

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

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

**THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS
SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
RICHMOND, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of Senior Connections, The Capital Area Agency on Aging (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Connections, The Capital Area Agency on Aging as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Report on Summarized Comparative Information

We have previously audited the Agency's 2016 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017, on our consideration of Senior Connections, The Capital 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Senior Connections, The Capital Area Agency on Aging's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 4, 2017

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
Statement of Financial Position
As of September 30, 2017 with comparative totals as of September 30, 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 338,946	\$ 624,379
Accounts receivable	81,647	242,540
Prepaid expenses	<u>8,636</u>	<u>10,172</u>
Total current assets	\$ <u>429,229</u>	\$ <u>877,091</u>
Noncurrent assets:		
Property and equipment, net of accumulated depreciation	\$ 752,809	\$ 718,518
Beneficial interest in assets held by The Community Foundation	<u>732,382</u>	<u>672,949</u>
Total noncurrent assets	\$ <u>1,485,191</u>	\$ <u>1,391,467</u>
Total assets	\$ <u><u>1,914,420</u></u>	\$ <u><u>2,268,558</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 160,763	\$ 169,143
Accrued wages and payroll liabilities	194,748	183,318
Unearned revenue	<u>36,298</u>	<u>2,737</u>
Total current liabilities	\$ <u>391,809</u>	\$ <u>355,198</u>
Total liabilities	\$ <u>391,809</u>	\$ <u>355,198</u>
Net assets:		
Unrestricted	\$ 626,782	\$ 906,767
Temporarily restricted	163,447	333,644
Permanently restricted	<u>732,382</u>	<u>672,949</u>
Total net assets	\$ <u>1,522,611</u>	\$ <u>1,913,360</u>
Total liabilities and net assets	\$ <u><u>1,914,420</u></u>	\$ <u><u>2,268,558</u></u>

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

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

Statement of Activities

Year Ended September 30, 2017 with comparative totals for year ended September 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016
Support and revenue:					
Virginia Department for Aging and Rehabilitative Services programs:					
Federal	\$ 3,328,074	\$ -	\$ -	\$ 3,328,074	\$ 3,482,358
State	1,715,661	-	-	1,715,661	1,782,700
Other grants	53,873	134,424	-	188,297	380,965
Corporate services	2,080	-	-	2,080	2,675
Donations and fundraising	-	134,087	-	134,087	112,890
Local public cash	100,648	-	-	100,648	118,592
Cash program income	56,087	12,492	-	68,579	105,840
In-kind contributions	45,293	-	-	45,293	57,353
Other income	228	505	-	733	878
Total	\$ 5,301,944	\$ 281,508	\$ -	\$ 5,583,452	\$ 6,044,251
Corporation for National and Community Service:					
Federal	\$ 296,047	\$ -	\$ -	\$ 296,047	\$ 254,007
Donations and fundraising	8,484	-	-	8,484	3,000
Local public cash	24,561	-	-	24,561	18,600
In-kind contributions	30,019	-	-	30,019	31,393
Total	\$ 359,111	\$ -	\$ -	\$ 359,111	\$ 307,000
Other support and revenue:					
Federal	\$ 137,602	\$ -	\$ -	\$ 137,602	\$ 162,036
State	41,313	-	-	41,313	23,225
Other grants	25,000	-	-	25,000	7,981
Rent	24,468	-	-	24,468	23,781
Corporate services	-	6,500	-	6,500	10,000
Interest Income	766	-	-	766	101
Donations and fundraising	58,337	-	-	58,337	39,886
Change in beneficial interest - The Community Foundation	-	-	59,433	59,433	22,725
Total	\$ 287,486	\$ 6,500	\$ 59,433	\$ 353,419	\$ 289,735
Net assets released from restrictions	\$ 458,205	\$ (458,205)	\$ -	\$ -	\$ -
Total support and revenue	\$ 6,406,746	\$ (170,197)	\$ 59,433	\$ 6,295,982	\$ 6,640,986
Expenses:					
Program services	\$ 6,471,961	\$ -	\$ -	\$ 6,471,961	\$ 6,399,030
Supporting Services:					
Management and general	202,980	-	-	202,980	203,980
Fundraising	11,790	-	-	11,790	10,425
Total expenses	\$ 6,686,731	\$ -	\$ -	\$ 6,686,731	\$ 6,613,435
Change in net assets	\$ (279,985)	\$ (170,197)	\$ 59,433	\$ (390,749)	\$ 27,551
Net assets, beginning of year	906,767	333,644	672,949	1,913,360	1,885,809
Net assets, end of year	\$ 626,782	\$ 163,447	\$ 732,382	\$ 1,522,611	\$ 1,913,360

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

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

Statement of Functional Expenses

Year Ended September 30, 2017 with comparative totals for the year ended September 30, 2016

	<u>2017</u>	<u>2016</u>
Program services:		
Salaries and fringe benefits	\$ 3,279,023	\$ 3,274,624
Meals and delivery	1,026,721	992,459
Transportation	596,896	609,859
Enrollee wages - senior employment program	203,102	239,759
Adult day care services	172,227	204,437
Professional fees	235,983	200,594
Building, maintenance and space costs	151,601	166,187
Office	144,077	145,227
Stipends - foster grandparents program	150,572	100,043
Short-term personal care services	114,759	97,536
Travel	107,527	92,242
Insurance	91,829	73,518
Equipment	35,539	36,872
Printing and publications	13,396	28,762
Legal aid services	26,000	26,000
Depreciation	25,052	22,932
Other program services	19,253	21,161
Emergency services	48,494	19,886
Training	5,997	14,120
Medical services	7,440	9,430
Employment and job training services	8,827	8,886
Homemaker companion	1,078	8,176
Volunteer recognition	6,568	6,320
Total program services	\$ <u>6,471,961</u>	\$ <u>6,399,030</u>
Supporting Services:		
Management and general:		
Salaries and fringe benefits	\$ 186,123	\$ 185,761
Office	9,093	10,749
Building, maintenance and space costs	7,764	7,470
Total management and general	\$ <u>202,980</u>	\$ <u>203,980</u>
Fundraising:		
Salaries and fringe benefits	\$ 7,292	\$ 7,401
Event costs	4,498	3,024
Total fundraising	\$ <u>11,790</u>	\$ <u>10,425</u>
Total supporting services	\$ <u>214,770</u>	\$ <u>214,405</u>
Total expenses	\$ <u><u>6,686,731</u></u>	\$ <u><u>6,613,435</u></u>

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

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

Statement of Cash Flows

Year Ended September 30, 2017 with comparative totals for the year ended September 30, 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (390,749)	\$ 27,551
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	25,052	22,932
Change in beneficial interest in assets held by The Community Foundation	(59,433)	(22,725)
(Increase) decrease in operating assets:		
Accounts receivable	160,893	(101,543)
Prepaid expenses	1,536	(4,067)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(8,380)	(7,848)
Accrued wages and payroll liabilities	11,430	(105,939)
Unearned revenue	33,561	(51,285)
Net cash provided by (used for) operating activities	\$ <u>(226,090)</u>	\$ <u>(242,924)</u>
Cash flows from investing activities:		
Purchase of equipment, improvements, etc.	\$ <u>(59,343)</u>	\$ <u>-</u>
Net cash provided by (used in) investing activities	\$ <u>(59,343)</u>	\$ <u>-</u>
Net increase (decrease) in cash and cash equivalents	\$ (285,433)	\$ (242,924)
Cash and cash equivalents, beginning of year	<u>624,379</u>	<u>867,303</u>
Cash and cash equivalents, end of year	\$ <u><u>338,946</u></u>	\$ <u><u>624,379</u></u>

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

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - DESCRIPTION AND PURPOSE OF ORGANIZATION:

Senior Connections (the “Agency”) is a non-profit organization established in 1973 that is located in Richmond, Virginia. Senior Connections is the designated Area Agency on Aging for Planning District 15. The Planning District includes the City of Richmond and the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent and Powhatan. The Agency is governed by a Board of Directors and receives additional guidance from a diverse Advisory Council. Additionally, the Agency engages other service providers to obtain input in the development of the No Wrong Door Service Coordination Project.

Senior Connections provides direct services, information and referral, education and advocacy for older adults, caregivers and persons with disabilities. The Agency receives federal funding under the provisions of the Older Americans Act and state funds administered by the Virginia Department for Aging and Rehabilitative Services (“DARS”). Federal funds from the Corporation for National and Community Service support the Foster Grandparent Mentors Program and the Retired and Senior Volunteer Program (RSVP). Funding is also provided by city and county governments as well as the corporate and foundation community. As a nonprofit, the Agency accepts donations of items, services, monetary gifts and memorials. The Agency also serves as the Region’s Aging and Disability Center. Senior Connections and the Gerontology Department at VCU have joined with other community partners to implement the first Age Wave Plan for the Richmond Region with the goal of creating livable communities. Funding for Age Wave Implementation has been provided by multiple funders including Richmond Memorial Health Foundation, the Community Foundation, the Jenkins Foundation, Genworth and Bon Secours Richmond Health System.

Senior Connections’ strategic focus areas for 2017 to 2020 are:

- **Visibility and Marketing** to help individuals find services and resources.
- **Programs and Services** to support independence and prevent social isolation.
- **Funding and Resources** to maximize and coordinate programs.

Our Vision

“Seniors with improved quality of life.”

Our Mission

“Empowering seniors to live with dignity and choice.”

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Agency reports gifts of cash and other assets as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor temporary restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets that are not subject to any donor-imposed stipulations. At September 30, 2017, the Agency had unrestricted net assets in the amount of \$626,782.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Agency or the passage of time. At September 30, 2017, the Agency had temporarily restricted net assets in the amount of \$163,447.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Agency. Generally, the donors permit the Agency to use all or part of the income earned for either general or donor-specific purposes. At September 30, 2017, the Agency had permanently restricted net assets in the amount of \$732,382. The donor allows Senior Connections to request and receive 5% of the value of the fund as determined on December 31 of each calendar year.

(B) Tax Exempt Status

Income taxes are not provided for in the financial statements as the Agency is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code.

(C) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(D) Use of Estimates

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

(E) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, cash in banks and certificates of deposit with original maturities of three months or less.

(F) Property and Equipment

The Agency follows the practice of capitalizing all expenses for property and equipment costing more than \$5,000. Donated property and equipment are capitalized at their fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally approximates three to twenty years for equipment/furniture and forty years for buildings.

(G) Accounts Receivable

All accounts receivable and grants receivable are deemed by management to be collectible at September 30, 2017; therefore, there is no allowance for doubtful accounts recognized in the financial statements.

(H) Unearned Revenue

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

(I) Prepaid Expenses

Certain payments to vendors reflect costs applied to future accounting periods and are recorded as prepaid expenses. Prepaid expenses are accounted for using the consumption method and are valued at cost.

(J) Compensated Absences

Full-time employees may accrue annual vacation leave up to 187.50 hours, while part-time employees may accrue up to 47 hours. Full-time employees may accrue up to \$2,500 for unused sick leave if the employment period is for at least ten years and up to \$1,500 for more than five but less than ten years. Adjustments have been made to these financial statements to record accrued vacation and sick leave balances at September 30, 2017.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(K) Donations

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

Donated services, supplies and equipment meeting these criteria are recorded as an expense or capitalized if applicable, at their fair market value at the time of donation, with an equivalent amount recorded as donated services, supplies and/or equipment. The fair market value for services is based on the wage rates of comparable non-volunteer workers, and the fair market value for supplies and equipment is determined by the donor. For the year ended September 30, 2017, the Agency recognized \$75,312 of donated services, supplies and equipment. For the year ended September 30, 2016, such donations amounted to \$88,746.

(L) Prior Year Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended September 30, 2016 dated December 14, 2016.

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment are capitalized at the time of purchase as required by accounting principles generally accepted in the United States of America. Furniture and equipment are stated at cost. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over estimated useful lives of three to forty years. Depreciation expense for the year ended September 30, 2017 was \$25,052.

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

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 (Continued)

NOTE 3 - PROPERTY AND EQUIPMENT: (Continued)

The following is a schedule of property and equipment:

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Land	\$ 400,188	\$ -	\$ -	\$ 400,188
Building	573,413	-	-	573,413
Building improvements	171,890	59,343	-	231,233
Total property and equipment	\$ 1,145,491	\$ 59,343	\$ -	\$ 1,204,834
Less: Accumulated depreciation				\$ (452,025)
Net property and equipment				\$ 752,809

NOTE 4 - CONTINGENT LIABILITIES:

The Agency's primary grant award for the year ended September 30, 2017 was from the U.S. Department of Health and Human Services and passed through the Virginia Department for Aging and Rehabilitative Services and totaled \$2,990,822. The Agency is heavily dependent upon government grants and contracts for its operations. If government funds were curtailed it would be necessary to curtail or eliminate several programs. Currently, 60% of the Agency's revenue is derived from the federal government. The Agency is currently working to establish a "rainy day" fund to sustain the Agency in the event of loss of government grant funding.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Agency expects such amounts, if any, to be immaterial.

NOTE 5 - CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of cash and cash equivalents, unsecured receivables, and investments. The Agency maintains its cash and cash equivalent balances in a large financial institution whose balances were fully insured by the Federal Deposit Insurance Corporation at September 30, 2017. During 2017 and 2016, the Agency periodically had funds in excess of the insured limits.

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

NOTE 5 - CONCENTRATION OF CREDIT RISK: (CONTINUED)

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

NOTE 6 - RETIREMENT/PROFIT SHARING:

Effective January 1, 1998, the Agency converted its money purchase pension plan to a 401(k) retirement plan covering all employees who are at least 21 years old and have been employed by the Agency for more than one year. The amendment to the plan allows employees to reduce their compensation and have these amounts contributed to the plan on their behalf. Effective October 1, 2007, this plan was converted to a 403(b) defined contribution retirement plan. The agency's current contribution and cost are 8% of covered employees' compensation and totaled \$156,967 for 2017.

NOTE 7 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS:

Fair value for investments are determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

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SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 (Continued)

NOTE 7 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS: (Continued)

Those assets measured at fair value on a recurring basis in the Statement of Financial Position and the types of inputs used to estimate fair value are as follows at September 30, 2017:

Fair Value Measurements at Reporting Date Using				
	<u>9/30/2017</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interest in assets held by The Community Foundation	<u>\$ 732,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,382</u>
Total Investments	<u><u>\$ 732,382</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 732,382</u></u>

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>
	<u>Private Equity Investments</u>
Beginning balance	\$ 672,949
Change in beneficial interest	<u>59,433</u>
Ending Balance	<u><u>\$ 732,382</u></u>

The investment in the beneficial interest was valued based upon quoted prices from published market quotes and was provided by the investment management firm. The beneficial interest held at The Community Foundation was determined by The Community Foundation based upon the Agency's allocable share in the market value of the underlying investments made by The Community Foundation as reported to The Community Foundation by a third-party trustee from published market quotes.

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 (Continued)

NOTE 8 - RELATED PARTY TRANSACTIONS:

On October 1, 2015 the Agency entered, as landlord, into a three-year office space lease agreement with an association of which it is a member. The tenant paid annual rent and parking of \$24,468 and \$23,781 to the Agency for the fiscal years ending September 30, 2017 and 2016, respectively. The lease agreement calls for a 3% increase in rental payments at each October 1 through 2017.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS:

Net assets were temporarily restricted based on donor-imposed restrictions to be used towards the following specified programs at September 30:

	2017	2016
Emergency services	\$ 1,433	\$ 8,631
Friendship Café	153	7,239
Care coordination	4,820	2,400
Guardianship	2,482	3,278
Age Wave	60,514	194,833
Ride connection	-	2,500
Other program services	94,045	114,763
	<u>\$ 163,447</u>	<u>\$ 333,644</u>

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SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 (Continued)

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS: (Continued)

Temporarily restricted net assets were released for the following purposes for the years ended September 30:

	2017	2016
Emergency services	\$ 11,422	\$ 8,937
Transportation	-	15,000
Respite	-	14,000
Friendship Café	14,135	11,134
Care coordination	4,580	3,560
Care transitions	-	21,154
Meals	-	8,895
Guardianship	30,585	29,066
Foster grandparent	10,000	-
Age Wave	157,319	151,556
Ride connection	2,500	17,500
Oasis	14,243	32,031
Other program services	213,421	158,923
	<u>\$ 458,205</u>	<u>\$ 471,756</u>

NOTE 10 - BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION:

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

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

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

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 (Continued)

NOTE 10 - BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION: (CONTINUED)

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

The Community Foundation entered into an investment partnership with the University of Richmond. TCF invests all endowment funds with its investment manager, Spider Management Company, LLC. Investment returns reported by TCF for the year ended March 30, 2017 were 4.36% in a diversified investment portfolio.

The Fund had positive investment returns during the Agency’s years ended September 30, 2017 and 2016. No distributions from the Fund were requested or received by the Agency for the fiscal year ended September 30, 2017 or 2016.

The Agency reports its beneficial interest in the assets of The Community Foundation at fair value. The change in fair value at each reporting date is reflected in the Statement of Activities as a change in beneficial interest.

Activity in the permanent endowment fund included investment income during fiscal years 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance, October 1	\$ 672,949	\$ 650,224
Appreciation (Depreciation)	66,363	29,222
Additions	-	-
Investment fees	(6,930)	(6,497)
Ending balance, September 30	<u>\$ 732,382</u>	<u>\$ 672,949</u>

NOTE 11 - SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Agency has evaluated events and transactions for potential recognition or disclosure through December 4, 2017, the date the financial statements were available to be issued.

Senior Connections, The Capital Area Agency on Aging

Supplemental Schedule of Status of DARS Funds
From October 1, 2016 to September 30, 2017

FUND	UNENCUMBERED FUNDS ON HAND OCTOBER 1, 2016	FUNDS REQUESTED BY		TOTAL OF FUNDS AVAILABLE DURING PERIOD	ACCRUED COSTS TO CONTRACT PERIOD	UNENCUMBERED FUNDS ON HAND SEPTEMBER 30, 2017
		TOTAL FUNDS RECEIVED DURING PERIOD	SEPTEMBER 30, 2017 BUT NOT RECEIVED BY SEPTEMBER 30, 2017			
Older Americans Act:						
Title III-B	-	\$ 1,086,916	\$ -	\$ 1,086,916	\$ 1,086,916	\$ -
Title III-C(1)	-	641,960	-	641,960	641,960	-
Title III-C(2)	(55,026)	607,986	-	552,960	552,960	-
Title III-D	-	57,547	-	57,547	57,547	-
Title III-E	(22,010)	365,364	-	343,354	343,354	-
Title VII-Elder Abuse	-	11,190	-	11,190	11,190	-
Title VII-Ombudsman	-	18,305	-	18,305	18,305	-
NSIP	-	94,587	-	94,587	94,587	-
Other Federal:						
Title V-(PY 06/30/17 Award)	1,007	228,116	-	229,123	229,123	-
Title V-(PY 06/30/18 Award)	-	73,500	-	73,500	67,638	5,862
VICAP-(PY 03/31/17 Award)	(284)	50,285	-	50,001	50,001	-
VICAP-(PY 03/31/18 Award)	-	5,400	-	5,400	3,062	2,338
DMAS Ombudsman FY 17	-	19,042	-	19,042	19,042	-
MIPPA - PRIORITY 1 - SHIP	-	86,716	-	86,716	86,716	-
CMS DEMONSTRATION DUALS	(18,389)	30,309	-	11,920	1,820	10,100
SNAP	-	5,422	-	5,422	5,422	-
Senior Farmers Market	-	-	-	-	-	-
CDSME Grant	1,730	35,200	-	36,930	20,652	16,278
Other - VHQC - Diabetes Self Mgmt Program	-	2,710	-	2,710	2,710	-

See report of independent auditors.

Senior Connections, The Capital Area Agency on Aging

Supplemental Schedule of Status of DARS Funds (Continued)
From October 1, 2016 to September 30, 2017

FUND	UNENCUMBERED FUNDS ON HAND OCTOBER 1, 2016	TOTAL FUNDS RECEIVED DURING PERIOD	FUNDS REQUESTED BY SEPTEMBER 30, 2017 BUT NOT RECEIVED BY SEPTEMBER 30, 2017	TOTAL OF FUNDS AVAILABLE DURING PERIOD	ACCRUED COSTS TO CONTRACT PERIOD	UNENCUMBERED FUNDS ON HAND SEPTEMBER 30, 2017
General Funds						
Title III Match-(PY 06/30/17)	\$ -	\$ 60,133	\$ -	\$ 60,133	\$ 60,133	\$ -
Title III Match-(PY 06/30/18)	-	20,044	-	20,044	20,044	-
Community Based-(PY 06/30/17)	(15,000)	252,786	-	237,786	237,786	-
Community Based-(PY 06/30/18)	-	92,712	-	92,712	92,712	-
Transportation-(PY 06/30/17)	(25,000)	286,698	-	261,698	261,698	-
Transportation-(PY 06/30/18)	-	92,233	-	92,233	92,233	-
Home Delivered Meals-(PY 06/30/17)	(41,072)	359,583	-	318,511	318,511	-
Home Delivered Meals-(PY 06/30/18)	-	86,332	-	86,332	86,332	-
Supplemental Nutrition-(PY 06/30/17)	-	100,400	-	100,400	100,400	-
Supplemental Nutrition-(PY 06/30/18)	-	33,467	-	33,467	33,467	-
Ombudsman-(PY 06/30/17)	-	24,710	-	24,710	24,710	-
Ombudsman-(PY 06/30/18)	-	8,237	-	8,237	8,237	-
Census Adjustment-(PY 06/30/17)	-	112,723	-	112,723	112,723	-
Census Adjustment-(PY 06/30/18)	-	40,775	-	40,775	40,775	-
Care Coordination CCEVP-(PY 06/30/17)	-	2,796	-	2,796	2,796	-
Care Coordination CCEVP-(PY 06/30/18)	-	10,779	-	10,779	14,455	(3,676)
Respite Care-(PY 06/30/17)	-	36,661	-	36,661	36,661	-
Respite Care-(PY 06/30/18)	-	12,220	-	12,220	12,220	-
Guardianship VDA-(PY 06/30/17)	(800)	44,822	-	44,022	44,022	-
Guardianship VDA-(PY 06/30/18)	-	9,700	-	9,700	10,727	(1,027)
Guardianship VDA Mental Health-(PY 06/30/17)	(3,600)	43,521	-	39,921	39,921	-
Guardianship VDA Mental Health-(PY 06/30/18)	-	11,100	-	11,100	12,071	(971)
Guardianship DBHDS ID/DDS-(PY 06/30/17)	(800)	42,000	-	41,200	41,200	-
Guardianship DBHDS ID/DDS-(PY 06/30/18)	-	9,700	-	9,700	10,727	(1,027)
Senior Cool Care	-	13,300	-	13,300	13,300	-
Other-ADRC-State LTSS Access NWD	-	1,100	-	1,100	1,100	-
Totals	\$ (179,244)	\$ 5,229,087	\$ -	\$ 5,049,843	\$ 5,021,966	\$ 27,877

See report of independent auditors.

Senior Connections, The Capital Area Agency on Aging

Supplemental Schedule of Costs by Program Activity
From October 1, 2016 to September 30, 2017

Fund	COSTS TO FEDERAL III B FUNDS	COSTS TO FEDERAL III C-1 FUNDS	COSTS TO FEDERAL III C-2 FUNDS	COSTS TO FEDERAL III-D FUNDS	COSTS TO FEDERAL III-E FUNDS	COSTS TO FEDERAL VII ELD. AB. FUNDS	COSTS TO FEDERAL VII OMB FUNDS	VOLUNTARY CONTRIBUT.	COSTS TO OTHER NON-FED FUNDS	FEES
TITLE III (EXCEPT III-E), OLDER AMERICAN ACT FUNDS:										
Adult Day Care	\$ 20,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,600
Checking	2,171	-	-	-	-	-	-	-	-	-
Homemaker Services	1,335	-	-	-	-	-	-	-	-	-
Personal Care Services	19,000	-	-	-	-	-	-	-	-	-
Care Coordination	56,968	-	-	-	-	-	-	-	-	-
Care Transitions	86,650	-	-	-	-	-	-	-	72,266	-
Comm. Referral Info. & Assist	486,286	-	-	-	-	-	-	-	30,000	-
Transportation	20,500	-	-	-	-	-	-	3,629	116,717	-
Congregate Meals	-	582,231	-	-	-	-	-	8,468	54,054	-
Home Delivered Meals	-	-	493,231	-	-	-	-	380	76,770	-
Disease Prevention	-	-	-	57,547	-	-	-	-	122	-
Emergency Services	500	-	-	-	-	-	-	-	45,998	-
Employment	86,500	-	-	-	-	-	-	-	460	-
Money Management	20,138	-	-	-	-	-	-	-	1,032	-
Public Information & Education	51,178	-	-	-	-	-	-	505	245	-
Socialization/Recreation	2,000	-	-	-	-	-	-	-	-	-
Volunteer Programs	76,063	-	-	-	-	-	-	-	-	-
Legal Assistance	27,041	-	-	-	-	-	-	-	-	-
Elder Abuse Prevention	8,654	-	-	-	-	-	-	-	2,304	-
LTC Ombudsman Program	89,700	-	-	-	-	11,190	18,305	-	26,165	-
Prep. and Admin.	31,395	59,729	59,729	-	-	-	-	-	52,300	-
TITLE III-E, OLDER AMERICAN ACT FUNDS:										
Individual Counseling	-	-	-	-	6,799	-	-	-	-	-
Caregiver Training	-	-	-	-	124	-	-	-	-	-
Public Information/Education	-	-	-	-	47,118	-	-	-	1,956	-
Adult Day Care	-	-	-	-	11,256	-	-	-	-	49,223
Homemaker	-	-	-	-	1,690	-	-	-	-	-
Personal Care	-	-	-	-	7,425	-	-	-	5,919	-
Comm. Referral Info. & Assist	-	-	-	-	268,252	-	-	-	-	-
GRANDPARENTS & OLDER INDIVIDUALS WHO ARE RELATIVE CAREGIVERS OF CHILDREN										
Public Information/Education	-	-	-	-	690	-	-	-	-	-
TOTAL TITLE III & TITLE VII	\$ 1,086,916	\$ 641,960	\$ 552,960	\$ 57,547	\$ 343,354	\$ 11,190	\$ 18,305	\$ 12,982	\$ 486,308	\$ 54,823

See report of independent auditors.

Senior Connections, The Capital Area Agency on Aging

Supplemental Schedule of Costs by Program Activity (Continued)
From October 1, 2016 to September 30, 2017

Fund	DWAS OMBUDSMAN	COSTS TO NSIP FUNDS	COSTS TO G.F. T III MATCH FUNDS	COSTS TO G.F. COMM. BASED FUNDS	COSTS G.F. TRANSPORT FUNDS	COSTS TO G.F. HD MEALS FUNDS	COSTS TO G.F. SUPP NUTRITION FUNDS	COSTS TO G.F. OMBUDS FUNDS	COSTS TO G.F. CENSUS ADJUST.	TOTAL TITLE III & VII COSTS
TITLE III (EXCEPT III-E), OLDER AMERICAN ACT FUNDS:										
Adult Day Care	\$	\$	\$	\$ 44,140	\$	\$	\$	\$	\$	70,577
Checking	-	-	-	3,000	-	-	-	-	-	5,171
Homemaker Services	-	-	-	5,060	-	-	-	-	-	6,395
Personal Care Services	-	-	-	59,929	-	-	-	-	-	78,929
Care Coordination	-	-	-	-	-	-	-	-	-	56,968
Care Transitions	-	-	-	-	-	-	-	-	-	158,916
Comm. Referral Info. & Assist	-	-	16,177	-	-	-	-	-	70,368	602,831
Transportation	-	-	-	-	353,931	-	-	-	23,540	518,317
Congregate Meals	-	44,587	-	-	-	-	103,467	-	35,000	827,807
Home Delivered Meals	-	50,000	-	-	-	404,843	30,400	-	4,000	1,059,624
Disease Prevention	-	-	-	-	-	-	-	-	-	57,669
Emergency Services	-	-	-	-	-	-	-	-	-	46,498
Employment	-	-	-	-	-	-	-	-	4,000	90,960
Money Management	-	-	-	99,251	-	-	-	-	-	120,421
Public Information & Education	-	-	32,000	-	-	-	-	-	6,291	90,219
Socialization/Recreation	-	-	-	-	-	-	-	-	-	2,000
Volunteer Programs	-	-	30,000	-	-	-	-	-	1,000	107,063
Legal Assistance	-	-	-	-	-	-	-	-	-	27,041
Elder Abuse Prevention	-	-	-	-	-	-	-	-	-	10,958
LTC Ombudsman Program	19,042	-	-	-	-	-	-	32,947	-	197,349
Prep. and Admin.	-	-	2,000	-	-	-	-	-	-	205,153
TITLE III-E, OLDER AMERICAN ACT FUNDS:										
Individual Counseling	-	-	-	-	-	-	-	-	-	6,799
Caregiver Training	-	-	-	-	-	-	-	-	-	124
Public Information/Education	-	-	-	-	-	-	-	-	-	49,074
Adult Day Care	-	-	-	63,118	-	-	-	-	-	123,597
Homemaker	-	-	-	4,000	-	-	-	-	-	5,690
Personal Care	-	-	-	52,000	-	-	-	-	4,000	69,344
Comm. Referral Info. & Assist	-	-	-	-	-	-	-	-	5,299	273,551
GRANDPARENTS & OLDER INDIVIDUALS WHO ARE RELATIVE CAREGIVERS OF CHILDREN										
Public Information/Education	-	-	-	-	-	-	-	-	-	690
TOTAL TITLE III & TITLE VII	\$ 19,042	\$ 94,587	\$ 80,177	\$ 330,498	\$ 353,931	\$ 404,843	\$ 133,867	\$ 32,947	\$ 153,498	\$ 4,869,735

See report of independent auditors.

Senior Connections, The Capital Area Agency on Aging

Status of Inventories
From October 1, 2016 to September 30, 2017

Fund Source and Type of Inventory	Value on Hand October 1, 2016	Increase (Decrease) During Period	(1) Value on Hand September 30, 2017
Title III-B Older Americans Act	\$ -	\$ -	\$ -
Title III-C(1) Older Americans Act	-	-	-
Title III-C(2) Older Americans Act	-	-	-
Title III-D Older Americans Act	-	-	-
Title III-E Older Americans Act	-	-	-
Title VII Ombudsman	-	-	-
Title VII Elder Abuse	-	-	-
Other Funds (Specify funds)	-	-	-
Other Funds (Specify funds)	-	-	-
Other Funds (Specify funds)	-	-	-
Other Funds (Specify funds)	-	-	-
Other Funds (Specify funds)	-	-	-
Other Funds (Specify funds)	-	-	-
Other Funds (Specify funds)	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Assets acquired with DARS funds with a net book value of \$5,000 or more as of September 30, 2017.

See report of independent auditors.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

**TO THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS
SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
RICHMOND, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Senior Connections, The Capital Area Agency on Aging (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon December 4, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Senior Connections, The Capital Area Agency on Aging's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Senior Connections, The Capital Area Agency on Aging's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 4, 2017

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**TO THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS
SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
RICHMOND, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited Senior Connections, The Capital Area Agency on Aging's (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Senior Connections, The Capital Area Agency on Aging's major federal programs for the year ended September 30, 2017. Senior Connections, The Capital Area Agency on Aging's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Senior Connections, The Capital Area Agency on Aging's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Senior Connections, The Capital Area Agency on Aging's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Senior Connections, The Capital Area Agency on Aging's compliance.

Opinion on Each Major Federal Program

In our opinion, Senior Connections, The Capital Area Agency on Aging 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, 2017.

Report on Internal Control over Compliance

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

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

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

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.

Robinson, Farmer, Cox Associate

Richmond, Virginia
December 4, 2017

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor Agency/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-through Payments:			
<u>Virginia Department for Aging and Rehabilitative Services:</u>			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	42012/42013	\$ 1,086,916
		42212/42213	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	42312/42313	1,194,920
Nutrition Services Incentive Program	93.053	42712/42713	94,587
Total Aging Cluster			\$ 2,376,423
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	42412/42413	57,547
National Family Caregiver Support, Title III, Part E	93.052	42512/42513	343,354
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	43712/43713	11,190
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care			
Ombudsman Services for Older Individuals	93.042	43612/43813	18,305
Medical Assistance Program	93.778	46212	19,042
State Health Insurance Assistance Program	93.324	44113/44114	53,063
Medical Enrollment Assistance Program	93.071	44113/44114	86,716
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733	46119	2,485
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs - financed by Prevention and Public Health Funds (PPHF)	93.734	45912	20,877
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	93.626	44417	1,820
<u>Virginia Association of Area Agencies on Aging:</u>			
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	GY16	1,300
Total Department of Health and Human Services			\$ 2,992,122
Department of Labor:			
Pass-through Payments:			
<u>Virginia Department for Aging and Rehabilitative Services:</u>			
Senior Community Service Employment Program	17.235	43513/43514	\$ 296,761
Department of Agriculture:			
Pass-through Payments:			
<u>Virginia Department for Aging and Rehabilitative Services:</u>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	46313	\$ 5,422

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended September 30, 2017

Federal Grantor Agency/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Corporation for National and Community Service:			
Direct Payments:			
Foster Grandparent Program	94.011	N/A	\$ 246,067
Retired and Senior Volunteer Program	94.002	N/A	49,980
Total Corporation for National and Community Service			\$ 296,047
Department of Transportation:			
Pass-through Payments:			
<u>Greater Richmond Transit Authority:</u>			
Transit Services Program Cluster:			
New Freedom Program	20.521	N/A	\$ 40,653
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	44018-21	130,718
Total Transit Services Program Cluster			\$ 171,371
Total Department of Transportation			\$ 171,371
Total Expenditures of Federal Awards			\$ 3,761,723

Notes to the Schedule of Expenditures of Federal Awards:

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Senior Connections, The Capital Area Agency on Aging under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Senior Connections, The Capital Area Agency on Aging, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Senior Connections, the Capital Area Agency on Aging.

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipients

No awards were passed through to subrecipients.

Note 4 - De Minimis Cost Rate

Senior Connections did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5- Loan Balances

Senior Connections has no loans or loan guarantees which are subject to reporting requirements for the current year.

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified?

_____ yes ✓ none reported

Noncompliance material to financial statements noted?

_____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified?

_____ yes ✓ none reported

Type of auditors' report issued on compliance
for major programs:

unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR section 200.516(a)?

_____ yes ✓ no

Identification of major programs:

CFDA Number(s)
93.044/93.045/93.053

Name of Federal Program or Cluster
Aging Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

✓ yes _____ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Findings and Questioned Costs

None