# NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.

## FINANCIAL STATEMENTS

## JUNE 30, 2021

**NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.**
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JAMESMOORE

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
North Florida Office of Public Guardian, Inc.:

## Report on the Financial Statements

We have audited the accompanying financial statements of North Florida Office of Public Guardian, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 North Florida Office of Public Guardian, Inc. as of June 30, 2021, 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 Schedule of State Financial Assistance as required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, 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 Schedule of State Financial Assistance 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 March 14, 2022 on our consideration of North Florida Office of Public Guardian, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 North Florida Office of Public Guardian, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
March 14, 2022

**NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.**
**STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2021**

## ASSETS

| | |
|---|---|
| **Current assets** | |
| Cash and cash equivalents | $ 284,416 |
| Grant, contract, and other receivables | 122,033 |
| Beneficial interest in endowment | 12,363 |
| Prepaid expenses and other assets | 36,761 |
| Restricted cash and cash equivalents - ward trust funds | 1,179,339 |
| Prepaid expenses and other assets - ward trust funds | 495,561 |
| Total current assets | 2,130,473 |
| **Property and equipment,** net of accumulated depreciation | 49,790 |
| **Prepaid expenses and other assets - long term** | 25,000 |
| **Total Assets** | $ 2,205,263 |

## LIABILITIES AND NET ASSETS

| | |
|---|---|
| **Current liabilities** | |
| Accounts payable and accrued expenses | $ 62,641 |
| Ward trust funds | 1,674,900 |
| Total current liabilities | 1,737,541 |
| **Total Liabilities** | 1,737,541 |
| **Net assets** | |
| Without donor restrictions | 467,722 |
| **Total Liabilities and Net Assets** | $ 2,205,263 |

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

**NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | Without Donor Restrictions |
|---|---|
| **Support and revenues** | |
| Grants and contracts | $ 1,464,399 |
| Contributions | 47,055 |
| Interest | 56 |
| Loan forgiveness | 128,602 |
| Guardian service fees | 52,334 |
| Other | 17,285 |
| In-kind | 7,000 |
| Total support and revenues | 1,716,731 |
| **Expenses** | |
| Program services | 1,373,651 |
| Administrative services | 65,914 |
| Total expenses | 1,439,565 |
| **Increase in net assets** | 277,166 |
| **Net assets,** beginning of year | 190,556 |
| **Net assets,** end of year | $ 467,722 |

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

**NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.**
**STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | Public Guardian Assistance | Administrative Services | Total |
|---|---|---|---|
| Personnel | $ 1,094,339 | $ 48,685 | $ 1,143,024 |
| Travel | 11,769 | - | 11,769 |
| Communication and utilities | 20,602 | 2,289 | 22,891 |
| Printing and supplies | 13,846 | 1,539 | 15,385 |
| Repairs and maintenance | 2,860 | 318 | 3,178 |
| Professional fees | 30,962 | - | 30,962 |
| Rent | 83,503 | 2,185 | 85,688 |
| In-kind | 6,300 | 700 | 7,000 |
| Insurance | 5,863 | 652 | 6,515 |
| Depreciation | 4,830 | 537 | 5,367 |
| Meeting space and training | 17,704 | - | 17,704 |
| Information technology | 62,654 | 6,962 | 69,616 |
| Other | 7,605 | 845 | 8,450 |
| Dues and subscriptions | 10,814 | 1,202 | 12,016 |
| | $ 1,373,651 | $ 65,914 | $ 1,439,565 |

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

**NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | |
|---|---|
| **Cash flows from operating activities** | |
| Cash received from grantors and others | $ 1,537,748 |
| Cash paid to suppliers and employees | (1,502,957) |
| Interest income | 56 |
| Net cash provided by operating activities | 34,847 |
| **Cash flows from investing activities** | |
| Purchases of property and equipment | (45,438) |
| **Cash flows from financing activities** | |
| Net cash received in ward trust funds | 466,775 |
| **Increase in cash and cash equivalents** | 456,184 |
| **Cash and cash equivalents,** beginning of year | 1,007,571 |
| **Cash and cash equivalents**, end of year | $ 1,463,755 |
| **Shown on the Statement of Financial Position** | |
| Cash and cash equivalents | $ 284,416 |
| Restricted cash and cash equivalents - ward trust funds | 1,179,339 |
| Total cash and cash equivalents | $ 1,463,755 |
| **Reconciliation of increase in net assets to net cash provided by operating activities** | |
| Increase in net assets | $ 277,166 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 5,367 |
| Forgiveness of refundable advance - paycheck protection program | (128,602) |
| Increase in grant, contract, and other receivables | (43,325) |
| Increase in prepaid expenses and other assets | (50,887) |
| Increase in prepaid expenses and other assets - Wards | (86,295) |
| Increase in accounts payable and accrued expenses | 61,423 |
| Total adjustments | (242,319) |
| **Net cash provided by operating activities** | $ 34,847 |
| **Supplemental schedule of non-cash financing activities:** | |
| Forgiveness of Loan- Paycheck Protection Program | $ 128,602 |
| Prepaids included in accounts payable | $ 50,000 |

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

**NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.**
**NOTES TO FINANCIAL STATEMENTS**
**JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of North Florida Office of Public Guardian, Inc. (the "Organization"):

(a) **Organization and Purpose**—North Florida Office of Public Guardian, Inc. was incorporated on February 5, 2003 as a nonprofit organization located in Tallahassee, Florida. The Organization acts as a public guardian for individuals who have been determined by a court to be unable to manage their own affairs ("Wards"). The guardianship may be for the person, their property, or both. These services include case management, medical decision making, residential placement, financial management, information, referral, outreach, follow-up visits and providing links to other community services. Under Florida Statute, Section 744.3678 the Organization is required to file an annual accounting with the court for each of their Wards.

(b) **Property and Equipment**—Property and equipment with a value greater than $500 and an estimated useful life of at least one year is recorded at cost when purchased or at fair market value when contributed. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of $500 or more and an estimated useful life of at least one year. Depreciation is computed using the straight-line method over the 3 to 5 year estimated useful lives of the assets.

(c) **Income Taxes**—The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

(d) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand and amounts in demand deposits held with banks, and short-term investments with an original maturity date of ninety days or less.

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

(f) **Basis of Accounting**—The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Basis of Presentation**—The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions*—Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions*—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(h) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as *with donor restrictions*. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as *without donor restrictions*.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets.

(i) **Functional Allocation of Expenses**—The cost of providing the various services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on. Annually, the Organization uses payroll expense to calculate the allocation of indirect costs to each function.

(j) **Grant, Contract, and Other Receivables**—Grant, contract, and other receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with grantors and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Revenue Recognition**—The Organization receives all of its grant/contract revenue from state and local agencies. The Organization recognizes grant/contract revenue (up to the grant/contract ceiling) from its grants/contracts over a period which represents the service period for certain grants/contracts, or to the extent of expenses. Revenue recognition depends on the grant/contract.

(l) **Adoption of new accounting standard--** In May 2014, the FASB issued Accounting Standards Update 2014-09: Revenue from Contracts with Customers, to clarify the principles used to recognize revenue for all entities. The new standard was implemented by the Organization during the year ended June 30, 2021. The Organization has evaluated the effect of implementation of the new standard noting no material effect to the financial statements.

(m) **Recently issued Accounting Pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2021. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(2) **Significant Funding Source:**

The Organization receives 85% of its funding from the State of Florida, Department of Elder Affairs. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand Deposits**—The Organization maintains cash deposits with one financial institution. The Organization has no policy requiring collateral to support its cash deposits, although all demand deposits with financial institutions are insured up to FDIC limits. At times such deposits may be in excess of FDIC limits.

(b) **Grant, Contract, and Other Receivables**—The Organization's receivables are for amounts due under contracts with state and local agencies. The Organization has no policy requiring collateral or other security to support is receivables.

## (4) Property and Equipment:

The following is a summary of property and equipment at June 30, 2021:

| | |
|---|---|
| Computer equipment | $ 67,054 |
| Furniture | 36,033 |
| Leasehold improvements | 3,500 |
| Software | 7,500 |
| | 114,087 |
| Less: Accumulated depreciation | (64,297) |
| Total | $ 49,790 |

## (5) Contingencies:

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

(b) COVID-19 Pandemic—During the year ended June 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of March 14, 2022, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

## (6) Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor restrictions or internal board designations limiting their use, within one year of the statement of financial position date, comprise the following:

| | |
|---|---|
| Cash and cash equivalents | $ 284,416 |
| Grants, contracts and other receivables | 122,033 |
| Financial assets available to meet cash needs for general expenditures | $ 406,449 |

(7) **Beneficial Interest in Endowment:**

During the year ended June 30, 2021, the Organization had a beneficial interest in an endowment held by The Community Foundation of North Florida, Inc. (the "Foundation") for the purpose of helping to further and carry out the purpose of the Organization. As of June 30, 2021, the fair value of the Organization's endowment fund excluding third party contributions was $12,363.

Contractually, the Foundation retains legal ownership of principal amounts contributed. However, because the Organization names itself as the beneficiary of such contributions, even though the variance power is explicitly stated in the gift instrument to the Foundation, the principal balances and any earnings or losses there on are reported as "Beneficial interest in endowment" on the statement of financial position.

The Fund is subject to the variance power described in Treasury Reg. Sec.1.170A-9(e)(11)(v)(B)(1) of the Internal Revenue Code of 1986, as amended from time to time. The Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the Foundation's Board of Directors (without the necessity of the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the North Florida community and other areas served by the Organization.

(8) **Fair Value Measurements:**

The Fair Value Measurements and Disclosures Topic of the FASB Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Codification requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Codification establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: 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; or other inputs that are observable or can be corroborated by observable market data.

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

(8) **Fair Value Measurements:** (Continued)

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Beneficial interest in assets held by Community Foundation of North Florida, Inc. (the "Foundation"). Assets held by the Foundation are invested in equities and mutual funds that have quoted prices in active markets. The Organization adjusts its interest in the assets held by the Foundation similar to the equity method of accounting, which results in the asset being carried at fair value. The interest in the assets held by the Foundation is measured using level 3 inputs within the fair value hierarchy. These assets totaled $12,363 as of June 30, 2021. The following is a roll forward of these level 3 assets at June 30, 2021:

| | Endowment Fund |
|---|---|
| **Balance,** June 30, 2020 | $ 12,363 |
| Unrealized gain | - |
| **Balance,** June 30, 2021 | $ 12,363 |

(9) **Operating Lease:**

The Organization leases office space which expires in July of 2022.

Minimum future rental payments under the operating leases having remaining terms in excess of one year as of June 30, 2021, for each of the next five years and in the aggregate are:

| Year Ending June 30, | Amount |
|---|---|
| 2022 | $ 43,258 |
| 2023 | 1,050 |
| 2024 | - |
| 2025 | - |
| 2026 | - |
| Total | $ 44,308 |

For the year ended June 30, 2021, rental expense under the terms of these leases totaled $72,214.

(10) **Restricted Cash and Cash Equivalents and Prepaid Expenses and other Assets:**

Restricted cash, cash equivalents and prepaid expenses and other assets are held by the Organization on behalf of its Wards. The Organization tracks the cash and prepaid expense and other assets balances of each Ward and uses the funds to pay for each Wards' monthly expenses as needed. For the year ended June 30, 2021, the restricted cash and cash equivalents and prepaid expenses and other assets balances was as follows:

| | |
|---|---|
| Restricted cash and cash equivalents – ward trust funds | $ 1,179,339 |
| Prepaid expenses and other assets – ward trust funds | $ 495,561 |

(11) **Subsequent Events:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 14, 2022, the date which the financial statements were available to be issued.

(12) **Debt Extinguishment Income – Paycheck Protection Program:**

On May 5, 2020, the Organization received proceeds in the amount of $128,602 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides funding to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The proceeds are forgivable after eight weeks or twenty-four weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight- or twenty-four-week period.

The full amount of the loan plus accrued interest at a rate of 1% was forgiven in July 20, 2021, and the extinguishment of debt is shown separately in the Statement of Activities.

(13) **In-Kind Support:**

The Organization receives discounted services from their information technology vendor. For the year ended June 30, 2021, the total of these discounted services was $7,000.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**
**FOR THE YEAR ENDED JUNE 30, 2021**

| State Grantor/Pass Through Grantor/ Program Title | State CFSA Number | Contract Number | Expenditures |
|---|---|---|---|
| **STATE FINANCIAL ASSISTANCE** | | | |
| **State of Florida, Department of Elder Affairs** | | | |
| Public Guardianship | 65.003 | X9118 | $ 1,464,399 |
| **Total State Financial Assistance** | | | $ 1,464,399 |

The accompanying notes to Schedule of Expenditures of State Financial Assistance are an integral part of this schedule.

**NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.**
**NOTES TO SCHEDULE OF EXPENDITURES OF**
**STATE FINANCIAL ASSISTANCE**
**FOR THE YEAR ENDED JUNE 30, 2021**

## Note 1. Basis of Presentation

The accompanying schedule of expenditures of State financial assistance includes the state grant and contract activity of North Florida Office of Public Guardian, Inc. and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

## Note 2. Subrecipients:

For the year ended June 30, 2021, there were no amounts passed through to subrecipients.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors,
North Florida Office of Public Guardian, Inc.:

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 North Florida Office of Public Guardian, Inc. (the "Organization") which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost as items 2021-001 and 2021-002 that we consider to be material weaknesses.

**Compliance and Other Matters**

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

**North Florida Office of Public Guardian, Inc.'s Response to Finding**

North Florida Office of Public Guardian, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. North Florida Office of Public Guardian, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

James Moore & Co., P.L.

Tallahassee, Florida
March 14, 2022

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Board of Directors,
North Florida Office of Public Guardian, Inc.:

### Report on Compliance for Major State Project

We have audited North Florida Office of Public Guardian, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on North Florida Office of Public Guardian, Inc.'s major State project for the fiscal year ended June 30, 2021. North Florida Office of Public Guardian, Inc.'s major State project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for North Florida Office of Public Guardian, Inc.'s major State project 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 Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Those standards and Chapter 10.650, Rules of the State of Florida, Office 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 the major State project occurred. An audit includes examining, on a test basis, evidence about North Florida Office of Public Guardian, Inc.'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 the major State project. However, our audit does not provide a legal determination of the Organization's compliance.

### Opinion on Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the State project for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major State project and to test and report on internal control over compliance in accordance with chapter 10.650 Rules of the State of Florida, Office of 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 Organization'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 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 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 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 Chapter 10.650, Rules of State of Florida, Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
March 14, 2022

**NORTH FLORIDA OFFICE OF PUBLIC GUARDIAN, INC.**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**FOR THE YEAR ENDED JUNE 30, 2021**

I. **Summary of Auditors' Results:**

*Financial Statements*

| | | |
|---|---|---|
| Type of auditors' report issued: | *Unmodified* | |
| Internal control over financial reporting: | | |
| • Material weakness(es) identified? | X yes | no |
| • Significant deficiency(ies) identified? | yes | X none reported |
| Noncompliance material to financial Statements noted? | yes | X no |

*State Financial Assistance*

| | | |
|---|---|---|
| Internal control over major projects: | | |
| • Material weakness(es) identified? | yes | X no |
| • Significant deficiency(ies) identified? | yes | X none reported |
| Type of auditors' report issued on compliance for major State projects: | *Unmodified* | |
| Any audit findings disclosed that are required to be reported related to State financial assistance projects? | yes | X no |

Identification of major State projects:

| State Project | State CSFA Number |
|---|---|
| Public Guardianship | 65.003 |

Dollar threshold used to distinguish between type A and type B State projects: $300,000

II. **Financial Statement Finding:**

**2020-001: Material Adjustments**

**Criteria:** 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 ("GAAP").

**Condition:** Adjustments were required to be made to the accounting records to be in accordance with GAAP. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

**Cause:** Audit procedures resulted in auditors proposing material adjustments.

**Effect:** Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected.

**Recommendation:** We recommend that the process for identifying accounting transactions be reviewed and updated.

**2021-002: Reconciliation of Ward Assets balances to the general ledger**

**Criteria:** Ward assets activities were not reconciled quarterly to the general ledger accounting system.

**Condition:** As a result of our audit procedures, we noted that the activities in the Ward's Able savings accounts were not reconciled to the general ledger for the fourth quarter of the fiscal year.

**Cause:** Unknown

**Effect:** Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected.

**Recommendation:** We recommend that management implement a process for reconciling the ward general ledgers to the underlying accounting records on a quarterly basis.

III. **State Financial Assistance Findings and Questioned Costs:** None reported

IV. **State Financial Assistance Summary Schedule of Prior Year Findings:**

**Finding 2020-001: Preparation of Financial Statements in Accordance with GAAP/Adjustments**

Status: Preparation of Financial Statements – Resolved

Status: Material Adjustments - Unresolved

V. **Management letter in Accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General:** None to report.

Management's Audit Response and Corrective Plan

1. **2020-001: Material Adjustments**

North Florida Office of Public Guardian, Inc., (OPG) retained an outside CPA to review its accounting records and prepare its financial statements prior to submission to the auditors. OPG took note of the two adjustments made by the auditor and has already implemented a change in the way we categorize expenditures. OPG will ensure that the CPA who prepares our future financial statements is also aware and will follow the adjustments made by the auditor.

2. **Reconciliation of Ward Assets balances to the general ledger**

The Able account statements are sent to OPG quarterly. OPG reconciles the Able accounts when the account statements are received. Interest earned and transactions made during the last quarter of the fiscal year were not reconciled to the Able account statement prior to fiscal year end because the account statements were not received prior to fiscal year end. In the future, OPG will reconcile to the online account history prior to fiscal year end.