



Shenandoah Area Agency on Aging, Inc.

Financial Report

(In Accordance with the Requirements of
The Uniform Guidance)

September 30, 2024

EIN# 54-1008875

Shenandoah Area Agency on Aging, Inc.

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Independent Auditor's Report

To the Board of Directors
Shenandoah Area Agency on Aging, Inc.
Front Royal, Virginia

Opinion

We have audited the accompanying financial statements of Shenandoah Area Agency on Aging, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shenandoah Area Agency on Aging, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Shenandoah Area Agency on Aging, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Shenandoah Area Agency on Aging, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shenandoah Area Agency on Aging, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shenandoah Area Agency on Aging, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Virginia Department for Aging and Rehabilitative Service schedules and schedule of expenditures of federal awards as of and for the year ended September 30, 2024, as required by the Virginia Department for Aging and Rehabilitative Service and by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2025, on our consideration of Shenandoah Area Agency on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Shenandoah Area Agency on Aging, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shenandoah Area Agency on Aging, Inc.'s internal control over financial reporting and compliance



CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
April 16, 2025



Financial Statements



Shenandoah Area Agency on Aging, Inc.

Statements of Financial Position

September 30, 2024 and 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 795,349	\$ 393,374
Grants receivable	434,995	732,693
Other receivables, net (Note 11)	5,599	2,642
Inventory	27,813	15,640
Prepaid expenses	-	23,358
Deposit on fixed assets	-	77,888
Total current assets	1,263,756	1,245,595
RIGHT-OF-USE ASSET - FINANCE LEASE, NET (Note 12)	31,114	37,371
PROPERTY AND EQUIPMENT (Note 3)		
Buildings and improvements	517,597	517,597
Furniture and equipment	104,221	94,417
Vehicles	1,540,901	1,659,458
	2,162,719	2,271,472
Less accumulated depreciation	(1,423,750)	(1,392,858)
Net property and equipment	738,969	878,614
Total assets	\$ 2,033,839	\$ 2,161,580
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 65,609	\$ 142,075
Accrued expenses	72,663	83,333
Current portion of notes payable (Note 8)	12,691	12,195
Current portion of financing lease liability (Note 12)	6,486	6,257
Total current liabilities	157,449	243,860
LONG-TERM LIABILITIES, NET OF CURRENT PORTION		
Notes payable (Note 8)	98,765	111,581
Financing lease liability (Note 12)	24,628	31,114
Total liabilities	280,842	386,555
NET ASSETS		
Without donor restrictions	1,519,647	1,363,078
With donor restrictions (Note 5)	233,350	411,947
Total net assets	1,752,997	1,775,025
Total liabilities and net assets	\$ 2,033,839	\$ 2,161,580

Shenandoah Area Agency on Aging, Inc.

Statement of Activities Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Federal	\$ 2,223,202	\$ -	\$ 2,223,202
State	717,291	-	717,291
Local governments	-	303,175	303,175
Contributions and grants	119,778	10,000	129,778
In-kind contributions and grants (Note 10)	190,952	-	190,952
Program income (Note 11)	56,464	-	56,464
Special events, net of expenses of \$2,645	(1,991)	-	(1,991)
Other	29,898	-	29,898
Net assets released from restrictions (Note 6)	491,772	(491,772)	-
Total revenues and support	3,827,366	(178,597)	3,648,769
EXPENSES			
Program	3,310,267	-	3,310,267
Management and general	280,930	-	280,930
Fundraising	79,600	-	79,600
Total expenses	3,670,797	-	3,670,797
Change in net assets	156,569	(178,597)	(22,028)
NET ASSETS			
Beginning	1,363,078	411,947	1,775,025
Ending	<u>\$ 1,519,647</u>	<u>\$ 233,350</u>	<u>\$ 1,752,997</u>

Shenandoah Area Agency on Aging, Inc.

Statement of Activities Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Federal	\$ 1,601,467	\$ -	\$ 1,601,467
State	954,503	-	954,503
Local governments	-	308,300	308,300
Contributions and grants	208,285	-	208,285
In-kind contributions and grants (Note 10)	187,084	242,373	429,457
Program income (Note 11)	44,832	-	44,832
Special events, net of expenses of \$5,930	23,086	-	23,086
Other	6,000	-	6,000
Net assets released from restrictions (Note 6)	471,643	(471,643)	-
Total revenues and support	<u>3,496,900</u>	<u>79,030</u>	<u>3,575,930</u>
EXPENSES			
Program	2,796,809	-	2,796,809
Management and general	246,296	-	246,296
Fundraising	69,259	-	69,259
Total expenses	<u>3,112,364</u>	<u>-</u>	<u>3,112,364</u>
Change in net assets	384,536	79,030	463,566
NET ASSETS			
Beginning	978,542	332,917	1,311,459
Ending	<u><u>\$ 1,363,078</u></u>	<u><u>\$ 411,947</u></u>	<u><u>\$ 1,775,025</u></u>

Shenandoah Area Agency on Aging, Inc.

Statement of Functional Expenses

Year Ended September 30, 2024

	Program	Management and General	Fundraising	Total
Advertising and public relations	\$ 7,862	\$ 983	\$ 983	\$ 9,828
Bank fees	2,108	264	263	2,635
Contracted costs	253,297	-	-	253,297
Depreciation and amortization	211,063	16,070	8,035	235,168
Dues and subscriptions	5,026	628	628	6,282
Food and disposables	537,537	-	-	537,537
Insurance	70,663	7,851	-	78,514
Interest	3,684	460	460	4,604
In-kind space	162,309	19,095	9,548	190,952
Legal and professional	-	26,486	-	26,486
Occupancy	55,845	6,570	3,285	65,700
Office	127,644	15,955	15,955	159,554
Other	157,233	10,147	5,073	172,453
Personnel costs	1,552,505	176,421	35,284	1,764,210
Travel and conferences	773	-	86	859
Vehicle	162,718	-	-	162,718
	<u><u>\$ 3,310,267</u></u>	<u><u>\$ 280,930</u></u>	<u><u>\$ 79,600</u></u>	<u><u>\$ 3,670,797</u></u>

Shenandoah Area Agency on Aging, Inc.

Statement of Functional Expenses

Year Ended September 30, 2023

	Program	Management and General	Fundraising	Total
Advertising and public relations	\$ 3,670	\$ 459	\$ 459	\$ 4,588
Bad debt	(522)	(65)	(65)	(652)
Bank fees	1,680	210	210	2,100
Contracted costs	223,646	-	-	223,646
Depreciation	136,094	15,321	7,660	159,075
Dues and subscriptions	5,096	637	637	6,370
Food and disposables	495,760	-	-	495,760
Insurance	55,219	6,135	-	61,354
Interest	4,993	520	521	6,034
In-kind space	167,023	19,650	9,825	196,498
Legal and professional	-	25,175	-	25,175
Occupancy	57,885	6,810	3,405	68,100
Office	116,961	15,167	15,167	147,295
Other	30,452	-	-	30,452
Personnel costs	1,375,241	156,277	31,255	1,562,773
Travel and conferences	1,667	-	185	1,852
Vehicle	121,944	-	-	121,944
	<u><u>\$ 2,796,809</u></u>	<u><u>\$ 246,296</u></u>	<u><u>\$ 69,259</u></u>	<u><u>\$ 3,112,364</u></u>

Shenandoah Area Agency on Aging, Inc.

Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (22,028)	\$ 463,566
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	241,425	159,075
In-kind contributions of property and equipment	-	(82,555)
Gain on disposition of property and equipment	(16,375)	(4,000)
Bad debt expense	-	(652)
Decrease (increase) in:		
Grants and other receivables	294,741	(280,446)
Inventory	(12,173)	10,185
Prepaid expenses	23,358	(3,259)
Increase (decrease) in:		
Accounts payable	(76,466)	67,151
Accrued expenses	(10,670)	9,542
Deferred revenue	-	(4,291)
Net cash provided by operating activities	<u>421,812</u>	<u>334,316</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in deposits on property and equipment	77,888	(47,594)
Purchase of property and equipment	(95,523)	(272,002)
Proceeds from sale of property and equipment	16,375	4,000
Net cash used in investing activities	<u>(1,260)</u>	<u>(315,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(12,320)	(11,717)
Payments on finance lease	(6,257)	(3,547)
Net cash used in financing activities	<u>(18,577)</u>	<u>(15,264)</u>
Increase in cash and cash equivalents	401,975	3,456
CASH AND CASH EQUIVALENTS		
Beginning	393,374	389,918
Ending	<u><u>\$ 795,349</u></u>	<u><u>\$ 393,374</u></u>
SUPPLEMENTAL DISCLOSURE FOR CASH FLOW AND NONCASH TRANSACTIONS		
Cash paid for interest	<u><u>\$ 4,604</u></u>	<u><u>\$ 6,034</u></u>
Noncash grant of property and equipment	<u><u>\$ -</u></u>	<u><u>\$ 159,818</u></u>

Shenandoah Area Agency on Aging, Inc.

Notes to Financial Statements

September 30, 2024

Note 1 – Organization

The Shenandoah Area Agency on Aging, Inc. (SAAA) is a not-for-profit organization that provides high quality services and opportunities that enhance the dignity and independence of seniors and promote their contributions to the community. SAAA services are designed to assist older persons who wish to stay in their homes, to provide information for seniors and their families, to protect individuals living in long-term care residences, to facilitate staying active, and to provide community service. SAAA serves the seniors residing in the City of Winchester and the Counties of Clarke, Frederick, Page, Shenandoah, and Warren. SAAA is funded primarily by grants from federal, state, and local governments as well as contributions from individuals, corporations, and foundations.

Note 2 – Significant Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Supplementary Schedules A, B, and C are prepared according to rules set forth by Virginia Department for Aging and Rehabilitative Service (VDARS).

The accompanying financial statements present information regarding SAAA's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The two classes are differentiated by donor restrictions.

Net Assets without Donor Restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Net Assets with Donor Restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of SAAA pursuant to those stipulations. Net assets with donor restrictions also includes amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs.

Cash and Cash Equivalents

For purposes of reporting cash flows, SAAA considers all checking and savings to be cash and cash equivalents.

Grants Receivable

Grants receivable result from agreements with federal, state, and other agencies. Local government receivables are annual funding awards received and typically paid in quarterly installments. All amounts are expected to be collected in less than one year. Other accounts receivable result from client payments based on income level and are presented net of an allowance determined by management based on historical collection rates and aging of the receivables.

Property and Equipment

SAAA capitalizes all expenditures in excess of \$5,000. Property and equipment is carried at cost. Donated property and equipment is carried at fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leased assets are amortized over the life of the lease using the effective interest rate method.

Shenandoah Area Agency on Aging, Inc.

Notes to Financial Statements

September 30, 2024

Contributions

Contributions are indicated as net assets with donor restrictions and net assets without donor restrictions, depending on the nature of restrictions. When a donor-stipulated time restriction ends or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. All promises to give are expected to be received within the next year.

Contributions other than cash are recorded at fair value.

In-kind contributions for facilities were received to support the operations of the Clarke, Frederick, Warren, Shenandoah, and Winchester sites and are recognized at fair value. See Note 10 for further discussion.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All allocated expenses are allocated according to estimated time spent on activities. Other expenses are directly attributable to a specific activity.

Advertising

The costs of advertising are expensed as incurred. Advertising expense was approximately \$9,828 and \$4,588 for the years ended September 30, 2024 and 2023, respectively.

Credit Risk Concentrations:

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of all depository accounts held at each financial institution. At certain times during the year, a portion of SAAA's bank deposits may at times exceed federally insured limits. However, SAAA utilizes a sweep account to mitigate any exposure. Accordingly, it has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

SAAA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Adoption of FASB ASC 842, Leases

Effective October 1, 2022, SAAA adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense

Shenandoah Area Agency on Aging, Inc.

Notes to Financial Statements

September 30, 2024

recognition in the income statement. Leases with a term of less than 12 months will not record a ROU asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

SAAA elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows SAAA to initially apply the new standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result, SAAA's reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

SAAA elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. SAAA also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the ROU assets.

The adoption of FASB ASC 842, *Leases*, resulted in the following impact at October 1, 2023:

Financial lease asset	\$ 40,918
Assets	<u>\$ 40,918</u>
Current lease liability	\$ 3,547
Noncurrent lease liability	37,371
Liabilities	<u>\$ 40,918</u>

Subsequent Events

Management has evaluated subsequent events through April 16, 2025, the date the financial statements were available to be issued.

Note 3 – Property and Equipment

Numerous vehicles are acquired through grants from the Virginia Department of Rail and Public Transportation ("DRPT"). Eighty-percent of the cost of such vehicles is funded with DRPT grants and SAAA is responsible for the remaining twenty-percent of cost. The vehicles acquired utilizing the DRPT grant are titled to SAAA; however, DRPT retains reversionary interest in, along with a related lien on, eighty-percent of the value of the vehicles during the vehicle's estimated useful life. As of September 30, 2024 and 2023, the book value of these vehicles amounted to approximately \$531,200 and \$632,600, respectively.

Note 4 – Employee Benefits

SAAA has a 401(k) Retirement Plan. Eligible employees may contribute to the Plan. SAAA matches up to 6% of employee contributions, which are subject to vesting over a two year period. No discretionary contributions were made during the years ended September 30, 2024 and 2023. Employer contributions to the Plan during the years ended September 30, 2024 and 2023 were \$50,531 and \$48,765, respectively.

Shenandoah Area Agency on Aging, Inc.

Notes to Financial Statements

September 30, 2024

Note 5 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of:

	2024	2023
Restricted for specific programs	\$ -	\$ 183,472
Restricted for future periods	233,350	228,475
	<u>\$ 233,350</u>	<u>\$ 411,947</u>

Note 6 – Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions through expenditures satisfying the following purposes:

	2024	2023
Satisfaction of program requirements	\$ 183,472	\$ 159,818
Passage of time	308,300	311,825
	<u>\$ 491,772</u>	<u>\$ 471,643</u>

Note 7 – Commitments, Contingencies, and Concentrations

SAAA receives a substantial amount of support from state and federal agencies. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on SAAA's programs and activities.

Note 8 – Long-Term Debt

	2024	2023
Mortgage loan in the original amount of \$190,600. Bearing interest at 4%, due in monthly principal and interest payments of \$1,410 through May 1, 2032, collateralized by a deed of trust on real property.	\$ 111,456	\$ 123,776
Less current maturities	(12,691)	(12,195)
	<u>\$ 98,765</u>	<u>\$ 111,581</u>

The principal maturities of long-term debt are scheduled as follows:

2025	\$ 12,691
2026	13,209
2027	13,747
2028	14,307
2029	14,890
Thereafter	42,612
	<u>\$ 111,456</u>

Shenandoah Area Agency on Aging, Inc.

Notes to Financial Statements

September 30, 2024

Note 9 – Liquidity and Availability of Resources

The following table reflects SAAA's financial assets as of September 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, when assets are held for others, or when restricted by donors. SAAA considers general expenditures to be all expenditures related to its ongoing activities of providing high quality services and opportunities that enhance the dignity and independence of seniors and promote their contributions to the community.

SAAA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 795,349	\$ 393,374
Grants and other receivables	440,594	735,335
Financial assets as year end	1,235,943	1,128,709
Less those unavailable for general expenditure within one year due to:		
Purpose restriction	-	(183,472)
Total unavailable assets	-	(183,472)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,235,943</u>	<u>\$ 945,237</u>

Note 10 – In-kind Contributions and Grants

In-kind contributions and grants received by SAAA consisted of the following for the years ended September 30:

	2024	2023
Donated facilities	\$ 190,952	\$ 187,084
Vehicles	-	236,405
Special events	-	5,968
	<u>\$ 190,952</u>	<u>\$ 429,457</u>

Donated Facilities

Senior centers in Warren, Clarke, Frederick, and Winchester receive either discounted or donated use of space. The value of this donated space is based on current market rates. The value of the use of the facilities is recorded on the statement of functional expenses as in-kind space.

Vehicles

A percentage of the cost of certain vehicles is donated to SAAA. These vehicles are provided through DRPT grant funding and the donation is recorded at fair value based on the percentage funded by the grant of the total invoice cost. Once the vehicle is received, the vehicles are depreciated over their useful life and included in depreciation expense.

Shenandoah Area Agency on Aging, Inc.

Notes to Financial Statements

September 30, 2024

Special Events

Donors and corporate sponsors provide services and supplies for SAAA's special events. The value of these services and supplies are based on either fair market values, if they had been otherwise purchased, or information provided by the donor regarding market value. The donated cost of these items are included in the total expenses netted in special events on the statement of activities.

Note 11 – Revenue Recognition

The following table summarizes revenue by SAAA's main sources of revenue from contracts with customers for the years ended September 30:

	2024	2023
Title III – Part B	\$ 6,208	\$ 8,143
Respite care	18,436	9,919
Well Tran	19,581	19,289
Other	10,640	5,140
Title III – Part E	1,939	2,341
	\$ 56,464	\$ 44,832

Accounts receivable from contracts with customers were as follows:

	2024	2023
Receivables from contracts with customers, net		
Beginning of year	\$ 2,642	\$ 4,254
End of year	5,599	2,642

The following is a description of principal activities from which SAAA generates its revenues from customers:

Title III – Part B

Clients may participate in cost-sharing for certain aspects of Title III Part B programs. The performance of the services results in the satisfaction of SAAA's performance obligation. Revenue is recognized as services are provided when cost sharing is indicated by the recipient.

Respite Care

The provision of respite care services results in the satisfaction of SAAA's performance obligation. Revenue is recognized monthly as services are performed.

Well Tran

Transportation services are provided to seniors at a low fee through the Well Tran program. Provision of transportation services, when requested, results in the satisfaction of SAAA's performance obligation. Revenue is recognized as services are provided.

Shenandoah Area Agency on Aging, Inc.

Notes to Financial Statements

September 30, 2024

Other

The performance of the services results in the satisfaction of SAAA's performance obligation. Revenue is recognized as services are provided.

Title III – Part E

Participants in the program may participate in cost sharing for respite services. The performance of the services results in the satisfaction of SAAA's performance obligation. Revenue is recognized as services are provided.

Note 12 – Leases

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets and financing lease liabilities of \$37,371, as of September 30, 2023. The adoption of FASB ASC 842 did not have a material impact on the SAAA's results of operations or cash flows.

In March of 2023, SAAA entered into a new lease for it's copiers under a financing lease with a five year initial term and a one year renewal option. The exercise of the renewal option is at the sole discretion of SAAA, and the lease option that SAAA believes is reasonably certain to exercise is included in the measurement of the lease assets and liabilities. The six year Treasury rate as of lease inception was used as the discount rate of 3.6% for the lease.

Financing leases are presented on the statement of financial position as follows:

	2024
Operating lease right-of-use assets, net	\$ 31,114
Current portion of long-term debt and operating lease liabilities	6,486
Financing lease liabilities	24,628
Total financing lease liabilities	\$ 31,114

The following summarizes the cash flow information related to financing lease for the year ended September 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for financing lease	\$ 6,257
Lease assets obtained in exchange for lease liabilities:	
Financing lease	\$ 37,371

Shenandoah Area Agency on Aging, Inc.

Notes to Financial Statements

September 30, 2024

Lease liability maturities as of September 30, 2024, are as follows:

	Finance Lease
2025	\$ 7,500
2026	7,500
2027	7,500
2028	7,500
2029	3,750
Total undiscounted liabilities	33,750
Less: present value discount	(2,636)
Total lease liabilities	\$ 31,114

Total amortization on finance lease was \$6,257 and total interest was \$1,243.



Supplementary Information

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		\$191,123	\$49,730	\$240,853	\$240,853	\$0
Title III-C(1)		\$135,555	\$32,680	\$168,235	\$168,235	\$0
Title III-C(2)		\$289,929	\$42,343	\$332,272	\$332,272	\$0
Title III-D		\$7,519	\$1,963	\$9,482	\$9,482	\$0
Title III-E		\$93,487	\$21,457	\$114,944	\$114,944	\$0
Title VII-Elder Abuse		\$2,128	\$532	\$2,660	\$2,660	\$0
Title VII-Ombudsman		\$29,756	\$3,029	\$32,785	\$32,785	\$0
NSIP		\$42,025	\$3,660	\$45,685	\$45,685	\$0
Supplemental Nutrition C2		\$0		\$0	\$0	\$0
Vaccine Access		\$0		\$0	\$0	\$0
American Rescue Plan (ARP) III-B		\$301,819		\$301,819	\$301,819	\$0
American Rescue Plan (ARP) III-C(1)		\$228,122		\$228,122	\$228,122	\$0
American Rescue Plan (ARP) III-C(2)		\$342,444		\$342,444	\$342,444	\$0
American Rescue Plan (ARP) III-D		\$17,363		\$17,363	\$17,363	\$0
American Rescue Plan (ARP) III-E		\$103,418		\$103,418	\$103,418	\$0
American Rescue Plan (ARP) VII-Ombudsman		\$10,814		\$10,814	\$10,814	\$0
Expanding Public Health Workforce				\$0	\$0	\$0
Other				\$0		\$0
Other				\$0		\$0
Other Federal						
Title V -(PY 06/30/24 Award)				\$0		\$0
Title V-(PY 06/30/25 Award)				\$0		\$0
Title V - DOL (STCS)				\$0		\$0
VICAP-(PY 03/31/24 Award)		\$32,805		\$32,805	\$32,805	\$0
VICAP-(PY 03/31/25 Award)				\$0		\$0
DMAS Ombudsman FY 22				\$0		\$0
DMAS Ombudsman FY 23				\$0		\$0
DMAS Ombudsman FY 24		\$4,800	\$1,293	\$6,093	\$6,093	\$0
MIPPA - Priority 1 - SHIP		\$37,702		\$37,702	\$37,702	\$0
MIPPA - Priority 2 - AAA				\$0		\$0
MIPPA - Priority 3 - ADRC				\$0		\$0
SNAP				\$0		\$0
Senior Farmers Market		\$3,250		\$3,250	\$3,250	\$0
Senior Farmers Market - ARPA Expansion				\$0		\$0
CDSME Grant				\$0		\$0
Falls Prevention Grant				\$0		\$0
Other Senior Cool Care		\$3,500		\$3,500	\$3,500	\$0
Other				\$0		\$0
Other				\$0		\$0
Other				\$0		\$0
Other				\$0		\$0
General Funds						
OAA General-(PY 06/30/24)		\$92,483		\$92,483	\$92,482	\$1
OAA General-(PY 06/30/25)				\$0		\$0
Community Based-(PY 06/30/24)		\$128,603		\$128,603	\$128,096	\$507
Community Based-(PY 06/30/25)				\$0		\$0
Transportation-(PY 06/30/24)		\$46,476		\$46,476	\$46,412	\$64
Transportation-(PY 06/30/25)				\$0		\$0
Home Delivered Meals-(PY 06/30/24)		\$163,461		\$163,461	\$163,646	-\$185
Home Delivered Meals-(PY 06/30/25)				\$0		\$0
Supplemental Nutrition-(PY 06/30/24)		\$40,149		\$40,149	\$40,150	-\$1
Supplemental Nutrition-(PY 06/30/25)				\$0		\$0
Ombudsman-(PY 06/30/24)		\$14,188		\$14,188	\$14,189	-\$1
Ombudsman-(PY 06/30/25)				\$0		\$0
Care Coordination CCEVP-(PY 06/30/24)		\$58,032		\$58,032	\$57,823	\$209
Care Coordination CCEVP-(PY 06/30/25)				\$0		\$0
Respite Care Initiative-(PY 06/30/24)				\$0		\$0
Respite Care Initiative-(PY 06/30/25)				\$0		\$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				\$0		\$0
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:	\$0	\$2,445,951	\$156,687	\$2,602,638	\$2,602,044	\$594

113 revised 09/26/2024

SCHEDULE C - STATUS OF INVENTORIES

YEAR ENDED SEPTEMBER 30, 2024

Fund Source and Type of Inventory	Value on Hand 10/1/2023	Increase (Decrease) During Period	Value on Hand 9/30/2024
Title III-B Older Americans Act	25,564	86,239	111,803
Title III-C(1) Older Americans Act	0	0	0
Title III-C(2) Older Americans Act	49,092	-2,550	46,542
Title III-D Older Americans Act	9,147	14,064	23,211
Title III-E Older Americans Act	113,430	-7	113,423
Title VII Elder Abuse	0	0	0
Title VII Ombudsman	0	0	0
Other Funds Transportation	25,676	0	25,676
Other Funds III-B/III-C2/III-D/III-E	213,443	62,000	275,443
Other Funds FTA 5310 & 5317	1,593,769	-11,556	1,582,213
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	2,030,121	148,190	2,178,311

Revised 09/26/2024



Compliance



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
Shenandoah Area Agency on Aging, Inc.
Front Royal, 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 Shenandoah Area Agency on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, 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 dated April 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shenandoah Area Agency on Aging, Inc.'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 Shenandoah Area Agency on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shenandoah Area Agency on Aging, Inc.'s internal control.

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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Item 2024-001, that we consider to be a material weakness.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shenandoah Area Agency on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
April 16, 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
Shenandoah Area Agency on Aging, Inc.
Front Royal, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Shenandoah Area Agency on Aging, Inc.'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 Shenandoah Area Agency on Aging, Inc.'s major federal programs for the year ended September 30, 2024. Shenandoah Area Agency on Aging, Inc.'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, Shenandoah Area Agency on Aging, Inc. complied, in all material respects, with the 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 Shenandoah Area Agency on Aging, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Shenandoah Area Agency on Aging, Inc.'s compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Shenandoah Area Agency on Aging, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Shenandoah Area Agency on Aging, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and 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 Shenandoah Area Agency on Aging, Inc.'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 Shenandoah Area Agency on Aging, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Shenandoah Area Agency on Aging, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Shenandoah Area Agency on Aging, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 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. **We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002, to be a significant deficiency.**

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.

Government Auditing Standards requires the auditor to perform limited procedures on Shenandoah Area Agency on Aging, Inc.'s response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Shenandoah Area Agency on Aging, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
April 16, 2025

Shenandoah Area Agency on Aging, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>Department of Health and Human Services:</i>			
Pass-through payments:			
Virginia Department for the Aging:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supporting Services and Senior Centers	93.044	116344/118049	\$ 240,853
Special Programs for the Aging - Title III, Part C1 - Nutrition Services	93.045	116343/118050	168,235
Special Programs for the Aging - Title III, Part C2 - Nutrition Services	93.045	116342/118051	332,272
ARP T-III B SS	93.044		301,819
ARP T-III C1 Con Meals	93.045		228,122
ARP T III C2 H D Meals	93.045		342,444
Nutrition Services Incentive Program	93.053	116345/118048	45,676
Total Aging Cluster			1,659,421
Special Programs for the Aging Title VII, Chapter 3 - Programs for the prevention of Elder Abuse, Neglect, and Exploitation	93.041	116335/118046	2,660
Special Programs for the Aging Title VII, Chapter 2 - Programs Long Term Care Ombudsman Services for Older Individuals	93.042	116334/118047	32,785
ARP T VII Ombudsman	93.042		10,814
ARP T-III D Prev Health	93.043		17,363
Title III-D Preventative Health	93.043	116341/118052	9,707
ARP T-III E NFCSP	93.052		103,418
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	114556/114556 (220)	9,750
National Family Caregivers Program, Title III, Part E	93.052	116340/118053	114,943
Medicare Enrollment Assistance Program	93.071	118013	37,702
VICAP - State Health Insurance Assistance Program	93.324	117058	32,805
Medicaid Cluster:			
DMAS Ombudsman	93.778	ARS46200	6,093
Total Medicaid Cluster			6,093
Total Department of Health and Human Services			2,037,461
<i>Deaprtment of Agriculture:</i>			
Pass-Through Program:			
Virginia Department for Aging:			
ARPA - Sr Farmer's Market Nutrition	10.576	20-158	3,250
Total Department of Agriculture			3,250
<i>Federal Transit Administration:</i>			
Pass-through payments:			
Department of Rail and Public Transportation:			
Transit Services Program Cluster:			
New Freedom Program	20.521	44123-07	182,491
Total Transit Services Program Cluster			182,491
Total Department of Rail and Public Transportation			182,491
Total Expenditures of Federal Awards			\$ 2,223,202

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this statement.

Shenandoah Area Agency on Aging, Inc.
Notes to Schedule of Expenditures of Federal Awards
September 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Shenandoah Area Agency on Aging, Inc. (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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of SAAA, it is not intended to and does not present the financial position, changes in net assets or cash flows of SAAA.

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 – Indirect Cost Rate

SAAA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Subrecipient Monitoring

SAAA does not have any subrecipients.

Note 5 – Outstanding Loan Balances

At September 30, 2024, SAAA had no outstanding loan balances requiring continuing disclosure.

Shenandoah Area Agency on Aging, Inc.

Schedule of Findings and Questioned Costs

September 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and one material weakness** relating to the audit of the financial statements were reported in the 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **One significant deficiency and no material weaknesses** relating to the audit of the major federal award program were reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relative to the major program**.
7. The programs tested as major programs included:

Aging cluster:

93.044	Title III-B – Supportive services
93.045	Title III-C (1) and (2) – Nutrition services
93.053	Nutrition Services Incentive Program
8. The **threshold** for distinguishing Types A and B programs was **\$750,000**.
9. SAAA was not determined to be a **low-risk auditee**.

B – Findings – Financial Statement Audit

2024-001: Material Audit Adjustments

Condition

During the audit, we detected several material misstatements in the trial balance presented to us to begin our audit that were considered a material audit correction.

Criteria

Generally accepted auditing standards dictates that detection of errors in an audit is a strong indicator of a significant deficiency or material weakness. Accordingly, we are required to communicate this finding as such.

Cause

Financial information was missing or inaccurate.

Shenandoah Area Agency on Aging, Inc.

Schedule of Findings and Questioned Costs

September 30, 2024

Effect

Assets, liabilities, and net assets were misstated.

Recommendation

We recommend management implement a process to ensure the accuracy of balance sheet and statement of activity accounts.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the finding. All significant balance sheet accounts have processes in place to be reconciled with reviews of financial balances occurring at year end.

C – Findings and Questioned Costs – Major Federal Award Program Audit

2024-002: Annual Reporting to VDARS, ALN 93.044 Special Programs for the Aging – Title III, Part B- Grants for Supporting Services and Senior Centers, ALN 93.045 Special Programs for the Aging - Title III, Part C1 – Nutrition Services, ALN 93.053 Nutrition Services Incentive Program, Reporting (Significant Deficiency)

Condition

The 13th Aging Monthly Report required by the pass-through agency, Virginia Department of Aging and Rehabilitative Services (VDARS) contained inaccurate revenue and expenditure data which did not agree to the general ledger.

Criteria

VDARS requires the annual 13th Month Aging Monthly Report to be submitted by November 15th. The report must contain complete and accurate information as a restating of the monthly reporting for the fiscal year.

Cause

The 13th Aging Monthly Report was not reconciled to underlying financial records, resulting in unexplained differences between the report and trial balance provided as part of the audit. Inaccurate reporting of such revenues and expenditures did not impact the outcome of requirements of the Agency to meet level of effort metrics as required under the grant awards.

Effect

The submission of the 13th AMR included data that did not agree to underlying financial records. This should have been caught during the course of a review process before submission. Therefore, it is considered a significant deficiency of internal controls over compliance.

Shenandoah Area Agency on Aging, Inc.

Schedule of Findings and Questioned Costs

September 30, 2024

Repeat Finding

2013-01

Recommendation

Ensure reporting is submitted accurately by the deadline stated by VDARS. Implement a review process for each monthly submission, including documentation of the review. Reconcile the federal, state and local totals reported in the Aging Monthly Report to the underlying financial records as stated in the financial system to ensure accuracy before submission to VDARS.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the finding. Management plans to implement a process to ensure that the AMR report will be submitted accurately.

Shenandoah Area Agency on Aging, Inc.

Summary Schedule of Prior Audit Findings

September 30, 2024

2023-001: Annual Reporting to VDARS, ALN 93.044 Special Programs for the Aging – Title III, Part B- Grants for Supporting Services and Senior Centers, ALN 93.045 Special Programs for the Aging - Title III, Part C1 – Nutrition Services, ALN 93.053 Nutrition Services Incentive Program, Reporting (Significant Deficiency)

Condition

The 13th Aging Monthly Report required by the pass through agency, Virginia Department of Aging and Rehabilitative Services (VDARS) was not submitted timely and contained inaccurate revenue and expenditure data.

Criteria

VDARS requires the annual 13th Month Aging Monthly Report to be submitted by November 15th. The report must contain complete and accurate information as a restating of the monthly reporting for the fiscal year.

Cause

The 13th Aging Monthly Report was not reconciled to underlying financial records, resulting in unexplained differences between the report and trial balance provided as part of the audit. Additionally, the report was not submitted by November 15th.

Effect

The submission of the 13th AMR report was not performed timely and included data that did not agree to underlying financial records. This should have been caught during the course of a review process before submission. Therefore, it is considered a significant deficiency of internal controls over compliance.

Recommendation

Ensure reporting is submitted by the deadline stated by VDARS. Implement a review process for each monthly submission, including documentation of the review. Reconcile the federal, state, and local totals reported in the Aging Monthly Report to the underlying financial records as stated in the financial system to ensure accuracy before submission to VDARS.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the finding. Management plans to implement a process to ensure that the AMR report will be submitted accurately.

Current Status: The 13th AMR reported was submitted timely, however, the revenues reported did not agree with general ledger totals. See updated comment 2024-002.



Proudly Serving the Counties of Clarke, Frederick, Page
Shenandoah, Warren, and the City of Winchester

CORRECTIVE ACTION PLAN

April 16, 2025

Shenandoah Area Agency on Aging respectfully submits the following corrective action plan for the year ended September 30, 2024.

Name and address of independent public accounting firm:

Brown, Edwards & Company, L.L.P.

1909 Financial Drive

Harrisonburg, Virginia 22801

Audit period: September 30, 2024

The findings from the September 30, 2024 Schedule of Findings and Questioned Costs (the "Schedule") are discussed below. The findings are numbered consistently with the number assigned in the Schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2024-001: Material Audit Adjustments

Condition

During the audit, we detected several material misstatements in the trial balance presented to us to begin our audit that were considered a material audit correction.

Criteria

Generally accepted auditing standards dictates that detection of errors in an audit is a strong indicator of a significant deficiency or material weakness. Accordingly, we are required to communicate this finding as such.

Cause

Financial information was missing or inaccurate.

Effect

Assets, liabilities, and net assets were misstated

Recommendation

We recommend management implement a process to ensure the accuracy of balance sheet and statement of activity accounts.

Planned Corrective Action

Management agrees with the finding. We have implemented processes to reconcile all significant balance sheet accounts on a monthly basis.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2024-002: Annual Reporting to VDARS, ALN 93.044 Special Programs for the Aging – Title III, Part B- Grants for Supporting Services and Senior Centers, ALN 93.045 Special Programs for the Aging - Title III, Part C1 – Nutrition Services, ALN 93.053 Nutrition Services Incentive Program, Reporting (Significant Deficiency)

Condition

The 13th Aging Monthly Report required by the pass-through agency, Virginia Department of Aging and Rehabilitative Services (VDARS) contained inaccurate revenue and expenditure data which did not agree to the general ledger.

Criteria

VDARS requires the annual 13th Month Aging Monthly Report to be submitted by November 15th. The report must contain complete and accurate information as a restating of the monthly reporting for the fiscal year.

Cause

The 13th Aging Monthly Report was not reconciled to underlying financial records, resulting in unexplained differences between the report and trial balance provided as part of the audit. Inaccurate reporting of such revenues and expenditures did not impact the outcome of requirements of the Agency to meet level of effort metrics as required under the grant awards.

Effect

The submission of the 13th AMR included data that did not agree to underlying financial records. This should have been caught during the course of a review process before submission. Therefore, it is considered a significant deficiency of internal controls over compliance.

Repeat Finding

2013-01

Recommendation

Ensure reporting is submitted accurately by the deadline stated by VDARS. Implement a review process for each monthly submission, including documentation of the review. Reconcile the federal, state and local totals reported in the Aging Monthly Report to the underlying financial records as stated in the financial system to ensure accuracy before submission to VDARS.

Planned Corrective Action

Management agrees with the finding. Management plans to implement a process to ensure that the AMR report will be submitted accurately.

If the Federal Audit Clearinghouse has questions regarding this plan, please call Cindy Donaldson, Director of Finance at 540-635-7141.

Sincerely yours,


Name


Title