

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Totals for 2012)

(With Independent Auditors' Report Thereon)

DRAFT

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Totals for 2012)**

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Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Central Massachusetts Agency on Aging, Inc.
West Boylston, Massachusetts

We have audited the accompanying financial statements of Central Massachusetts Agency on Aging, Inc. (CMAA) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 CMAA as of September 30, 2013, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities by program, Title III-B subgrantee expenses, and revenues by program on pages 14-16 are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States 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 January 23, 2014, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Central Massachusetts Agency on Aging, Inc.'s 2012 financial statements, and our report dated January 9, 2013 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bruce D. Norling, CPA, P.C.

January 23, 2014

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2013
(With Comparative Totals for 2012)

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash	\$ 2,539	\$ 13,548
Investments	123,383	118,423
Grants receivable	1,155,495	784,971
Prepaid expenses	<u>7,276</u>	<u>10,996</u>
Total Current Assets	<u>1,288,693</u>	<u>927,938</u>
Property and Equipment	48,950	48,950
Accumulated depreciation	<u>(45,898)</u>	<u>(44,678)</u>
Net Property and Equipment	<u>3,052</u>	<u>4,272</u>
Total Assets	<u>\$ 1,291,745</u>	<u>\$ 932,210</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Line of credit	\$ 31,637	\$ 13,000
Subgrantee payables	879,125	652,283
Accounts payable	118,791	3,803
Accrued expenses	<u>64,811</u>	<u>71,900</u>
Total Current Liabilities	1,094,364	740,986
Unrestricted Net Assets	<u>197,381</u>	<u>191,224</u>
Total Liabilities and Net Assets	<u>\$ 1,291,745</u>	<u>\$ 932,210</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Totals for 2012)

	<u>2013</u>	<u>2012</u>
Revenue:		
Federal and state funding	\$ 2,836,561	\$ 2,995,274
Interest and dividend income	3,282	2,326
Realized gain on investments	734	14,110
Unrealized (loss) gain on investments	2,053	973
Other income	<u>20,859</u>	<u>23,580</u>
Total Revenue	<u>2,863,489</u>	<u>3,036,263</u>
Expenses:		
Program Services:		
Direct service to clients	2,353,806	2,480,336
In-house	<u>102,752</u>	<u>112,809</u>
Total Program Services	<u>2,456,558</u>	<u>2,593,145</u>
Administrative Services:		
Management and general	326,031	335,532
Planning and allocation	<u>72,820</u>	<u>88,586</u>
Total Administrative Services	<u>398,851</u>	<u>424,118</u>
Fundraising	<u>1,923</u>	<u>1,864</u>
Total Expenses	<u>2,857,332</u>	<u>3,019,127</u>
(Decrease) Increase in Net Assets	6,157	17,136
Net Assets, Beginning of Year	<u>191,224</u>	<u>174,088</u>
Net Assets, End of Year	<u>\$ 197,381</u>	<u>\$ 191,224</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Totals for 2012)

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:	\$ 6,157	\$ 17,136
(Decrease) Increase in net assets		
Adjustment to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation	1,220	1,971
Unrealized loss (gain) on investments	(2,053)	(973)
Realized loss (gain) on investments	(734)	(14,110)
(Increase) Decrease in Operating Assets:		
Grants receivable	(370,524)	35,741
Prepaid expenses	3,720	(292)
Increase (Decrease) in Operating Liabilities:		
Subgrantee payables	226,842	(97,576)
Accounts payable	114,988	1,906
Accrued expenses	<u>(7,089)</u>	<u>1,762</u>
Net Cash Provided by (Used for) Operating Activities	<u>(27,473)</u>	<u>(54,435)</u>
Cash Flows Used In Investing Activities:		
Payments for the purchase of property Investments, net	<u>(2,173)</u>	<u>(2,002)</u>
Net Cash (Used for) Provided by Investing Activities	<u>(2,173)</u>	<u>(2,002)</u>
Cash Flows Used In Financing Activities:		
Net short-term borrowing transactions	<u>18,637</u>	<u>13,000</u>
Net Increase (Decrease) in Cash	(11,009)	(43,437)
Cash, Beginning of Year	<u>13,548</u>	<u>56,985</u>
Cash, End of Year	<u>\$ 2,539</u>	<u>\$ 13,548</u>
Supplemental Disclosure of Cash Flows Information:		
Cash paid during the year for:		
Interest	<u>\$ 1,214</u>	<u>\$ 1,023</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Totals for 2012)

	Program Services	Management & General	Planning & Allocation	Fundraising	Total	
					2013	2012
Direct Care Subgrantee Expenses	\$ 2,353,806	\$ -	\$ -	-	\$ 2,353,806	\$ 2,480,336
Employee Compensation:						
Salaries	56,849	193,471	55,486	233	306,039	343,415
Fringe - mandatory	5,123	16,503	4,802	18	26,446	29,084
Fringe - voluntary	8,670	26,396	11,124	13	46,203	46,077
Total Payroll and Related Expenses	70,642	236,370	71,412	264	378,688	418,576
Operating Expenses:						
Advertising	532	1,518	-	-	2,050	315
Board costs	-	253	-	-	253	573
Depreciation	-	1,220	-	-	1,220	1,971
Dues and subscriptions	-	3,331	-	-	3,331	3,187
Non-capitalized equipment expense	1,078	3,815	-	-	4,893	1,706
Equipment rental/maintenance	1,396	2,677	-	91	4,164	3,165
Insurance	2,395	5,238	-	-	7,633	6,880
Interest	-	1,214	-	-	1,214	1,023
Miscellaneous	1,174	13,345	-	-	14,519	14,757
Occupancy	10,799	24,383	-	-	35,182	32,705
Payroll services	246	814	-	-	1,060	1,108
Postage	710	1,182	-	399	2,291	3,147
Printing and reproductions	606	2,109	-	1,157	3,872	6,029
Professional fees	2,112	21,466	-	12	23,590	26,344
Public relations	8,546	2,546	-	-	11,092	6,927
Repairs and maintenance	581	1,268	-	-	1,849	1,800
Telephone	1,186	2,322	-	-	3,508	3,172
Training	145	543	-	-	688	1,184
Travel	604	417	1,408	-	2,429	4,222
Total Operating Expenses	32,110	89,661	1,408	1,659	124,838	120,215
Total Expenses	\$ 2,456,558	\$ 326,031	\$ 72,820	\$ 1,923	\$ 2,857,332	\$ 3,019,127

The accompanying notes are an integral part of these financial statements.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

1. Nature of Activities and Summary of Significant Accounting Policies:

Nature of Activities:

Central Massachusetts Agency on Aging, Inc. (CMAA) is a private non-profit corporation whose purpose is to provide leadership, resources, coordination of services and advocacy for elderly people and their families. The corporation concentrates, but not limits, its efforts to central Massachusetts. To accomplish this, CMAA allocates federal funds to outside programs for nutrition, ombudsman, caregiver support and other supportive services. CMAA receives its funding from the federal government, State of Massachusetts, and corporate and individual contributors.

Basis of Accounting:

CMAA prepares its financial statements on the accrual method of accounting in accordance with generally accepted accounting principles; under this method revenue is recognized as it is earned versus when received, and expenses are recognized as the obligations are incurred versus when paid.

Basis of Statements:

CMAA reports 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.

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CMAA's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

Cash:

Cash consists of cash in interest and non-interest bearing depository accounts and cash on hand.

Grants Receivable:

The amount due from grantors represents revenue contracted for the current year that was not received prior to September 30, 2013. Based on management's evaluation of uncollected accounts at the end of the year, bad debts are provided on the allowance method. The allowance for doubtful accounts as of September 30, 2013 was \$0. There is no finance charge assessed on overdue grant receivables.

Donated Services:

Donated services are reflected as contributions and in-kind expenses in the accompanying statements at their estimated values on the date of receipt.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Expense Allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in Statements of Functional Expenses. Accordingly, certain costs have been allocated between programs.

Investments:

Investments in marketable securities with readily determinable fair values are reported at their fair market values in the statement of financial position. Investment income (including gains and losses on investments, interest and dividends) are included in the change in net assets in the accompanying Statement of Activities.

Property and Equipment:

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major acquisitions are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. CMAA maintains a capitalization policy for assets over \$1,000 coupled with a useful life of three years or more. Items not meeting the capitalization criteria are expensed in the year of acquisition.

Nonprofit Status and Income Taxes:

CMAA is exempt from income taxes as an organization (not a private foundation) formed for charitable purposes and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to CMAA within Internal Revenue Code regulations. CMAA is subject to federal and state tax on income from any unrelated business.

CMAA has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles in the United States. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. CMAA has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. CMAA believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on CMAA's financial condition, results of operations or cash flows. Accordingly, CMAA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2013. CMAA policy is to classify income tax related interest and penalties in operating expenses.

CMAA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. CMAA's federal and state income tax returns are open to examination for the last three years.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

2. Public Support – Federal and State Funding:

The following is a brief description of the major public support of the CMAA:

- A. The Commonwealth of Massachusetts, Executive Office of Elder Affairs, has multiple agreements with the CMAA to pass through federal monies to fund various program costs. Under this funding source, the following services are provided:

Title III-A - The administrative portion of the Title III grants provides funding for the operations of the CMAA, including salaries, benefits, occupancy and other administrative costs.

Title III-B - Supportive services including medical transportation and crisis intervention.

Title III-B Ombudsman - Funding for an ongoing Ombudsman program. Ombudsmen are trained by the State and represent clients in long-term care facilities.

Title III-C - Nutrition programs for congregate and home delivered meals for the elderly.

Title III-D - Funding for programs dealing with health promotion, disease prevention and medication management.

Title III-E - Funding for programs dealing with family caregiver's support.

- B. CMAA has a subcontract with the Department of Health and Human Services for NSIP funding through the Executive Office of Elder Affairs. Subgrantees participating in the Title III-C funding qualify for NSIP reimbursements based upon the number of meals served.

3. Property and Equipment:

Property and equipment consisted of the following at September 30, 2013:

Equipment	\$ 48,950
Less accumulated depreciation	<u>(45,898)</u>
Total	<u>\$ 3,052</u>

Depreciation expense was \$1,220 for the year ending September 30, 2013.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

4. Investments:

Fair Value of Measurements

The Financial Accounting Standards Board provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 Inputs to the valuation methodology include
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurements

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2013.

Mutual Funds: Valued at net asset value (NAV) of shares held by the plan at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2013:

<i>Assets at Fair Value as of September 30, 2013</i>					
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market	\$	9,007	-	-	\$ 9,007
Equities		51,652	-	-	51,652
Fixed Income Mutual Funds		<u>62,723</u>	-	-	<u>62,723</u>
Total Investments	\$	<u>123,382</u>	-	-	\$ <u>123,382</u>

Investment income from cash and investments is comprised of the following for the year ended September 30, 2013.

Interest and Dividend	\$	3,282	
Realized gain on investments		733	
Unrealized gain on investments		<u>2,054</u>	
Total Investment Income	\$	<u>6,069</u>	

5. Grants Receivable:

Grants receivable represents uncollected support invoiced to the Executive Office of Elder Affairs for expenses incurred by CMAA on behalf of the following programs as of September 30, 2013:

Title III-A Administrative	\$	109,507	
Title III-B Support Services		198,005	
Title III-B Ombudsman		105,148	
Title III-C Nutrition		307,915	
Title III-D Disease Prevention		11,337	
Title III-D Medication Management		8,038	
Title III-E Family Caregivers Support		125,915	
Nutrition Services Incentive Program		289,630	
Total	\$	<u>1,155,495</u>	

6. Lease Commitments:

CMAA leases office space in West Boylston, Massachusetts as a tenant-at-will.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Rental expense for occupancy amounted to \$35,182 for 2013, which includes an in-kind contribution of \$130.

CMAA leases equipment under an operating lease which expires in October 2015. Minimum future lease payments under this non-cancelable lease are:

Fiscal Year	Amount
2014	1,650
2015	1,650
2016	<u>138</u>
TOTAL	<u>\$ 3,438</u>

Equipment leasing expense amounted to \$1,698 in 2013.

7. Line-of-Credit:

CMAA maintains a \$75,000 line-of-credit which is due on demand with interest at 2% above the Wall Street Journal's prime rate. The line-of-credit is secured by all assets of CMAA. As of September 30, 2013, the line had \$43,363 available. Interest expense incurred on the line-of-credit was \$1,214 in 2013.

8. Simplified Employee Pension Plan:

CMAA began offering a simplified employee pension (SEP) plan in fiscal 2005 to substantially all eligible employees. Under the SEP plan, the CMAA will contribute to each eligible employee's IRA account a percentage of their compensation. The contribution will be based on the first \$200,000 of compensation and is limited to the lesser of \$40,000 or 25% of compensation. The contribution will be determined annually by management. CMAA's contribution amounted to \$22,452 for 2013.

9. Compensated Absences:

Employees of CMAA accrue vacation time based on the number of years of employment, ranging from ten to twenty-five days per year. Included in accrued expenses under current liabilities at September 30, 2013 is unused vacation time of \$14,343.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

10. Concentration of Risk:

CMAA recognized funding from the following major sources as of, and for the year ending September 30, 2013:

	<u>% of Total Revenue</u>	<u>% of Total Grants Receivable</u>
Title III-A Administrative Support	11%	9%
Title III-B Ombudsman Services	9%	9%
Title III-B Support Services	20%	17%
Title III-C Nutrition Program	38%	27%
Title III-D Disease Prevention	1%	2%
Title III-E Family Caregivers Support	9%	11%
Nutrition Services Incentive Program	12%	25%

Should the Title-III or Nutrition Services Program be reduced or eliminated, CMAA would be adversely impacted and require program and cost reductions.

11. Donated Services:

The value of donated services included as administrative revenue in the financial statements and the corresponding administrative expense for the year ended September 30, 2013, are as follows:

Electronic Communications	\$ 4,740
Furniture Fixture	975
Occupancy	130
Public Relations	2,546
Postage	100
Professional and Intern Services	4,000
	<u>\$ 12,491</u>

In addition, donated services with an estimated value of \$18,118 were not recognized in the financial statements because they did not meet the criteria for recognition under accounting standards.

12. Subsequent Events:

CMAA did not have any recognized or non-recognized subsequent events after September 30, 2013, the date of the statement of financial position. Subsequent events have been evaluated through January 23, 2014, the date the financial statements were available to be issued.

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
SCHEDULE OF ACTIVITIES BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Totals for 2012)

	Supportive Services	Ombudsman Services	S.H.I.N.E. Program	Nutrition Program	N.S.I.P.	Medication Management	Disease Prevention	Admin. Support Planning	Caregiver Support	Fundraising	Corporate	Total all Funds
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue:												
Federal and state funding	\$ 501,990	\$ 261,898	\$ 3,191	\$ 1,073,120	\$ 311,605	\$ 8,324	\$ 29,451	\$ 382,155	\$ 265,059	\$ 4,489	\$ -	\$ 2,836,793
Other	-	-	-	-	-	-	-	16,345	-	-	3,075	\$ 2,995,274
Realized (loss) gain on investments	-	-	-	-	-	-	-	-	-	-	734	23,909
Unrealized (loss) gain on investments	-	-	-	-	-	-	-	-	-	-	2,053	25,906
	-	-	-	-	-	-	-	-	-	-	-	14,110
	-	-	-	-	-	-	-	-	-	-	-	973
Total Revenues	501,990	261,898	3,191	1,073,120	311,605	8,324	29,451	398,500	265,059	4,489	5,862	2,863,489
												3,036,263
Expenses:												
Direct services, subgrantee expenses:												
Title III-B - Supportive Services - Access	61,192	-	-	-	-	-	-	-	-	-	-	61,192
Title III-B - Supportive Services - In-Home	175,051	-	-	-	-	-	-	-	-	-	-	175,051
Title III-B - Supportive Services - Legal	163,660	-	-	-	-	-	-	-	-	-	-	163,660
Title III-B - Senior Centers and Other	6,582	-	-	-	-	-	-	-	-	-	-	6,582
Title III-B - Ombudsman	-	261,898	-	-	-	-	-	-	-	-	-	261,898
Title III-C - Nutrition	-	-	-	1,073,120	-	-	-	-	-	-	-	1,088,628
N.S.I.P.	-	-	-	-	311,605	-	-	-	-	-	-	311,605
Title III-D - Medication Management	-	-	-	-	-	8,324	-	-	-	-	-	8,324
Title III-D - Health Promotion	-	-	-	-	-	-	31,950	-	-	-	-	31,950
Title III-E - Family Caregiver Support	-	-	-	-	-	-	-	-	260,424	-	-	260,424
	-	-	-	-	-	-	-	-	-	-	-	32,533
	-	-	-	-	-	-	-	-	-	-	-	8,897
	-	-	-	-	-	-	-	-	-	-	-	31,950
	-	-	-	-	-	-	-	-	-	-	-	260,424
	-	-	-	-	-	-	-	-	-	-	-	276,499
Total Direct Services, Subgrantees	406,485	261,898	-	1,073,120	311,605	8,324	31,950	-	260,424	-	-	2,353,806
												2,480,336
Administrative and Fundraising Expenses:												
Advertising	532	-	-	-	-	-	-	1,518	-	-	-	2,050
Board costs	-	-	-	-	-	-	-	253	-	-	-	573
Depreciation	-	-	-	-	-	-	-	1,220	-	-	-	1,971
Dues and subscriptions	-	-	-	-	-	-	-	3,331	-	-	-	3,187
Electronic communications	718	-	239	-	-	-	-	11,599	206	-	-	12,762
Equipment expense	980	-	55	-	-	-	-	3,815	43	-	-	4,893
Equipment rental/maintenance	1,159	-	119	-	-	-	-	2,677	118	91	-	4,164
Fringe - mandatory and voluntary	13,715	-	427	-	-	-	-	58,825	78	31	-	72,649
Insurance	1,635	-	-	-	-	-	-	5,238	333	-	-	7,633
Interest	-	-	-	-	-	-	-	1,214	-	-	-	1,023
Meeting	-	-	-	-	-	-	-	-	-	-	-	20
Miscellaneous	-	-	-	-	-	-	-	1,731	-	-	-	1,731
Occupancy	7,376	-	1,923	-	-	-	-	24,383	1,500	-	-	35,182
Payroll service	246	-	-	-	-	-	-	814	-	-	-	1,060
Personnel - accrual adjustments	(2,965)	-	-	-	-	-	-	(2,094)	-	-	-	(5,059)
Personnel - payroll	59,438	-	-	-	-	-	-	251,051	376	233	-	311,098
Postage	604	-	45	-	-	-	-	1,182	61	399	-	2,291
Printing and reproductions	551	-	31	-	-	-	-	2,109	24	1,157	-	3,872
Professional fees	558	-	16	-	-	-	-	21,466	1,538	12	-	23,590
Public relations	8,339	-	-	-	-	-	-	2,546	207	-	-	11,092
Repairs and maintenance	397	-	103	-	-	-	-	1,268	81	-	-	1,849
Staff training	145	-	-	-	-	-	-	543	-	-	-	688
Telephone	925	-	233	-	-	-	-	2,322	28	-	-	3,508
Travel	539	-	-	-	-	-	-	1,825	65	-	-	2,429
Volunteer recognition	11	-	-	-	-	-	-	15	-	-	-	26
	-	-	-	-	-	-	-	-	-	-	-	175
	-	-	-	-	-	-	-	-	-	-	-	759
	-	-	-	-	-	-	-	-	-	-	-	32,705
	-	-	-	-	-	-	-	-	-	-	-	1,108
	-	-	-	-	-	-	-	-	-	-	-	(2,720)
	-	-	-	-	-	-	-	-	-	-	-	346,135
	-	-	-	-	-	-	-	-	-	-	-	3,147
	-	-	-	-	-	-	-	-	-	-	-	6,029
	-	-	-	-	-	-	-	-	-	-	-	26,344
	-	-	-	-	-	-	-	-	-	-	-	6,927
	-	-	-	-	-	-	-	-	-	-	-	1,800
	-	-	-	-	-	-	-	-	-	-	-	1,184
	-	-	-	-	-	-	-	-	-	-	-	3,172
	-	-	-	-	-	-	-	-	-	-	-	4,222
	-	-	-	-	-	-	-	-	-	-	-	175
	-	-	-	-	-	-	-	-	-	-	-	538,791
Total Administrative and General Expenses	94,903	-	3,191	-	-	-	-	398,851	4,658	1,923	-	503,526
												538,791
Total Expenses	501,388	261,898	3,191	1,073,120	311,605	8,324	31,950	398,851	265,082	1,923	-	2,857,332
												3,019,127
Increase (Decrease) in Net Assets	602	-	-	-	-	-	(2,499)	(351)	(23)	2,566	5,862	17,136
Net Assets, Beginning of Year	-	-	-	-	-	-	-	-	-	-	173,906	174,088
Transfers	(602)	-	-	-	-	-	2,499	351	23	(2,566)	295	-
Net Assets, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,063	\$ 191,224

See independent auditors' report on supplemental information

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
SCHEDULE OF TITLE III-B SUBGRANTEE EXPENSES
SUPPORTIVE SERVICES

	Year Ended September, 30	
	<u>2013</u>	<u>2012</u>
Access:		
Centro Las Americas	\$ 25,306	\$ 25,306
Edward M. Kennedy Community Health Center	3,195	5,000
Leominster Spanish American Center	29,757	29,692
MAB Community Services - Medical Transportation	<u>2,934</u>	<u>2,922</u>
Total Access	<u>61,192</u>	<u>62,920</u>
In-Home Services:		
Central Mass Housing Alliance - Home Repair	54,400	54,400
Elder Services of Worcester Area, Inc. - Crisis Intervention	23,140	23,140
Elder Services of Worcester Area, Inc. - Financial Management	8,706	8,706
Montachusett Home Care - Crisis Intervention	19,192	23,480
Montachusett Home Care - Financial Management	9,202	10,002
Montachusett Opportunity Council - Home Repair	24,433	24,433
Tri-Valley Elder Services Inc. - Crisis Intervention	26,000	26,000
Tri-Valley Elder Services Inc. - Financial Management	<u>9,978</u>	<u>9,978</u>
Total In-House Services	<u>175,051</u>	<u>180,139</u>
Legal Services:		
Jewish Family Services - Guardianship Program	48,660	48,660
Legal Assistance Corporation	<u>115,000</u>	<u>115,000</u>
Total Legal Services	<u>163,660</u>	<u>163,660</u>
Senior Centers and Other Programs:		
N.E. Homes for the Deaf	<u>6,582</u>	<u>6,582</u>
Total Title III-B - Subgrantee Expense	<u>\$ 406,485</u>	<u>\$ 413,301</u>

See independent auditors' report on supplemental information

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
Schedule of Revenues by Program
For the Year Ended September 30, 2013
With Comparative Totals for 2012

	Supportive Services	Ombudsman Services	S.H.I.N.E. Program	Nutrition Program	N.S.I.P.	Medication Management	Disease Prevention	Admin. Support Planning	Caregiver Support	Fundraising	Corporate	Total all Funds	
												2013	2012
Federal Grants - Exec. Office of Elders Affairs:													
Title III - A	\$ -	\$ -	263 \$	-	\$ -	\$ -	\$ -	312,352 \$	-	\$ -	\$ -	312,615	\$ 319,692
Title III - B	501,990	261,898	2,928	-	-	-	-	69,803	-	-	-	836,619	873,139
Title III - C	-	-	-	1,073,120	-	-	-	-	-	-	-	1,073,120	1,088,628
Title III - D	-	-	-	-	8,324	29,451	-	-	-	-	-	37,775	41,430
Title III - E	-	-	-	-	-	-	-	-	264,827	-	-	264,827	282,680
N.S.I.P.	-	-	-	-	311,605	-	-	-	-	-	-	311,605	389,705
Foundations	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	3,647	232	4,489	-	8,368	8,550
Interest earned	-	-	-	-	-	-	-	207	-	-	-	207	324
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-	12,491	-	-	-	12,491	15,030
Realized (loss) gain on investments	-	-	-	-	-	-	-	-	-	-	734	734	14,110
Unrealized (loss) gain on investments	-	-	-	-	-	-	-	-	-	-	2,053	2,053	973
Investment income	-	-	-	-	-	-	-	-	-	-	3,075	3,075	2,002
Total Revenue Available	501,990	261,898	3,191	1,073,120	311,605	8,324	29,451	398,500	265,059	4,489	5,862	2,863,489	3,036,263
Net assets released from restrictions Satisfied by Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 501,990	\$ 261,898	\$ 3,191	\$ 1,073,120	\$ 311,605	\$ 8,324	\$ 29,451	\$ 398,500	\$ 265,059	\$ 4,489	\$ 5,862	\$ 2,863,489	\$ 3,036,263

See independent auditors' report on supplemental information

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Type Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services: Pass-Through - Commonwealth of Massachusetts, Executive Office of Elder Affairs				
Nutrition Services Incentive Program	A*	93.053	CT ELD 0366 FFY09cenmastitl3nsip	\$ 311,605
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	A*	93.044	CT ELD 0366 FFY09cenmastitl3nsip	884,408
Special Programs for the Aging Title III, Part C - Nutrition Services	A*	93.045	CT ELD 0366 FFY09cenmastitl3nsip	<u>1,073,120</u>
Aging Cluster Total				<u>2,269,133</u>
National Family Caregiver Support Program Title III, Part E	B	93.052	CT ELD 0366 FFY09cenmastitl3nsip	265,059
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	B	93.043	CT ELD 0366 FFY09cenmastitl3nsip	40,274
Special Programs for the Aging Title VII Ch. 2 - Long-Term Care Ombudsman Services for Older Individuals	B	93.042	CT ELD 0366 FFY09cenmastitl3nsip	<u>261,898</u>
Total Expenditures of Federal Awards \$				<u><u>2,836,364</u></u>

* Denotes Major Program

See independent auditors' report and attached notes to schedule of federal awards

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

A. Basis of Preparation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Central Massachusetts Agency on Aging, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Subrecipients:

Central Massachusetts Agency on Aging, Inc. provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Special Programs for the Aging Title VII Ch. 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042	\$ 261,898
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	406,485
Special Programs for the Aging Title III, Part C - Nutrition Services	93.045	1,073,120
Special Programs for the Aging Title III, Part D - Disease Prevention and Health Promotion Services	93.043	40,274
National Family Caregiver Support Program Title III Part E	93.052	260,424
Nutrition Services Incentive Program	93.053	<u>311,605</u>
		<u>\$ 2,353,806</u>

Bruce D. Norling, CPA, P.C.

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 of
Central Massachusetts Agency on Aging, Inc.
West Boylston, Massachusetts

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 Central Massachusetts Agency on Aging, Inc. (CMAA) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CMAA'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 CMAA's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CMAA'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 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.

Bruce D. Norling, CPA, P.C.

January 23, 2014

Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Central Massachusetts Agency on Aging, Inc.
West Boylston, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Central Massachusetts Agency on Aging, Inc.'s (CMAA) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CMAA's major federal programs for the year ended September 30, 2013. CMAA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CMAA'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 CMAA'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 CMAA's compliance.

Opinion on Each Major Federal Program

In our opinion, CMAA 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, 2013.

Report on Internal Control Over Compliance

Management of CMAA 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 CMAA'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 OMB Circular A-133, 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 CMAA'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bruce D. Norling, CPA, P.C.

January 23, 2014

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2013**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Central Massachusetts Agency on Aging, Inc. ("CMAA").
2. No instances of noncompliance material to the basic financial statements of CMAA were disclosed during the audit.
3. The auditors' report on compliance for the major federal award programs for CMAA expresses an unqualified opinion.
4. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
5. The programs tested as major programs were:
U.S. Department of Health and Human Services
Aging Cluster:
Special Programs for Aging Title III, Part B – Grants for Supportive Services and Senior Centers (CFDA #93.044)
Special Programs for Aging Title III, Part C – Nutrition Services (CFDA #93.045)
Nutrition Services Incentive Program (CFDA #93.053)
6. The threshold for distinguishing Types A and B programs was \$300,000. Type A programs are those that exceed \$300,000.
7. CMAA was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT – NONE

C. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS – NONE

CENTRAL MASSACHUSETTS AGENCY ON AGING, INC.

**Summary of Prior Audit Findings
Year Ended September 30, 2013**

None