

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

December 31, 2022

TABLE OF CONTENTS

Independent Auditors' Report	3 - 5
Financial Statements	
Statement of Financial Position	6
Statement of Activities and Changes in Net Assets	7
Statement of Functional Expenses	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 17
Supplementary Information	18
Schedule of Expenditures of State Financial Assistance	19
Notes to Schedule of Expenditures of State Financial Assistance	20
Schedule of Functional Expenses by Service	21 - 23
Compliance Reports	24
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25 - 27
Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, <i>Rules of the Auditor General</i>	28 - 31
Schedule of Findings and Questioned Costs	32 - 34



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, 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.

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, 2022, 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.

Basis for Opinion

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

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 the Community Aging and Retirement Services, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 the Community Aging and Retirement Services, 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 the Community Aging and Retirement Services, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance as required by Chapter 10.650, *Rules of the Auditor General* is presented for purposes of additional analysis and is not a required part of the 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.

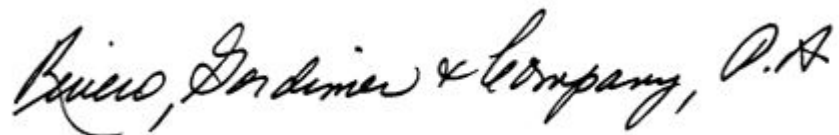
The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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.

Report on Summarized Comparative Information

We have previously audited Community Aging and Retirement Services, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2023 on our consideration of 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.

A handwritten signature in black ink that reads "Buico, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
June 19, 2023

Community Aging and Retirement Services, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2022

(With comparative totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 67,290	\$ 228,090
Accounts receivable	76,226	50,736
Grants receivable	481,619	414,395
Employee retention credits receivable	267,136	-
Prepaid assets and deposits	4,290	9,318
	<u>896,561</u>	<u>702,539</u>
Total current assets		
Investments	235	482,935
Property and equipment, net	1,869,347	1,881,662
Beneficial interest in assets held by others	95,986	114,199
	<u>2,862,129</u>	<u>3,181,335</u>
Total assets		
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 29,792	\$ -
Accrued expenses and other liabilities	97,955	86,647
Current portion of notes payable	33,112	32,131
Line of credit	249,238	149,863
Deferred revenue	52,522	2,670
	<u>462,619</u>	<u>271,311</u>
Total current liabilities		
Notes payable, noncurrent portion	<u>760,352</u>	<u>700,948</u>
Total liabilities	<u>1,222,971</u>	<u>972,259</u>
Net assets		
Without donor restrictions	1,639,158	2,209,076
With donor restrictions	-	-
	<u>1,639,158</u>	<u>2,209,076</u>
Total net assets		
Total liabilities and net assets	<u>\$ 2,862,129</u>	<u>\$ 3,181,335</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, 2022
(With comparative totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Operating revenues and support		
Grant revenue	\$ 2,954,925	\$ 2,528,840
Program service fees	413,134	590,329
Contributions	209,295	141,067
Special events, net of direct expenses of \$18,734	43,675	-
Investment income	(110,784)	31,915
Other income	1,772	1,947
	<u>3,512,017</u>	<u>3,294,098</u>
Total revenues and support		
Operating expenses		
Program services		
Adult day care	208,295	166,961
Care managed services	2,423,546	2,017,670
Senior centers	814,090	706,981
Senior health clinic	96,198	101,614
	<u>3,542,129</u>	<u>2,993,226</u>
Support Services		
Management and general	803,220	532,802
Fundraising	3,722	3,187
	<u>806,942</u>	<u>535,989</u>
Total operating expenses	<u>4,349,071</u>	<u>3,529,215</u>
Operating (loss) income	<u>(837,054)</u>	<u>(235,117)</u>
Non-operating income		
Employee retention credits	267,136	-
Gain on sale of assets	-	22,300
	<u>267,136</u>	<u>22,300</u>
Total non-operating income		
Change in net assets	(569,918)	(212,817)
Net assets at beginning of year	<u>2,209,076</u>	<u>2,421,893</u>
Net assets end of year	<u>\$ 1,639,158</u>	<u>\$ 2,209,076</u>

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, 2022
(With comparative totals for December 31, 2021)

	Program Services					Support Services		Total 2022	Total 2021
	Adult Day Care	Care Managed Services	Senior Centers	Senior Health Clinic	Total	Management and General	Fundraising		
Personnel	\$ 153,025	\$ 2,273,318	\$ 335,332	\$ 68,070	\$ 2,829,745	\$ 694,207	\$ 2,261	\$ 3,526,213	\$ 2,789,772
Advertising	1,243	1,226	793	-	3,262	22,627	226	26,115	18,209
Communications	-	1,011	39,937	-	40,948	2,368	-	43,316	46,610
Contract services	4,705	46,099	29,605	19,135	99,544	10,179	-	109,723	91,296
Depreciation	-	3,832	90,004	6,101	99,937	176	-	100,113	99,078
Finance costs and taxes	18	212	54,552	-	54,782	-	-	54,782	45,532
Insurance	-	6,695	67,537	-	74,232	-	-	74,232	65,690
Maintenance and repair	219	15,160	23,905	152	39,436	2,274	60	41,770	44,041
Other costs	4,076	37,647	32,296	912	74,931	43,106	1,175	119,212	113,550
Printing and supplies	141	8,895	5,151	-	14,187	8,232	-	22,419	24,335
Professional fees	371	10,785	53,735	-	64,891	11,050	-	75,941	73,717
Program supplies	41,385	5,124	612	912	48,033	-	-	48,033	33,669
Travel	3,112	13,542	373	916	17,943	9,001	-	26,944	12,896
Utilities	-	-	80,258	-	80,258	-	-	80,258	70,820
Total expenses	\$ 208,295	\$ 2,423,546	\$ 814,090	\$ 96,198	\$ 3,542,129	\$ 803,220	\$ 3,722	\$ 4,349,071	\$ 3,529,215

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, 2022
(With comparative totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (569,918)	\$ (212,817)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	100,113	99,078
Gain on sale of assets	-	(22,300)
Net realized and unrealized loss (gain) on investments	92,571	(2,357)
(Increase) decrease in accounts receivable	(292,626)	25,868
(Increase) decrease in grants receivable	(67,224)	104,387
(Decrease) increase in prepaid and other assets	5,028	(391)
Net decrease (increase) in beneficial interest held by others	18,213	(10,471)
Increase (decrease) in accounts payable and accrued expenses	41,100	(156,627)
Increase in deferred revenues	49,852	11
Net cash used by operating activities	<u>(622,891)</u>	<u>(175,619)</u>
Cash flows from investing activities		
Purchase of property and equipment	(87,798)	(5,604)
Proceeds from sale of assets	-	22,300
Purchase of investments	(40,556)	(121,289)
Proceeds from sale of investments	430,685	-
Payments on notes receivable from sale of Medicare license	-	200,000
Net cash provided by investing activities	<u>302,331</u>	<u>95,407</u>
Cash flows from financing activities		
Proceeds from note payable	92,200	-
Principal payments on notes payable	(31,815)	(31,095)
Net payments from line of credit	99,375	-
Net cash provided (used) by financing activities	<u>159,760</u>	<u>(31,095)</u>
Net decrease in cash and cash equivalents	(160,800)	(111,307)
Cash and cash equivalents at beginning of year	<u>228,090</u>	<u>339,397</u>
Cash and cash equivalents at end of year	<u>\$ 67,290</u>	<u>\$ 228,090</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	<u>\$ 43,734</u>	<u>\$ 38,288</u>
Cash paid during the year for taxes	<u>\$ -</u>	<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, 2022

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:

- 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.
- 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.

3. 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.

4. 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.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

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

5. 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, except those managed as part of investment strategies for investments held for long term purposes. There are no cash equivalents at December 31, 2022.

6. 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.

7. 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, 2022.

8. 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.

9. 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.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

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

10. 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.

11. 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.

CARES program services include:

Adult Day Care – This is a federal, state, & locally funded program providing an array of health, social and other related support services to functionally and/or impaired adults in community based adult day care centers located in East (Dade City) and West (New Port Richey) Pasco County.

Care Managed Services – This is a grant and fee supported program providing in-home support services to elderly clients to prevent institutionalization. Support services include homemaking, personal care, respite care for caregivers, companionship, home delivered meals, emergency alert response units, medical transportation, and financial risk reduction.

Senior Centers – Helps to enrich the lives and minds of older adults by offering a wide variety of social, recreational, wellness, computer learning and other educational programs.

Senior Health Clinic – Helps older adults by offering a wide variety of services and resources for physical, mental, and overall wellness.

12. Advertising

CARES expenses all media advertising as incurred. Advertising expense totaled \$26,115 for the year ended December 31, 2022.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

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

13. 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, 2018 remain subject to examination by federal and state taxing authorities.

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, 2022:

Cash	\$	67,290
Accounts receivable		76,226
Grants receivable		481,619
Amount available from spending policy of beneficial interest in assets held by others		<u>4,799</u>
Total financial assets available within one year	\$	<u><u>629,934</u></u>

CARES maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CARES maintains a board designated endowment which can be released at any time should the need arise. Additionally, 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. CARES also maintains a line of credit to help manage its liquidity needs, see Note H.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

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.

Balance at January 1, 2021	\$ 114,199
Realized and unrealized gains (losses)	(13,492)
Interest and dividend income, net of fees of \$754	989
Contributions received	-
Grants paid	<u>(5,710)</u>
Balance at December 31, 2022	<u>\$ 95,986</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 \$25,813 as of December 31, 2022.

NOTE D - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ASC 820 establishes 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

- Level 2 The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.

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

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2022.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Beneficial interest in assets held by others is consists of funds held by a community foundation. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value is equal to the value reported by the trustee.

The fair values of net assets measured on a recurring basis at December 31, 2022 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by others	<u>\$ 95,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,986</u>

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

Land	\$ 575,000
Buildings	2,362,503
Leasehold improvements	442,907
Furniture and equipment	258,389
Vehicles	33,953
Construction in process	67,200
	<u>3,739,952</u>
Less accumulated depreciation	<u>(1,870,605)</u>
	<u>\$ 1,869,347</u>

Depreciation expense was \$100,113 for the year ended December 31, 2022.

NOTE F - 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 (7.5% at December 31, 2022) plus one percent, subject to a minimum rate of 5%. The balance outstanding on this line of credit at December 31, 2022 was \$249,238. The line of credit is collateralized by the Crescent Senior Enrichment Center and the Rao Musunuru MD Senior Enrichment Center.

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE G - NOTES PAYABLE

Notes payable consist of the following at December 31, 2022:

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 \$543,052 at December 31, 2022.	\$ 210,769
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 \$589,664 at December 31, 2022.	460,495
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>122,200</u>
Total notes payable	793,464
Less current portion of notes payable	<u>(33,112)</u>
Notes payable, noncurrent portion	<u><u>\$ 760,352</u></u>

Maturities of notes payable are as follows:

<u>Year ending December 31,</u>	
2023	\$ 33,112
2024	34,571
2025	36,261
2026	37,948
2027	529,372
Thereafter	<u>122,200</u>
	<u><u>\$ 793,464</u></u>

Community Aging and Retirement Services, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE H - COMMITMENTS AND CONTINGENCIES

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, 2022, approximately 57% of revenues were received indirectly from the State of Florida, Department of Elder Affairs.

NOTE I - MATCHING REQUIREMENTS

CARES has met all federal and state matching requirements which are included in the contracts with Area Agency on Aging of Pasco-Pinellas, Inc.

NOTE J - EMPLOYEE RETENTION CREDITS

During the year ended December 31, 2020, CARES applied for Employee Retention Credits ("ERC"). The ERC, which was established by the Coronavirus Aid, Relief, and Economic Securities Act and further amended by the Consolidated Appropriations Act ("CAA") and the American Rescue Plan Act ("ARP"), is a refundable credit to an eligible employer for qualifying wages and certain other qualifying costs. For the year ended December 31, 2022, CARES has recognized \$267,136 as revenue and receivables for the ERC credits that have been applied for and expected to be received during the year ended December 31, 2023.

NOTE K - SUBSEQUENT EVENTS

Effective July 1, 2023, CARES will no longer provide case management or case aid services under certain grants which accounted for approximately \$535,000 in revenues for the year ended December 31, 2022.

During 2023, CARES sold its building in Dade City, Florida and subsequently paid off the related debt and line of credit. CARES has entered into a construction contract for construction of a new building in Dade City, Florida for approximately \$2,100,000.

Management has evaluated events and transactions occurring subsequent to December 31, 2022 as of June 19, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Community Aging and Retirement Services, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended December 31, 2022

State Grantor/Pass-through Grantor/Program or Cluster Title	State CSFA #	Pass-through Entity Identifying Number	Total State Expenditures	Transfers to Subrecipients
<u>State of Florida Department of Elder Affairs</u>				
Indirect Projects				
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.				
Community Care for the Elderly	65.010*	ECO021-CARES & ECO022-CARES	\$ 1,445,260	-
Alzheimer's Respite Services	65.004	EZ021-CARES & EZ022-CARES	351,585	-
Home Care for the Elderly	65.001	EH021-CARES & EH022-CARES	81,631	-
Local Services Programs	65.009	EL022-CARES-2022 & EL022-CARES-ADC	144,360	-
Total State of Florida Department of Elder Affairs - indirect projects			2,022,836	-
Total expenditures of state awards			\$ 2,022,836	\$ -

* Denotes major program or 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, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the state award activity of CARES under programs of State of Florida for the year ended December 31, 2022. 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. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

NOTE B - INDIRECT COST RATE

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

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.

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE

For the year ended December 31, 2022

DOEA FUNDED SERVICES

	Adult Day Care	III-D Chronic Disease	III-D Diabetes Self Management	III-D Chronic Pain Self Mgmt	III-D Matter of Balance	III-D Health Wellness Tai-Chi	Homemaker
Personnel	\$ 153,025	\$ 4,401	\$ 5,581	\$ 7,963	\$ 4,737	\$ 8,927	\$1,036,386
Advertising	1,243	-	-	-	-	-	1,226
Communications	-	-	-	-	-	2	439
Contract services	4,705	93	118	168	2,023	188	21,978
Depreciation	-	-	-	-	-	-	-
Finance costs and taxes	18	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Maintenance and repair	219	-	-	-	-	-	355
Other costs	4,076	-	-	-	-	-	27,760
Printing and supplies	141	-	-	-	-	48	2,204
Professional fees	371	-	-	-	-	-	891
Program supplies	41,385	-	-	-	-	-	3,345
Special events	-	-	-	-	-	-	-
Travel	3,112	-	-	-	-	278	332
Utilities	-	-	-	-	-	-	-
Program direct costs	208,295	4,494	5,699	8,131	6,760	9,443	1,094,916
Allocation of admin costs	242,589	2,417	3,126	4,034	2,618	4,562	305,152
Total expenses	\$ 450,884	\$ 6,911	\$ 8,825	\$ 12,165	\$ 9,378	\$ 14,005	\$1,400,068
Units of service	35,640	-	-	-	6	4	43,797
Unit cost	\$ 13	\$ -	\$ -	\$ -	\$ 1,563	\$ 3,501	\$ 32

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE - CONTINUED

For the year ended December 31, 2022

DOEA FUNDED SERVICES

	Personal Care	Respite Care	Companionship	Enhanced Chore	Case Management	Case Aide	Chore
Personnel	\$ 219,856	\$ 239,062	\$ 29,939	\$ 16,416	\$ 434,345	\$ 190,758	\$ 74,947
Advertising	-	-	-	-	-	-	-
Communications	-	-	-	-	15	-	555
Contract services	4,362	3,201	300	318	8,183	3,759	1,408
Depreciation	-	-	-	-	-	-	-
Finance costs and taxes	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	6,695
Maintenance and repair	-	-	-	-	7,739	-	7,012
Other costs	-	-	-	-	2,142	7,539	182
Printing and supplies	-	-	-	-	6,504	-	139
Professional fees	-	-	-	-	7,364	2,504	26
Program supplies	-	-	-	-	-	-	1,779
Special events	-	-	-	-	-	-	-
Travel	-	-	-	-	10,887	44	2,001
Utilities	-	-	-	-	-	-	-
Program direct costs	224,218	242,263	30,239	16,734	477,179	204,604	94,744
Allocation of admin costs	40,740	41,457	7,472	3,739	125,985	42,854	37,989
Total expenses	<u>\$ 264,958</u>	<u>\$ 283,720</u>	<u>\$ 37,711</u>	<u>\$ 20,473</u>	<u>\$ 603,164</u>	<u>\$ 247,458</u>	<u>\$ 132,733</u>
Units of service	<u>9,259</u>	<u>11,069</u>	<u>2,114</u>	<u>76</u>	<u>7,603</u>	<u>6,414</u>	<u>2,420</u>
Unit cost	<u>\$ 29</u>	<u>\$ 26</u>	<u>\$ 18</u>	<u>\$ 269</u>	<u>\$ 79</u>	<u>\$ 39</u>	<u>\$ 55</u>

Community Aging and Retirement Services, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES BY SERVICE - CONTINUED

For the year ended December 31, 2022

	TOTAL DOEA FUNDED PROGRAMS	Non-DOEA	Total Expenses
Personnel	\$ 2,426,343	\$ 1,099,870	\$ 3,526,213
Advertising	2,469	23,646	26,115
Communications	1,011	42,305	43,316
Contract services	50,804	58,919	109,723
Depreciation	-	100,113	100,113
Finance costs and taxes	18	54,764	54,782
Insurance	6,695	67,537	74,232
Maintenance and repair	15,325	26,445	41,770
Other costs	41,699	77,513	119,212
Printing and supplies	9,036	13,383	22,419
Professional fees	11,156	64,785	75,941
Program supplies	46,509	1,524	48,033
Special events	-	-	-
Travel	16,654	10,290	26,944
Utilities	-	80,258	80,258
	<hr/>	<hr/>	<hr/>
Program direct costs	2,627,719	1,721,352	4,349,071
Allocation of admin costs	864,734	(864,734)	-
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 3,492,453</u>	<u>\$ 856,618</u>	<u>\$ 4,349,071</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, 2022



RIVERO, GORDIMER & COMPANY, P.A.

Member
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Herman V. Lazzara
Sam A. Lazzara
Kevin R. Bass
Jonathan E. Stein
Stephen G. Douglas
Marc D. Sasser, of Counsel
Cesar J. Rivero, in Memoriam (1942-2017)

Michael E. Helton
James K. O'Connor
David M. Bohnsack
Julie A. Davis

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, 2022, and the related statements of activities, functional expenses, 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 June 19, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

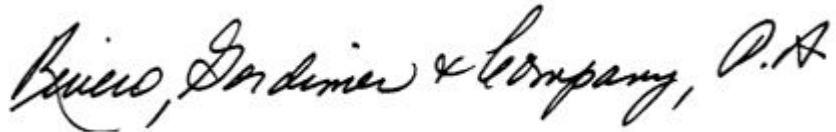


Report on Compliance and Other Matters

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.

A handwritten signature in black ink that reads "Bruce, Gardner & Company, P.A." The signature is written in a cursive style with a large, stylized initial 'B'.

Tampa, Florida
June 19, 2023

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

COMMUNITY AGING AND RETIREMENT SERVICES, INC.

December 31, 2022



RIVERO, GORDIMER & COMPANY, P.A.

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

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

To the Board of Directors
Community Aging and Retirement Services, Inc.

Report on Compliance for Each Major State Project

Opinion on Each Major State Program

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, 2022, and the related statements of activities, functional expenses, 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 June 19, 2023.

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, 2022.

Basis for Opinion on Each Major State Project

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*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of Community Aging and Retirement Services, Inc. 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 project. Our audit does not provide a legal determination of Community Aging and Retirement Services, Inc.'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 Community Aging and Retirement Services, Inc.'s state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Aging and Retirement Services, Inc.'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 Chapter 10.650, *Rules of the Auditor General* 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 Community Aging and Retirement Services, Inc.'s compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and Chapter 10.650, *Rules of the Auditor General*, 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 Community Aging and Retirement Services, Inc.'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 Community Aging and Retirement Services, Inc.'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 Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Community Aging and Retirement Services, Inc.'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 project 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose

Tampa, Florida
June 19, 2023



SCHEDULE OF FINDINGS AND QUESTIONED COSTS
COMMUNITY AGING AND RETIREMENT SERVICES, INC.
For the year ended December 31, 2022

Community Aging and Retirement Services, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2022

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 projects:

CSFA Number

65.010

Name of State Project

Community Care for the Elderly

Dollar threshold used to distinguish between type A and type B programs - State projects:

\$ 606,851

Community Aging and Retirement Services, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2022

Section II - Financial Statement Findings

No matters were reported for the year ended December 31, 2022.

Section III - State Financial Assistance Findings and Questioned Costs

No matters were reported for the year ended December 31, 2022.

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.).