



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

SEPTEMBER 30, 2016

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

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Financial Statements:	
Exhibit 1 Statement of Financial Position	4
Exhibit 2 Statement of Activities	5
Exhibit 3 Statement of Functional Expenses	6
Exhibit 4 Statement of Cash Flows	7
Notes to Financial Statements	8-17
Supplemental Information:	
Supplemental Schedule of Status of DARS Funds	18-19
Supplemental Schedule of Costs by Program Activity	20-21
Status of Inventories	22
Compliance:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	25-26
Schedule of Expenditures of Federal Awards	27-28
Schedule of Findings and Questioned Costs	29

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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, 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 14, 2016, 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 14, 2016

FINANCIAL STATEMENTS

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
Statement of Financial Position
September 30, 2016 with Comparative Totals at September 30, 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 624,379	\$ 867,303
Accounts receivable	242,540	140,997
Prepaid expenses	<u>10,172</u>	<u>6,105</u>
Total current assets	\$ <u>877,091</u>	\$ <u>1,014,405</u>
Noncurrent assets:		
Property and equipment, net of accumulated depreciation	\$ <u>718,518</u>	\$ <u>741,450</u>
Restricted assets:		
Beneficial interest in assets held by The Community Foundation	\$ <u>672,949</u>	\$ <u>650,224</u>
Total assets	\$ <u><u>2,268,558</u></u>	\$ <u><u>2,406,079</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 169,143	\$ 176,991
Accrued wages and payroll liabilities	183,318	289,257
Unearned revenue	<u>2,737</u>	<u>54,022</u>
Total current liabilities	\$ <u>355,198</u>	\$ <u>520,270</u>
Total liabilities	\$ <u>355,198</u>	\$ <u>520,270</u>
Net assets:		
Unrestricted	\$ 906,767	\$ 895,552
Temporarily restricted	333,644	340,033
Permanently restricted	<u>672,949</u>	<u>650,224</u>
Total net assets	\$ <u>1,913,360</u>	\$ <u>1,885,809</u>
Total liabilities and net assets	\$ <u><u>2,268,558</u></u>	\$ <u><u>2,406,079</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
For the Year Ended September 30, 2016 with Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015
Support and revenue:					
Virginia Department for Aging and Rehabilitative Services programs:					
Federal	\$ 3,482,358	\$ -	\$ -	\$ 3,482,358	\$ 3,380,669
State	1,782,700	-	-	1,782,700	1,730,252
Other grants	45,020	335,945	-	380,965	354,367
Corporate services	2,675	-	-	2,675	-
Donations and fundraising	-	112,890	-	112,890	133,517
Local public cash	118,592	-	-	118,592	134,785
Cash program income	99,693	6,147	-	105,840	79,707
In-kind contributions	57,353	-	-	57,353	48,994
Other income	493	385	-	878	-
	<u>\$ 5,588,884</u>	<u>\$ 455,367</u>	<u>\$ -</u>	<u>\$ 6,044,251</u>	<u>\$ 5,862,291</u>
Corporation for National and Community Service:					
Federal	\$ 254,007	\$ -	\$ -	\$ 254,007	\$ 228,467
Donations and fundraising	3,000	-	-	3,000	5,898
Local public cash	18,600	-	-	18,600	-
In-kind contributions	31,393	-	-	31,393	25,923
	<u>\$ 307,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,000</u>	<u>\$ 260,288</u>
Other support and revenue:					
Federal	\$ 162,036	\$ -	\$ -	\$ 162,036	\$ 244,430
State	23,225	-	-	23,225	-
Other grants	7,981	-	-	7,981	47,416
Rent	23,781	-	-	23,781	23,120
Corporate services	-	10,000	-	10,000	3,690
Interest Income	101	-	-	101	-
Donations and fundraising	39,886	-	-	39,886	28,679
Change in beneficial interest - The Community Foundation	-	-	22,725	22,725	(1,517)
	<u>\$ 257,010</u>	<u>\$ 10,000</u>	<u>\$ 22,725</u>	<u>\$ 289,735</u>	<u>\$ 345,818</u>
Net assets released from restrictions	\$ 471,756	\$ (471,756)	\$ -	\$ -	\$ -
Total support and revenue	<u>\$ 6,624,650</u>	<u>\$ (6,389)</u>	<u>\$ 22,725</u>	<u>\$ 6,640,986</u>	<u>\$ 6,468,397</u>
Expenses:					
Program services	\$ 6,399,030	\$ -	\$ -	\$ 6,399,030	\$ 6,065,820
Management and general	203,980	-	-	203,980	199,133
Fundraising	10,425	-	-	10,425	13,134
Total expenses	<u>\$ 6,613,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,613,435</u>	<u>\$ 6,278,087</u>
Change in net assets	\$ 11,215	\$ (6,389)	\$ 22,725	\$ 27,551	\$ 190,310
Net assets, beginning of year	895,552	340,033	650,224	1,885,809	1,695,499
Net assets, end of year	<u>\$ 906,767</u>	<u>\$ 333,644</u>	<u>\$ 672,949</u>	<u>\$ 1,913,360</u>	<u>\$ 1,885,809</u>

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
For the Year Ended September 30, 2016 with Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
Program services:		
Salaries and fringe benefits	\$ 3,274,624	\$ 3,102,844
Meals and delivery	992,459	899,491
Transportation	609,859	642,680
Enrollee wages - senior employment program	239,759	245,956
Adult day care services	204,437	171,317
Professional fees	200,594	169,601
Building, maintenance and space costs	166,187	168,464
Office	145,227	114,882
Stipends - foster grandparents program	100,043	77,094
Short-term health care services	97,536	113,692
Travel	92,242	82,127
Insurance	73,518	59,001
Equipment	36,872	42,019
Printing and publications	28,762	25,203
Legal aid services	26,000	28,000
Depreciation	22,932	22,931
Other program services	21,161	27,931
Emergency services	19,886	21,240
Training	14,120	10,416
Medical services	9,430	7,076
Employment and job training services	8,886	12,741
Homemaker companion	8,176	6,716
Volunteer recognition	6,320	7,398
Contributions	-	7,000
Total program services	\$ <u>6,399,030</u>	\$ <u>6,065,820</u>
Management and general:		
Salaries and fringe benefits	\$ 185,761	\$ 181,088
Office	10,749	9,733
Building, maintenance and space costs	7,470	8,312
Total management and general	\$ <u>203,980</u>	\$ <u>199,133</u>
Fundraising:		
Salaries and fringe benefits	\$ 7,401	\$ 6,914
Event costs	3,024	6,220
Total fundraising	\$ <u>10,425</u>	\$ <u>13,134</u>
Total expenses	\$ <u><u>6,613,435</u></u>	\$ <u><u>6,278,087</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
For the Year Ended September 30, 2016 with Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 27,551	\$ 190,310
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	22,932	22,931
Change in beneficial interest in assets held by The Community Foundation	(22,725)	1,517
(Increase) decrease in operating assets:		
Accounts receivable	(101,543)	(13,736)
Prepaid expenses	(4,067)	(917)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(7,848)	8,348
Accrued wages and payroll liabilities	(105,939)	33,110
Unearned revenue	(51,285)	(20,859)
Net cash provided by (used for) operating activities	\$ <u>(242,924)</u>	\$ <u>220,704</u>
Net increase (decrease) in cash and cash equivalents	\$ (242,924)	\$ 220,704
Cash and cash equivalents, beginning of year	\$ <u>867,303</u>	\$ <u>646,599</u>
Cash and cash equivalents, end of year	\$ <u><u>624,379</u></u>	\$ <u><u>867,303</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, 2016

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 2015 to 2019 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, 2016 (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, 2016, the Agency had unrestricted net assets in the amount of \$906,767.

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, 2016, the Agency had temporarily restricted net assets in the amount of \$333,644.

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, 2016, the Agency had permanently restricted net assets in the amount of \$672,949. 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.

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 (Continued)

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

(D) 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, 2016; 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, 2016.

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 (Continued)

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, 2016, the Agency recognized \$88,746 of donated services, supplies and equipment. For the year ended September 30, 2015, such donations amounted to \$74,917.

(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, 2015 dated December 8, 2015.

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, 2016 was \$22,932.

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, 2016 (Continued)

NOTE 3 - PROPERTY AND EQUIPMENT: (Continued)

The following is a schedule of property and equipment:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Land	\$ 400,188	\$ -	\$ -	\$ 400,188
Building	573,413	-	-	573,413
Building improvements	184,640	-	12,750	171,890
Total property and equipment	\$ 1,158,241	\$ -	\$ 12,750	\$ 1,145,491
Less: Accumulated depreciation				\$ (426,973)
Net property and equipment				\$ 718,518

NOTE 4 - CONTINGENT LIABILITIES:

The Agency's primary grant award for the year ended September 30, 2016 was from the U.S. Department of Health and Human Services and passed through the Virginia Department for Aging and Rehabilitative Services and totaled \$3,156,372. 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, 2016. During 2016 and 2015, 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 \$157,572 for 2016.

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.

The remainder of this page left blank intentionally

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 (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, 2016:

Fair Value Measurements at Reporting Date Using				
	<u>9/30/2016</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>\$ 672,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,949</u>
Total Investments	<u><u>\$ 672,949</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 672,949</u></u>

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>
	<u>Private Equity Investments</u>
Beginning balance	\$ 650,224
Change in beneficial interest	<u>22,725</u>
Ending Balance	<u><u>\$ 672,949</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, 2016 (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 \$23,781 to the Agency for the fiscal year ending September 30, 2016. 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:

	2016	2015
Emergency services	\$ 8,631	\$ 4,936
Transportation	-	15,000
Respite	-	9,000
Friendship Café	7,239	9,433
Care coordination	2,400	960
Care transitions	-	21,154
Meals	-	3,895
Guardianship	3,278	22,344
Age Wave	194,833	142,945
Ride connection	2,500	20,000
Other program services	114,763	90,366
	<u>\$ 333,644</u>	<u>\$ 340,033</u>

The remainder of this page left blank intentionally

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 (Continued)

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS: (Continued)

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

	2016	2015
Emergency services	\$ 8,937	\$ 12,380
Transportation	15,000	-
Respite	14,000	-
Friendship Café	11,134	11,528
Care coordination	3,560	3,855
Care transitions	21,154	18,846
Meals	8,895	1,105
Guardianship	29,066	27,429
Age Wave	151,556	110,784
Ride connection	17,500	20,000
Oasis	32,031	35,385
Other program services	158,923	117,792
	<u>\$ 471,756</u>	<u>\$ 359,104</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, 2016 (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, 2016 were (3.49%) in a diversified investment portfolio.

The Fund had positive investment returns during the Agency’s years ended September 30, 2016 and 2015. No distributions from the Fund were requested or received by the Agency for the fiscal year ended September 30, 2016 or 2015.

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 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Beginning balance, October 1	\$ 650,224	\$ 651,741
Appreciation (Depreciation)	29,222	4,638
Additions	-	500
Investment fees	(6,497)	(6,655)
Ending balance, September 30	<u>\$ 672,949</u>	<u>\$ 650,224</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 14, 2016, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Senior Connections, The Capital Area Agency on Aging

Supplemental Schedule of Status of DARS Funds
From October 1, 2015 to September 30, 2016

FUND	UNENCUMBERED FUNDS ON HAND OCTOBER 1, 2015	TOTAL FUNDS RECEIVED DURING		FUNDS REQUESTED BY SEPTEMBER 30, 2016 BUT NOT RECEIVED BY SEPTEMBER 30, 2016	TOTAL OF FUNDS AVAILABLE DURING		ACCRUED COSTS TO CONTRACT PERIOD	UNENCUMBERED FUNDS ON HAND SEPTEMBER 30, 2016
		\$	\$		\$	\$		
Older Americans Act:								
Title III-B	-	1,105,658	\$	-	1,105,658	\$	1,105,658	-
Title III-C(1)	17,658	665,079		-	682,737		682,737	-
Title III-C(2)	6,925	554,041		-	560,966		615,992	(55,026)
Title III-D	-	52,626		-	52,626		52,626	-
Title III-E	-	342,614		-	342,614		364,624	(22,010)
Title VII-Elder Abuse	-	8,937		-	8,937		8,937	-
Title VII-Ombudsman	-	19,560		-	19,560		19,560	-
NSIP	-	110,305		-	110,305		110,305	-
Other Federal:								
Title V-(PY 06/30/16 Award)	(10,178)	255,900		1,220	246,942		246,942	-
Title V-(PY 06/30/17 Award)	-	74,580		-	74,580		73,573	1,007
VICAP-(PY 03/31/16 Award)	(4,126)	54,862		-	50,736		50,736	-
VICAP-(PY 03/31/17 Award)	-	2,200		-	2,200		2,484	(284)
DWAS Ombudsman FY 15	-	14,574		-	14,574		14,574	-
MIPPA - PRIORITY 1 - SHIP	-	57,553		-	57,553		57,553	-
MIPPA - PRIORITY 2 - AAA	(14,160)	26,695		-	12,535		12,535	-
CMS DEMONSTRATION DUALS	-	19,663		-	19,663		38,052	(18,389)
SNAP	-	5,471		-	5,471		5,471	-
CDSME	20,589	-		-	20,589		18,859	1,730
Other - VHQC - DIABETES SELF MGMT PROGRAM	-	1,140		225	1,365		1,365	-

See report of independent auditors.

Senior Connections, The Capital Area Agency on Aging

Supplemental Schedule of Status of DARS Funds (Continued)
From October 1, 2015 to September 30, 2016

FUND	UNENCUMBERED FUNDS ON HAND OCTOBER 1, 2015	TOTAL FUNDS RECEIVED DURING PERIOD	FUNDS REQUESTED BY SEPTEMBER 30, 2016 BUT NOT RECEIVED BY SEPTEMBER 30, 2016	TOTAL OF FUNDS AVAILABLE DURING PERIOD	ACCRUED COSTS TO CONTRACT PERIOD	UNENCUMBERED FUNDS ON HAND SEPTEMBER 30, 2016
General Funds						
Title III Match-(PY 06/30/16)	-	59,783	-	59,783	59,783	-
Title III Match-(PY 06/30/17)	-	19,928	-	19,928	19,928	-
Community Based-(PY 06/30/16)	-	227,057	-	227,057	227,057	-
Community Based-(PY 06/30/17)	-	92,134	-	92,134	107,134	(15,000)
Transportation-(PY 06/30/16)	-	270,049	-	270,049	270,049	-
Transportation-(PY 06/30/17)	-	92,017	-	92,017	117,017	(25,000)
Home Delivered Meals-(PY 06/30/16)	-	407,118	-	407,118	407,118	-
Home Delivered Meals-(PY 06/30/17)	-	-	-	-	41,072	(41,072)
Supplemental Nutrition-(PY 06/30/16)	6,500	99,283	-	105,783	105,783	-
Supplemental Nutrition-(PY 06/30/17)	-	33,094	-	33,094	33,094	-
Ombudsman-(PY 06/30/16)	-	24,954	-	24,954	24,954	-
Ombudsman-(PY 06/30/17)	-	8,318	-	8,318	8,318	-
Census Adjustment-(PY 06/30/16)	-	112,413	-	112,413	112,413	-
Census Adjustment-(PY 06/30/17)	-	40,322	-	40,322	40,322	-
Care Coordination-(PY 06/30/16)	-	32,338	-	32,338	32,338	-
Care Coordination-(PY 06/30/17)	-	10,779	-	10,779	10,779	-
Respite Care-(PY 06/30/16)	-	26,089	-	26,089	26,089	-
Respite Care-(PY 06/30/17)	-	7,500	-	7,500	7,500	-
Guardianship VDA-(PY 06/30/16)	1,178	29,500	-	30,678	30,678	-
Guardianship VDA-(PY 06/30/17)	-	8,000	-	8,000	8,800	(800)
Guardianship VDA Mental Health-(PY 06/30/16)	-	57,521	-	57,521	57,521	-
Guardianship VDA Mental Health-(PY 06/30/17)	-	14,000	-	14,000	17,600	(3,600)
Guardianship DBHDS ID/DDS-(PY 06/30/17)	-	8,000	-	8,000	8,800	(800)
Fan Care (Dominion Power)	-	8,552	-	8,552	8,552	-
Totals	\$ 24,386	\$ 5,060,207	\$ 1,445	\$ 5,086,038	\$ 5,265,282	\$ (179,244)

See report of independent auditors.

Senior Connections, The Capital Area Agency on Aging

Supplemental Schedule of Costs by Program Activity
From October 1, 2015 to September 30, 2016

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	\$ 13,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,641
Checking	2,301	-	-	-	-	-	-	-	-	-
Homemaker Services	3,775	-	-	-	-	-	-	-	-	-
Personal Care Services	12,187	-	-	-	-	-	-	-	-	-
Care Coordination	52,353	-	-	-	-	-	-	-	-	-
Care Transitions	85,845	-	-	-	-	-	-	-	5,000	-
Comm. Referral Info. & Assist	460,845	-	-	-	-	-	-	-	68,351	-
Transportation	89,396	-	-	-	-	-	-	1,558	18,588	-
Congregate Meals	-	624,319	-	-	-	-	-	3,636	28,000	-
Home Delivered Meals	-	-	557,574	-	-	-	-	952	331	-
Disease Prevention	-	-	-	52,626	-	-	-	-	1,478	-
Emergency Services	500	-	-	-	-	-	-	-	17,448	-
Employment	84,128	-	-	-	-	-	-	-	-	-
Money Management	19,138	-	-	-	-	-	-	-	1,967	-
Public Information & Education	70,500	-	-	-	-	-	-	386	19,104	-
Socialization/Recreation	2,000	-	-	-	-	-	-	-	-	-
Volunteer Programs	50,000	-	-	-	-	-	-	-	9,100	-
Legal Assistance	26,154	-	-	-	-	-	-	-	-	-
Elder Abuse Prevention	8,683	-	-	-	-	-	-	-	776	-
LTC Ombudsman Program	91,236	-	-	-	-	8,937	19,560	-	14,111	-
Prep. and Admin.	32,813	58,418	-	-	-	-	-	-	52,331	-
TITLE III-E, OLDER AMERICAN ACT FUNDS:										
Individual Counseling	-	-	-	-	11,000	-	-	-	966	-
Caregiver Training	-	-	-	-	-	-	-	-	317	-
Public Information/Education	-	-	-	-	67,245	-	-	-	5,062	-
Adult Day Care	-	-	-	-	16,578	-	-	-	715	30,855
Homemaker	-	-	-	-	2,389	-	-	-	-	-
Personal Care	-	-	-	-	5,400	-	-	-	3,494	-
Comm. Referral Info. & Assist	-	-	-	-	261,377	-	-	-	-	-
GRANDPARENTS & OLDER INDIVIDUALS WHO ARE RELATIVE CAREGIVERS OF CHILDREN										
Public Information/Education	-	-	-	-	635	-	-	-	-	-
TOTAL TITLE III & TITLE VII	\$ 1,105,658	\$ 682,737	\$ 615,992	\$ 52,626	\$ 364,624	\$ 8,937	\$ 19,560	\$ 6,532	\$ 247,139	\$ 99,496

See report of independent auditors.

Senior Connections, The Capital Area Agency on Aging

Supplemental Schedule of Costs by Program Activity (Continued)
From October 1, 2015 to September 30, 2016

Fund	DMA5 OMBUDSMAN	COSTS TO NSIP FUNDS	COSTS TO G.F. T III MATCH FUNDS	COSTS TO G.F. COMM. BASED FUNDS	COSTS G.F. SPEC. TRANS. 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	\$ -	\$ -	\$ -	\$ 39,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,396
Checking	-	-	-	3,000	-	-	-	-	-	5,301
Homemaker Services	-	-	-	9,694	-	-	-	-	-	13,469
Personal Care Services	-	-	-	65,200	-	-	-	-	-	77,387
Care Coordination	-	-	-	-	-	-	-	-	-	57,353
Care Transitions	-	-	-	-	-	-	-	-	-	154,196
Comm. Referral Info. & Assist	-	-	15,711	-	-	-	-	-	59,444	554,588
Transportation	-	-	-	-	387,066	-	-	-	12,372	518,392
Congregate Meals	-	87,905	-	-	-	-	126,479	-	-	842,339
Home Delivered Meals	-	22,400	-	-	-	448,190	12,398	-	-	1,041,845
Disease Prevention	-	-	-	-	-	-	-	-	4,500	58,604
Emergency Services	-	-	-	-	-	-	-	-	2,000	17,948
Employment	-	-	-	-	-	-	-	-	-	86,128
Money Management	-	-	-	98,980	-	-	-	-	-	120,085
Public Information & Education	-	-	32,000	-	-	-	-	-	50,515	172,505
Socialization/Recreation	-	-	-	-	-	-	-	-	-	2,000
Volunteer Programs	-	-	30,000	-	-	-	-	-	-	89,100
Legal Assistance	-	-	-	-	-	-	-	-	-	26,154
Elder Abuse Prevention	-	-	-	-	-	-	-	-	-	9,459
LTC Ombudsman Program	14,574	-	-	-	-	-	-	33,272	-	181,690
Prep. and Admin.	-	-	2,000	-	-	-	-	-	-	203,980
TITLE III-E, OLDER AMERICAN ACT FUNDS:										
Individual Counseling	-	-	-	-	-	-	-	-	-	11,966
Caregiver Training	-	-	-	-	-	-	-	-	-	317
Public Information/Education	-	-	-	-	-	-	-	-	-	72,307
Adult Day Care	-	-	-	63,400	-	-	-	-	-	111,548
Homemaker	-	-	-	3,946	-	-	-	-	-	6,335
Personal Care	-	-	-	50,020	-	-	-	-	5,992	64,906
Comm. Referral Info. & Assist	-	-	-	-	-	-	-	-	17,912	279,289
GRANDPARENTS & OLDER INDIVIDUALS WHO ARE RELATIVE CAREGIVERS OF CHILDREN										
Public Information/Education	-	-	-	-	-	-	-	-	-	635
TOTAL TITLE III & TITLE VII	\$ 14,574	\$ 110,305	\$ 79,711	\$ 334,191	\$ 387,066	\$ 448,190	\$ 138,877	\$ 33,272	\$ 152,735	\$ 4,902,222

See report of independent auditors.

Senior Connections, The Capital Area Agency on Aging

Status of Inventories
From October 1, 2015 to September 30, 2016

Fund Source and Type of Inventory	Value on Hand October 1, 2015	Increase (Decrease) During Period	(1) Value on Hand September 30, 2016
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, 2016.

See report of independent auditors.

COMPLIANCE

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, 2016, 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 14, 2016.

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 14, 2016

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, 2016. 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, 2016.

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 14, 2016

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

Federal Grantor Agency/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. 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	\$ 1,105,658
		42212/42213	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	42312/42313	1,298,729
Nutrition Services Incentive Program	93.053	42712/42713	110,305
Total Aging Cluster			\$ 2,514,692
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	42412/42413	52,626
National Family Caregiver Support, Title III, Part E	93.052	42512/42513	364,624
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	43712/43713	8,937
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care			
Ombudsman Services for Older Individuals	93.042	43612/43813	19,560
Medical Assistance Program	93.778	46212	14,574
State Health Insurance Assistance Program	93.324	44113/44114	53,220
Medical Enrollment Assistance Program	93.071	44113/44114	70,088
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	1,140
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs	93.734	45912	18,859
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	38,052
<u>Virginia Association of Area Agencies on Aging:</u>			
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	GY15	3,188
Total U.S. Department of Health and Human Services			\$ 3,159,560
U.S. Department of Labor:			
Pass-through Payments:			
<u>Virginia Department for Aging and Rehabilitative Services:</u>			
Senior Community Service Employment Program	17.235	43513/43514	\$ 320,515
U.S. 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	\$ 5,471

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016 (Continued)

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	\$ 205,552
Retired and Senior Volunteer Program	94.002	N/A	48,455
Total Corporation for National and Community Service			\$ 254,007
Department of Transportation:			
Pass-through Payments:			
<u>Greater Richmond Transit Authority:</u>			
Transit Services Program Cluster:			
New Freedom Program	20.521	N/A	\$ 129,815
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	44016-25	29,033
Total Transit Services Program Cluster			\$ 158,848
Total Department of Transportation			\$ 158,848
Total Expenditures of Federal Awards			\$ 3,898,401

Notes to the Schedule of Expenditures of Federal Awards:

Note A - 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, 2016. 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 of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. 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 B - 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 C - Subrecipients

No awards were passed through to subrecipients.

SENIOR CONNECTIONS, THE CAPITAL AREA AGENCY ON AGING
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

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