

**COUNCIL ON AGING OF WEST FLORIDA, INC.**

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**COUNCIL ON AGING OF WEST FLORIDA, INC.**

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Council on Aging of West Florida, Inc.  
Pensacola, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the Council on Aging of West Florida, Inc., (the "Council") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the Council as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of functional expenses is presented for purposes of additional analysis, and is not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and as required by Chapter 10.650, Rules of the Auditor General, are presented for purposes of additional analysis and also are not required parts 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 May 15, 2019, on our consideration of the Council’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 Council’s internal control over financial reporting and compliance.



Pensacola, Florida  
May 15, 2019

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

**ASSETS**

	2018	2017
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 895,065	\$ 943,530
Investments	725,349	754,082
Grants, contracts and local support receivable	553,923	513,628
Prepaid expenses	2,262	75
Total current assets	2,176,599	2,211,315
 <b>Property and Equipment</b>	 841,288	 867,056
 <b>Other Assets</b>	 5,048	 5,048
 <b>Total Assets</b>	 \$ 3,022,935	 \$ 3,083,419

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Current portion of long-term debt	\$ 19,063	\$ 18,270
Current portion of amount due to grantor agency	20,000	-
Accounts payable	537,413	468,771
Accrued expenses	124,717	115,436
Refundable advances	15,708	178
Deposits	15,253	15,193
Total current liabilities	732,154	617,848
 <b>Other Liabilities:</b>		
Long-term debt, less current portion	438,197	456,058
Amount due to grantor agency, less current portion	30,000	-
Total other liabilities	468,197	456,058
 <b>Total Liabilities</b>	 1,200,351	 1,073,906
 <b>Commitments and Contingencies</b>	 --	 --
 <b>Net Assets Without Donor Restrictions</b>	 1,822,584	 2,009,513
 <b>Total Liabilities and Net Assets</b>	 \$ 3,022,935	 \$ 3,083,419

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>Public Support, Gains, and Revenue:</b>		
Public support:		
Grants	\$ 4,084,850	\$ 3,848,276
Contracts	595,753	625,885
Local support	195,567	278,694
In-kind	236,720	225,697
Total public support	5,112,890	4,978,552
 Gains and Revenue:		
Project income	270,028	231,157
Contributions and fundraising	301,524	212,403
Special events, less costs of direct benefits to donors of \$15,771 and \$21,193 in 2018 and 2017, respectively	187,869	133,908
Net investment return	(45,296)	97,266
Miscellaneous income	4,788	10,966
Total gains and revenue	718,913	685,700
 Total public support, gains, and revenue	5,831,803	5,664,252
 <b>Expenses:</b>		
Direct program services:		
Non-DOEA programs	978,886	988,052
Community service programs	2,031,682	2,038,021
Social services programs	494,828	451,873
Home service programs	1,988,401	1,758,324
Total direct program services	5,493,797	5,236,270
 Support services:		
Management and general	266,504	220,546
Fundraising	258,431	246,485
Total support services	524,935	467,031
 Total expenses	6,018,732	5,703,301
 <b>Change in Net Assets</b>	(186,929)	(39,049)
 <b>Net Assets:</b>		
Beginning of year	2,009,513	2,048,562
End of year	\$ 1,822,584	\$ 2,009,513

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	Direct Program Services				Total Program Expenses	Support Services		2018 Total Expenses
	Non- DOEA Programs	Community Service Programs	Social Services Programs	Home Service Programs		Management and General	Fundraising	
Wages	\$ 128,735	\$ 494,446	\$ 171,031	\$ 25,338	\$ 819,550	\$ 505,044	\$ 58,950	\$ 1,383,544
Employee leasing and benefits	45,663	132,442	62,627	3,838	244,570	172,308	15,681	432,559
Travel	7,948	18,556	6,976	451	33,931	4,298	2,496	40,725
Education and training	763	2,449	624	519	4,355	1,679	1,488	7,522
Communications/postage	6,955	23,415	8,293	2,340	41,003	30,950	9,367	81,320
Utilities	2,918	20,974	3,007	1,115	28,014	10,356	1,618	39,988
Printing/supplies	2,764	6,485	2,284	408	11,941	6,085	5,656	23,682
Advertising	183	2,810	179	63	3,235	463	2,158	5,856
Insurance and licenses	3,129	11,022	3,775	994	18,920	17,929	1,671	38,520
Maintenance and repair	2,421	22,293	156	21	24,891	31,652	30	56,573
Building costs	2,106	16,175	2,132	792	21,205	10,351	1,149	32,705
Purchased equipment	2,652	7,207	2,782	989	13,630	9,115	1,373	24,118
Professional, legal and accounting	2,242	12,292	482	701	15,717	32,726	261	48,704
Volunteer expenses	398,977	2,090	81	1,227	402,375	-	149	402,524
Sub-contractors	52,586	875,318	-	1,863,409	2,791,313	-	-	2,791,313
Program supplies	3,097	16,470	-	535	20,102	9	-	20,111
Depreciation	-	-	-	-	-	94,570	-	94,570
Interest expense	-	-	-	-	-	20,442	-	20,442
In-kind expenses	37,506	20,399	76,817	-	134,722	63,698	38,300	236,720
Other expenses	66,492	28,804	59,148	2,015	156,459	48,179	32,598	237,236
<b>Totals</b>	<b>767,137</b>	<b>1,713,647</b>	<b>400,394</b>	<b>1,904,755</b>	<b>4,785,933</b>	<b>1,059,854</b>	<b>172,945</b>	<b>6,018,732</b>
<b>Allocation of Management and General Expenses</b>	<b>202,056</b>	<b>293,118</b>	<b>84,441</b>	<b>79,917</b>	<b>659,532</b>	<b>(739,610)</b>	<b>80,078</b>	<b>-</b>
<b>Allocation of Facilities and Maintenance Expenses</b>	<b>9,693</b>	<b>24,917</b>	<b>9,993</b>	<b>3,729</b>	<b>48,332</b>	<b>(53,740)</b>	<b>5,408</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 978,886</b>	<b>\$ 2,031,682</b>	<b>\$ 494,828</b>	<b>\$ 1,988,401</b>	<b>\$ 5,493,797</b>	<b>\$ 266,504</b>	<b>\$ 258,431</b>	<b>\$ 6,018,732</b>

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	Direct Program Services				Total Program Expenses	Support Services		2017 Total Expenses
	Non- DOEA Programs	Community Service Programs	Social Services Programs	Home Service Programs		Management and General	Fundraising	
Wages	\$ 126,744	\$ 482,193	\$ 158,911	\$ 22,835	\$ 790,683	\$ 487,772	\$ 56,392	\$ 1,334,847
Employee leasing and benefits	41,546	133,136	57,790	3,190	235,662	158,595	15,428	409,685
Travel	6,466	21,703	7,183	281	35,633	5,859	2,455	43,947
Education and training	1,426	1,543	742	35	3,746	1,768	1,592	7,106
Communications/postage	8,829	25,732	9,245	2,961	46,767	19,781	7,664	74,212
Utilities	3,032	20,117	3,126	1,160	27,435	10,768	1,682	39,885
Printing/supplies	3,895	4,365	1,980	685	10,925	6,353	4,298	21,576
Advertising	478	699	198	68	1,443	1,844	508	3,795
Insurance and licenses	6,695	11,724	3,857	2,607	24,883	10,141	2,695	37,719
Maintenance and repair	1,160	12,015	67	51	13,293	29,023	47	42,363
Building costs	2,070	15,769	2,012	794	20,645	9,118	1,109	30,872
Purchased equipment	5,789	8,362	2,792	2,405	19,348	1,565	2,018	22,931
Professional, legal and accounting	1,784	4,833	496	690	7,803	26,146	415	34,364
Volunteer expenses	469,423	2,183	167	1,773	473,546	-	25	473,571
Sub-contractors	55,935	932,004	-	1,630,183	2,618,122	-	-	2,618,122
Program supplies	3,145	13,715	1,539	-	18,399	14	-	18,413
Depreciation	-	-	-	-	-	82,274	-	82,274
Interest expense	-	-	-	-	-	21,611	-	21,611
In-kind expenses	38,556	6,723	82,089	-	127,368	51,195	47,134	225,697
Other expenses	4,394	45,847	26,654	5,437	82,332	51,629	26,350	160,311
<b>Totals</b>	<b>781,367</b>	<b>1,742,663</b>	<b>358,848</b>	<b>1,675,155</b>	<b>4,558,033</b>	<b>975,456</b>	<b>169,812</b>	<b>5,703,301</b>
<b>Allocation of Management and General Expenses</b>	<b>199,164</b>	<b>276,023</b>	<b>85,271</b>	<b>80,276</b>	<b>640,734</b>	<b>(713,209)</b>	<b>72,475</b>	<b>-</b>
<b>Allocation of Facilities and Maintenance Expenses</b>	<b>7,521</b>	<b>19,335</b>	<b>7,754</b>	<b>2,893</b>	<b>37,503</b>	<b>(41,701)</b>	<b>4,198</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 988,052</b>	<b>\$ 2,038,021</b>	<b>\$ 451,873</b>	<b>\$ 1,758,324</b>	<b>\$ 5,236,270</b>	<b>\$ 220,546</b>	<b>\$ 246,485</b>	<b>\$ 5,703,301</b>

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (186,929)	\$ (39,049)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities -		
Depreciation	94,570	82,274
Amortization	712	594
Donated assets	(25,255)	(39,029)
Loss on disposition of property and equipment	-	12,207
Unrealized (gain) loss on investments	118,715	(58,403)
Changes in -		
Grants, contracts and local support receivable	(40,295)	(16,734)
Prepaid expenses	(2,187)	1,921
Accounts payable	68,642	15,547
Accrued expenses	9,281	(3,794)
Refundable advances	15,530	(7,325)
Deposits	60	(120)
Amount due to grantor agency	50,000	-
Net cash provided by (used in) operating activities	102,844	(51,911)
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sales and maturities of investments	175,181	39,029
Purchase of investments	(239,908)	(134,469)
Purchase of property and equipment	(68,802)	(109,575)
Net cash used in investing activities	(133,529)	(205,015)
<b>Cash Flows From Financing Activities:</b>		
Principal payments on long-term debt	(17,780)	(11,543)
<b>Net Change in Cash and Cash Equivalents</b>	(48,465)	(268,469)
<b>Cash and Cash Equivalents at Beginning of Year</b>	943,530	1,211,999
<b>Cash and Cash Equivalents at End of Year</b>	\$ 895,065	\$ 943,530
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest paid	\$ 20,442	\$ 21,611
<b>Supplemental Disclosure of Non-Cash Investing Activities:</b>		
Donated assets	\$ 25,255	\$ 39,029

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Purpose:*

The Council on Aging of West Florida, Inc., (the “Council”) was incorporated as a Florida not-for-profit corporation in 1972. The Corporation has no paid-in capital or shareholders and the affairs are conducted by the Board of Directors as elected by the general membership of the corporation.

The Council’s primary purpose is to assist, encourage and promote the well-being of aging individuals in Escambia County and Santa Rosa County. The Council is funded by grants and contracts with the Northwest Florida Area Agency on Aging, Inc., the State of Florida, Department of Elder Affairs (“DOEA”), Department of Children and Families, the Corporation for National Community Service, the United Way of Escambia County, and Santa Rosa County. The Council also receives local financial support from Escambia County, church groups, civic clubs, program participants, foundations and individuals.

*Basis of Presentation:*

The accompanying financial statements of the Council, which are presented on the accrual basis of accounting, have been prepared to focus on the Council as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Federal, state and local amounts received by the Council in advance of the incurrence of allowable costs or performance of services are recorded as refundable advances until such allowable costs are incurred or services are rendered.

Contributions are recognized when a donor makes an unconditional promise to give to the Council. Contributions that are restricted by a donor are reported as increases in net assets with donor restrictions. When a time restriction expires or a purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Net assets without donor restrictions represent resources generated from operations, donations without donor restrictions, and lapse of time or purpose restrictions and are not subject to donor-imposed stipulations.

*Use of Estimates:*

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and Cash Equivalents:*

Cash and cash equivalents include all highly-liquid investments purchased with an original maturity of ninety days or less.

*Investments:*

Authorized investments consist of mutual funds carried at fair value based on quoted market prices and certificates of deposit carried at cost. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

*Grants, Contracts and Local Support Receivable:*

Grants, contracts and local support receivable are stated at the amount management expects to collect from outstanding balances. When necessary, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

*Property and Equipment:*

Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated market value on the date of contribution. Expenditures which equal or exceed \$1,000 that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred.

Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

Buildings and improvements	10 - 30 years
Furniture, fixtures and equipment	5 - 10 years
Vehicles	5 years

*Debt Issuance Costs:*

Debt issuance costs are presented as a reduction of the carrying amount of debt and are amortized over the term of the debt using the straight-line method. Amortization of debt issuance costs are reported as interest expense in the statements of activities and changes in net assets.

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Public Support:*

Public support revenue from local governments and government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered. Such revenue is subject to audit by the grantor, and if the examination results in a deficiency of allowable expenses, the Council will be required to refund any deficiencies.

*Income Taxes:*

The Council is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

*Advertising Costs:*

Advertising costs are expensed when incurred.

*In-Kind Support:*

The Council records various types of in-kind support. Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if the services were not provided by donation. Contributions of tangible assets are recognized at fair market value when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor and are treated as in-kind support for purposes of meeting state matching requirements. The amounts reported in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

*General and Administration Expense Allocation:*

Management and general expenses are allocated to various programs based on each program's percentage of direct salaries and wages to total direct salaries and wages.

*Facilities Repair and Maintenance Expense Allocation:*

Facilities repair and maintenance expenses are allocated to various programs based on each program's percentage of square footage occupied to total square footage of the facility.

**COUNCIL ON AGING OF WEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*New Accounting Pronouncement:*

During 2018, the Council implemented Accounting Standards Update (“ASU”) 2016-14, *Not-For-Profit Entities-Presentation of Financial Statement of Not-for-Profit Entities (Topic 958)*. ASU 2016-14 requires not-for-profit entities to present on the statement of financial position amounts for two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) rather than the three classes previously required. ASU 2016-14 has been applied retrospectively. The adoption of this standard did not materially impact the Council’s financial position, results of operations or cash flows.

*Subsequent Events:*

Management has evaluated subsequent events through May 15, 2019, which is the date the financial statements were available to be issued.

**NOTE 2 - INVESTMENTS**

Investments held at December 31, 2018 and 2017 are listed below:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
December 31, 2018				
Mutual funds	\$ 650,940	\$ -	\$ (55,591)	\$ 595,349
Certificates of deposit	130,000	-	-	130,000
Total	<u>\$ 780,940</u>	<u>\$ -</u>	<u>\$ (55,591)</u>	<u>\$ 725,349</u>
December 31, 2017				
Mutual funds	\$ 590,958	\$ 63,124	\$ -	\$ 654,082
Certificates of deposit	100,000	-	-	100,000
Total	<u>\$ 690,958</u>	<u>\$ 63,124</u>	<u>\$ -</u>	<u>\$ 754,082</u>

All mutual funds have been in an unrealized loss position for less than twelve months at December 31, 2018.

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 2 - INVESTMENTS (Continued)**

Investment return for the years ended December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Interest and dividends	\$ 73,419	\$ 38,863
Unrealized (gain) loss	(118,715)	58,403
Net investment return	\$ (45,296)	\$ 97,266

**NOTE 3 - FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset.

ASC 820 defines fair value 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 on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

The following table presents the assets carried at fair value as of December 31, 2018 and 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2018				
Mutual funds	<u>\$ 595,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,349</u>
December 31, 2017				
Mutual funds	<u>\$ 654,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,082</u>

Following is a description of the valuation methodologies used for financial instruments measured at fair value:

Mutual funds - Assets are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

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 Council 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.

**NOTE 4 - GRANTS, CONTRACTS AND LOCAL SUPPORT RECEIVABLE**

Grants, contracts and local support receivable consists of the following:

	<u>2018</u>	<u>2017</u>
Federal grants	\$ 356,038	\$ 267,503
State grants	39,085	98,323
Contracts	138,809	127,417
Local support	3,840	7,451
Other	<u>16,151</u>	<u>12,934</u>
Total	<u>\$ 553,923</u>	<u>\$ 513,628</u>

**COUNCIL ON AGING OF WEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 47,197	\$ 47,197
Buildings and improvements	1,497,207	1,430,053
Vehicles	92,076	92,076
Equipment - general	21,110	21,110
Equipment - computers	61,868	61,868
Furniture and fixtures	67,371	67,371
	<u>1,786,829</u>	<u>1,719,675</u>
Accumulated depreciation	<u>(945,541)</u>	<u>(852,619)</u>
 Total	 <u>\$ 841,288</u>	 <u>\$ 867,056</u>

Depreciation expense was \$94,570 and \$82,274 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 6 - LINE OF CREDIT**

The Council has a line of credit with varying credit limits available with a financial institution which has no stated expiration date, carries an agreed interest rate of 1% over the financial institution's prime rate, and is secured by deposits held at the financial institution. There were no outstanding borrowings under the line of credit as of December 31, 2018 and 2017.

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 7 - LONG-TERM DEBT**

Long-term debt consists of the following:

	2018	2017
Note payable to bank, due in monthly installments, including interest at 4.25%, through August 2026, secured by property and building	\$ 463,077	\$ 480,857
Less unamortized debt issuance costs	5,817	6,529
Long-term debt, less unamortized debt issuance costs	457,260	474,328
Less current portion	19,063	18,270
	\$ 438,197	\$ 456,058

Interest expense for the years ended December 31, 2018 and 2017 was \$20,442 and \$21,611, respectively.

Scheduled maturities on long-term debt are as follows:

2019	\$ 19,063
2020	19,889
2021	20,751
2022	21,649
2023	22,587
Thereafter	359,138
	\$ 463,077

**NOTE 8 - AMOUNT DUE TO GRANTOR AGENCY**

A program review by the Corporation for National and Community Services (“CNCS”) found disallowed costs totaling \$60,000 for the Foster Grandparent program. The Council entered into a promissory note with CNCS and agreed to repay the amount in twelve quarterly installments of \$5,000 starting in July 2018 and ending in April 2021.

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 9 - SIMPLIFIED EMPLOYEE PENSION PLAN**

The Council has established a Simplified Employee Pension Plan (“SEP”) covering all employees who have been employed for a specific length of continuous service. Effective January 1, 2016, the Council increased the contribution of the employee’s salary from 7% to 8%. The Council’s contributions to the SEP for the years ended December 31, 2018 and 2017 were \$93,867 and \$90,345, respectively.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

*Operating Leases:*

The Council leases office equipment under an operating lease expiring in December 2020. Future minimum lease payments under the operating lease at December 31, 2018, are as follows:

2019	\$ 8,603
2020	<u>8,603</u>
	<u>\$ 17,206</u>

Rental expense for the years ended December 31, 2018 and 2017 was \$9,684 and \$9,823, respectively.

*Dependency on Government Support:*

The Council’s services are funded primarily with grants from the United States Department of Health and Human Services and the State of Florida passed through the DOEA and the Northwest Florida Area Agency on Aging. A reduction in the level of future support from these agencies could have a substantial effect on the Council’s programs and activities. As of December 31, 2018, management is unaware of any such reduction in future support.

*Depository Risk:*

The Council maintains cash balances with a financial institution and a brokerage firm. Demand deposit accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to certain limits. At December 31, 2018, the Council had \$605,101 held by the financial institution and brokerage firm in excess of insured limits.

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 11 - LIQUIDITY**

The Council's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 895,065
Grants, contracts and local support receivable	553,923
Investments appropriate for current use	<u>725,349</u>
	<u>\$ 2,174,337</u>

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Council has a line of credit with varying credit limits which it could draw upon. Available credit under the line of credit totaled \$522,177 at December 31, 2018.

## **SUPPLEMENTARY INFORMATION**

**COUNCIL ON AGING OF WEST FLORIDA, INC.  
COMBINING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	Non-DOEA Programs					Total
	Foster Grandparents	Senior Companions	Senior Companions- Relief	Private Pay Home Delivered Meals	Private Pay Adult Day Health Care	
Wages	\$ 41,066	\$ 48,053	\$ 9,345	\$ 8,282	\$ 21,989	\$ 128,735
Employee leasing and benefits	12,489	20,100	3,078	2,196	7,800	45,663
Travel	4,182	3,143	257	169	197	7,948
Education and training	346	193	-	14	210	763
Communications/postage	3,132	1,940	276	469	1,138	6,955
Utilities	603	402	111	31	1,771	2,918
Printing/supplies	1,355	900	99	37	373	2,764
Advertising	42	32	11	11	87	183
Insurance and licenses	825	674	169	103	1,358	3,129
Maintenance and repair	11	111	2	13	2,284	2,421
Building costs	428	285	79	18	1,296	2,106
Purchased equipment	551	362	94	15	1,630	2,652
Professional, legal and accounting	97	65	18	2	2,060	2,242
Volunteer expenses	217,527	153,663	27,710	-	77	398,977
Sub-contractors	26,921	17,325	-	1,584	6,756	52,586
Program supplies	69	67	-	-	2,961	3,097
In-kind expenses	27,144	10,362	-	-	-	37,506
Other expenses	39,371	26,191	36	14	880	66,492
<b>Totals</b>	<b>376,159</b>	<b>283,868</b>	<b>41,285</b>	<b>12,958</b>	<b>52,867</b>	<b>767,137</b>
<b>Allocation of Management and General Expenses</b>	<b>104,003</b>	<b>70,594</b>	<b>11,775</b>	<b>4,070</b>	<b>11,614</b>	<b>202,056</b>
<b>Allocation of Facilities and Maintenance Expenses</b>	<b>2,015</b>	<b>1,343</b>	<b>371</b>	<b>44</b>	<b>5,920</b>	<b>9,693</b>
<b>Total Expenses</b>	<b>\$ 482,177</b>	<b>\$ 355,805</b>	<b>\$ 53,431</b>	<b>\$ 17,072</b>	<b>\$ 70,401</b>	<b>\$ 978,886</b>
<b>Total Units</b>	<b>-</b>	<b>-</b>	<b>6,602</b>	<b>3,800</b>	<b>2,693</b>	

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

	Community Service Programs							Total
	Congregate Meals	Home Delivered Meals	Nutrition Education	Outreach	Recreation	Transportation	Adult Daycare/ Adult Day Healthcare/ Facility-Based Respite	
Wages	\$ 156,607	\$ 62,897	\$ 7,446	\$ 5,167	\$ 34,083	\$ 27,137	\$ 201,109	\$ 494,446
Employee leasing and benefits	42,796	16,090	1,389	1,144	7,037	6,374	57,612	132,442
Travel	7,898	6,678	160	83	2,610	256	871	18,556
Education and training	484	558	12	-	251	53	1,091	2,449
Communications/postage	11,531	3,950	49	30	845	1,242	5,768	23,415
Utilities	13,568	860	19	82	112	56	6,277	20,974
Printing/supplies	3,684	858	13	-	79	38	1,813	6,485
Advertising	1,037	1,199	-	-	32	32	510	2,810
Insurance and licenses	2,344	1,149	93	101	387	404	6,544	11,022
Maintenance and repair	10,915	260	7	2	28	1	11,080	22,293
Building costs	10,817	533	12	58	71	39	4,645	16,175
Purchased equipment	481	562	12	70	80	55	5,947	7,207
Professional, legal and accounting	2,494	85	2	13	12	9	9,677	12,292
Volunteer expenses	81	1,602	-	-	17	16	374	2,090
Sub-contractors	352,173	428,502	-	-	-	-	94,643	875,318
Program supplies	1,868	-	-	-	146	-	14,456	16,470
In-kind expenses	14,892	-	-	-	5,507	-	-	20,399
Other expenses	4,093	664	9	-	1,143	17,272	5,623	28,804
<b>Totals</b>	<b>637,763</b>	<b>526,447</b>	<b>9,223</b>	<b>6,750</b>	<b>52,440</b>	<b>52,984</b>	<b>428,040</b>	<b>1,713,647</b>
<b>Allocation of Management and General Expenses</b>	<b>98,365</b>	<b>36,796</b>	<b>3,151</b>	<b>5,105</b>	<b>14,262</b>	<b>17,635</b>	<b>117,804</b>	<b>293,118</b>
<b>Allocation of Facilities and Maintenance Expenses</b>	<b>1,423</b>	<b>1,758</b>	<b>35</b>	<b>274</b>	<b>256</b>	<b>186</b>	<b>20,985</b>	<b>24,917</b>
<b>Total Expenses</b>	<b>\$ 737,551</b>	<b>\$ 565,001</b>	<b>\$ 12,409</b>	<b>\$ 12,129</b>	<b>\$ 66,958</b>	<b>\$ 70,805</b>	<b>\$ 566,829</b>	<b>\$ 2,031,682</b>
<b>Total Units</b>	<b>82,612</b>	<b>114,418</b>	<b>5,140</b>	<b>204</b>	<b>15,286</b>	<b>4,562</b>	<b>52,364</b>	

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

	Social Services Programs						Total
	Case Aid	Case Management	Screening and Assessment	Screening	Caregiver Support Group	Emergency Aide	
Wages	\$ 4,354	\$ 99,613	\$ 52,206	\$ 14,858	\$ -	\$ -	\$ 171,031
Employee leasing and benefits	1,215	40,334	18,596	2,482	-	-	62,627
Travel	21	3,685	2,523	747	-	-	6,976
Education and training	6	549	55	14	-	-	624
Communications/postage	56	6,624	1,476	86	51	-	8,293
Utilities	32	2,677	267	31	-	-	3,007
Printing/supplies	21	2,052	186	19	6	-	2,284
Advertising	-	116	63	-	-	-	179
Insurance and licenses	85	2,777	743	157	13	-	3,775
Maintenance and repair	1	129	13	13	-	-	156
Building costs	23	1,901	190	18	-	-	2,132
Purchased equipment	29	2,490	248	15	-	-	2,782
Professional, legal and accounting	5	432	43	2	-	-	482
Volunteer expenses	1	73	7	-	-	-	81
In-kind expenses	-	-	-	-	-	76,817	76,817
Other expenses	7	670	67	9	867	57,528	59,148
<b>Totals</b>	<b>5,856</b>	<b>164,122</b>	<b>76,683</b>	<b>18,451</b>	<b>937</b>	<b>134,345</b>	<b>400,394</b>
<b>Allocation of Management and General Expenses</b>	<b>2,257</b>	<b>51,104</b>	<b>24,717</b>	<b>5,387</b>	<b>976</b>	<b>-</b>	<b>84,441</b>
<b>Allocation of Facilities and Maintenance Expenses</b>	<b>106</b>	<b>8,951</b>	<b>892</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>9,993</b>
<b>Total Expenses</b>	<b>\$ 8,219</b>	<b>\$ 224,177</b>	<b>\$ 102,292</b>	<b>\$ 23,882</b>	<b>\$ 1,913</b>	<b>\$ 134,345</b>	<b>\$ 494,828</b>
<b>Total Units</b>	<b>4</b>	<b>3,283</b>	<b>320</b>	<b>878</b>	<b>51</b>	<b>-</b>	<b>-</b>

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

	Home Service Programs						
	Companionship	Emergency Alert Response	Frozen Home Delivered Meals	Homemaker	Material Aide	In-Home Respite	Volunteer
Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,338
Employee leasing and benefits	-	-	-	-	-	-	3,838
Travel	-	-	-	-	-	-	451
Education and training	-	-	-	-	-	-	519
Communications/postage	11	-	-	16	1	18	2,271
Utilities	-	-	-	-	-	-	1,115
Printing/supplies	-	-	-	-	-	-	408
Advertising	-	-	-	-	-	-	63
Insurance and licenses	-	-	-	-	-	-	994
Maintenance and repair	-	-	-	-	-	-	21
Building costs	-	-	-	-	-	-	792
Purchased equipment	-	-	-	-	-	-	989
Professional, legal and accounting	-	-	-	-	-	-	180
Volunteer expenses	-	-	-	-	-	-	1,227
Sub-contractors	406,039	8,198	41,780	365,184	-	696,944	-
Program supplies	-	-	-	-	-	-	535
In-kind expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	958	-	347
<b>Totals</b>	<b>406,050</b>	<b>8,198</b>	<b>41,780</b>	<b>365,200</b>	<b>959</b>	<b>696,962</b>	<b>39,088</b>
<b>Allocation of Management and General Expenses</b>	<b>10,961</b>	<b>-</b>	<b>-</b>	<b>11,684</b>	<b>732</b>	<b>23,882</b>	<b>11,145</b>
<b>Allocation of Facilities and Maintenance Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,729</b>
<b>Total Expenses</b>	<b>\$ 417,011</b>	<b>\$ 8,198</b>	<b>\$ 41,780</b>	<b>\$ 376,884</b>	<b>\$ 1,691</b>	<b>\$ 720,844</b>	<b>\$ 53,962</b>
<b>Total Units</b>	<b>25,699</b>	<b>8,718</b>	<b>-</b>	<b>23,713</b>	<b>13</b>	<b>42,771</b>	<b>-</b>

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

	Home Service Programs					Total Direct Program Services	
	Vendor Pest Control	Vendor Chore	Personal Care	Equipment	Other		Total
Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,338	\$ 819,550
Employee leasing and benefits	-	-	-	-	-	3,838	244,570
Travel	-	-	-	-	-	451	33,931
Education and training	-	-	-	-	-	519	4,355
Communications/postage	-	-	6	17	-	2,340	41,003
Utilities	-	-	-	-	-	1,115	28,014
Printing/supplies	-	-	-	-	-	408	11,941
Advertising	-	-	-	-	-	63	3,235
Insurance and licenses	-	-	-	-	-	994	18,920
Maintenance and repair	-	-	-	-	-	21	24,891
Building costs	-	-	-	-	-	792	21,205
Purchased equipment	-	-	-	-	-	989	13,630
Professional, legal and accounting	-	-	-	-	521	701	15,717
Volunteer expenses	-	-	-	-	-	1,227	402,375
Sub-contractors	-	2,503	178,277	164,458	26	1,863,409	2,791,313
Program supplies	-	-	-	-	-	535	20,102
In-kind expenses	-	-	-	-	-	-	134,722
Other expenses	650	-	-	-	60	2,015	156,459
<b>Totals</b>	<b>650</b>	<b>2,503</b>	<b>178,283</b>	<b>164,475</b>	<b>607</b>	<b>1,904,755</b>	<b>4,785,933</b>
<b>Allocation of Management and General Expenses</b>	<b>-</b>	<b>-</b>	<b>5,061</b>	<b>16,452</b>	<b>-</b>	<b>79,917</b>	<b>659,532</b>
<b>Allocation of Facilities and Maintenance Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,729</b>	<b>48,332</b>
<b>Total Expenses</b>	<b>\$ 650</b>	<b>\$ 2,503</b>	<b>\$ 183,344</b>	<b>\$ 180,927</b>	<b>\$ 607</b>	<b>\$ 1,988,401</b>	<b>\$ 5,493,797</b>
<b>Total Units</b>	<b>17</b>	<b>145</b>	<b>10,175</b>	<b>2,249</b>			

**OTHER REPORTS AND SCHEDULES**

**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**

Board of Directors  
Council on Aging of West Florida, Inc.  
Pensacola, Florida

We have audited, 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, the financial statements of the Council on Aging of West Florida, Inc. (the "Council") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council'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 the Council's internal control. Accordingly, we do not express an opinion on the effectiveness the Council'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council'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 the 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 the Council'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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida  
May 15, 2019

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Board of Directors  
Council on Aging of West Florida, Inc.  
Pensacola, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the Council on Aging of West Florida, Inc.’s (the “Council”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Executive Office of the Governor’s State Project Compliance Supplement* that could have a direct and material effect on each of the Council’s major federal programs and state projects for the year ended December 31, 2018. The Council’s major federal programs and state projects 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 and state projects.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Council’s major federal programs and state projects 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General 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 or state project occurred. An audit includes examining, on a test basis, evidence about the Council’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 and state project. However, our audit does not provide a legal determination of the Council’s compliance.

## Opinion on Each Major Federal Program and State Project

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2018.

## Report on Internal Control Over Compliance

Management of the Council 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 the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project 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 state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, 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 the Council'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 or state project 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 or state project 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 or state project 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 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Pensacola, Florida  
May 15, 2019

**COUNCIL ON AGING OF WEST FLORIDA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Contract / Grant Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
Passed through State of Florida Department of Elder Affairs:			
Child and Adult Care Food Program	10.558	Y6003	\$ 9,012
Senior Farmers Market Nutrition Program	10.576	XQ664	14,960
			<u>23,972</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through City of Pensacola:			
Community Development Block Grant	14.218	N/A	68,519
Passed through Escambia County:			
Community Development Block Grant	14.218	N/A	47,000
			<u>115,519</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through State of Florida Department of Elder Affairs/ Passed through Northwest Florida Area Agency on Aging:			
Aging Cluster:			
Special Programs for the Aging:			
Title III-Part B, Grants for Supportive Services and Senior Centers	93.044	AA018-E	465,644
Title III-Part C, Nutrition Services	93.045	AA018-E	821,476
Nutrition Services Incentive Program	93.053	AA018-E	92,557
Total Aging Cluster			<u>1,379,677</u>
National Family Caregiver Support	93.052	AA018-E	<u>222,106</u>
<b><u>Corporation for National and Community Service</u></b>			
Foster Grandparents/Senior Companion Cluster:			
Foster Grandparent Program	94.011	15SFSFL002	308,700
Senior Companion Program	94.016	15SCSFL001	214,322
Total Foster Grandparents/Senior Companion Cluster			<u>523,022</u>
Total Federal Awards			<u>\$ 2,264,296</u>

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

**COUNCIL ON AGING OF WEST FLORIDA, INC.  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2018**

<u>State Grantor/Pass-through Grantor/Project Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<b><u>State Grants and Aids Appropriations</u></b>			
Passed through State of Florida Department of Elder Affairs/ Passed through Northwest Florida Area Agency on Aging: Tobacco Settlement Trust Funds:			
Community Care for the Elderly	65.010	AC017-E/AC018-E	\$ 1,068,928
Alzheimer's Respite Services	65.004	AZ017-E/AZ018-E	484,364
Relief	65.006	AR017-E/AR018-E	59,418
			<u>1,612,710</u>
<b><u>State Grants and Aids Appropriations</u></b>			
Passed through State of Florida Department of Elder Affairs/ Passed through Northwest Florida Area Agency on Aging: General Revenues:			
Home Care for the Elderly - Case Management	65.001	AH017-E/AH018-E	19,799
Home Care for the Elderly - Subsidies	65.001	AH017-E/AH018-E	188,045
			<u>207,844</u>
Total State Financial Assistance			<u>\$ 1,820,554</u>

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

**COUNCIL ON AGING OF WEST FLORIDA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the Council on Aging of West Florida, Inc.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Council on Aging of West Florida, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs and state projects are reported in the Independent Auditor's Report on Compliance for Each Major Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for major federal award programs and state projects for the Council on Aging of West Florida, Inc. expresses an unmodified opinion.
6. There are no audit findings relative to the major federal programs and state projects for the Council on Aging of West Florida, Inc. which are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance and Chapter 10.656, Rules of the Auditor General.
7. The programs/projects tested as major were:

**Federal Programs**

Aging Cluster: Special Programs for the Aging

Title III Part B - Grants for Supportive Services and Senior Centers (CFDA No. 93.044).

Title III Part C - Nutrition Services (CFDA No. 93.045).

Nutrition Services Incentive Program (CFDA No. 93.053).

**State Projects**

Community Care for the Elderly (CSFA No. 65.010).

Alzheimer's Respite Services (CSFA No. 65.004).

8. The threshold for distinguishing Type A and B programs was \$750,000 for major federal programs and \$300,000 for major state projects.
9. Council on Aging of West Florida, Inc. was determined to be a low-risk auditee pursuant to the Uniform Guidance.

**COUNCIL ON AGING OF WEST FLORIDA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS**

None

**D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS**

None

In accordance with Rules of the Auditor General, Section 10.656(3)(e), no management letter is required because there were no findings required to be reported in the management letter.

**COUNCIL ON AGING OF WEST FLORIDA, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2018**

There were no prior audit findings.

In accordance with Rules of the Auditor General 10.656(3)(d)5, no summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.