

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
COMMUNITY AGING AND RETIREMENT SERVICES, INC.

December 31, 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Community Aging and Retirement Services, Inc.

Report of the Financial Statements

We have audited the accompanying financial statements of Community Aging and Retirement Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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 audits. We conducted our audits 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Community Aging and Retirement Services, Inc. as of December 31, 2019, 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

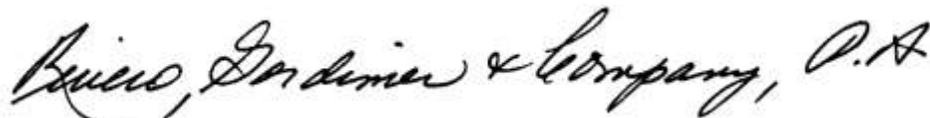
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance as required by Chapter 10.650, *Rules of the Auditor General* is presented for additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying schedule of functional expenses by services as required by the Department of Elder Affairs (DOEA) is presented for additional analysis and is not a required part of the basic 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 April 20, 2020 on our consideration Community Aging and Retirement Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Aging and Retirement Services, 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 Community Aging and Retirement Services, Inc.'s internal control over financial reporting and compliance.

Tampa, Florida
April 20, 2020



Community Aging and Retirement Services, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

Current Assets	
Cash	\$ 79,620
Accounts receivable	43,277
Grants receivable	336,448
Current portion note receivable	250,000
Prepaid assets and deposits	<u>8,061</u>
Total current assets	<u>717,406</u>
Property and equipment, net	2,040,612
Non-current portion of note receivable	200,000
Beneficial interest in assets held by others	<u>98,245</u>
Total assets	<u>\$ 3,056,263</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 136,177
Accrued expenses and other liabilities	85,805
Current portion of notes payable	28,559
Line of credit	149,933
Deferred revenue	<u>3,863</u>
Total current liabilities	<u>404,337</u>
Notes payable, noncurrent portion	<u>765,434</u>
Total liabilities	<u>1,169,771</u>
Net assets	
Without donor restrictions	1,886,492
With donor restrictions	<u>-</u>
Total net assets	<u>1,886,492</u>
Total liabilities and net assets	<u>\$ 3,056,263</u>

The accompanying notes are an integral part of this financial statement.

Community Aging and Retirement Services, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2019

Revenues and support	
Grant revenue	\$ 2,184,657
Program service fees	486,265
Contributions	885,328
Special events, net of direct expenses of \$36,460	59,647
In-kind contributions	1,629
Investment income	14,932
	<hr/>
Total revenues and support	3,632,458
	<hr/>
Expenses	
Program services	
Adult day care	416,504
Care managed services	1,717,040
Skilled care	10,130
Senior centers	969,166
Senior health clinic	74,292
	<hr/>
	3,187,132
Support Services	
Management and general	287,587
Fund raising	13,849
	<hr/>
	301,436
	<hr/>
Total expenses	3,488,568
	<hr/>
Increase in net assets from operations	143,890
	<hr/>
Non-operating income	
Sale of Medicare license	950,000
	<hr/>
Increase in net assets	1,093,890
Net assets at beginning of year	792,602
	<hr/>
Net assets end of year	\$ 1,886,492
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

Community Aging and Retirement Services, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

	Program Services						Support Services		Total Expenses
	Adult Day Care	Care Managed Services	Skilled Care	Senior Centers	Senior Health Clinic	Total	Management and General	Fund Raising	
Personnel	\$ 382,878	\$ 1,592,853	\$ 4,931	\$ 212,039	\$ 39,184	\$ 2,231,885	\$ 221,296	\$ 7,804	\$ 2,460,985
Travel	3,252	37,346	2,208	116,674	1,087	160,567	-	10	160,577
Communications	604	5,090	659	51,966	120	58,439	4,502	-	62,941
Printing and supplies	208	6,707	-	5,092	491	12,498	3,459	221	16,178
Maintenance and repair	569	6,525	-	74,956	-	82,050	6,628	-	88,678
Contract services	8,138	9,018	2,174	18,658	22,889	60,877	7,601	-	68,478
Special events	-	96	-	5,332	-	5,428	93	-	5,521
Advertising	-	875	158	16,270	-	17,303	898	2,908	21,109
Insurance	-	2,305	-	49,098	-	51,403	-	-	51,403
Program supplies	17,323	15,333	-	43,012	2,502	78,170	-	106	78,276
Utilities	-	-	-	68,052	-	68,052	-	-	68,052
Professional fees	171	26,319	-	55,374	348	82,212	9,054	-	91,266
Finance costs and taxes	87	201	-	67,405	-	67,693	-	-	67,693
Other costs	3,274	14,372	-	79,816	1,570	99,032	33,880	2,800	135,712
Depreciation	-	-	-	105,422	6,101	111,523	176	-	111,699
Total expenses	<u>\$ 416,504</u>	<u>\$ 1,717,040</u>	<u>\$ 10,130</u>	<u>\$ 969,166</u>	<u>\$ 74,292</u>	<u>\$ 3,187,132</u>	<u>\$ 287,587</u>	<u>\$ 13,849</u>	<u>\$ 3,488,568</u>

The accompanying notes are an integral part of this financial statement.

Community Aging and Retirement Services, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

Cash flows from operating activities	
Increase in net assets	\$ 1,093,890
Adjustments to reconcile increase in net assets to cash provided by operating activities	
Donated land	(325,000)
Depreciation	111,699
Sale of Medicare license	(950,000)
Decrease in accounts receivable	42,888
Increase in grants receivable	(3,316)
Decrease in prepaid and other assets	1,107
Net Increase in beneficial interest held by others	(10,404)
Decrease in accounts payable and accrued expenses	(325,846)
Increase in deferred revenues	<u>3,863</u>
Net cash used by operating activities	<u>(361,119)</u>
Cash flows from investing activities	
Purchase of property and equipment	(30,000)
Payments on notes receivable from sale of Medicare license	<u>500,000</u>
Net cash provided by investing activities	<u>470,000</u>
Cash flows from financing activities	
Proceeds from note payable	30,000
Principal payments on notes payable	(97,820)
Net proceeds from line of credit	<u>(100,000)</u>
Net cash used by financing activities	<u>(167,820)</u>
Net decrease in cash	(58,939)
Cash at beginning of year	<u>138,559</u>
Cash at end of year	<u>\$ 79,620</u>
Supplemental cash flow information	
Cash paid during the year for interest	<u>\$ 51,186</u>
Cash paid during the year for taxes	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Background Information

Community Aging and Retirement Services, Inc. ("CARES") is a tax exempt, Florida not-for-profit corporation organized for the purpose of development, delivery and coordination of high-quality programs and services which are responsive to the needs of adults and older persons residing in Pasco County, Florida. CARES currently conducts its operations through one program office, two enrichment centers, two adult day care centers and one senior health clinic.

2. Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on CARES as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- With Donor Restrictions – Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of CARES to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.
- Without Donor Restriction – Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

3. Change in Accounting Principle

During 2019, CARES adopted ASU 2018-08, *Clarifying the scope of the Accounting Guidance for Contributions Received and Contributions made* as well as ASU 2014-09 *Revenue from Contracts with Customers*. The corporation adopted ASU 2018-08 and 2014-09 using the retrospective method. The adoption of these standards did not result in significant changes to the organization's accounting policies or impact its financial position, results of operations or cash flows. As such, prior period financial statements were not restated and there was no cumulative effect adjustment upon adoption.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See note B.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Cash and Cash Equivalents

CARES considers all highly liquid debt instruments and securities purchased with a maturity of three months or less to be cash equivalents. There are no cash equivalents at December 31, 2019.

7. Concentrations of Credit Risk

Financial instruments that potentially subject CARES to concentrations of credit risk are primarily cash and accounts receivable. CARES' cash deposits are placed in financial institutions which at times may exceed the Federal Deposit Insurance Corporation (FDIC) coverage. CARES has not experienced any losses in its cash accounts and does not believe it is exposed to any significant credit risks related to uninsured amounts.

8. Accounts Receivable and Allowance of Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances, less estimated contractual adjustments related to agreements with third-party payers. Accounts receivable are reviewed for write off after 180 days and analysis of collection efforts. Management provides for probable uncollectible amounts through a charge to expense and a credit to an allowance based on prior bad debt experience and a review of existing receivables. Balances that remain outstanding after management has used reasonable collection efforts are written off. There was no allowance deemed necessary for the year ended December 31, 2019.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Grant Revenue and Receivables

Grant revenue is received from federal, state and local sources. Grant revenue is recorded based upon the terms of the grantor allotment, which generally provides that revenues are earned when the allowable costs of the specific grant provisions have been incurred or such services have been rendered. Such revenues are subject to audit by the grantor, and if the examination results in a deficiency of allowable expenses, CARES would be required to refund any deficiencies.

10. Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over estimated useful lives ranging from 5 to 30 years. It is CARES' policy that maintenance and repairs are charged to expense as incurred. Additions and improvements exceeding \$1,000 and with a useful life of over one year are capitalized. Donated property and equipment are recorded at fair value at the date of the gift.

11. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the absence or existence and nature of any donor restrictions. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions, which increases that class of net assets. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

12. Donated Services and Materials

Donated services are recorded at their estimated fair value if the services received create or enhance non-financial assets or the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

13. Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of CARES are reported as expenses of those functional areas. Expenses that benefit multiple functional areas have been allocated across programs, general and administrative, and fundraising expenses based on the proportion of employee time involved.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. Income Taxes

CARES has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been presented in these financial statements. CARES has not reported any unrelated business income; however, such status is subject to final determination upon examination, if any, of the related income tax returns by appropriate taxing authorities.

CARES is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after December 31, 2015 remain subject to examination by federal and state taxing authorities.

15. Advertising

CARES expenses all media advertising as incurred. Advertising expense totaled \$20,691 for the year ended December 31, 2019.

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets, without donor or other restrictions limiting their use, available for general expenditures within one year of the statement of financial position date comprise the following at December 31, 2019:

Cash	\$	79,620
Accounts receivable		43,277
Grants receivable		336,448
Current portion of note receivable		250,000
Amount available from spending policy of beneficial interest in assets held by others		<u>4,912</u>
Total financial assets available within one year	\$	<u><u>714,257</u></u>

CARES maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Should the need arise, CARES has the ability to draw additional amounts from their beneficial interest in assets held by others as long as they meet certain contractual requirements. Additionally, CARES maintains a line of credit to help manage its liquidity needs. See Note E.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE C - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

CARES has established an agency fund with the Community Foundation of Tampa Bay (“Community Foundation”) for the benefit of CARES. The assets are pooled by the Community Foundation into a larger investment fund. CARES’ agency fund is valued on a pro-rata share of the Community Foundation’s total investment fund and as such, is considered a level 3 financial instrument in accordance with fair value accounting standards. Level 3 financial instruments are not actively traded on a market exchange and include the situations where there is little, if any, market activity for the financial instrument. Values of level 3 financial instruments are determined using significant unobservable inputs or valuation techniques.

Balance at January 1, 2019	\$ 87,841
Realized and unrealized gains (losses)	13,969
Interest and dividend income, net of fees of \$845	827
Contributions received	-
Grants paid	<u>(4,392)</u>
Balance at December 31, 2019	<u><u>\$ 98,245</u></u>

The Community Foundation maintains the Community Aging and Retirements Services, Inc - Designated Fund to benefit CARES. This investment account is not considered an asset of CARES and therefore is not included in these financial statements. The value of this investment account held for the benefit of CARES by the Community Foundation was \$26,418 as of December 31, 2019.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2019:

Land	\$ 575,000
Buildings	2,362,503
Leasehold improvements	394,038
Furniture and equipment	258,389
Vehicles	<u>131,845</u>
	3,721,775
Less accumulated depreciation	<u>(1,681,163)</u>
	<u><u>\$ 2,040,612</u></u>

Depreciation expense was \$111,699 for the year ended December 31, 2019.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE E - LINE OF CREDIT

CARES maintains a \$250,000 line of credit with a financial institution. The line of credit is due on demand and bears interest at the Wall Street Journal prime rate plus one percent (6.5% at December 31, 2019). The balance outstanding on this line of credit at December 31, 2019 was \$149,933. The line of credit is collateralized by the Crescent Senior Enrichment Center and the Rao Musunuru MD Senior Enrichment Center.

NOTE F - NOTES PAYABLE

Notes Payable consist of the following at December 31, 2019:

Mortgage note payable to bank, interest of 4.20%. Monthly principle and interest payments of \$1,612, with balloon payment due August 2027. Collateralized by a mortgage on the Crescent Senior Enrichment Center, which has a net book value of \$581,868 at December 31, 2018.	\$ 239,822
Mortgage note payable to bank, interest of 4.20%. Monthly principle and interest payments of \$3,534, with balloon payment due July 2027. Collateralized by a mortgage on the Rao Musunuru MD Senior Enrichment Center, which has a net book value of \$643,547 at December 31, 2018.	524,171
\$30,000 mortgage note payable, provided by Pasco County, Florida, in accordance with conditions of the Community Development Block Grant (CDBG) program. The mortgage bears no stated interest rate or principal repayment and all amounts due will be deferred and fully forgiven in June 2049, so long as CARES complies with the program provisions.	<u>30,000</u>
Total notes payable	793,993
Less current portion of notes payable	<u>(28,559)</u>
Notes payable, noncurrent portion	<u><u>\$ 765,434</u></u>

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE F - NOTES PAYABLE - Continued

Maturities of notes payable are as follows:

<u>Year ending December 31,</u>	
2020	\$ 28,559
2021	29,708
2022	31,088
2023	32,131
2024	33,112
Thereafter	<u>639,395</u>
	<u>\$ 793,993</u>

NOTE G - CONTIGENCIES

CARES participates in federal and state government grant programs, the expenditures for which are subject to audit from the respective funding agencies. Upon examination, expenditures could be disallowed, and refunds required. CARES has not been notified that any such audits are forthcoming and is not aware of any expenditures for which such allowances or refunds would be required by funding agencies.

During the year ended December 31, 2019, approximately 50% of revenues were received indirectly from the State of Florida, Department of Elder Affairs.

NOTE H - NOTE RECEIVABLE

During the year ended December 31, 2019, CARES entered into a contract to sell its Medicare license to a private entity for \$950,000. CARES received \$500,000 from the sale of the license in April 2019, with \$250,000 due January 2020 and \$200,000 due April 2021. The note receivable bears no interest.

NOTE I - SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to December 31, 2019 as of April 20, 2020, which is the date the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America. In March 2020, COVID-19 was declared a pandemic by the World Health Organization. In addition, the United States of America and the State of Florida have declared a state of emergency in response to the pandemic. CARES is currently being impacted through temporary closures of adult day care facilities and reduced services to at risk clients. It is expected that these impacts may continue for some time. The full financial impact cannot be reasonably estimated at this time.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE I - SUBSEQUENT EVENTS - Continued

In April 2020, CARES applied for approximately \$498,000 advance under the U.S. Small Business Administration (SBA) *Payroll Protection Program* (“PPP”), which has received preliminary approval by the SBA. Management expects the advance to be fully forgiven under the terms of the PPP in July 2020.

SUPPLEMENTARY INFORMATION

Community Aging and Retirement Services, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended December 31, 2019

State Grantor Program or Cluster Title	State CSFA #	Pass-through Entity Identifying Number	Total State Expenditures	Transfers to Subrecipients
State Agency				
<u>State of Florida Department of Elder Affairs</u>				
Indirect Programs				
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.				
Community Care for the Elderly	65.010*	ECO018-CARES & ECO019-CARES	\$ 922,001	\$ -
Alzheimer's Respite Services	65.004	EZ018-CARES & EZ019-CARES	263,507	-
Home Care for the Elderly	65.001	EH018-CARES & EH019-CARES	69,356	-
Local Services Programs	65.009	EL017-CARES-2019 & EL018-CARES-ADC	134,633	-
Total State of Florida Department of Elder Affairs			1,389,497	-
Total expenditures of state financial assistance			\$ 1,389,497	\$ -

* Denotes major project

The accompanying notes are an integral part of this schedule.

Community Aging and Retirement Services, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

December 31, 2019

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the State project activity of CARES under programs of the State of Florida for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule only presents a selected portion of the operations of CARES, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CARES.

NOTE B - BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting

NOTE C - CONTINGENCIES

These State projects are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect CARES continued participation in specific projects. The amount of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although CARES expects such amounts, if any, to be immaterial.

NOTE D - INDIRECT COSTS

CARES did not allocate costs to the state financial assistance project. All costs charged to the project were direct costs.

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE

For the year ended December 31, 2019

DOEA FUNDED SERVICES

	Adult Day Care	III-D Chronic Disease	III-D Diabetes Self Management	III-D Healthy Eating	III-D Chronic Pain Self Mgmt	III-D Matter of Balance	III-D Active Living Everyday
Personnel	\$ 382,878	\$ 14,349	\$ 17,443	\$ 3,175	\$ 19,749	\$ 13,300	\$ 8,551
Travel	3,252	92	184	26	211	64	109
Communications	604	-	-	-	-	-	-
Printing and supplies	208	6	7	1	9	8	3
Maintenance and repair	569	-	-	-	-	-	-
Contract services	8,138	275	333	61	378	735	163
Special events	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Program supplies	17,323	17	20	4	25	23	9
Utilities	-	-	-	-	-	-	-
Professional fees	171	-	-	-	-	-	-
Finance costs and taxes	87	-	-	-	-	-	-
Other costs	3,274	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Program direct costs	416,504	14,739	17,987	3,267	20,372	14,130	8,835
Allocation of admin costs	166,842	2,555	2,942	1,137	3,239	2,430	1,814
Total expenses	<u>\$ 583,346</u>	<u>\$ 17,294</u>	<u>\$ 20,929</u>	<u>\$ 4,404</u>	<u>\$ 23,611</u>	<u>\$ 16,560</u>	<u>\$ 10,649</u>
Units of service	30,368	8	12	4	11	29	8
Unit cost	<u>\$ 19</u>	<u>\$ 2,162</u>	<u>\$ 1,744</u>	<u>\$ 1,101</u>	<u>\$ 2,146</u>	<u>\$ 571</u>	<u>\$ 1,331</u>

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE - CONTINUED

For the year ended December 31, 2019

DOEA FUNDED SERVICES

	DOEA FUNDED SERVICES						
	III-D Health Wellness Tai-Chi	Homemaker	Personal Care	Respite Care	Companionship	Escort	Enhanced Chore
Personnel	\$ 20,843	\$ 533,038	\$ 192,926	\$ 109,889	\$ 43,731	\$ 4,946	\$ 23,297
Travel	5,246	13,212	763	49	53	3	-
Communications	910	3,089	21	18	6	-	-
Printing and supplies	737	1,276	33	33	33	33	-
Maintenance and repair	212	1,028	121	101	35	-	-
Contract services	7,241	13,205	4,281	2,736	1,039	90	115
Special events	-	-	-	-	-	-	-
Advertising	-	420	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Program supplies	357	5,489	203	169	58	1	-
Utilities	-	-	-	-	-	-	-
Professional fees	-	23,695	773	644	225	-	-
Finance costs and taxes	158	43	-	-	-	-	-
Other costs	2,612	7,391	10	9	3	-	-
Depreciation	-	-	-	-	-	-	-
Program direct costs	38,316	601,886	199,131	113,648	45,183	5,073	23,412
Allocation of admin costs	3,409	163,211	49,060	34,342	13,129	588	2,609
Total expenses	\$ 41,725	\$ 765,097	\$ 248,191	\$ 147,990	\$ 58,312	\$ 5,661	\$ 26,021
Units of service	24	22,393	3,234	11,643	1,075	16	476
Unit cost	\$ 1,739	\$ 34	\$ 77	\$ 13	\$ 54	\$ 354	\$ 55

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE - CONTINUED

For the year ended December 31, 2019

<u>DOEA FUNDED SERVICES</u>						
	<u>Case Management</u>	<u>Case Aide</u>	<u>Chore</u>	<u>TOTAL DOEA FUNDED PROGRAMS</u>	<u>Non-DOEA</u>	<u>Total Expenses</u>
Personnel	\$ 296,068	\$ 120,270	\$ 171,278	\$ 1,975,731	\$ 485,254	\$ 2,460,985
Travel	12,744	2,236	2,354	40,598	119,979	160,577
Communications	507	11	528	5,694	57,247	62,941
Printing and supplies	2,425	1,515	588	6,915	9,263	16,178
Maintenance and repair	1,175	-	4,065	7,306	81,372	88,678
Contract services	5,149	2,178	3,369	49,486	18,992	68,478
Special events	96	-	-	96	5,425	5,521
Advertising	-	-	37	457	20,652	21,109
Insurance	-	-	2,305	2,305	49,098	51,403
Program supplies	-	-	8,958	32,656	45,620	78,276
Utilities	-	-	-	-	68,052	68,052
Professional fees	971	-	-	26,479	64,787	91,266
Finance costs and taxes	-	-	-	288	67,405	67,693
Other costs	1,175	1,109	571	16,154	119,558	135,712
Depreciation	-	-	-	-	111,699	111,699
Program direct costs	320,310	127,319	194,053	2,164,165	1,324,403	3,488,568
Allocation of admin costs	86,054	34,764	40,391	608,516	(608,516)	-
Total expenses	<u>\$ 406,364</u>	<u>\$ 162,083</u>	<u>\$ 234,444</u>	<u>\$ 2,772,681</u>	<u>\$ 715,887</u>	<u>\$ 3,488,568</u>
Units of service	<u>7,650</u>	<u>4,878</u>	<u>3,620</u>			
Unit cost	<u>\$ 53</u>	<u>\$ 33</u>	<u>\$ 65</u>			

COMPLIANCE REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS*

COMMUNITY AGING AND RETIREMENT SERVICES, INC.

December 31, 2019



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Community Aging and Retirement Services, 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 Community Aging and Retirement Services, Inc. (a nonprofit organization”), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges 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 a part of obtaining reasonable assurance about whether Community Aging and Retirement Services, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of 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 Community Aging and Retirement Services, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tampa, Florida
April 20, 2020

A handwritten signature in cursive script that reads "Benicio, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location text.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

COMMUNITY AGING AND RETIREMENT SERVICES, INC.

December 31, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

The Board of Directors
 Community Aging and Retirement Services, Inc.
 Hudson, Florida:

Report on Compliance for Each Major State Project

We have audited Community Aging and Retirement Services, Inc.'s compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of Community Aging and Retirement Services, Inc.'s major state projects for the year ended December 31, 2019. Community Aging and Retirement Services, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Aging and Retirement Services, Inc.'s major state projects based on our audit of the types of compliance requirements referred 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 Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above and that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Community Aging and Retirement Services, Inc.'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 project. However, our audit does not provide a legal determination of Community Aging and Retirement Services, Inc.'s compliance.

Opinion on Each Major State Project

In our opinion, Community Aging and Retirement Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Community Aging and Retirement Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Aging and Retirement Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with the Chapter 10.650, *Rules of the Auditor General*, 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 Community Aging and Retirement Services, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies 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 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 Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Tampa, Florida
April 20, 2020



SCHEDULE OF FINDINGS AND QUESTIONED COSTS
COMMUNITY AGING AND RETIREMENT SERVICES, INC.
For the year ended December 31, 2019

Community Aging and Retirement Services, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended December 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

State Projects

Internal control over major projects:
 Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, *Rules of the Auditor General*? yes X no

Identification of major state project:

<u>CSFA Number</u>	<u>Name of State Project</u>
65.010	Community Care for the Elderly

Dollar threshold used to distinguish between type A and type B programs - State projects: \$ 415,785

Section II - Financial Statement Findings

No matters were reported for the year ended December 31, 2019.

Section III - State Financial Assistance Findings and Questioned Costs

No matters were reported for the year ended December 31, 2019.

Other Issues

- a) A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e).
- b) A summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.).