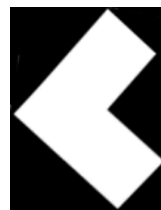


Southern Area Agency on Aging

Financial Report

Year Ended September 30, 2024



***Creedle, Jones
& Associates, P.C.***
Certified Public Accountants

Southern Area Agency on Aging

Table of Contents

Year Ended September 30, 2024

Pages

FINANCIAL SECTION

| | |
|--------------------------------------|-------|
| Independent Auditor's Report | i-iii |
| Management's Discussion and Analysis | 1-7 |

Basic Financial Statements

Exhibits

Government-Wide Financial Statements

| | | |
|-----------|---------------------------|---|
| Exhibit 1 | Statement of Net Position | 8 |
| Exhibit 2 | Statement of Activities | 9 |

Fund Financial Statements

| | | |
|-----------------------------------|--|-------|
| Exhibit 3 | Balance Sheet – Governmental Fund | 10 |
| Exhibit 4 | Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund | 11 |
| Notes to the Financial Statements | | 12-21 |

Required Supplementary Information

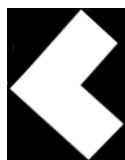
| | | |
|-----------|--|----|
| Exhibit 5 | Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget to Actual – General Fund | 22 |
|-----------|--|----|

Other Information

| | |
|--|----|
| Schedule A – Status of Funds | 23 |
| Schedule B – Costs by Program Activity | 24 |
| Schedule C – Status of Inventories | 25 |

COMPLIANCE (SINGLE AUDIT) SECTION

| | |
|---|-------|
| Independent Auditor's 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> | 26-27 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 28-30 |
| Schedule of Expenditures of Federal Awards | 31 |
| Notes to Schedule of Expenditures of Federal Awards | 32 |
| Schedule of Findings and Questioned Costs | 33 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern Area Agency on Aging
Martinsville, Virginia

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Southern Area Agency on Aging as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Southern Area Agency on Aging's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Southern Area Agency on Aging as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Southern Area Agency on Aging 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2024, the Agency adopted new accounting guidance, GASB Statement No. 99, Omnibus 2022 and No. 100, Accounting Changes and Error Corrections. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Southern Area Agency on Aging's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 opinions. 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 Southern Area Agency on Aging'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 Southern Area Agency on Aging'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-7 and 22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southern Area Agency on Aging's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

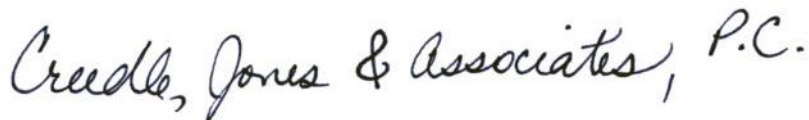
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supporting schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2025, on our consideration of Southern Area Agency on Aging's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southern Area Agency on Aging'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 Southern Area Agency on Aging's internal control over financial reporting and compliance.



Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
January 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Southern Area Agency on Aging, Inc. (SAAA) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year that ended September 30, 2024.

INTRODUCTION

The primary purpose of any Management Discussion and Analysis (MD&A) for a nonprofit is to discuss the financial condition as one fiscal year closes and another one begins. Another objective is to provide some contextual narrative for the readers, such as the Board of Directors and donors, so that they may get a feel for how the entity operates. FY2024 was operationally the most conventional year for providing aging services that we have experienced since FY2019. The intensification of increased service levels, requests and pandemic funding started tapering down, and considerable effort was put towards planning a soft landing as we moved into the first regularly funded FY2025. The balance of American Rescue Plan Act Funding was expended to assist SAAA in meeting our clients' customary needs, such as meals, transportation and in-home services. Prior to mid-year, after ample notice to affected clients, SAAA began rolling back additional service measures such as the provision of meals to clients who otherwise would have remained on the Home Delivered Meals waiting list, and additional In-Home service hours. Pre-pandemic limits for emergency services, chore and home repairs were scaled back as well. A decision was also made to not fill a vacant Care Advocate (i.e., Case Manager) position, returning staffing levels in that department to a pre-pandemic level. Ironically, even though pandemic related issues were disappearing, extremely high inflation took over as a driver of amplified requests, particularly for meals and emergency assistance. Unsurprisingly inflation also affected the cost of providing services for SAAA. Waiting lists, unmet needs and no significant increase in Older Americans Act funding are again our top issues regarding the demand for services provided by SAAA. On a good note, SAAA received more private grants in FY2024 than ever before!

FINANCIAL HIGHLIGHTS

- SAAA's revenue increased by \$836,101 or 15.5% to \$6,229,362 as compared to a 2.1% increase in FY2023. The FY2024 budget contained extra funding, in the form of American Rescue Plan Act funds, as we had 70% of the awarded funds remaining after FY2023. SAAA continued to use supportive grants to complement regular services such as grants from United Way organizations (Danville-Pittsylvania County and Henry County-Martinsville), the Community Foundation Serving Western Virginia, The Community Foundation of the Dan River Region, the Louise R. Lester Foundation, Carilion Clinic, Women in Philanthropy, Jett Groves Foundation, the Glick Gives Fund (of Central Indiana Community Foundation) and Yield Giving. Cash accounts ended with a balance of \$382,220 as SAAA drew down the full amount of the 60-day cash advance on federal (Older Americans Act) funds, and the 30-day cash advance on state (general) funds.
- For a more complete analysis of financial position, one must also consider the amount of deferred revenue at year end, as well as the balance of funding not yet requested from the Department for Aging and Rehabilitative Services that is available in the next fiscal year. Accounts receivable stood at \$276,866 and deferred revenue at \$136,870 at year-end.
- SAAA received higher revenue from grants, in-kind and program revenue, while local government revenue was lower than FY2023. Program revenue (from participants who voluntarily contribute to the programs, mostly meals and transportation) also increased by 67%.
- Nutrition clients (home-delivered and congregate) mostly received meals via normal program operations in FY2024, with the exception of the continued use of third party frozen, shelf stable meals, and refrigerated meals/shipped directly to clients, although SAAA began curtailing this option prior to mid-year FY2024. PCCA and STEP are Community Action Agencies under contract with SAAA for the provision of congregate and home-delivered meals. PCCA and STEP serve the majority of clients with a hot home delivered meal mid-day 5 days a week, while some clients receive either frozen, shelf stable (once monthly), or refrigerated meals shipped directly to clients; due to full hot, home-delivered routes, the remote locale of their home, or preference by the clients.

- SAAA received total funding of \$89,162 for the Virginia Insurance Counseling and Assistance Program for FY24. Funding for FY25 is up over 8%, and the state funds are included again. VICAP counselors provide personalized decision support and assistance including accurate, understandable, and objective information on a wide range of health insurance issues such as Medicare, Medicaid, long-term supports and prescription drug coverage. The goal of this program is to assist residents of Planning District Twelve in selecting appropriate health care and prescription drug coverage and to reach citizens in SAAA's service area that are eligible to receive a Low-Income Subsidy and to assist them in enrolling for appropriate benefits.
- SAAA has continued to receive funding through the Emergency Home Repair Program, awarded by the Virginia Department of Housing and Community Development. The Emergency Home and Accessibility Repairs Program (EHARP) provides funds to remove imminent health and safety hazards, and/or barriers to habitability for low and very low-income Virginians. SAAA received \$17,120 in FY2024 for the provision of this program and assisted 10 individuals. Funding for FY2025 is \$17,120.
- SAAA received \$6,300 in the Senior Cool Care Program, a decrease over prior year funding. Senior Cool Care is a public-private partnership sponsored by Dominion Virginia Power and administered by the Department for Aging and Rehabilitative Services. The statewide program helps low-income older citizens in Virginia keep cool during summer months, by providing air conditioners and fans in their primary living space.
- Again, in FY2024, SAAA received from the Virginia Department of Rail and Public Transportation, Section 5310 Federal Transit Administration Funds of \$78,724. Section 5310 funds were used to continue coordinated transportation efforts as part of the Agency's Mobility Management Program that serves all of SAAA's service area.
- The Virginia Department of Rail and Public Transportation also awarded \$112,561 to SAAA's Mobility Management Program for operational activities: "Miles 4 Vets," local medical voucher service and volunteer driver transportation program. Of this award, SAAA utilized \$28,561 for the voucher program, \$44,625 for "Miles for Vets" and \$39,375 for the volunteer driver transportation program. The purpose of the grant was to continue with the provision of the voucher program (for transportation challenged residents of any age for local medical care), operation of the "Miles 4 Vets" program (for providing transportation to veterans' medical facilities) and the volunteer driver transportation program (for transporting individuals, with no age restrictions, to out-of-town medical appointments). Clients in the voucher program are able to utilize private transportation providers for medically assisted transportation to local medical appointments. Clients received the vouchers free of charge or acquired them on a sliding fee scale, based on income. The "Miles 4 Vets" program provided weekly transportation, free of charge, for area veterans to the VA Medical Center in Salem, as well as weekly transportation services to the Community Based Outpatient Clinic in Danville. The volunteer driver transportation program utilizes local volunteers (who are reimbursed for mileage) to assist local transportation challenged citizens to out of town medical appointments. All programs administered by Mobility Management are primarily for medical-related transportation.
- The 9th annual "Miles 4 Vets" Golf Tournament, held in September, raised over \$11,000. The tournament had several new sponsors and players. The agency is planning a September 2025 tournament. Some of the proceeds from the tournament are used as matching funds for the "Miles4Vets" DRPT funds. In FY2024, SAAA made a matching payment of \$22,000 towards a new, more cost efficient, accessible bus for the program that had a total cost of \$110,000. The new bus arrived at SAAA in October 2024!
- Community Foundation of the Dan River Region (CFDRR) awarded SAAA \$16,852 for emergency services for FY2024. SAAA also received \$5,867 from the CFDRR to assist clients in hospice. These funds may be used to pay for basic needs (rent, utilities, heat/cooling, nutritional supplements, and medications) and other assistance to ease the burden of clients and families who have opted to receive hospice services. And, lastly, SAAA was again the recipient of grant funds (\$3,713) from the Jack W. Hall Memorial Fund. The purpose of these funds is to benefit persons suffering from chronic kidney and renal diseases and disorders. SAAA's Mobility Management Program directs use of these funds to assist patients of kidney disease and/or renal disease with their medical transportation needs.

- SAAA completed spending of the \$10,000 in grant funds from the Community Foundation Serving Western Virginia/Women in Philanthropy Group. These funds are to be used under SAAA's Volunteer Driver Program. This grant covered a period of time during FY24.
- SAAA was awarded a \$13,296 grant from United Way of Danville-Pittsylvania County to supplement programs under Mobility Management for Danville and Pittsylvania County residents. This is a two-year grant resulting in funds of approximately \$13,296 per year.
- The Community Foundation Serving Western Virginia awarded SAAA \$30,000 to supplement Mobility Management activities in City of Martinsville and the Counties of Henry, Franklin and Patrick. This grant period extends into FY2025.
- Through June of 2024 SAAA continued to utilize The Administration for Community Living grant for *Expanding the Public Health Workforce within the Aging and Disability Networks*. The purpose of this grant is to help cover the costs of staff to conduct critical health activities. Professionals funded through this program may provide a wide range of public health services and supports, including culturally affirmative and linguistically accessible information, assistance with accessing vaccines (including boosters) and connecting to other services, transition and diversion from high-risk congregate settings to community living, health and wellness programs, activities that address social isolation and social determinants of health, and other activities that support the public health and wellbeing of older adults and people with disabilities. SAAA's total allocation of \$109,180 was used to contractually employ a Community Health Worker whose duties were coordinated through the United Way of Henry County and Martinsville, with the West Piedmont Health District as a lead partner.
- SAAA served 5,676 (a 4% increase) unduplicated clients in FY24 using Federal and State funds as reported on the "AAA Service Summary Sub-Contractors for Titles III and VII of the Older Americans Act." This is a very high client level for SAAA. For comparison, FY2019's (pre-pandemic) service figure was 4,437. Additional clients were served using funds from Virginia Department of Rail and Public Transportation, as well as private grants from other funding sources.
- Below are some service statistics for FY24:

| | |
|--------------------|--------------------------|
| Total Meals | 183,682 individual meals |
| Personal Care | 36,723 hours of service |
| Transportation | 40,725 one-way trips |
| Emergency Services | 3,285 units of service |

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of government-wide statements, fund financial statements, and notes to the financial statements. The first two statements are condensed and present a government-wide view of SAAA's finances. Within this analysis, all SAAA operations are categorized and reported as governmental activities. Governmental activities include client support services, nutrition services, family caregiver support services, and other SAAA programs.

These government-wide statements are designed to be more corporate-like in that assets are capitalized and depreciated, rather than expensed as in the fund statements.

Basic Financial Statements

- The Statement of Net Position centers on resources available to SAAA for future operations. This statement presents a snapshot view of the assets of SAAA, the liabilities it owes and the net differences. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on the gross and net costs of operating SAAA's programs and the extent to which these programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

- Fund financial statements focus on the governmental funds. The governmental fund statements do not capitalize assets. Capital assets are expensed when purchased. Only vehicles or other goods with an original cost of over \$5,000 are considered as a capital asset.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding SAAA's financial condition.

The Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of September 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|---------------------|-------------------|
| Assets | | |
| Current and other assets | \$ 677,752 | \$ 494,301 |
| Capital assets | <u>536,987</u> | <u>346,242</u> |
| Total Assets | <u>\$ 1,214,739</u> | <u>\$ 840,543</u> |
| Liabilities | \$ 528,522 | \$ 412,127 |
| Net Position | | |
| Net investment in capital assets | 536,987 | 346,242 |
| Unrestricted | <u>149,230</u> | <u>82,174</u> |
| Total Net Position | <u>686,217</u> | <u>428,416</u> |
| Total Liabilities and Net Position | <u>\$ 1,214,739</u> | <u>\$ 840,543</u> |

SAAA's financial position is strong due to the availability of a 30-day cash advance on federal (Older Americans Act) funds, and a 30-day cash advance on state (general) funds. The primary components of this statement are cash in bank and capital assets (primarily vehicles owned by SAAA and used by SAAA's subcontractors for the provision of Home Delivered Meals). Liabilities consist of accounts payable to SAAA's subcontractors, salary accruals, accrued vacation and sick leave, and deferred revenue, which is funds received from an entity that were not spent in the current year. Unrestricted net position are funds available to be spent for SAAA services.

Statement of Activities

The following table summarizes revenues and expenses for the primary government:

Summary of Changes in Net Position

For the Fiscal Years Ended September 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|-------------------|--------------------|
| Program Revenues | | |
| Operating grants and contributions | \$ 6,142,416 | \$ 5,300,856 |
| Charges for services | 71,533 | 76,999 |
| Other revenue | <u>15,413</u> | <u>15,406</u> |
| Total Program Revenues | 6,229,362 | 5,393,261 |
| Program Expenses | | |
| Health and Welfare | 5,967,180 | 5,454,788 |
| Interest on long-term liabilities | <u>4,381</u> | <u>6,593</u> |
| Total Program Expenses | <u>5,971,561</u> | <u>5,461,381</u> |
| Change in Net Position | <u>\$ 257,801</u> | <u>\$ (68,120)</u> |

The Statement of Changes in Net Position shows the revenue funding sources by type and amount of funds received. Ninety-eight percent (98.5%) of the funds received this fiscal year were from the Federal and State government. Southern Area Agency on Aging is an Area Agency on Aging, as designated by the Virginia Department for Aging and Rehabilitative Services. Federal funds are obligated by law and distributed to the State Unit on Aging for distribution by a formula approved by the federal government. State general funds and match funds are also distributed by a formula used by the state unit to allocate funds to each of the twenty-five (25) area agencies on aging.

Local government cash matching contributions are requested annually by SAAA from the six local jurisdictions served by SAAA. These funds enable SAAA to meet its administrative match requirement and to assist in the operation of local programs. Other revenue sources are non-federal/state monies such as grant funds from local foundations, private donations, general contributions, cash program income (funds received from clients who receive services from SAAA), interest income and in-kind (value of donated services). Expenditures are the usual and customary liabilities incurred by an area agency on aging. As SAAA is a service provider agency and some services are provided directly via employees of SAAA, payroll is a large expense. Administration and management salaries and related expenses are also included in the program expenses. Another large expenditure of SAAA is incurred through contractual services. Contractual services include transportation, socialization/recreation, congregate meals, home-delivered meals, and legal assistance.

FUTURE OUTLOOK

- SAAA's staff continues to explore alternative funding opportunities for the provision of expanded and/or new services and programs.
- SAAA was allocated about \$194,000 more for FY25 as compared to FY24 for State and Federal funds administered through the Office for Aging Services, Division for Community Living. With that news however, comes a reminder that we started FY2024 with over \$1.3 million in additional funds from the American Rescue Plan. Again, it is important to recall that FY2025 will be the first regularly funded year since FY2019. The carryover restrictions for FY24 for federal OAA funds were again favorably modified so that AAA's could ensure sensible planning for the upcoming fiscal year.

- SAAA has one full time staff dedicated to the evidence-based Cares Transitions Program, and this individual works under the supervision of the Care Coordination Manager, who is also trained in care transitions. In FY24, two hundred forty-one (241) clients have completed the evidence-based Coleman Model for Care Transitions. This is level compared to FY23. Funding from the Care Coordination for Elderly Virginians Program and Title III-B are being used to provide Care Transitions.
- Under the Mobility Management umbrella, SAAA will continue to provide all of the current transportation options: “Miles 4 Vets”, Volunteer Driver Program and Local Medical Transportation Voucher Program. Funding from DRPT is up 6.5% compared to FY2024. Other resources for funding in FY25 will continue to be sought, and we hope to continue receiving support from local United Way organizations, the Community Foundation of the Dan River Region and the Community Foundation Serving Western Virginia. Some private grants are scheduled to run through part of FY25. Additional grant funds are always needed to meet the high demand, increased operating costs and match requirements.
- Introduced in FY2024, a U.S. Dept. of Housing & Urban Development (HUD) grant called “Older Adult Home Modification Program”, as coordinated by the Virginia Department for Aging & Rehabilitative Services will be available for SAAA to use when there are projects that fit the parameters. Planning a project for this grant is fairly involved as it requires SAAA to contract with an Occupational Therapist to consult on the home modifications. The overall goal of this project is to enable low-income elderly persons to remain in their homes through low-cost, low barrier, high impact home modifications to reduce older adults’ risk of falling, improve general safety, increase accessibility, and to improve their functional abilities in their home. This three-year grant will provide approximately \$263,702 in funding.
- In June, The American Electric Power Foundation awarded SAAA \$25,000 for its regular Home Repair Program. This is a first, but hopefully not the last grant from AEP. These grant funds will be used during FY2025.
- During the upcoming 2025 session of the General Assembly, the Virginia Association of Area Agencies on Aging (V4A) is seeking a \$4.35 million investment from the Commonwealth to address the increasing needs of older adults across Virginia. If the request is successful, SAAA’s share would be \$282,439.
- In September, SAAA was given a generous donation of \$6,000 from Woodmen Life Outreach Foundation. The funds will be used to support “Miles 4 Vets” activities.
- A Louise R. Lester Foundation grant of \$18,000 was awarded to SAAA for use in providing additional hours of In-Home Services (personal care and/or respite for caregivers) to clients residing in the City of Martinsville and the Counties of Henry and Franklin.
- For FY2025, SAAA will again have funds from the Irving and Jett Groves Foundation, the Jack W. Hall Memorial Fund, and the Community Foundation of the Dan River Region Hospice Support Services Fund. These are funds that are not part of a competitive grant process, and for the most part have become annual allocations.

FINANCIAL ANALYSIS

The financial position of Southern Area Agency on Aging remains stable, although there are some situations that should be referenced. As stated earlier, SAAA’s financial position is strong, but the long-standing practice of requesting a sixty-day level of operating funds based on federal funding sources has been changed to a thirty-day cap. State fund request caps have stayed the same at thirty days. It should also be emphasized again that American Rescue Plan Act funds expired on September 30, 2024, meaning that SAAA will proceed into FY2025 as a “normal” fund year for the first time since FY2019. While our financial position has consistently been stable, as well as more robust during the past few years, there will be a notable change as we proceed through FY2025, in comparison to the past five (5) fiscal years.

During Fiscal Year 2024, SAAA engaged service providers via its Request for Proposal process. The providers, or subcontractors, remained the same as in past years. SAAA's long-term debt consists of the liability derived from annual and sick leave accrual per SAAA's Personnel Policies and Procedures, as well as lease agreements for office space and rental equipment for copying and postal needs.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Executive Director, 204 Cleveland Avenue, Martinsville, Virginia 24112.

BASIC FINANCIAL STATEMENTS

Southern Area Agency on Aging

Statement of Net Position

Year Ended September 30, 2024

Governmental
Activities

Assets

Current Assets

| | |
|---------------------------|---------------|
| Cash and cash equivalents | \$ 382,220 |
| Accounts receivable | 276,866 |
| Prepaid items | <u>18,666</u> |
| Total Current Assets | 677,752 |

Noncurrent Assets

Capital assets

| | |
|-------------------------|----------------|
| Depreciable assets, net | 398,156 |
| Lease assets, net | <u>138,831</u> |

| | |
|-------------------------|----------------|
| Total Noncurrent Assets | <u>536,987</u> |
|-------------------------|----------------|

| | |
|--------------|----------------------------|
| Total Assets | <u><u>\$ 1,214,739</u></u> |
|--------------|----------------------------|

Liabilities and Net Position

Liabilities

Current Liabilities

| | |
|---------------------------------------|---------------|
| Accounts payable and accrued expenses | \$ 233,058 |
| Unearned revenue | 136,870 |
| Current portion of lease liabilities | <u>76,843</u> |

| | |
|---------------------------|---------|
| Total Current Liabilities | 446,771 |
|---------------------------|---------|

Long-Term Liabilities

| | |
|--------------------------------|---------------|
| Compensated absences | 53,162 |
| Leases, net of current portion | <u>28,589</u> |
| Total Long-Term Liabilities | <u>81,751</u> |

| | |
|-------------------|---------|
| Total Liabilities | 528,522 |
|-------------------|---------|

Net Position

| | |
|----------------------------------|----------------|
| Net investment in capital assets | 536,987 |
| Unrestricted | <u>149,230</u> |

| | |
|--------------------|----------------|
| Total Net Position | <u>686,217</u> |
|--------------------|----------------|

| | |
|------------------------------------|----------------------------|
| Total Liabilities and Net Position | <u><u>\$ 1,214,739</u></u> |
|------------------------------------|----------------------------|

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

Southern Area Agency on Aging

Statement of Activities

For the Year Ended September 30, 2024

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Position Primary Governmental Activities</u> |
|---|---------------------|---------------------------------|---|---|--|
| | | | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Primary Government Governmental Activities | | | | | |
| Health and welfare | \$ 5,967,180 | \$ 71,533 | \$ 6,142,416 | \$ - | \$ 246,769 |
| Interest on long-term liabilities | 4,381 | - | - | - | (4,381) |
| Total Governmental Activities | <u>\$ 5,971,561</u> | <u>\$ 71,533</u> | <u>\$ 6,142,416</u> | <u>\$ -</u> | <u>242,388</u> |
| | | | | | |
| | | | | | 1,272 |
| | | | | | <u>14,141</u> |
| | | | | | 257,801 |
| | | | | | <u>428,416</u> |
| | | | | | <u>\$ 686,217</u> |

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

Southern Area Agency on Aging

Balance Sheet

Governmental Fund

September 30, 2024

Assets

| | |
|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 382,220 |
| Accounts receivable | 276,866 |
| Prepaid items | <u>18,666</u> |
| Total Assets | <u><u>\$ 677,752</u></u> |

Liabilities

| | |
|--|----------------|
| Accounts payables and accrued expenses | \$ 233,058 |
| Unearned revenue | <u>136,870</u> |
| Total Liabilities | 369,928 |

Fund Balances

| | |
|-------------------------------------|--------------------------|
| Nonspendable | 18,666 |
| Unassigned | <u>289,158</u> |
| Total Fund Balances | <u>307,824</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 677,752</u></u> |

| | |
|---------------------------|------------|
| Fund Balances - per above | \$ 307,824 |
|---------------------------|------------|

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| | | |
|-----------------------------|----------------|---------|
| Vehicles and equipment, net | \$ 398,156 | |
| Lease assets, net | <u>138,831</u> | 536,987 |

Liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

| | |
|----------------------|-----------------|
| Leases | (105,432) |
| Compensated absences | <u>(53,162)</u> |

| | |
|---|--------------------------|
| Net Position of Governmental Activities | <u><u>\$ 686,217</u></u> |
|---|--------------------------|

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

Southern Area Agency on Aging

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Fund

Year Ended September 30, 2024

Revenues

| | |
|--|-----------|
| Charges for services | \$ 71,533 |
| Revenue from use of money and property | 1,272 |
| Miscellaneous | 329,792 |

Intergovernmental

| | |
|---|-----------|
| Local government contributions | 529,355 |
| Revenue from the Commonwealth of Virginia | 1,327,686 |
| Revenue from the federal government | 3,969,724 |

| | |
|----------------|-----------|
| Total Revenues | 6,229,362 |
|----------------|-----------|

Expenditures

| | |
|--------------------|-----------|
| Health and welfare | 6,149,362 |
| Debt service | 79,192 |

| | |
|--------------------|-----------|
| Total Expenditures | 6,228,554 |
|--------------------|-----------|

| | |
|---|-----|
| Excess (Deficiency) of Revenues Over Expenditures | 808 |
|---|-----|

Other Financing Sources (Uses)

-

Total Other Financing Sources (Uses)

-

| | |
|----------------------------|-----|
| Net Change in Fund Balance | 808 |
|----------------------------|-----|

| | |
|----------------------------------|---------|
| Fund Balance - Beginning of Year | 307,016 |
|----------------------------------|---------|

| | |
|----------------------------|------------|
| Fund Balance - End of Year | \$ 307,824 |
|----------------------------|------------|

| | |
|--|--------|
| Net Change in Fund Balance - per above | \$ 808 |
|--|--------|

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the net amount of capital outlays and dispositions versus depreciation in the current period.

| | |
|----------------------|------------|
| Net capital outlays | \$ 354,355 |
| Depreciation expense | (59,023) |
| | 295,332 |

| | |
|--|---|
| Lease asset capital outlay expenditures which were capitalized | - |
|--|---|

| | |
|--|-----------|
| Amortization expense for intangible assets | (104,587) |
| | (104,587) |

Bond and financed purchase obligations proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance.

In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities.

Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

| | |
|------------------------------------|--------|
| Lease liabilities issued/paid, net | 74,811 |
|------------------------------------|--------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

| | |
|----------------------|---------|
| Compensated absences | (8,563) |
|----------------------|---------|

| | |
|---|------------|
| Change in Net Position of Governmental Activities | \$ 257,801 |
|---|------------|

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

Southern Area Agency on Aging

Notes to the Financial Statements

Year Ended September 30, 2024

1 Summary of Significant Accounting Policies and Estimates

The financial statements of the Agency have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below:

1. The Financial Reporting Entity

The Southern Area Agency on Aging ("the Agency") serves as an agent in establishing and maintaining a coordinated and comprehensive system throughout the cities of Martinsville and Danville and the counties of Henry, Patrick, Franklin, and Pittsylvania to enable older Americans to find the community resources that will assist in independent living to the extent of an individual's abilities and desires. It is governed by a board that is appointed by the aforementioned localities.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported primarily by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Agency has no business-type or fiduciary activities.

The Statement of Net Position is designed to display the financial position of the primary government. Governments report all capital assets in the government-wide Statement of Net Position and report depreciation expense- the cost of "using up" capital assets- in the Statement of Activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

The following is a brief description of the specific funds used by the Agency in fiscal year 2024:

Governmental Funds

General Fund

The General Fund is the primary operating fund for the Agency. This fund accounts for all revenues and expenditures of the Agency, except those required to be accounted for in other funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Agency allocated indirect expenses primarily comprised of administrative services to programs benefiting from those services. These services include equipment, space rental, utilities, supplies, printing, insurance, postage, telephone, auto expenses and personnel expenses. Allocations are charged based on an approved indirect cost allocation plan.

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

A. Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

B. Allowance for Uncollectible Accounts

The Agency evaluates its accounts receivable using historical data and, in certain cases, specific accounts analysis. A charge to income to absorb possible credit losses is provided when, in the opinion of management, it is appropriate. No allowance was considered necessary for fiscal year ending September 30, 2024.

C. Use of Estimates

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

D. Capital Assets

Capital assets, which include machinery and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000, with a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Description</u> | <u>Estimated Lives</u> |
|--------------------------|------------------------|
| Vehicles and equipment | 5-10 years |

E. Leases

As lessee, the Agency recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency uses its estimated incremental borrowing rate as the discount rate for leases. The Agency's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

As lessor, the Agency recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

F. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The Agency accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide statements.

G. Fund Equity

The Agency reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance- amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of permanent fund);

Restricted fund balance- amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance- amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance- amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance- amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Agency's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Agency establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentive). Assigned fund balance is established by the Agency's Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, or for other purposes).

In the primary government, the Agency strives to maintain an unassigned fund balance for normal everyday activities.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until then. The Agency does not have any deferred outflows of resources as of September 30, 2024.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Agency does not have any deferred inflows of resources as of September 30, 2024.

I. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

J. Net Position Flow Assumption

Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

K. Adoption of New GASB Statements

The Agency adopted the following GASB statements during the year ended September 30, 2024:

In April 2022, GASB Issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of

June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending September 30, 2024 for the Agency.

In June 2022, GASB Issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending September 30, 2024 for the Agency.

2 Stewardship, Compliance, and Accountability

Budgetary Information

The Agency annually adopts a budget for all programs.

Deficit Fund Equity

At September 30, 2024, the general fund did not have a deficit fund balance.

3 Deposits and Investments

Deposits

At year-end, the carrying value of the Agency's deposits with banks and savings institutions was \$382,220 and the insured bank balance was \$510,756.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Agency had no investments at September 30, 2024.

4 Capital Assets

The following is a summary of changes in capital asset activity for the year ended September 30, 2024:

Governmental Activities

| | Balance October 1, 2023 | Increases | Decreases | Balance September 30, 2024 |
|---|-------------------------------|------------|-------------|----------------------------------|
| Capital assets being depreciated | | | | |
| Vehicles and equipment | \$ 561,515 | \$ 354,355 | \$ (11,744) | \$ 904,126 |
| Accumulated depreciation | | | | |
| Vehicles and equipment | (458,691) | (59,023) | 11,744 | (505,970) |
| Total Capital Assets being Depreciated, Net | 102,824 | 295,332 | - | 398,156 |
| Governmental Activities Capital Assets, Net | \$ 102,824 | \$ 295,332 | \$ - | \$ 398,156 |
| Depreciation expense was allocated as follows: | | | | |
| Governmental activities: Health and welfare | | \$ 59,023 | | |

| | Balance October 1, 2023 | Increases | Decreases | Balance September 30, 2024 |
|---|-------------------------------|--------------|-----------|----------------------------------|
| Lease assets | | | | |
| Office space | \$ 413,677 | \$ - | \$ - | \$ 413,677 |
| Equipment | 34,023 | - | - | 34,023 |
| | 447,700 | - | - | 447,700 |
| Less: accumulated amortization for | | | | |
| Office space | 194,672 | 97,336 | - | 292,008 |
| Equipment | 9,610 | 7,251 | - | 16,861 |
| | 204,282 | 104,587 | - | 308,869 |
| Lease Assets, Net | \$ 243,418 | \$ (104,587) | \$ - | \$ 138,831 |

| | Amortization Expense |
|---|-------------------------|
| Governmental activities: Health and welfare | \$ 104,587 |
| Total | \$ 104,587 |

5 Long-Term Obligations

The following is a summary of long-term obligations/transactions of the Agency for the year ended September 30, 2024.

| | Balance September 30, 2023 | Increase | Decrease | Balance September 30, 2024 |
|----------------------|-------------------------------|------------|--------------|-------------------------------|
| Compensated absences | \$ 44,599 | \$ 202,375 | \$ (193,812) | \$ 53,162 |

6 Leases

Agency as Lessee

Lease agreements resulting in lease liabilities are summarized as follows:

| <u>Description</u> | <u>Lessor</u> | <u>Asset Type</u> | <u>Original Lease Date</u> | <u>Original Payment Terms</u> | <u>Payment Amount</u> | <u>Interest Rate</u> | <u>Balance September 30, 2024</u> |
|---|--------------------------------|-------------------|----------------------------|-------------------------------|-----------------------|----------------------|-----------------------------------|
| SendPro C Series Version 4 postage meter | Pitney Bowes | Equipment | 5/1/2020 | 63 months | 121.25 | 3.00% | \$ 1,196 |
| Konica Minolta Bizhub copiers (2) | Konica Minolta Premier Finance | Equipment | 9/1/2022 | 60 months | 478.32 | 3.00% | 16,011 |
| 11,800 square feet of office space on the ground floor at 204 Cleveland Avenue Martinsville, VA | F&L, LLC | Office Space | 1/1/2023 | 36 months | 6,000.00 | 3.00% | 88,225 |
| | | | | | | | <u>\$ 105,432</u> |

| | <u>Balance October 1, 2023</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance September 30, 2024</u> | <u>Due Within One Year</u> |
|-------------------|--------------------------------|------------------|------------------|-----------------------------------|----------------------------|
| Lease Liabilities | \$ 180,243 | \$ - | \$ 74,811 | \$ 105,432 | \$ 76,843 |

Remaining principal and interest payments on leases are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|-----------------|-------------------|
| 2025 | \$ 76,843 | \$ 2,109 | \$ 78,952 |
| 2026 | 23,405 | 335 | 23,740 |
| 2027 | <u>5,184</u> | <u>78</u> | <u>5,262</u> |
| | <u>\$ 105,432</u> | <u>\$ 2,522</u> | <u>\$ 107,954</u> |

| <u>Lease Expense</u> | <u>Year Ending September 30, 2024</u> |
|---|---------------------------------------|
| Amortization expense by class of underlying asset | |
| Office space | \$ 97,336 |
| Equipment | <u>7,251</u> |
| Total amortization expense | 104,587 |
| Interest on lease liabilities | <u>4,381</u> |
| Total | <u>\$ 108,968</u> |

7 Compensated Absences

Full time employees with one to five years of service earn leave at the rate of twelve days per year, five to ten years of service at the rate of fifteen days per year, and over ten years of service at the rate of twenty-two and a half days per year. Annual leave has a maximum "carryover" accumulation of 120 hours. Sick leave is paid out up to 50% or \$1,000, whichever is lower.

8 Unearned Revenue

Unearned revenue represents funds received in advance from funding sources to be carried over and used for subsequent year's expenditures. Details of the unearned revenue at September 30, 2024 were as follows:

| | |
|----------------------------------|-------------------|
| Hospice Grant | \$ 36,030 |
| Matter of Balance | 1,400 |
| Kidney Disease Grant | 12,596 |
| DRPT | 2,031 |
| Misc. Mobility Management | 2,135 |
| Yield Grant | 422 |
| Title IIIC 1 | 2,315 |
| Title V | 7,845 |
| Title IIIE | 1,145 |
| CFDRR | 1,008 |
| Benefits Enrollment | 9,747 |
| Glick Grant | 1,406 |
| CFSWVA | 11,695 |
| Henry-Martinsville United Way | 4,792 |
| VAMM | 25,000 |
| Fan Care | 320 |
| Miles for Vets | 16,729 |
| Danville-Pittsylvania United Way | 254 |
| Total | <u>\$ 136,870</u> |

9 Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Agency carries commercial insurance for its coverage of general liability, property, crime, machinery and auto insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10 Commitments and Contingencies

Federal programs in which Southern Area Agency on Aging participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Requirements Cost Principles and Audit Requirements for Federal Awards*, (Uniform Guidance). Pursuant to the provisions of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by the audit, the Federal government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditure, in any, would be immaterial.

11 Retirement Plan

The Agency has established a deferred compensation plan in accordance with Internal Revenue Code Section 457. Contributions are made to the plan by the Agency for each eligible employee at 3% of compensation. The Agency's contribution to the plan this year was \$23,423.

12 Litigation

At September 30, 2024, there were no matters of litigation involving the Agency of which would materially affect the Agency's financial position should any court decisions on pending matters not be favorable to the Agency.

13 Upcoming Pronouncements

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

14 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2024. Management has performed their analysis through January 10, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Southern Area Agency on Aging

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual
General Fund

Year Ended September 30, 2024

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|--------------------|-----------------|------------|--|
| Revenues | | | | |
| Charges for Services | | | | |
| Program | \$ 71,995 | \$ 71,995 | \$ 71,533 | \$ (462) |
| Revenue from use of money and property | 390 | 390 | 1,272 | 882 |
| Miscellaneous | | | | |
| In-Kind | 62,000 | 62,000 | 256,871 | 194,871 |
| Grants | 49,423 | 49,423 | 38,424 | (10,999) |
| Public contributions | - | - | 20,356 | 20,356 |
| Other | - | - | 14,141 | 14,141 |
| Total Miscellaneous | 111,423 | 111,423 | 329,792 | 218,369 |
| Intergovernmental | | | | |
| Local governments | 705,888 | 705,888 | 529,355 | (176,533) |
| <i>Revenue from the Commonwealth of Virginia</i> | | | | |
| Virginia Department for the Aging | 1,296,169 | 1,296,169 | 1,327,686 | 31,517 |
| <i>Revenue from the Federal Government</i> | | | | |
| Virginia Department for the Aging | 2,957,061 | 2,957,061 | 3,969,724 | 1,012,663 |
| Total Intergovernmental Revenues | 4,959,118 | 4,959,118 | 5,826,765 | 867,647 |
| Total Revenues | 5,142,926 | 5,142,926 | 6,229,362 | 1,086,436 |
| Expenditures | | | | |
| Health and Welfare | | | | |
| Capital outlay | - | - | 354,355 | (354,355) |
| In-Kind | 26,000 | 26,000 | 21,112 | 4,888 |
| Insurance | 1,000 | 1,000 | 40,209 | (39,209) |
| Maintenance | 500 | 500 | 13,145 | (12,645) |
| Other | 21,716 | 21,716 | 34,988 | (13,272) |
| Printing | 4,625 | 4,625 | 6,559 | (1,934) |
| Postage | - | - | 12,345 | (12,345) |
| Program supplies and services | 1,286,216 | 1,286,216 | 1,268,800 | 17,416 |
| Rent and utilities | 850 | 850 | 445 | 405 |
| Salaries and benefits | 1,437,589 | 1,437,589 | 1,466,447 | (28,858) |
| Subcontracts | 2,324,063 | 2,324,063 | 2,857,895 | (533,832) |
| Supplies | 5,975 | 5,975 | 34,449 | (28,474) |
| Telephone | 900 | 900 | 11,333 | (10,433) |
| Training | 13,662 | 13,662 | 16,067 | (2,405) |
| Travel | 19,830 | 19,830 | 11,213 | 8,617 |
| | 5,142,926 | 5,142,926 | 6,149,362 | (1,006,436) |
| Debt Service | | | | |
| Principal | - | - | 74,811 | (74,811) |
| Interest | - | - | 4,381 | (4,381) |
| | - | - | 79,192 | (79,192) |
| Total Expenditures | 5,142,926 | 5,142,926 | 6,228,554 | (1,085,628) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | 808 | 808 |
| Other Financing Sources (Uses) | | | | |
| | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balance | \$ - | \$ - | 808 | \$ 808 |
| Fund Balance - Beginning | - | - | 307,016 | 307,016 |
| Fund Balance - Ending | \$ - | \$ - | \$ 307,824 | \$ 307,824 |

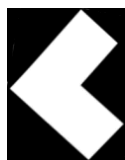
OTHER INFORMATION

| NAME OF AGENCY AUDITED | | Southern Area Agency on Aging | | | | |
|--|--|--|--|--|----------------------------------|---|
| | | SCHEDULE A - STATUS OF FUNDS | | | | |
| | | From October 1, 2023 to September 30, 2024 | | | | |
| FUND | UNENCUMBERED FUNDS ON HAND OCTOBER 1, 2023 | TOTAL FUNDS RECEIVED DURING PERIOD | FUNDS REQUESTED BY SEPTEMBER 30, 2024 BUT NOT RECEIVED BY SEPTEMBER 30, 2024 | TOTAL OF FUNDS AVAILABLE DURING PERIOD | ACCRUED COSTS TO CONTRACT PERIOD | UNENCUMBERED FUNDS ON HAND SEPTEMBER 30, 2024 |
| Older Americans Act | | | | | | |
| Title III-B | \$22,328 | \$707,162 | \$158,970 | \$888,460 | \$829,740 | \$58,720 |
| Title III-C(1) | \$32,691 | \$319,818 | \$30,489 | \$382,998 | \$342,920 | \$40,078 |
| Title III-C(2) | \$93,106 | \$431,302 | \$176,680 | \$701,088 | \$639,141 | \$61,947 |
| Title III-D | \$1,745 | \$50,831 | \$8,843 | \$61,419 | \$56,049 | \$5,370 |
| Title III-E | \$862 | \$278,352 | | \$279,214 | \$278,069 | \$1,145 |
| Title VII-Elder Abuse | \$0 | \$6,318 | | \$6,318 | \$6,318 | \$0 |
| Title VII-Ombudsman | \$0 | \$22,862 | | \$22,862 | \$22,862 | \$0 |
| NSIP | \$10,828 | \$76,757 | | \$87,585 | \$87,585 | \$0 |
| Supplemental Nutrition C2 | \$0 | | | \$0 | \$0 | \$0 |
| Vaccine Access | \$10,254 | | | \$10,254 | \$0 | \$10,254 |
| American Rescue Plan (ARP) III-B | \$31,590 | \$421,054 | | \$452,644 | \$421,056 | \$31,588 |
| American Rescue Plan (ARP) III-C(1) | \$34,944 | \$413,942 | | \$448,886 | \$418,462 | \$30,424 |
| American Rescue Plan (ARP) III-C(2) | \$39,428 | \$508,104 | | \$547,532 | \$508,104 | \$39,428 |
| American Rescue Plan (ARP) III-D | \$6,020 | \$10,646 | | \$16,666 | \$10,646 | \$6,020 |
| American Rescue Plan (ARP) III-E | -\$47,613 | \$1,248 | | -\$46,365 | \$1,249 | -\$47,614 |
| American Rescue Plan (ARP) VII-Ombudsman | \$751 | \$9,599 | | \$10,350 | \$9,599 | \$751 |
| Expanding Public Health Workforce | -\$12,588 | \$68,939 | | \$56,351 | \$56,351 | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other Federal | | | | | | |
| Title V -(PY 06/30/24 Award) | \$21,735 | \$123,827 | | \$145,562 | \$145,562 | \$0 |
| Title V-(PY 06/30/25 Award) | | \$56,976 | \$14,312 | \$71,288 | \$49,131 | \$22,157 |
| Title V - DOL (STCS) | | | | \$0 | | \$0 |
| VICAP-(PY 03/31/24 Award) | \$11,805 | \$17,963 | | \$29,768 | \$29,768 | \$0 |
| VICAP-(PY 03/31/25 Award) | | \$11,162 | \$8,592 | \$19,754 | \$16,492 | \$3,262 |
| DMAS Ombudsman FY 22 | | | | \$0 | | \$0 |
| DMAS Ombudsman FY 23 | | | | \$0 | | \$0 |
| DMAS Ombudsman FY 24 | | \$5,553 | | \$5,553 | \$5,553 | \$0 |
| MIPPA - Priority 1 - SHIP | | | | \$0 | | \$0 |
| MIPPA - Priority 2 - AAA | | \$27,687 | | \$27,687 | \$27,687 | \$0 |
| MIPPA - Priority 3 - ADRC | | | | \$0 | | \$0 |
| SNAP | | | | \$0 | | \$0 |
| Senior Farmers Market | | | | \$0 | | \$0 |
| Senior Farmers Market - ARPA Expansion | | \$26,000 | | \$26,000 | \$26,000 | \$0 |
| CDSME Grant | | | | \$0 | | \$0 |
| Falls Prevention Grant | \$1,400 | | | \$1,400 | \$0 | \$1,400 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| General Funds | | | | | | |
| OAA General-(PY 06/30/24) | | \$163,565 | | \$163,565 | \$163,565 | \$0 |
| OAA General-(PY 06/30/25) | | \$42,499 | | \$42,499 | \$42,499 | \$0 |
| Community Based-(PY 06/30/24) | \$21,789 | \$170,631 | | \$192,420 | \$192,420 | \$0 |
| Community Based-(PY 06/30/25) | | | | \$0 | | \$0 |
| Transportation-(PY 06/30/24) | \$13,777 | \$128,800 | | \$142,577 | \$142,577 | \$0 |
| Transportation-(PY 06/30/25) | | | | \$0 | | \$0 |
| Home Delivered Meals-(PY 06/30/24) | \$33,315 | \$280,621 | | \$313,936 | \$313,936 | \$0 |
| Home Delivered Meals-(PY 06/30/25) | | | | \$0 | | \$0 |
| Supplemental Nutrition-(PY 06/30/24) | \$7,928 | \$67,722 | | \$75,650 | \$75,650 | \$0 |
| Supplemental Nutrition-(PY 06/30/25) | | | | \$0 | | \$0 |
| Ombudsman-(PY 06/30/24) | \$1,579 | \$13,368 | | \$14,947 | \$14,947 | \$0 |
| Ombudsman-(PY 06/30/25) | | | | \$0 | | \$0 |
| Care Coordination CCEVP-(PY 06/30/24) | \$2 | \$50,036 | | \$50,038 | \$50,038 | \$0 |
| Care Coordination CCEVP-(PY 06/30/25) | | \$10,351 | \$2,810 | \$13,161 | \$14,456 | -\$1,295 |
| Respite Care Initiative-(PY 06/30/24) | | \$19,500 | | \$19,500 | \$19,500 | \$0 |
| Respite Care Initiative-(PY 06/30/25) | | | \$6,500 | \$6,500 | \$6,500 | \$0 |
| Guardianship VDA-(PY 06/30/24) | | | | \$0 | | \$0 |
| Guardianship VDA-(PY 06/30/25) | | | | \$0 | | \$0 |
| Guardianship VDA Mental Health-(PY 06/30/24) | | | | \$0 | | \$0 |
| Guardianship VDA Mental Health-(PY 06/30/25) | | | | \$0 | | \$0 |
| Guardianship DBHDS ID/DDS-(PY 06/30/24) | | | | \$0 | | \$0 |
| Guardianship DBHDS ID/DDS-(PY 06/30/25) | | | | \$0 | | \$0 |
| Guardianship DBHDS Mental Illness-(PY 06/30/24) | | | | \$0 | | \$0 |
| Guardianship DBHDS Mental Illness-(PY 06/30/25) | | | | \$0 | | \$0 |
| Senior Cool Care | \$321 | \$6,276 | | \$6,597 | \$6,276 | \$321 |
| Senior Farmer's Market General Funds-(PY 06/30/24) | | | | \$0 | | \$0 |
| Senior Farmer's Market General Funds-(PY 06/30/25) | | | | \$0 | | \$0 |
| VICAP General Funds-(PY 06/30/24) | | \$25,000 | | \$25,000 | \$25,000 | \$0 |
| VICAP General Funds-(PY 06/30/25) | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| Other | | | | \$0 | | \$0 |
| *Note: PY means Program Year Ending | | | | | | |
| GRAND TOTAL: | \$337,997 | \$4,574,471 | \$407,196 | \$5,319,664 | \$5,055,708 | \$263,956 |
| Revised 09/26/2024 | | | | | | |

[illegible]

| | | | | | | |
|------------------------------------|--|---|--|------------|--|----------------|
| NAME OF AGENCY AUDITED | | Southern Area Agency on Aging | | | | |
| | | | | | | |
| | | SCHEDULE C - STATUS OF INVENTORIES | | | | |
| | | YEAR ENDED SEPTEMBER 30, 2024 | | | | |
| | | | | | | |
| | | Value on | | Increase | | Value on |
| | | Hand | | (Decrease) | | Hand |
| Fund Source and | | 10/1/2023 | | During | | 9/30/2024 |
| Type of Inventory | | | | Period | | |
| Title III-B Older Americans Act | | | | | | 0 |
| Title III-C(1) Older Americans Act | | 339,630 | | | | 339,630 |
| Title III-C(2) Older Americans Act | | | | | | 0 |
| Title III-D Older Americans Act | | | | | | 0 |
| Title III-E Older Americans Act | | | | | | 0 |
| Title VII Elder Abuse | | | | | | 0 |
| Title VII Ombudsman | | | | | | 0 |
| FTA 5310 | | 131,571 | | | | 131,571 |
| Other Funds (Specify funds) | | | | | | 0 |
| Other Funds (Specify funds) | | | | | | 0 |
| Other Funds (Specify funds) | | | | | | 0 |
| Other Funds (Specify funds) | | | | | | 0 |
| Other Funds (Specify funds) | | | | | | 0 |
| Other Funds (Specify funds) | | | | | | 0 |
| Other Funds (Specify funds) | | | | | | 0 |
| Other Funds (Specify funds) | | | | | | 0 |
| GRAND TOTAL | | 471,201 | | 0 | | 471,201 |
| Revised 09/26/2024 | | | | | | |

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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
Southern Area Agency on Aging

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 the governmental activities and each major fund of Southern Area Agency on Aging as of and for the year ended September 30, 2024, and the related notes to the financial statements which collectively comprise Southern Area Agency on Aging's (SAAA) basic financial statement, and have issued our report thereon dated January 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAAA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAAA's internal control. Accordingly, we do not express an opinion on the effectiveness of SAAA'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAAA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

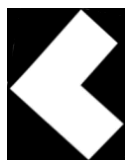
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 that reads "Creedle, Jones & Associates, P.C." in a cursive script.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
January 10, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
Southern Area Agency on Aging

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southern Area Agency on Aging (SAAA)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of SAAA's major federal programs for the year ended September 30, 2024. SAAA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SAAA 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SAAA'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 SAAA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SAAA'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 over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
January 10, 2025

Southern Area Agency on Aging

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u> | <u>Federal Assistance Listing Number</u> | <u>Pass-through Entity Identifying Number</u> | <u>Total Federal Expenditures</u> | <u>Passed-through to Subrecipients</u> |
|--|--|---|-----------------------------------|--|
| Department of Health and Human Services | | | | |
| Pass-Through Payments | | | | |
| <i>Department for Aging and Rehabilitative Services</i> | | | | |
| <i>Aging Cluster</i> | | | | |
| Nutrition Services Incentive Program | 93.053 | 262 | \$ 87,585 | \$ 76,758 |
| Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | 93.044 | 262 | 829,740 | 304,960 |
| Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - ARPA | 93.044 | 262 | 421,054 | 102,973 |
| Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Expanding the Public Health Workforce | 93.044 | 262 | 56,351 | - |
| Nutrition Services - Title III, Part C | 93.045 | 262 | 982,061 | 706,344 |
| Nutrition Services - Title III, Part C - ARPA | 93.045 | 262 | <u>926,567</u> | <u>298,166</u> |
| Subtotal - Aging Cluster | | | 3,303,358 | 1,489,201 |
| | | | | |
| Special Programs for the Aging - Title III - Part D - Disease Prevention and Health Promotion Services | 93.043 | 262 | 56,049 | - |
| Special Programs for the Aging - Title III - Part D - Disease Prevention and Health Promotion Services - ARPA | 93.043 | 262 | 10,646 | - |
| National Family Caregiver Support - Title III - Part E | 93.052 | 262 | 278,069 | - |
| National Family Caregiver Support - Title III - Part E - ARPA | 93.052 | 262 | 1,249 | - |
| Medicare Enrollment Assistance Program | 93.071 | 262 | 23,291 | - |
| State Health Insurance Assistance Program | 93.324 | 262 | 46,260 | - |
| | | | | |
| <i>Medicaid Cluster</i> | | | | |
| Medical Assistance Program - (Medicaid; Title XIX) | 93.778 | 262 | <u>5,553</u> | <u>-</u> |
| Subtotal - Medicaid Cluster | | | 5,553 | - |
| | | | | |
| Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation | 93.041 | 262 | 6,318 | - |
| Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals | 93.042 | 262 | 22,862 | - |
| Ombudsman Services for Older Individuals - ARPA | 93.042 | 262 | <u>9,599</u> | <u>-</u> |
| Total U. S. Department of Health and Human Services | | | 3,763,254 | 1,489,201 |
| | | | | |
| U.S. Department of Agriculture | | | | |
| Pass-Through Payments | | | | |
| <i>Department for Aging and Rehabilitative Services</i> | | | | |
| Senior Farmers Market Nutrition Program - ARPA | 10.576 | 262 | <u>26,000</u> | <u>-</u> |
| Total U. S. Department of Agriculture | | | 26,000 | - |
| | | | | |
| U. S. Department of Labor | | | | |
| Pass-Through Payments | | | | |
| <i>Department for Aging and Rehabilitative Services</i> | | | | |
| Senior Community Service Employment Program | 17.235 | 262 | <u>180,470</u> | <u>-</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,969,724</u> | <u>\$ 1,489,201</u> |

See accompanying notes to schedule of expenditures of federal awards.

Southern Area Agency on Aging

Notes to Schedule of Expenditures of Federal Awards

for the Year Ended September 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Southern Area Agency on Aging ("SAAA") under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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, changes in net position, or cash flows of SAAA.

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 and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

SAAA did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Subrecipients

Subcontractors for Southern Area Agency on Aging Services are used to provide some client services as allowed under the Older Americans Act. Service providers under OAA Section 212 (a) and (b) are for-profit entities that provide services such as personal care, adult daycare and respite for individual clients. The Office for Aging Services Division for Community Living approves all contracts/service agreements with for-profit providers. Services such as transportation, socialization and recreation, volunteer, congregate and home delivered meals are frequently provided using subcontractors (usually not-for-profit agencies) engaged by SAAA via a Request for Proposal process. Subcontractors in any capacity must adhere to SAAA's Aging Services Policies and Procedures and are monitored annually.

Southern Area Agency on Aging

Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

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

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

Identification of major federal programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|---|
|-------------------------------------|---|

| | |
|------------------------|---------------|
| 93.044, 93.045, 93.053 | Aging Cluster |
|------------------------|---------------|

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

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings to report.