2,768,018
Investment	1,180,401
Home care program receivable	1,226,900
Grants receivable	<u>258,259</u>
Total Financial Assets	<u>5,433,578</u>

Less amounts unavailable for general expenditures within one year due to:

Board designations	<u>(677,286)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 4,756,292</u>

Liquidity Management

SWCAA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of the budget process each year, the Board of Directors designates a portion of the net assets without donor restrictions. The amount designated for the year ended September 30, 2020 was \$677,286. The Board retains the discretion to permit the use of some or all of the designated funds, if necessary, to ensure continued operations of SWCAA. In addition to financial assets available to meet general expenditures over the next twelve months, SWCAA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

9. Paycheck Protection Program Loan Payable

SWCAA received a Small Business Administration ("SBA") Paycheck Protection Program loan (the "PPP loan") in the amount of \$1,078,700 on May 4, 2020. The loan bears interest at 1%. The PPP loan is forgivable, partially or in whole, if certain employment levels are maintained and expenditures are made for qualified costs as stated in the PPP loan agreement, and as outlined by the SBA. PPP loan repayments are deferred until the SBA remits SWCAA's loan forgiveness to the lender. Any unforgiven amount of the PPP loan would be payable in equal monthly installments, with the final payment of any unpaid principal and interest due on May 4, 2022. Future maturities are as follows for the years ending June 30:

2021	\$ 359,567
2022	<u>719,133</u>
	<u>\$ 1,078,700</u>

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2020

10. Designated Net Assets

Board designations of net assets without donor restrictions as of September 30, 2020 consist of the following:

	<u>2020</u>
Designated for future operational needs	\$ 628,948
Investment in property and equipment	<u>48,338</u>
Total Board Designated Net Assets	<u>\$ 677,286</u>

11. Lease Commitments

On December 1, 2014, SWCAA entered into a lease agreement for new office space under an operating lease that was extended in 2021 to November 2025. The lease requires escalating monthly payments ranging from \$24,771 to \$31,066 over the term of the lease. SWCAA recognizes rent expense on a straight-line basis over the respective lease term of the underlying agreement. Rent expense, utilities and other lease costs totaled \$385,511 for the year ended September 30, 2020.

Certain office equipment is also leased under various operating leases expiring at various dates through July 2025. Rent expense relative to equipment leases amounted to \$19,743 for the year ended September 30, 2020.

Future minimum lease payments as of September 30, 2020 are as follows:

2021	\$ 350,704
2022	347,044
2023	356,904
2024	377,099
2025	<u>382,937</u>
	<u>\$ 1,814,688</u>

12. Concentration of Credit Risk

SWCAA's accounts at banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and accounts at brokerage institutions are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (\$250,000 for cash). SWCAA has not experienced any loss in such accounts.

As of September 30, 2020, the uninsured balance of its cash and investment holdings is approximately \$3,198,000. SWCAA believes it is not exposed to any significant credit risk on its cash and investment balances.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2020

13. Employee Benefit Plan

SWCAA maintains a Section 403(b) tax-sheltered annuity plan that is available to all employees, subject to certain eligibility requirements as defined in the plan. SWCAA matches 100% of each eligible participant's contribution to the plan up to a maximum of 5% of annual salary. All plan contributions vest immediately. Employer contributions for the years ended September 30, 2020 totaled \$182,533.

14. Subsequent Event

SWCAA's operations have been affected by the recent and ongoing Coronavirus outbreak (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. SWCAA obtained a PPP loan (Note 9) and other Coronavirus Aid, Relief, and Economic Security Act funding in response to COVID-19. Services have not been disrupted, however, if the outbreak continues and conditions worsen, SWCAA may experience a disruption in operations. Management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition at this time.

**Southwestern Connecticut
Agency on Aging, Inc.**

Uniform Guidance and State Single
Audit Schedules and Reports

September 30, 2020

Southwestern Connecticut Agency on Aging, Inc.

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Grantor Agency/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub recipients	Total Federal Expenditures
United States Department of Health and Human Services				
<i>Passed-through the State of Connecticut Department of Rehabilitative Services</i>				
Special Programs for the Aging Cluster:				
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	15SDAFED01SWA	\$ 380,798	\$ 732,504
Special Programs for the Aging_ Title III, Part B Coronavirus Aid, Relief and Economic Security Act (CARES Act)	93.044	20SDRCOV01SWA	-	624,960
			<u>380,798</u>	<u>1,357,464</u>
Special Programs for the Aging_ Title III, Part C_Nutrition Services	93.045	15SDAFED01SWA	983,967	1,056,402
Special Programs for the Aging_ Title III, Part C_Coronavirus Aid, Relief and Economic Security Act (CARES Act)	93.045	20SDRCOV01SWA	599,899	700,746
Special Programs for the Aging_ Title III, Part C_Families First Coronavirus Response Act (FFCRA)	93.045	20SDRCOV01SWA	453,745	516,105
			<u>2,037,611</u>	<u>2,273,253</u>
Nutrition Services Incentive Program (NSIP)	93.053	15SDAFED01SWA	258,368	258,368
Total Special Programs for the Aging Cluster			<u>2,676,777</u>	<u>3,889,085</u>
Special Programs for the Aging_ Title III_Part D_Disease Prevention and Health Promotion Services	93.043	15SDAFED01SWA	30,450	48,588
National Family Caregiver Support_ Title III_Part E	93.052	15SDAFED01SWA	95,022	272,342
Coronavirus Aid, Relief and Economic Security Act (CARES Act_TII_Part E)	93.052	20SDRCOV01SWA	161,375	182,167
			<u>256,397</u>	<u>454,509</u>
Medicare Enrollment Assistance Program	93.071	17SDRMIP01SWA	-	32,750
State Health Insurance Assistance				
State Health Insurance Assistance Program_Choices	93.324	18SDRHIC01SWA	-	69,463
State Health Insurance Assistance Program_SHIP	93.324	20SDRHIC01SWA	-	18,299
			<u>-</u>	<u>87,762</u>
Social Services Block Grant	93.667	15SDRFED01SWA	-	80,366
Special Programs for the Aging Title IV and Title II Discretionary Projects:				
Special Programs for the Aging_ Title IV_and Title II_Discretionary Projects_Senior Medicare Patrol Grant	93.048	16SDAFED01SWA	-	45,167
Special Programs for the Aging_ Title IV_and Title II_Discretionary Projects_Senior Medicare Patrol Grant	93.048	20SDRSMP01SWA	-	9,006
Special Programs for the Aging_ Title IV_and Title II_Discretionary Projects_ADR No Wrong Door System Funding	93.048	19SDRVDC01SWA	-	96,496
Special Programs for the Aging_ Title IV_and Title II_Discretionary Projects_ADR No Wrong Door System Funding_Critical Relief Funds for COVID-19 Pandemic Response	93.048	20SDRCAR01SWA	-	4,433
			<u>-</u>	<u>155,102</u>
Total Special Programs for the Aging Title IV and Title II Discretionary Projects			<u>-</u>	<u>155,102</u>
Special Programs for the Aging_ Title VII Elder Abuse	93.041	15SDRFED01SWA	-	10,000
<i>Pass-through the State of Connecticut</i>				
<i>Department of Social Services</i>				
Community Resource Coordinator (CRC) Program	93.U00	20DSS6101	-	8,588
Provider Relief Fund	93.498		-	130,269
			<u>-</u>	<u>138,857</u>
<i>Pass-through the State of Connecticut</i>				
<i>Department of Public Health</i>				
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	2019-0218	-	20,758
Total Expenditures of Federal Awards			<u>\$ 2,963,624</u>	<u>\$ 4,917,777</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

Southwestern Connecticut Agency on Aging, Inc.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Southwestern Connecticut Agency on Aging, Inc. ("SWCAA") under programs of the federal government for the year ended September 30, 2020. The information in the 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). Because the Schedule presents only a selected portion of the operations of SWCAA, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of SWCAA.

Basis of Accounting

Expenditures reported on the Schedule are presented on the accrual basis of accounting. For cost reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

2. Indirect Cost Recovery

SWCAA has elected not to use the 10% de-minimis indirect cost rate allowed under the Uniform Guidance.

**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***

Independent Auditors' Report

**Board of Directors
Southwestern Connecticut Agency on Aging, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwestern Connecticut Agency on Aging, Inc. ("SWCAA"), which comprise the statement of financial position as of September 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SWCAA's internal control over financial reporting (internal control) as a basis for designing 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 SWCAA's internal control. Accordingly, we do not express an opinion on the effectiveness of SWCAA'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 material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SWCAA's financial statements are free from material misstatements, 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 financial statements. 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*.

Board of Directors
Southwestern Connecticut Agency on Aging, Inc.
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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 SWCAA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SWCAA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

January 25, 2021

**Report on Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by the Uniform Guidance**

Independent Auditors' Report

Board of Directors

Southwestern Connecticut Agency on Aging, Inc.

Report on Compliance for Each Major Federal Program

We have audited Southwestern Connecticut Agency on Aging, Inc.'s ("SWCAA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on SWCAA's major federal program for the year ended September 30, 2020. SWCAA's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for SWCAA's major federal program 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; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about SWCAA'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 the major federal program. However, our audit does not provide a legal determination of SWCAA's compliance.

Opinion on Each Major Federal Program

In our opinion, SWCAA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of SWCAA 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 of compliance, we considered SWCAA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SWCAA's internal control over compliance.

Board of Directors
Southwestern Connecticut Agency on Aging, Inc.
Page 2

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

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

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

PKF O'Connor Davies, LLP

January 25, 2021

Southwestern Connecticut Agency on Aging, Inc.

Schedule of Findings and Questioned Costs - Federal
Year Ended September 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' 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

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.044/93.045/93.053	Special Programs for the Aging Cluster

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

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended September 30, 2020.

Section III - Federal Award Findings and Questioned Costs

During our audit, we noted no instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV - Prior Year Findings

There were no prior year findings.

Southwestern Connecticut Agency on Aging, Inc.

Schedule of Expenditures of State Financial Assistance
September 30, 2020

State Grantor/ Pass-Through Grantor/Programs Title	State Grant Program Core-CT Number	Passed Through to Sub recipients	Expenditures
Office of Policy Management			
Nonprofit IT Grant	12052-OPM20830-43574	\$ -	\$ 125,820
Nonprofit IT Grant	12052-OPM20830-43574	-	51,371
Total Office of Policy Management		-	177,191
Department of Public Health			
Prevention Service Initiative	12060-OHS49471-222727	-	9,646
Department of Social Services			
Connecticut Home Care program	11000-DSS60000-16114	-	5,376,065
Money Follows the Person	11000-DSS60000-16000	-	512,007
Money Follows the Person	11000-DSS60000-16000	-	140,932
		-	652,939
Acquired Brain Injury	11000-DSS60000-16146	-	476,565
Total Department of Social Services		-	6,505,569
Department of Rehabilitation Services			
Area Agencies on Aging Cluster:			
Federal Title III Match	11000-SDR363500-90696-10601	-	11,851
Federal Title III Match	11000-SDR363500-90696-10601	-	11,851
Federal Title III, Part B - Grants for Supportive Services and Senior Centers - Match	11000-SDR363500-90696-10604	17,317	17,317
Federal Title III, Part C - Nutrition Services - Match	11000-SDR363500-90696-10604	27,343	27,343
Federal Title III, Part D - Match Elderly	11000-SDR363500-90696-10604	911	911
Elderly Nutrition and Discretionary	11000-SDR363500-90696-10105	498,864	498,864
Total Area Agencies on Aging Cluster		544,435	568,137
Choices Program	11000-SDR63500-90696	-	56,490
Choices Program	11000-SDR63500-90696	-	1,981
		-	58,471
Respite Care Cluster:			
Statewide Respite Care	1100-SDR63500-90696-10402	-	296,162
Statewide Respite Care	1100-SDR63500-90696-10402	-	71,262
Alzheimer's Aide	1100-SDR63500-90696-10403	32,983	32,983
Elderly Health Promotion	1100-SDR63500-90696-10305	-	3,951
Total Respite Care Cluster		32,983	404,358
Total Department of Rehabilitation Services		577,418	1,030,966
Total Expenditures of State Financial Assistance		\$ 577,418	\$ 7,723,372

See independent auditors' report and notes to schedule of expenditures of state financial assistance

Southwestern Connecticut Agency on Aging, Inc.

Notes to Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2020

1. Summary of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of State Financial Assistance ("Schedule") includes the state grant activity of Southwestern Connecticut Agency on Aging, Inc. ("SWCAA") under programs of the State of Connecticut for the fiscal year ended September 30, 2020. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of SWCAA, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of SWCAA.

The accounting policies of SWCAA conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

**Report on Compliance for Each Major State Program and on
Internal Control Over Compliance Required by the State Single Audit Act**

Independent Auditors' Report

**Board of Directors
Southwestern Connecticut Agency on Aging, Inc.**

Report on Compliance for Each Major State Program

We have audited Southwestern Connecticut Agency on Aging, Inc. ("SWCAA") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of SWCAA's major state programs for the year ended September 30, 2020. SWCAA's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of SWCAA's major state programs 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; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State 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 state program occurred. An audit includes examining, on a test basis, evidence about SWCAA'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 state program. However, our audit does not provide a legal determination of SWCAA's compliance.

Opinion on Each Major State Program

In our opinion, SWCAA 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 state programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of SWCAA 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 of compliance, we considered SWCAA's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State 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 SWCAA'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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

January 25, 2021

Southwestern Connecticut Agency on Aging, Inc.

Schedule of Findings and Questioned Costs - State
Year Ended September 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' 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

State Financial Assistance

Internal control over major state programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' opinion issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

yes no

The following schedule reflects the major state programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Social Services: Connecticut Home Care Program	11000-DSS60000-16114	\$ 5,376,065
• Dollar threshold used to distinguish between type A and type B programs		<u>\$200,000</u>

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended September 30, 2020.

Section III - State Financial Assistance Findings and Questioned Costs

No findings or questioned costs are reported relating to State financial assistance programs.

Section IV - Prior Year Financial Statement Findings, State Financial Assistance Findings and Questioned Costs

There were no prior year findings.