

# SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

## Notes to Financial Statements

### 1. Nature of Operations:

Senior Connections (the "Agency") is the designated Area Agency on Aging for Planning District 15. The Planning District includes the City of Richmond and the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent and Powhatan. The Agency was established in 1973 as a private, nonprofit 501(c)(3) organization governed by a Board of Directors and receives additional guidance from a diverse Advisory Council. Senior Connections provides direct services, information and referral, education and advocacy for older adults, caregivers and persons with disabilities. The Agency receives federal funding under the provisions of the Older Americans Act and state funds administered by the Virginia Department for Aging and Rehabilitative Services ("DARS"). Federal funds from the Corporation for National and Community Service supports the Foster Grandparent Mentors Program and the Retired and Senior Volunteer Program (RSVP). Funding is also provided by city and county governments as well as the corporate and foundation community. As a nonprofit, the Agency accepts donations of items, services, monetary gifts and memorials. The Agency also serves as the Region's No Wrong Door Services Program. Additionally, Senior Connections has joined with other community partners to develop and implement the first Age Wave Readiness Plan for the Richmond Region.

Senior Connections' strategic focus areas for the next five years are:

- Visibility and Marketing
- Programs and Services
- Funding and Resources

#### **Our Vision**

"Seniors with improved quality of life."

#### **Our Mission**

"Empowering seniors to live with dignity and choice."

# Senior Connections, The Capital Area Agency on Aging

Financial Statements

September 30, 2019



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# SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

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## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors  
Senior Connections, The Capital Area Agency on Aging  
Richmond, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of Senior Connections, The Capital Area Agency on Aging (the "Agency"), which comprise the statement of financial position as of September 30, 2019, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Senior Connections, The Capital Area Agency on Aging as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

## Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 20 through 26 is presented for purposes of additional analysis of the financial statements rather than to present the financial position, activities, and cash flows of the Agency and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2020, on our consideration of the Agency'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

## Emphasis of Matter

As discussed in Note 2 to the financial statements, the Agency adopted Accounting Standards Update ("ASU") 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). As a result of this adoption, net assets are now presented as net assets without donor restrictions and net assets with donor restrictions. In addition, there are additional disclosures of quantitative and qualitative information regarding liquidity and availability of resources. Additionally, the adoption resulted in the reclassification of certain funds to net assets with donor restrictions. Our opinion is not modified with respect to this matter.



January 3, 2020  
Glen Allen, Virginia

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Statement of Financial Position September 30, 2019

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 1,117,630
Accounts receivable:	
Commonwealth of Virginia - Department for Aging and Rehabilitative Services	92,569
Other	71,166
Prepaid expenses	<u>7,269</u>
Total current assets	<u>1,288,634</u>
Property and equipment:	
Land	400,188
Building	573,413
Building improvements	<u>225,528</u>
	1,199,129
Less - accumulated depreciation	<u>(480,788)</u>
Property and equipment, net	<u>718,341</u>
Beneficial interest in assets held by the Community Foundation	<u>688,413</u>
Total assets	<u>\$ 2,695,388</u>

See accompanying notes to financial statements.

**SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING**

Statement of Financial Position, Continued  
September 30, 2019

<u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable	\$ 259,703
Accrued wages and payroll liabilities	222,770
Unearned revenue	<u>246,989</u>
Total liabilities	<u>729,462</u>
Net assets:	
Without donor restrictions	1,113,013
With donor restrictions	<u>852,913</u>
Total net assets	<u>1,965,926</u>
Total liabilities and net assets	<u><u>\$ 2,695,388</u></u>

See accompanying notes to financial statements.

**SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING**

Statement of Activities  
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Virginia Department for Aging and Rehabilitative Services programs:			
Federal funds	\$ 3,641,217	\$ -	\$ 3,641,217
State funds	1,959,510	-	1,959,510
Other grant funds	268,167	-	268,167
Donations and fundraising	39,512	266,191	305,703
Local funds	135,447	-	135,447
Cash program income	31,470	12,308	43,778
	<u>6,075,323</u>	<u>278,499</u>	<u>6,353,822</u>
Corporation for National and Community Services:			
Federal funds	285,567	-	285,567
Donations and fundraising	37,694	-	37,694
	<u>323,261</u>	<u>-</u>	<u>323,261</u>
Other support and revenue:			
Federal funds	276,241	-	276,241
Rent	27,432	-	27,432
Corporate services	77,999	-	77,999
Interest income	2,901	-	2,901
Change in beneficial interest - Community Foundation	-	10,220	10,220
	<u>384,573</u>	<u>10,220</u>	<u>394,793</u>
Total support and revenue	<u>6,783,157</u>	<u>288,719</u>	<u>7,071,876</u>
Net assets released from restriction	<u>211,871</u>	<u>(211,871)</u>	<u>-</u>
Expenses:			
Program services	6,566,406	-	6,566,406
Management and general	221,877	-	221,877
Fundraising	9,991	-	9,991
Total expenses	<u>6,798,274</u>	<u>-</u>	<u>6,798,274</u>
Change in net assets	196,754	76,848	273,602
Net assets, beginning of year	<u>916,259</u>	<u>776,065</u>	<u>1,692,324</u>
Net assets, end of year	<u>\$ 1,113,013</u>	<u>\$ 852,913</u>	<u>\$ 1,965,926</u>

See accompanying notes to financial statements.



## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Statement of Functional Expenses Year Ended September 30, 2019

Program services:	
Salaries and fringe benefits	\$ 3,370,740
Meals and delivery	880,515
Transportation	564,697
Enrollee wages - senior employment program	269,633
Professional fees	256,997
Office and computer	213,992
Building, maintenance and space costs	191,141
Adult day care services	126,553
Stipends - foster grandparents program	126,373
Travel	114,351
Short-term health care services	104,970
Emergency services	74,488
Equipment	58,212
Insurance	54,606
Printing and publications	31,963
Depreciation	31,029
Legal aid services	26,000
Other program services	19,803
Employment and job training services	17,661
Homemaker companion	13,762
Training	5,867
Volunteer recognition	5,623
Contributions	5,000
Medical services	2,430
Total program services	<u>6,566,406</u>
Management and general:	
Salaries and fringe benefits	196,076
Office	14,176
Building, maintenance and space costs	11,625
Total management and general	<u>221,877</u>
Fundraising:	
Event costs	5,843
Salaries and fringe benefits	4,148
Total fundraising	<u>9,991</u>
Total expenses	<u>\$ 6,798,274</u>

See accompanying notes to financial statements.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Statement of Cash Flows Year Ended September 30, 2019

Cash flows from operating activities:	
Change in net assets	\$ 273,602
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	31,029
Gain on beneficial interest in assets held by the Community Foundation	(10,220)
Change in operating assets and liabilities:	
Accounts receivable	(69,884)
Prepaid expenses	(3,745)
Accounts payable	116,369
Accrued wages and payroll liabilities	41,361
Unearned revenue	<u>102,111</u>
Net cash provided by operating activities	<u>480,623</u>
Cash flows from investing activities:	
Distribution from beneficial interest in assets held by the Community Foundation	<u>35,600</u>
Net cash provided by investing activities	<u>35,600</u>
Net change in cash and cash equivalents	516,223
Cash and cash equivalents, beginning of year	<u>601,407</u>
Cash and cash equivalents, end of year	<u>\$ 1,117,630</u>

See accompanying notes to financial statements.

# SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

## Notes to Financial Statements

### 1. Nature of Operations:

Senior Connections (the “Agency”) is the designated Area Agency on Aging for Planning District 15. The Planning District includes the City of Richmond and the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent and Powhatan. The Agency was established in 1973 as a private, nonprofit 501(c)(3) organization governed by a Board of Directors and receives additional guidance from a diverse Advisory Council. Senior Connections provides direct services, information and referral, education and advocacy for older adults, caregivers and persons with disabilities. The Agency receives federal funding under the provisions of the Older Americans Act and state funds administered by the Virginia Department for Aging and Rehabilitative Services (“DARS”). Federal funds from the Corporation for National and Community Service supports the Foster Grandparent Mentors Program and the Retired and Senior Volunteer Program (RSVP). Funding is also provided by city and county governments as well as the corporate and foundation community. As a nonprofit, the Agency accepts donations of items, services, monetary gifts and memorials. The Agency also serves as the Region’s No Wrong Door Services Program. Additionally, Senior Connections has joined with other community partners to develop and implement the first Age Wave Readiness Plan for the Richmond Region.

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- Programs and Services
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## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies:

**Basis of Accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

**Basis of Presentation:** The financial statements are presented in accordance with FASB guidance, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in two classes of net assets — net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

***Net Assets Without Donor Restrictions*** – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Agency.

***Net Assets With Donor Restrictions*** – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions, or are restricted to be held into perpetuity. Net assets with donor restrictions include donor-imposed stipulations for specific operating purposes. When a donor restriction expires, meaning the Agency has met the purpose restriction or the stipulated time period has passed, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Agency to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

**Use of Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

**Cash and Cash Equivalents:** Cash and cash equivalents include cash on hand and cash in banks.

**Accounts Receivable:** Accounts receivable represent amounts due from grant revenues earned, billed and unbilled, but not yet received, and appropriations earned but unpaid from the local government entities in the Agency's service region as of the end of the fiscal year. The Agency uses the reserve method of accounting for doubtful accounts. The amount of doubtful accounts receivable was considered immaterial at September 30, 2019, and no reserve was considered necessary.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Concentration of Credit Risk:** Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of cash and cash equivalents, unsecured receivables, and investments. The Agency maintains its cash and cash equivalent balances in a large financial institution whose balances were fully insured by the Federal Deposit Insurance Corporation up to \$250,000. During 2019, the Agency periodically had funds in excess of the insured limits.

Accounts receivable are from DARS, other federal agencies, local governments, and foundations. The Agency believes its credit risk related to these accounts receivable is limited due to the nature of its donors. The ability to collect receivables is affected by the general economic conditions.

Through its beneficial interest in assets held by the Community Foundation, the Agency invests in various investment securities, which are exposed to various risks, such as interest rate, credit, and overall volatility risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would affect the investment balances and the amount reported in the financial statements.

**Property and Equipment:** Office and service equipment acquired with grant funds are not the property of the Agency and are therefore shown as current period program expenditures. To maintain proper accountability over the physical control and cost of property and equipment, the cost of equipment and a related reserve account are carried on the statement of financial position. Accordingly, there is no depreciation for grant funded office and service equipment reflected in these financial statements. In the event of termination of the Agency's contract with DARS, all personal property acquired with DARS grant funds shall be returned to or disposed of as directed by the DARS.

The building currently occupied by the Agency was acquired and placed in service in October 1992. Depreciation is computed using the straight-line method over the estimated useful life of 15 to 40 years for the building and building improvements.

The Agency follows the capitalization policy of DARS, which allows capital equipment items purchased after October 1, 1996 with a cost \$5,000 or more to be capitalized as property and equipment. Items purchased prior to October 1, 1996 are under the old policy, which allowed items with a cost of \$500 or more to be capitalized as property and equipment.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Vacation and Sick Compensation Accrual:** Full-time employees may accrue annual vacation leave up to 187.5 hours, while part-time employees may accrue up to 47 hours. Full-time employees may accrue up to \$2,500 for unused sick leave if the employment period is for at least ten years and up to \$1,500 for more than five but less than ten years.

**Unearned Revenue:** The Agency receives federal funds in advance for certain programs. These federal funds are recorded as unearned revenue until the related expenditures are incurred.

**Functional Expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs, management and general, and fundraising based on recording organizational expenses in department categories that align with these functions. Direct program expenses represent payments for program partners and direct program salaries and fringe benefits. Indirect program expenses include administrative, development, IT personnel, and office and building costs. Management and general personnel, office, and computer equipment allocations are based on Agency salaries and fringe benefits. Building, maintenance, and depreciation allocations are based on square footage. Fundraising expenses represent salaries and fringe benefits, and costs directly related to fundraising event activities.

**Income Taxes:** The Agency is a qualifying non-profit entity as defined under section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia and is therefore exempt from federal and state income taxation.

**Income Tax Uncertainties:** Management has evaluated the effects of accounting guidance related to uncertain income tax positions and concluded that the Agency had no significant financial statement exposure to uncertain income tax positions at September 30, 2019. The Agency is not currently under audit by any tax jurisdictions.

**Donations:** Donations to the Agency consist of cash, donated services, supplies and equipment. Donations are recorded as support without donor restrictions or support with donor restrictions depending on the existence and/or nature of any donor restrictions.

All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Donations, Continued:** Donated services to the Agency include mentoring, routine physical exams, and lectures from qualified personnel. In order to be recognized in the financial statements of the Agency, donated services, supplies and equipment must have either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would typically need to be purchased if they had not been contributed.

Donated services, supplies and equipment meeting these criteria are recorded as an expense or capitalized if applicable, at their fair market value at the time of donation, with an equivalent amount recorded as donated services, supplies and/or equipment.

The fair market value for services is based on the wage rates of comparable non-volunteer workers, and the fair market value for supplies and equipment is determined by the donor. For the year ended September 30, 2019, the Agency recognized \$106,224 of donated services, supplies and equipment.

**Adoption of New Accounting Principle:** In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *“Presentation of Financial Statements of Not-for-Profit Entities”* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Agency has adopted this ASU as of and for the year ended September 30, 2019.

**Subsequent Events:** Management has evaluated subsequent events through January 3, 2020, the date the financial statements were available for issuance, and has determined there are no subsequent events to be reported in the accompanying financial statements.

#### 3. Fair Value Measurements:

The Agency follows FASB guidance for fair value measurements. The provisions of the guidance provides a framework for measuring fair value under GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 3. Fair Value Measurements, Continued:

Such guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
- Level 2 Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3 Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The beneficial interest in assets held by the Community Foundation is valued at fair value as determined by the Community Foundation whose investments are primarily invested with The Richmond Fund, LP (the "Fund"). The Fund is valued by the general partner of the Fund based on several criteria established in the Fund's operating agreement. The Fund operates as a fund of funds and, as such, the general partner reviews the fair values of each underlying funds based on available information. The Fund undergoes an independent audit twice per year (6/30 and 12/31). There are no additional funding requirements related to the Fund.

Assets and liabilities measured at fair value on a recurring basis at September 30, 2019, include the following:

	Fair Value Using			Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Beneficial interest in assets held by the Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 688,413</u>	<u>\$ 688,413</u>



## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 3. Fair Value Measurements, Continued:

The following table provides reconciliation between the beginning and ending balances of the beneficial interest in assets held by the Community Foundation:

Balance at September 30, 2018	\$ 713,793
Distributions	(35,600)
Change in value	<u>10,220</u>
Balance at September 30, 2019	<u>\$ 688,413</u>

#### 4. Net Assets With Donor Restrictions:

At September 30, 2019, net assets with donor restrictions are restricted to be used towards the following specified program services:

Age Wave	\$ 91,823
Care Transitions	39,500
Ride Connection	18,702
Adopt a Café	7,293
Guardianship	5,802
No Wrong Door	851
VICAP Basic	<u>529</u>
Total subject to expenditure for a specified purpose	164,500
Beneficial interest in assets held by the Community Foundation	<u>688,413</u>
	<u>\$ 852,913</u>

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 4. Net Assets With Donor Restrictions, Continued:

Net assets with donor restrictions were released from donor restrictions by incurring expenses to satisfy the following restricted purposes for the year ended September 30, 2019:

Age Wave	\$ 113,561
Ride Connection	31,188
Adopt a Café	2,670
Guardianship	10,044
No Wrong Door	12,144
VICAP Basic	2,702
Oasis	18,145
Other program services	<u>21,417</u>
	<u>\$ 211,871</u>

#### 5. Federal and State Funding:

The major federal and state funding sources for the Agency are the Commonwealth of Virginia, including a significant portion from the Department for Aging and Rehabilitative Services and the United States Departments of Health & Human Services and Labor.

Revenues are recorded for major grants as received based on authorized expenditures, as requested advances against future expenditures are received, and at year-end as earned, based on authorized expenditures. The Agency's major grants are on an advance basis for earned revenue. Grant funds recorded in excess of applicable expenditures are considered unearned at year-end and subject to the carryover provisions of the funding source.

#### 6. Retirement Plan:

Effective January 1, 1998, the Agency converted its money purchase pension plan to a 401(k) retirement plan covering all employees who are at least 21 years old and have been employed by the Agency for more than one year. The amendment to the plan allows employees to reduce their compensation and have these amounts contributed to the plan on their behalf. Effective October 1, 2007, this plan was converted to a 403(b) defined contribution retirement plan. The Agency's current contribution and cost are 8% of covered employees' compensation and totaled \$176,376 for 2019.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 7. **Beneficial Interest in Assets Held by the Community Foundation:**

The CAAA Foundation (the "Foundation") was organized in March 1993 with the objective of receiving and soliciting donations from various sources to help meet the basic human needs mission of the Agency. Prior to the year ended September 30, 1997, three of the fifteen members of the Board were appointed by the Board of Directors of the Agency.

Effective during the year ended September 30, 1997, the by-laws of the Foundation and the Agency were amended to provide for the election of twelve (12) of the fifteen (15) members of the Foundation's Board by the Agency's Board. As a result of this change, the Foundation's financial position, changes in its net assets, and cash flows were consolidated with that of the Agency for financial statement purposes.

On March 28, 2001, the State Corporation Commission of Virginia accepted the Foundation's application of its dissolution. The Foundation's Board continued to meet after this date for the purpose of transferring net assets. The Foundation's Board resolved to transfer the remaining assets of the Foundation to the Agency. In lieu of the Agency's Board establishing a development committee for the purpose of continuing to further the objectives of the Foundation, the Foundation and Agency's Boards resolved to transfer the assets to a separate, unaffiliated non-profit entity, the Community Foundation for a Greater Richmond (the "Community Foundation").

The Community Foundation established the "Senior Connections Endowment Fund" (the "Fund") as a "permanent endowment." "So long as the Senior Connections or any successor agency is carrying out its mission of serving persons in Virginia Planning Region 15 age 60 and older, it shall be entitled to request and receive each year, beginning 2002, up to 5% of the value of the Fund as determined on December 31 of the preceding calendar year. This right shall be "non-cumulative." If the Agency, or any successor agency, should cease operation, then the Community Foundation may distribute up to 5% to organizations serving the needs of persons age 60 and older located in Virginia Planning District 15." The Community Foundation's Board of Governors has full authority and discretion as to the investment of the assets, as well as certain variance power as defined in the agreement. The Fund is recognized in the Agency's financial statements as a beneficial interest in assets held by the Community Foundation.

**Interpretation of Relevant Law:** The Board of Directors of the Agency has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b), the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 7. Beneficial Interest in Assets Held by the Community Foundation, Continued:

**Interpretation of Relevant Law, Continued:** As the Agency is permitted to take a distribution of up to 5% per calendar year, non-cumulative, the distributions taken in the current year are shown as releases of net assets with donor restrictions in the accompanying statement of activities. Current year releases include the distributions for calendar year 2019.

**Return Objectives and Risk Parameters:** The Agency has adopted investment and spending policies for some donor-restricted endowment funds that attempt to provide a predictable stream of funding to the Agency, not to exceed 5% per year. In addition to providing a predictable stream of funding, the adopted investment and spending policies also seek to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted funds that the Agency must hold in perpetuity.

#### 8. Commitments and Contingencies:

The Agency has several operating leases for office equipment, expiring between 2020 and 2021. Future minimum payments required under the leases are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 7,968
2021	<u>124</u>
	<u>\$ 8,092</u>

Total expense under these leases was \$20,928 for 2019.

The Agency is heavily dependent upon government grants and contracts for its operation. If government funds were curtailed it would be necessary to curtail or eliminate several programs. Currently, 59% of the Agency's revenue is derived from the federal government. The expectation is that government entities will continue funding many of the programs. Amounts received or receivable for federal grants are subject to audit and adjustment by the granting federal agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. It is management's belief that adjustments, if any, would not materially affect the Agency's financial position.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 9. Related Party Transactions:

On October 1, 2018, the Agency entered, as landlord, into a three-year office space lease agreement with an association of which the Agency is a member. The tenant paid annual rent and parking of \$27,432 to the Agency for the fiscal year ending September 30, 2019. The lease agreement calls for a 3% increase in rental payments at each October 1 through 2020.

#### 10. Guarantees:

The Agency has certain obligations to indemnify its current officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Agency's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Agency's insurance policies serve to further limit its exposure.

#### 11. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position at September 30, 2019, comprise of the following:

Financial assets available within one year:	
Cash and cash equivalents	\$ 1,117,630
Accounts receivable:	
Commonwealth of Virginia - Department for Aging and Rehabilitative Services	92,569
Other	<u>71,166</u>
Total	1,281,365
Less those unavailable for general expenditure within one year:	
Net assets with donor restrictions	<u>164,500</u>
Financial assets available within one year for general expenditure	<u>\$ 1,116,865</u>

As a part of the Agency's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Notes to Financial Statements, Continued

#### 12. New Accounting Guidance:

**Contributions Received and Contributions Made:** In June 2018, the FASB issued ASU 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to provide specific criteria to determine whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The ASU provides a framework for determining whether a contribution is conditional or unconditional. Prior to the ASU, FASB's new revenue recognition standard eliminated exchange guidance and added additional disclosure requirements that are not relevant to these types of transactions. Specific to contributions or grants received by the Agency, the amendments in this ASU are effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Specific to contributions or grants awarded by the Agency, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019 with early adoption permitted. The Agency intends to adopt this ASU prior to the required transition date.

**SUPPLEMENTAL INFORMATION**

**SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING**

Supplemental Schedule of Status of DARS Funds – Modified Accrual Basis  
From October 1, 2018 to September 30, 2019

<u>Fund</u>	Unencumbered Funds on Hand September 30, 2018	Total Funds Received During Period	Funds in Transit at September 30, 2019	Total of Funds Available During Period	Accrued Costs to Contract Period	Unencumbered Funds on Hand September 30, 2019
Older Americans Act:						
Title III-B	\$ 48,403	\$ 1,175,486	\$ -	\$ 1,223,889	\$ 1,249,074	\$ (25,185)
Title III-C(1)	6,212	611,445	-	617,657	650,492	(32,835)
Title III-C(2)	35,021	470,442	-	505,463	538,460	(32,997)
Title III-D	(2,308)	69,549	-	67,241	67,241	-
Title III-E	9,849	384,420	-	394,269	376,877	17,392
Title VII - Elder Abuse	(480)	11,066	-	10,586	10,586	-
Title VII - Ombudsman	(6,425)	48,099	-	41,674	41,674	-
NSIP	1,874	114,539	-	114,539	114,539	-
Other federal:						
Title V (PY 06/30/19 Award)	542	265,428	-	265,970	265,970	-
Title V (PY 06/30/20 Award)	-	93,000	-	93,000	93,900	(900)
VICAP-(PY 03/31/19 Award)	-	43,425	-	43,425	43,425	-
VICAP-(PY 03/31/20 Award)	-	11,500	-	11,500	12,852	(1,352)
DMAS Ombudsman FY 18	(1,560)	19,810	-	18,250	18,250	-
DMAS Ombudsman FY 19	-	-	19,810	19,810	19,810	-
MIPPA - Priority 1 - SHIP	-	-	4,100	4,100	4,100	-
MIPPA - Priority 2 - AAA	(2,628)	69,082	-	66,454	66,454	-
SNAP	-	5,206	-	5,206	5,206	-
CDSME Grant	22,272	38,819	-	61,091	3,834	57,257
Falls Prevention	2,904	12,490	-	15,394	2,761	12,633
NWD Grant	-	30,000	-	30,000	33,500	(3,500)

See report of independent accountants.



**SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING**

Supplemental Schedule of Status of DARS Funds – Modified Accrual Basis, Continued  
From October 1, 2018 to September 30, 2019

<u>Fund</u>	Unencumbered Funds on Hand September 30, 2018	Total Funds Received During Period	Funds in Transit at September 30, 2019	Total of Funds Available During Period	Accrued Costs to Contract Period	Unencumbered Funds on Hand September 30, 2019
General funds:						
Title III Match (PY 06/30/19)	\$ -	\$ 222,668	\$ -	\$ 222,668	\$ 222,668	\$ -
Title III Match (PY 06/30/20)	-	74,223	-	74,223	74,223	-
Community Based (PY 06/30/19)	-	237,335	-	237,335	237,335	-
Community Based (PY 06/30/20)	-	92,474	-	92,474	92,474	-
Transportation (PY 06/30/19)	-	261,529	-	261,529	261,529	-
Transportation (PY 06/30/20)	-	92,176	-	92,176	92,176	-
Home Delivered Meals (PY 06/30/19)	-	313,395	-	313,395	313,395	-
Home Delivered Meals (PY 06/30/20)	-	86,131	-	86,131	86,131	-
Supplemental Nutrition (PY 06/30/19)	-	100,108	-	100,108	100,108	-
Supplemental Nutrition (PY 06/30/20)	-	33,369	-	33,369	33,369	-
Ombudsman (PY 06/30/19)	-	29,600	-	29,600	29,600	-
Ombudsman (PY 06/30/20)	-	9,867	-	9,867	9,867	-
Care Coordination (PY 06/30/19)	-	43,367	-	43,367	43,367	-
Care Coordination (PY 06/30/20)	-	14,456	-	14,456	14,456	-
Respite Care (PY 06/30/19)	-	36,661	-	36,661	36,661	-
Respite Care (PY 06/30/20)	-	12,220	-	12,220	10,949	1,271
Guardianship VDA (PY 06/30/19)	(1,172)	54,244	-	53,072	53,072	-
Guardianship VDA (PY 06/30/20)	-	12,501	-	12,501	12,501	-
Guardianship VDA Mental Health (PY 06/30/19)	(1,246)	57,521	-	56,275	56,275	-
Guardianship VDA Mental Health (PY 06/30/20)	-	14,379	-	14,379	18,774	(4,395)
Guardianship DBHDS ID/DDS (PY 06/30/19)	(1,172)	50,000	-	48,828	48,828	-
Guardianship DBHDS ID/DDS (PY 06/30/20)	-	12,501	-	12,501	12,501	-
Senior Cool Care	-	12,800	-	12,800	12,800	-
<b>Totals</b>	<u>\$ 110,086</u>	<u>\$ 5,347,331</u>	<u>\$ 23,910</u>	<u>\$ 5,479,453</u>	<u>\$ 5,492,064</u>	<u>\$ (12,611)</u>

See report of independent accountants.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Supplemental Schedule of Costs by Program Activity – Modified Accrual Basis From October 1, 2018 to September 30, 2019

Fund	Costs to Federal III B Funds	Costs to Federal III C-1 Funds	Costs to Federal III C-2 Funds	Costs to Federal III D Funds	Costs to Federal III E Funds	Costs to Federal VII Eld. Abuse	Costs to Federal VII OMB Funds	Voluntary Contributions	Costs to Other Non- Fed Funds	Fees
<b>Title III, (Except Title III-E)</b>										
<b>Older Americans Act Funds</b>										
Adult Day Care	\$ 20,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,800
Checking	537	-	-	-	-	-	-	-	-	-
Chore	4,174	-	-	-	-	-	-	-	-	-
Homemaker	4,100	-	-	-	-	-	-	-	-	-
Personal Care	2,306	-	-	-	-	-	-	-	-	100
Care Coordination	60,550	-	-	-	-	-	-	-	-	-
Care Transitions	154,369	-	-	-	-	-	-	-	79,322	-
Comm. Referral Info. & Assist	546,559	-	-	-	-	-	-	-	2,804	-
Options Counseling	-	-	-	-	-	-	-	-	-	-
Transportation	66,537	-	-	-	-	-	-	3,386	-	-
Congregate Meals	-	586,342	-	-	-	-	-	8,237	-	-
Home Delivered Meals	-	-	474,310	-	-	-	-	2,750	-	-
Disease Prevention	-	-	-	67,241	-	-	-	-	-	-
Emergency Services	24,500	-	-	-	-	-	-	-	31,463	-
Employment	92,921	-	-	-	-	-	-	-	-	-
Money Management	24,895	-	-	-	-	-	-	-	275	-
Public Information & Education	79,768	-	-	-	-	-	-	25	-	-
Socialization/Recreation	22,333	-	-	-	-	-	-	-	-	-
Volunteer Programs	32,500	-	-	-	-	-	-	-	-	-
Legal Assistance	26,778	-	-	-	-	-	-	-	-	-
Elder Abuse Prevention	16,117	-	-	-	-	-	-	-	-	-
LTC Ombudsman Program	31,349	-	-	-	-	10,586	41,674	-	90	-
Prep. and Admin.	38,077	64,150	64,150	-	-	-	-	-	53,500	-
<b>Title III-E Older Americans Act Funds</b>										
Individual counseling	-	-	-	-	13,813	-	-	-	-	-
Caregiver training	-	-	-	-	4,965	-	-	-	-	-
Public information & education	-	-	-	-	51,971	-	-	-	-	-
Adult day care	-	-	-	-	4,818	-	-	-	-	19,435
Homemaker services	-	-	-	-	5,676	-	-	-	-	-
Personal care services	-	-	-	-	3,126	-	-	-	-	-
Communication referral & I&A	-	-	-	-	292,008	-	-	-	10,000	-
<b>Title III-E Older Americans Act Funds- Grandparents &amp; Older who are Relative Caregivers of Children</b>										
Public information and education	-	-	-	-	500	-	-	-	-	-
<b>Total Title III &amp; Title VII</b>	<b>\$ 1,249,074</b>	<b>\$ 650,492</b>	<b>\$ 538,460</b>	<b>\$ 67,241</b>	<b>\$ 376,877</b>	<b>\$ 10,586</b>	<b>\$ 41,674</b>	<b>\$ 14,398</b>	<b>\$ 177,454</b>	<b>\$ 30,335</b>

See report of independent accountants.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Supplemental Schedule of Costs by Program Activity – Modified Accrual Basis, Continued From October 1, 2018 to September 30, 2019

Fund	DMAS Ombudsman	Costs to Other Local Fed Funds	Costs to NSIP Funds	Costs to G.F. OAA General Funds	Costs to G.F. Comm. Based Funds	Costs to G.F. Transport Funds	Costs to G.F. HD Meals Funds	Costs to G.F. Supp. Nutr. Funds	Costs to G.F. CCEVP Funds	Costs to G.F. Ombudsman Funds	Grand Total
<b>Title III, (Except Title III-E)</b>											
<b>Older Americans Act Funds</b>											
Adult Day Care	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,504
Checking	-	-	-	-	3,300	-	-	-	-	-	3,837
Chore	-	-	-	-	-	-	-	-	-	-	4,174
Homemaker	-	-	-	-	6,330	-	-	-	-	-	10,430
Personal Care	-	-	-	-	59,700	-	-	-	-	-	62,106
Care Coordination	-	-	-	-	-	-	-	-	-	-	60,550
Care Transitions	-	-	-	-	-	-	-	-	41,055	-	274,746
Comm. Referral Info. & Assist	-	-	-	111,620	-	-	-	-	-	-	660,983
Options Counseling	-	-	-	-	-	-	-	-	16,768	-	16,768
Transportation	-	59,042	-	22,170	-	353,703	-	-	-	-	504,838
Congregate Meals	-	-	62,887	-	-	-	-	111,685	-	-	769,151
Home Delivered Meals	-	-	51,652	-	-	-	399,526	21,792	-	-	950,030
Disease Prevention	-	-	-	-	-	-	-	-	-	-	67,241
Emergency Services	-	-	-	-	-	-	-	-	-	-	55,963
Employment	-	-	-	4,000	-	-	-	-	-	-	96,921
Money Management	-	-	-	-	102,167	-	-	-	-	-	127,337
Public Information & Education	-	-	-	40,000	-	-	-	-	-	-	119,793
Socialization/Recreation	-	-	-	-	-	-	-	-	-	-	22,333
Volunteer Programs	-	-	-	69,287	-	-	-	-	-	-	101,787
Legal Assistance	-	-	-	-	-	-	-	-	-	-	26,778
Elder Abuse Prevention	-	-	-	2,448	-	-	-	-	-	-	18,565
LTC Ombudsman Program	19,810	-	-	36,669	-	-	-	-	-	39,467	179,645
Prep. and Admin.	-	-	-	2,000	-	-	-	-	-	-	221,877
<b>Title III-E Older Americans Act Funds</b>											
Individual counseling	-	-	-	-	-	-	-	-	-	-	13,813
Caregiver training	-	-	-	-	-	-	-	-	-	-	4,965
Public information & education	-	-	-	-	-	-	-	-	-	-	51,971
Adult day care	-	-	-	-	52,312	-	-	-	-	-	76,565
Homemaker services	-	-	-	-	4,000	-	-	-	-	-	9,676
Personal care services	-	-	-	8,697	52,000	-	-	-	-	-	63,823
Communication referral & I&A	-	-	-	-	-	-	-	-	-	-	302,008
<b>Title III-E Older Americans Act Funds- Grandparents &amp; Older who are Relative Caregivers of Children</b>											
Public information and education	-	-	-	-	-	-	-	-	-	-	500
<b>Total Title III &amp; Title VII</b>	<b>\$ 19,810</b>	<b>\$ 59,042</b>	<b>\$ 114,539</b>	<b>\$ 296,891</b>	<b>\$ 329,809</b>	<b>\$ 353,703</b>	<b>\$ 399,526</b>	<b>\$ 133,477</b>	<b>\$ 57,823</b>	<b>\$ 39,467</b>	<b>\$ 4,960,678</b>

See report of independent accountants.

**SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING**

Status of Inventories  
From October 1, 2018 to September 30, 2019

<u>Fund Source</u>	<u>Value on Hand October 1, 2018</u>	<u>Increase (Decrease) During Period</u>	(1) <u>Value on hand September 30, 2019</u>
Title III-B, Older Americans Act	\$ -	\$ -	\$ -
Title III-C(1), Older Americans Act	-	-	-
Title III-C(2), Older Americans Act	-	-	-
Title III-D, Older Americans Act	-	-	-
Title III-E, Older Americans Act	-	-	-
Title VII, Ombudsman	-	-	-
Title VII, Elder Abuse	-	-	-
Title III-C(1) - Stimulus	-	-	-
Title III-C(2) - Stimulus	-	-	-
CDSMP - Stimulus	-	-	-
<b>Totals</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Assets acquired with DARS funds with a net book value of \$5,000 or more as of 9/30/19.

See report of independent accountants.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

### Schedule of Expenditures of Federal Awards Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of		Passed Through to Subrecipients	Total Federal Expenditures
	Federal Domestic Assistance Number	Pass-through Entity Identifying Number		
Department of Health and Human Services:				
Passed through Virginia Department for Aging and Rehabilitative Services:				
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	42017/42018 42217/42218	\$ -	\$ 1,249,074
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	42317/42318	529,717	1,188,952
Nutrition Services Incentive Program	93.053	42717/42718	<u>-</u>	<u>114,539</u>
			529,717	2,552,565
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	42417/42418	-	67,241
National Family Caregiver Support, Title III, Part E	93.052	42517/42518	-	376,878
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	43717/43718	-	10,586
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	43617/43618	-	41,674
State Health Insurance Assistance Program	93.324	44118	-	54,745
Medical Assistance Program	93.778	46200	-	18,250
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs - Financed by Prevention and Public Health Funds	93.734	45818	-	3,834
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	46318	-	5,206
Medical Enrollment Assistance Program	93.071	44978	-	98,947
Evidence-Based Falls Prevention Program	93.761	45620	-	2,761
Passed through Virginia Association of Area Agencies on Aging:				
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	GY18	<u>-</u>	<u>3,441</u>
			529,717	3,236,128
Department of Labor:				
Passed through Virginia Department for Aging and Rehabilitative Services:				
Senior Community Service Employment Program	17.235	43518/43519	<u>-</u>	<u>359,871</u>
Corporation for National and Community Services:				
Foster Grandparent Program	94.011	N/A	-	241,577
Retired and Senior Volunteer Program	94.002	N/A	<u>-</u>	<u>43,990</u>
			-	285,567
Department of Transportation:				
Passed through Greater Richmond Transit Authority:				
Transit Services Program Cluster:				
Enhanced Mobility of Senior and Individuals with Disabilities	20.513	N/A	-	243,439
New Freedom Program	20.521	44018-21	<u>-</u>	<u>32,802</u>
			-	276,241
<b>Total</b>			<u>\$ 529,717</u>	<u>\$ 4,157,807</u>

See report of independent accountants.

## SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2019

### 1. **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Senior Connections, The Capital Area Agency on Aging (the "Agency") under programs of the federal government for the year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFS) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, results of operations, or cash flows of the Agency.

### 2. **Summary of Significant Accounting Policies:**

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

### 3. **Indirect Cost Rate:**

The Agency has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

See report of independent accountants.

**REPORT OF INDEPENDENT ACCOUNTANTS 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  
Senior Connections, The Capital Area Agency on Aging  
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Senior Connections, The Capital Area Agency on Aging, (the “Agency”) which comprise the statement of financial position as of September 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 3, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency’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 the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

January 3, 2020  
Glen Allen, Virginia



**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Senior Connections, The Capital Area Agency on Aging  
Richmond, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Senior Connections, The Capital Area Agency on Aging (the “Agency”) with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019. The Agency’s major federal programs are identified in the summary of the auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Agency’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Agency’s compliance.

## **Opinion of Each Major Federal Program**

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

## **Report on Internal Control Over Compliance**

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

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

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

## **Purpose of this Report**

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



January 3, 2020  
Glen Allen, Virginia

**SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2019

A. SUMMARY OF AUDIT RESULTS:

- (1) Unmodified opinion on the basic financial statements.
- (2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit.
- (3) No noncompliance which is material to the financial statements was disclosed by the audit.
- (4) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs were disclosed by the audit.
- (5) Unmodified opinion on compliance for major programs.
- (6) No audit findings were disclosed by the audit.
- (7) Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>
Aging Cluster	93.044/93.045/93.053

- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (9) The auditee did qualify as a low risk auditee.

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:

None

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

**SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING**

Corrective Action Plan  
Year Ended September 30, 2019

Not Applicable