

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

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

September 30, 2023 and 2022

Southwestern Connecticut Agency on Aging, Inc.

Financial Statements, Uniform Guidance and State Single Audit Schedules
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Independent Auditors' Report

Board of Directors
Southwestern Connecticut Agency on Aging, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Southwestern Connecticut Agency on Aging, Inc., which comprise the statements of financial position as of September 30, 2023 and 2022 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Connecticut Agency on Aging, Inc., as of September 30, 2023 and 2022 and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southwestern Connecticut Agency on Aging, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Policy

As discussed in Note 2 to the financial statements, Southwestern Connecticut Agency on Aging, Inc. adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, which resulted in the recognition of a right of use asset and related lease liability effective October 1, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Southwestern Connecticut Agency on Aging, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southwestern Connecticut Agency on Aging, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southwestern Connecticut Agency on Aging, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 17 is presented for purposes of additional analysis 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 the accompanying schedule of expenditures of state financial assistance on page 25 as required by the State Single Audit Act (C.G.S. Section 4-230 to 4-236), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, 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 the 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 19, 2024

Southwestern Connecticut Agency on Aging, Inc.

Statements of Financial Position

	September 30,	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,162,373	\$ 1,169,731
Investments	2,058,875	1,977,332
Home care program receivables	1,307,986	1,230,398
Grants receivable	961,234	818,989
Prepaid expenses and other current assets	348,172	361,189
Total Current Assets	5,838,640	5,557,639
Operating lease right of use asset, net	636,681	-
Property and equipment, net	54,074	79,318
	\$ 6,529,395	\$ 5,636,957
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 447,329	\$ 819,396
Refundable advance	590,966	766,367
Grantor advances	575,000	150,000
Due to grantees and other contractors	259,617	116,028
Operating lease liability, current portion	360,047	-
Total Current Liabilities	2,232,959	1,851,791
Operating lease liability, less current portion		
Total Liabilities	371,174	-
	2,604,133	1,851,791
Net Assets		
Net assets without donor restrictions	3,925,262	3,785,166
	\$ 6,529,395	\$ 5,636,957

See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Statements of Activities
Years Ended September 30,

	2023	2022
Operating Revenue and Expenses		
Public support and revenue:		
Governmental grants and contracts	\$ 13,597,798	\$ 13,203,227
Program and other income	1,729,768	1,374,643
Interest and dividend income, net	40,995	27,071
Total Public Support and Revenue	15,368,561	14,604,941
Operating Expenses:		
Program services		
Home care services for the elderly	4,978,556	4,649,198
Nutrition and social services for the elderly	9,309,613	8,645,632
Total Program Services	14,288,169	13,294,830
Supporting services		
Management and general	997,557	876,642
Total Operating Expenses	15,285,726	14,171,472
Change in Net Assets before Non-operating Revenue and Expenses	82,835	433,469
Non-operating Revenue and Expenses		
Investment (loss) gain	57,261	(378,948)
Total Non-operating Revenue and Expenses	57,261	(378,948)
Change in Net Assets	140,096	54,521
NET ASSETS		
Beginning of year	3,785,166	3,730,645
End of year	\$ 3,925,262	\$ 3,785,166

See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Statement of Functional Expenses
Year Ended September 30, 2023

	<u>Home Care Services for the Elderly</u>	<u>Nutrition and Social Services for the Elderly</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ -	\$ 5,184,201	\$ 5,184,201	\$ 567,714	\$ 5,751,915
Payroll taxes	-	409,057	409,057	44,795	453,852
Employee benefits	-	985,028	985,028	107,869	1,092,897
Grants	4,978,556	-	4,978,556	-	4,978,556
Veteran fiscal administrative fees	-	1,382,342	1,382,342	-	1,382,342
Occupancy	-	317,854	317,854	56,092	373,946
Other professional fees	-	584,363	584,363	146,091	730,454
Housing coordination services	-	56,700	56,700	-	56,700
Telephone and internet	-	84,184	84,184	9,219	93,403
Miscellaneous	-	10,859	10,859	1,189	12,048
Copying, printing and postage	-	35,916	35,916	3,933	39,849
Travel	-	68,196	68,196	7,468	75,664
Client outreach, transportation and advertising	-	29,374	29,374	-	29,374
Depreciation and amortization	-	22,752	22,752	2,492	25,244
Accounting and legal fees	-	-	-	42,239	42,239
Bad debt	-	25,209	25,209	-	25,209
Office expenses	-	36,923	36,923	4,043	40,966
Insurance	-	23,551	23,551	2,579	26,130
Conferences, conventions and meetings	-	7,075	7,075	775	7,850
Senior housing assistance	-	25,903	25,903	-	25,903
Dues and subscription	-	7,091	7,091	776	7,867
Equipment	-	2,580	2,580	283	2,863
Alzheimer respite co-pay	-	10,455	10,455	-	10,455
	<u>\$ 4,978,556</u>	<u>\$ 9,309,613</u>	<u>\$ 14,288,169</u>	<u>\$ 997,557</u>	<u>\$ 15,285,726</u>

See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Statement of Functional Expenses
Year Ended September 30, 2022

	Home Care Services for the Elderly	Nutrition and Social Services for the Elderly	Total Program Services	Management and General	Total
Salaries and wages	\$ -	\$ 4,852,974	\$ 4,852,974	\$ 515,360	\$ 5,368,334
Payroll taxes	-	384,696	384,696	40,853	425,549
Employee benefits	-	969,878	969,878	102,996	1,072,874
Grants	4,649,198	-	4,649,198	-	4,649,198
Veteran fiscal administrative fees	-	1,107,342	1,107,342	-	1,107,342
Occupancy	-	305,177	305,177	53,855	359,032
Other professional fees	-	421,728	421,728	105,432	527,160
Housing coordination services	-	222,225	222,225	-	222,225
Telephone and internet	-	78,810	78,810	8,369	87,179
Miscellaneous	-	6,070	6,070	645	6,715
Copying, printing and postage	-	34,849	34,849	3,701	38,550
Travel	-	41,319	41,319	4,388	45,707
Client outreach, transportation and advertising	-	100,235	100,235	-	100,235
Depreciation and amortization	-	20,845	20,845	2,214	23,059
Accounting and legal fees	-	-	-	30,884	30,884
Bad debt	-	3,995	3,995	-	3,995
Office expenses	-	34,021	34,021	3,613	37,634
Insurance	-	29,962	29,962	3,182	33,144
Conferences, conventions and meetings	-	4,219	4,219	448	4,667
Senior housing assistance	-	16,112	16,112	-	16,112
Dues and subscription	-	4,354	4,354	462	4,816
Equipment	-	2,265	2,265	240	2,505
Alzheimer respite co-pay	-	4,556	4,556	-	4,556
	<u>\$ 4,649,198</u>	<u>\$ 8,645,632</u>	<u>\$ 13,294,830</u>	<u>\$ 876,642</u>	<u>\$ 14,171,472</u>

See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Statements of Cash Flows
Years Ended September 30,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 140,096	\$ 54,521
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	25,244	23,059
Bad debt	25,209	3,995
Loss (gain) on investments	(57,261)	378,948
Amortization of ROU assets	283,940	-
Changes in operating assets and liabilities		
Home care program receivables	(102,797)	(146,791)
Grants receivable	(142,245)	(668,433)
Prepaid expenses and other current assets	13,017	152,799
Accounts payable and accrued expenses	(372,067)	150,040
Operating lease liability	(189,400)	-
Refundable advances	(175,401)	(880,323)
Grantor advances	425,000	-
Due to grantees and other contractors	143,589	46,869
Net Cash from Operating Activities	16,924	(885,316)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(50,279)	(379,075)
Proceeds from the sales of investments	25,997	343,220
Purchase of property and equipment	-	(38,245)
Net Cash from Investing Activities	(24,282)	(74,100)
 Net Change in Cash and Cash Equivalents	(7,358)	(959,416)
 CASH AND CASH EQUIVALENTS		
Beginning of year	1,169,731	2,129,147
End of year	\$ 1,162,373	\$ 1,169,731

See notes to financial statements

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

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

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, 2023 and 2022.

Change in Accounting Policy

The Organization adopted the Financial Accounting Standards Board Topic 842, *Leases*, using the effective date method with October 1, 2022, as the date of initial adoption, with certain practical expedients available.

The Organization elected the available practical expedients to account for its existing operating lease as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

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

Change in Accounting Policy (continued)

As a result of the adoption of the new lease accounting guidance, on October 1, 2022 the Organization initially recognized a lease liability of \$920,621 that represents the present value of the remaining operating lease payments of \$1,304,524, discounted using the risk-free rate on the date of adoption, and a right-of use asset equal to the operating lease liability of \$920,621.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, SWCAA considers all highly liquid investments with an original maturity of three months or less at the time of purchase 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 with a cost of \$5,000 or more and a useful life of one year or more are capitalized at cost and are depreciated on the straight-line method over their estimated useful lives, which range from 2-10 years. Expenditures for maintenance and repairs are charged to expense as incurred.

Leases

For the year ended September 30, 2023, leases are presented as operating lease ROU asset and operating lease liability on the Organization's statements of financial position. The operating lease ROU assets represent the Organization's right to control the use of an underlying asset for the lease term and the lease liability represents the Organization's obligation to make lease payments arising from the lease. The operating lease ROU asset and liability are recognized at the lease commencement date based on the present value of future lease payments. If available, the Organization uses the rate implicit in the lease to discount lease payments to present value; however, the Organization's current lease does not provide a readily determinable implicit rate. Therefore, the Organization has elected the discount lease payments based on an estimate of its incremental borrowing rate.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

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

Government Grants and Contracts

SWCAA receives grant and contract funding from various federal and state agencies, which may be considered exchange transactions or contributions. 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 the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided and generally have a duration of less than a year. Grant and contract receipts in excess of revenue recognized are presented as refundable advances.

Program and Other Income

SWCAA has various other program and contract revenue that are accounted for as exchange transactions. Revenue is recognized as performance obligations are met in an amount that reflects the considerations in which SWCAA expects to be entitled in exchange for providing services. Payment terms vary but generally align with the timing of the services performed. As substantially all performance obligations relate to contracts with a duration of less than one year, SWCAA has elected to apply the optional exemption not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Generally, performance obligations are satisfied over time and relate to the number of days of participation in a program. SWCAA measures the performance obligation from the days of services provided. SWCAA defers revenues when payments are received in advance of the performance under the contract.

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 of 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 statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

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. SWCAA is no longer subject to examinations by the applicable tax jurisdictions for years prior to 2020.

Functional Allocation of Expenses

Expenses are charged directly to program services, management and general based on specific identification to the extent practicable. Expenses related to more than one function have been allocated using reasonable ratios determined by management. 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.

Contributions of Nonfinancial Assets

A substantial number of volunteers have donated considerable amounts of their time to the Organization's program and supporting services. No contributed services met the requirements for recognition in the financial statements for the years ended September 30, 2023 and 2022.

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 19, 2024.

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.

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:

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

4. Fair Value Measurements *(continued)*

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, 2023 and 2022. 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:

	2023	2022
Level 1 Investments		
Exchange Traded Funds:		
Bond	\$ 1,447,897	\$ 1,402,679
Equity - domestic	505,508	488,327
Equity - foreign	105,470	86,326
	\$ 2,058,875	\$ 1,977,332

Investment return (loss) for the years ended September 30, consisted of the following:

	2023	2022
Interest and dividend income	\$ 62,242	\$ 50,175
Investment fee	(21,284)	(23,104)
Realized and unrealized (loss) gain	57,261	(378,948)
	\$ 98,219	\$ (351,877)

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

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. At September 30, 2023 and 2022, accumulated contributions of \$135,347 and \$132,283 are included in prepaid expenses and other current assets on the statements of financial position and there are estimated claim liabilities of \$56,864 and \$16,538 included in the accounts payable and accrued expenses on the statements 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 at September 30 is as follows:

	2023	2022
Furniture and equipment	\$ 538,025	\$ 538,025
Leasehold improvements	53,457	53,457
	591,482	591,482
Accumulated depreciation	(537,408)	(512,164)
	<u>\$ 54,074</u>	<u>\$ 79,318</u>

Depreciation and amortization expense totaled \$25,244 and \$23,059 for the years ended September 30, 2023 and 2022.

7. Operating Lease

On December 1, 2014, SWCAA entered into a lease agreement for office space under an operating lease that was extended in 2021 to November 2025. Other information related to the Organization's operating lease for the year ended September 30, 2023 is as follows:

Lease expense	\$ 320,856
Cash paid for amount included in the measurement of operating lease liabilities	340,218
Weighted-average remaining lease term (years)	2.17
Weighted-average discount rate	4.25%

Rent expense, utilities and other lease costs was \$359,032 for the year ended September 30, 2022.

Future minimum lease payments due under the non-cancellable agreement as of June 30, 2023 are as follows:

Year ending September 31,	
2024	\$ 360,047
2025	371,877
2026	31,066
Total future minimum lease payments	762,990
Less: present value discount	(31,769)
Total lease liability	<u>\$ 731,221</u>

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

8. 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. During the year ended September 30, 2023, SWCAA received additional advance of \$425,000. Subsequent to year end, \$150,000 was repaid on this advance. This advance is repayable on demand to DSS.

9. Liquidity and Availability of Financial Resources

SWCAA’s financial assets available within one year of the statements of financial position date for general expenditures as of September 30 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,162,373	\$ 1,169,731
Investments	2,058,875	1,977,332
Home care program receivables	1,307,986	1,230,398
Grants receivable	<u>961,234</u>	<u>818,989</u>
Total Financial Assets	5,490,468	5,196,450
Less amounts unavailable for general expenditures within one year due to:		
Board designations	<u>(769,974)</u>	<u>(795,218)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 4,720,494</u>	<u>\$ 4,401,232</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 years ended September 30, 2023 and 2022 was approximately \$777,000 and \$795,000. 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.

Southwestern Connecticut Agency on Aging, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

10. Designated Net Assets

Board designations of net assets without donor restrictions at September 30 consist of the following:

	<u>2023</u>	<u>2022</u>
Designated for future operational needs	\$ 715,900	\$ 715,900
Investment in property and equipment	<u>54,074</u>	<u>79,318</u>
	<u>\$ 769,974</u>	<u>\$ 795,218</u>

11. 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.

At September 30, 2023 and 2022, the uninsured balance of its cash and investment holdings is approximately \$2,509,000 and \$2,397,000. SWCAA believes it is not exposed to any significant credit risk on its cash and investment balances.

12. 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, 2023 and 2022 totaled \$203,662 and \$188,569.

13. Contracts

During the year ended September 30, 2022, SWCAA entered into an agreement with an area agency organization to sell SWCAA's internally created software for \$235,000 and to provide support for a period after sale. During each of the years 2023 and 2022, SWCAA earned \$117,500 and is recorded in other income.

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

Uniform Guidance and State Single
Audit Schedules and Reports

September 30, 2023

Southwestern Connecticut Agency on Aging, Inc.

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2023

Federal Grantor Agency/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
<i>Passed-through the State of Connecticut</i>				
<i>Department of Rehabilitative Services:</i>				
<i>Special Programs for the Aging Cluster:</i>				
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	20SDRFED01SWA	\$ 477,765	\$ 708,169
Federal Older Americans Act (OAA) Title III-B American Resue Plan	93.044	22SDRARP01SWA	541,213	602,196
			<u>1,018,978</u>	<u>1,310,365</u>
Title III, Part C, Nutrition Services	93.045	20SDRFED01SWA	1,774,455	2,112,305
Federal Older Americans Act (OAA) American Rescue Plan Title III-B,C-1, C-2 and	93.045	22SDRARP01SWA	20,350	134,622
Federal Older Americans Act (OAA) Title III-C-2 American Rescue Plan	93.045	22SDRARP01SWA	467,537	467,537
			<u>2,262,342</u>	<u>2,714,464</u>
Nutrition Services Incentive Program	93.053	20SDRFED01SWA	266,855	266,855
Total <i>Special Programs for the Aging Cluster</i>			<u>3,548,175</u>	<u>4,291,684</u>
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Prevention Services	93.043	20SDRFED01SWA	24,282	76,455
			<u>24,282</u>	<u>76,455</u>
National Family Caregiver Support, Title III, Part E	93.052	20SDRFED01SWA	66,170	379,105
Federal Older Americans Act (OAA) American Rescue Plan AAA Admin Title III-E	93.052	22SDRARP01SWA	-	29,676
Federal Older Americans Act (OAA) American Rescue Plan CROP CSRPS	93.052	22SDRARP01SWA	17,077	82,470
			<u>83,247</u>	<u>491,251</u>
Medicare Enrollment Assistance Program	93.071	20SDRMIP01SWA	-	45,759
State Health Insurance Assistance Program	93.324	20SDRHIC01SWA	-	93,302
Social Services Block Grant	93.667	20SDRFED01SWA	163,156	163,156
Special Programs for the Aging, Title IV, and Title II Discretionary Projects	93.048	20SDRSMP01SWA	-	54,094
Special Programs for the Aging, Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	20SDRFED01SWA	-	10,000
Total U.S. Department of Health and Human Services			<u>3,818,860</u>	<u>5,225,701</u>
U.S. Department of the Treasury:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	22SDRRES01SWA	16,528	63,493
Federal Older Americans Act (OAA) American Rescue Plan Crop Admin - Referrals	21.027	22SDRRES01SWA	-	1,001
Total U.S. Department of the Treasury			<u>16,528</u>	<u>64,494</u>
Total Expenditures of Federal Awards			<u>\$ 3,835,388</u>	<u>\$ 5,290,195</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
Year Ended September 30, 2023

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, 2023. 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, 2023 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 19, 2024**.

Report on 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SWCAA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.

PKF O'Connor Davies, LLP

January 19, 2024

**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

Opinion on 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 programs for the year ended September 30, 2023. SWCAA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs - Federal.

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 federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SWCAA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SWCAA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SWCAA's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SWCAA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SWCAA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SWCAA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SWCAA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SWCAA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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.

Board of Directors
Southwestern Connecticut Agency on Aging, Inc.
Page 3

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

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

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

PKF O'Connor Davies, LLP

January 19, 2024

Southwestern Connecticut Agency on Aging, Inc.

Schedule of Findings and Questioned Costs - Federal
Year Ended September 30, 2023

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>Federal Assistance Listing Number</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, 2023.

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
Year Ended September 30, 2023

State Grantor/ Pass-Through Grantor/Programs Title	State Grant Program Core-CT Number	Provided to Subrecipients	Total State Expenditures
Department of Social Services			
Connecticut Home Care Program	11000-DSS60000-16114	\$ -	\$ 5,711,440
Money Follows the Person	11000-DSS60000-16000	-	943,630
Acquired Brain Injury	11000-DSS60000-16146	-	455,767
Total Department of Social Services		<u>-</u>	<u>7,110,837</u>
Department of Rehabilitation Services			
Area Agencies on Aging Cluster:			
Federal Title III Match	11000-SDR63901-16260-10601	18,843	18,843
Federal Title III, Part B - Grants for Supportive Services and Senior Centers - Match	11000-SDR63901-16260-10604	5,647	27,531
Federal Title III, Part C - Nutrition Services - Match	11000-SDR63901-16260-10603	19,787	25,434
Federal Title III, Part D - Match Elderly	11000-SDR63901-16260-10604	854	854
Elderly Nutrition and Discretionary	11000-SDR63901-16278-10105	<u>594,251</u>	<u>608,116</u>
Total Area Agencies on Aging Cluster		<u>639,382</u>	<u>680,778</u>
Choices Program	11000-SDR63901-16260-10719	-	92,710
Respite Care Cluster:			
Statewide Respite Care	11000-SDR63901-16260-10402	-	382,990
Alzheimer's Aide	11000-SDR63901-16260-10403	32,983	32,983
Elderly Health Promotion	11000-SDR63901-16260-10305	-	6,756
Total Respite Care Cluster		<u>32,983</u>	<u>422,729</u>
Total Department of Rehabilitation Services		<u>672,365</u>	<u>1,196,217</u>
Total Expenditures of State Financial Assistance		<u>\$ 672,365</u>	<u>\$ 8,307,054</u>

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, 2023

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, 2023. 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

Opinion on 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, 2023. SWCAA's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs - state.

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, 2023.

Basis for Opinion on Each Major State Program

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). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SWCAA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of SWCAA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SWCAA's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SWCAA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SWCAA's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SWCAA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SWCAA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of SWCAA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

PKF O'Connor Davies, LLP

January 19, 2024

Southwestern Connecticut Agency on Aging, Inc.

Schedule of Findings and Questioned Costs - State
Year Ended September 30, 2023

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>State Expenditures</u>
Department of Social Services: Connecticut Home Care Program	11000-DSS60000-16114	\$ 5,711,440
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, 2023.

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.