

**Walton County Citizens Advisory  
Council on Aging, Inc.**

**Financial Statements**

**For The Years Ended  
December 31, 2012 and 2011**

**Walton County Citizens Advisory Council on Aging, Inc.**  
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**December 31, 2012**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Walton County Citizens Advisory Council on Aging, Inc.  
DeFuniak Springs, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Walton County Citizens Advisory Council on Aging, Inc. (a nonprofit organization) (the "Agency"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets 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 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 the Agency as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and by the Auditor General of the State of Florida 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 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 September 25, 2013 on our consideration of the Agency'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 the 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 Agency's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

September 25, 2013

**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**

Board of Directors  
Walton County Citizens Advisory Council on Aging, Inc.  
DeFuniak Springs, Florida

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 the Walton County Citizens Advisory Council on Aging, Inc. (a nonprofit organization) (the "Agency"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness the Agency'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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We considered the deficiencies described in the accompanying schedule of findings and questioned costs, as items 12-01 and 12-02 to be material weaknesses in internal control over financial reporting.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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 statements 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*.

### **The Agency's Response to Findings**

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

September 25, 2013

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

Board of Directors  
Walton County Citizens Advisory Council on Aging, Inc.  
DeFuniak Springs, Florida

### **Report on Compliance for Each Major Federal Program**

We have audited Walton County Citizens Advisory Council on Aging, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2012. The Agency's major federal program 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 the compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, 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 occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## **Report on Internal Control Over Compliance**

Management of the Agency 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 Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 Agency's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

September 25, 2013



# Walton County Citizens Advisory Council on Aging, Inc.

## Statements of Financial Position

<i>December 31,</i>	<b>2012</b>	2011
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 24,382	\$ 11,495
Certificate of deposit	47,798	43,035
Receivables - grants	198,937	188,149
Prepaid insurance	4,683	3,359
Total current assets	275,800	246,038
Property and equipment, net	120,277	127,413
Total assets	\$ 396,077	\$ 373,451
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 102,047	\$ 130,192
Deferred support	41,129	27,530
Total current liabilities	143,176	157,722
Other liabilities		
Accrued compensated absences	12,336	12,336
Total liabilities	155,512	170,058
Net assets		
Unrestricted		
Designated by the Board for payroll expenses	47,798	43,035
Undesignated	81,608	46,158
Unrestricted net assets	129,406	89,193
Permanently restricted	111,159	114,200
Total net assets	240,565	203,393
Total liabilities and net assets	\$ 396,077	\$ 373,451

See accompanying notes to financial statements.

# Walton County Citizens Advisory Council on Aging, Inc.

## Statements of Activities and Changes in Net Assets

Years ended December 31,	2012	2011
<b>Unrestricted Net Assets</b>		
Support and revenue		
Grants	\$ 1,314,986	\$ 708,823
Program revenue	34,501	28,914
Donations	15,735	13,801
In-kind contributions	93,773	4,860
Investment income	148	277
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Increase in unrestricted net assets	1,459,143	756,675
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Expenses		
Program services		
Community care for the elderly	540,960	245,974
Assistance for older Americans:		
Title III-B	144,431	41,143
Title III-C	182,198	108,505
Title III-C (2)	134,358	77,070
Title III-E	101,880	22,037
Home care for the elderly	14,567	13,059
Home and community based services	142,240	143,265
Alzheimer's disease initiative	111,455	31,087
Supporting services administration	46,841	43,187
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Decrease in unrestricted net assets	1,418,930	725,327
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<b>Net Increase in Unrestricted Net Assets</b>	<b>40,213</b>	<b>31,348</b>
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<b>Permanently Restricted Net Assets</b>		
Depreciation	(3,041)	(3,041)
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<b>Net Increase in Net Assets</b>	<b>37,172</b>	<b>28,307</b>
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<b>Net Assets, Beginning of year</b>	<b>203,393</b>	<b>175,086</b>
<hr/>		
<b>Net Assets, End of year</b>	<b>\$ 240,565</b>	<b>\$ 203,393</b>
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See accompanying notes to financial statements.

# Walton County Citizens Advisory Council on Aging, Inc.

## Statements of Cash Flows

<i>Years ended December 31,</i>	<b>2012</b>	<b>2011</b>
<b>Operating Activities</b>		
Net increase in net assets	\$ 37,172	\$ 28,307
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	7,136	7,638
Decrease (increase) in operating assets:		
Receivables - grants	(10,788)	(113,767)
Other assets	(1,324)	(3,359)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(28,145)	84,018
Deferred support	13,599	9,843
Accrued compensated absences	-	(1,221)
Net cash provided by operating activities	<b>17,650</b>	11,459
<b>Investing Activities</b>		
Purchase of certificate of deposit	(4,763)	(274)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>12,887</b>	11,185
<b>Cash and Cash Equivalents, Beginning</b>	<b>11,495</b>	310
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 24,382</b>	\$ 11,495

See accompanying notes to financial statements.

# Walton County Citizens Advisory Council on Aging, Inc.

## Notes To Financial Statements

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Organization and Purpose***

Walton County Citizens Advisory Council on Aging, Inc. (the “Agency”) was incorporated in 1967 to assist the elderly of Walton and Okaloosa Counties in remaining independent with dignity in their own homes. To accomplish this objective, the Council provides congregate meals, personal care, home delivered meals, home repair, and respite care.

#### ***Basis of Reporting***

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements of the Agency are prepared using the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of the Agency's funds are included on the Statement of Financial Position. The Statement of Activities presents increases (e.g., revenues and support) and decreases (e.g., expenses) in the net total assets. Generally grant revenues are earned, becoming unrestricted, as qualified expenses are made and performance occurs.

The Agency reports deferred revenue, if applicable, on its Statement of Financial Position. Deferred revenues arise when grant revenue is received by the Agency before it has a legal claim to them. In subsequent periods, when revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Financial Position and revenue is recognized.

#### ***Financial Statement Presentation***

The Agency's financial statements are presented in accordance with FASB ASC 958-205, Presentation of Financial Statements. Under FASB ASC 958-205, the Agency is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as defined below:

**Unrestricted** – These are net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted** – These are net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Agency, and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Agency had no temporarily restricted net assets as of September 30, 2012 and 2011.

**Permanently Restricted** – These are net assets that are required to be maintained in perpetuity with only the income to be used for the Agency's activities due to donor-imposed restrictions. The Agency had permanently restricted net assets as of September 30, 2012 and 2011, \$111,159 and \$114,200, respectively

In addition, the Agency is also required by FASB ASC 958-205 to present a statement of cash flows.-10-

# Walton County Citizens Advisory Council on Aging, Inc.

## Notes To Financial Statements

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Tax Exempt Status***

The Agency has been granted an exemption from income taxes under Internal Revenue Code Section 501(c) (3) as a non-profit corporation.

The Agency utilizes the provisions of FASB ASC Topic 740 Income Taxes which requires, among other things, the Agency to assess uncertain tax positions and the likelihood that such positions will be upheld by applicable taxing authorities. For the purposes of taxation, the Agency is considered an exempt entity and management has determined that the Agency's tax status is not in jeopardy at December 31, 2012. As such, a provision for income taxes has not been provided. The Agency believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open tax years (after 2009 for federal and state) based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter.

The Agency has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

#### ***Cash and Cash Equivalents***

For purposes of the statements of cash flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### ***Grants Receivable***

Grants receivable at December 31, 2012 were due solely from the Agency's grantors and were deemed to be fully collectable. Accordingly, no allowance for doubtful accounts is required.

#### ***Property and Depreciation***

Expenditures for consumable supplies and equipment purchases are charged directly into program operations. The Agency follows the practice of capitalizing all expenditures for land, buildings, and equipment in excess of \$1,000 at cost; or, if donated, at fair market value at the date of acquisition. Depreciation is computed based on the estimated useful life on a straight-line basis.

#### ***Recognition of Grantor/Donor Restrictions***

Support that is restricted by the grantor/donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other grantor/donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets.

Permanently restricted net assets consist of land and buildings where title to these assets rests with the Agency and the grantor/donor holds a reversionary interest. The only restriction on these assets is that they be used to benefit the program that purchased the assets or received the donation.

# Walton County Citizens Advisory Council on Aging, Inc.

## Notes To Financial Statements

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Economic Dependency-Grants***

All grants received are renewable on an annual basis and the Agency is dependent on these grants for continued activity.

#### ***Revenue Recognition***

The Agency receives two types of grants. Revenue recognition differs depending on the type of grant.

The first types of grants are the cost-reimbursement grants. Under these grants, the Agency is reimbursed for costs incurred to fulfill the terms of the grant up to an amount specified. Revenues for cost-reimbursement grants are recognized when allowable expenditures have been incurred.

The second types of grants are performance-based grants. Under these grants, the Agency is paid fixed amounts for completing units of service, which are specified in the grants. The amount of compensation is limited to a specified amount. Revenues for performance-based grants are recognized when the units of service have been rendered and billed to the grantor.

#### ***Subsequent Events***

The Agency has evaluated subsequent events through the date of issuance of these financial statements and has determined that no events occurring subsequent to year end warranted disclosure.

#### ***Management Estimates and Assumptions***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Advertising Costs***

Advertising costs are expensed as incurred. Amounts are not considered material to the financial statements.

#### ***Concentration of Credit Risk***

The Agency maintains cash balances in demand deposits and certificates of deposits. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2012, the Agency did not have any uninsured balances.

# Walton County Citizens Advisory Council on Aging, Inc.

## Notes To Financial Statements

### NOTE 2 – DESIGNATED NET ASSETS

Amounts held in certificates of deposit have been designated by the Board to cover future payroll expenses.

### NOTE 3 – RECEIVABLES - GRANTS

The Agency has grants receivable of \$198,937 and \$188,149 at December 31, 2012 and 2011, respectively, for contract services performed.

### NOTE 4 – DEFERRED SUPPORT

Deferred support of \$41,129 and \$27,530 at December 31, 2012 and 2011, respectively, consisted of advance payments received from the Northwest Florida Area Agency on Aging for services yet to be performed.

### NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

<i>December 31,</i>	<b>2012</b>	2011
Office furniture and equipment	\$ 93,746	\$ 93,746
Building	<b>185,233</b>	185,233
Total cost	<b>278,979</b>	278,979
Less accumulated depreciation	<b>158,702</b>	151,566
<b>Property and equipment, net</b>	<b>\$ 120,277</b>	\$ 127,413

Depreciation expense was for the years ended December 31, 2012 and 2011 totaled \$7,136 and \$7,638, respectively.

### NOTE 6 – MATCHING REQUIREMENTS

Certain grants require that the Agency provide non-federal matching funds to assist in funding operations of the related programs. These funds may be provided in the form of cash or donated facilities and services obtained through non-federal grants and contributions.

# Walton County Citizens Advisory Council on Aging, Inc.

## Notes To Financial Statements

### NOTE 6 – MATCHING REQUIREMENTS (Continued)

Qualified match by program for the years ended December 31, 2012 and 2011, was as follows:

	Title III, Part C(2)	Community Care For The Elderly	Title III, Part C(1)	Title III, Part E	Title III, Part B
2012	\$ 13,621	\$ 53,024	\$ 16,500	\$ 8,553	\$ 14,636
2011	\$ 7,558	\$ 18,527	\$ 11,899	\$ 2,898	\$ 6,171

The cash match and in-kind is included in grant revenue on the statements of activities and changes in net assets.

Facilities are donated to the Agency by various individuals and organizations. Donated facilities were recorded at fair value at the date of donation, and have been included in revenue and expenses for the year. In-kind space donations for the Title III, Part C (1) grant for each of the years ended December 31, 2012 and 2011 was \$15,500 and \$7,200, respectively.

Donated non-professional services reported to meet matching requirements of the Title III program have not been recognized in the statements of activities and changes in net assets. Non-professional services do not meet the criteria for in-kind recognition under FASB ASC 958, *Not-for-Profit Entities*. The value of those services is based on amount of time volunteered using reasonable rates. In-kind non-professional services reported for matching requirements for the Title III, Part C (1) and (2) grants for the year ended December 31, 2012 and December 31, 2011 were \$8,448 and \$4,649, respectively.

### NOTE 7 – COMPENSATED ABSENCES

The Agency's policy is to allow employees to accumulate up to 240 hours of annual leave, payable upon separation. The liability for accumulated annual leave at December 31, 2012 and 2011 was \$12,336 and \$12,336, respectively.

Accumulated sick leave is not payable upon termination and has not been accrued.

### NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN

The Agency has established a defined contribution pension plan, covering all eligible employees with at least two years of service. The Agency makes discretionary contributions to the Plan annually. Contributions are determined by the Board and can range from one to five percent of each eligible employee's salary. Contribution expense for the years ended December 31, 2012 and 2011 totaled \$2,814 and \$1,904, respectively.



# Walton County Citizens Advisory Council on Aging, Inc.

## Notes To Financial Statements

### NOTE 9 – GRANTS

Most of the grants received are renewable on an annual basis and the Agency is dependent on these grants for continued activity.

Grant revenues by funding source are as follows:

<i>For the years ended December 31,</i>	<b>2012</b>	2011
Federal	\$ 709,218	\$ 452,673
State	590,736	234,943
County	15,032	21,207
Total grant revenue	\$ 1,314,986	\$ 708,823

**SUPPLEMENTAL INFORMATION**

**Walton County Citizens Advisory Council on Aging, Inc.  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance  
For The Year Ended December 31, 2012**

Federal/State Grantor/Pass-Through Entity/Program Title	CFDA/ CSFA No.	Contract Number/Pass- Through Grantor's No.	Total Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed through Northwest Florida Area Agency on Aging, Inc.:			
Title III-B Support Services	93.044	AA012-W	\$ 146,358
Title III-C1 Congregate Meals	93.045	AA012-W	162,693
Title III-C2 Home Delivered Meals	93.045	AA012-W	136,210
Title III-E Services	93.052	AA012-W	85,529
Nutrition Services Incentive Program	93.053	AU012-W	25,979
Nutrition Services Incentive Program	93.053	AU013-W	6,523
<b>Total U.S. Department of Health and Human Services</b>			<b>563,292</b>
<b>Total expenditures of federal awards</b>			<b>\$ 563,292</b>
<b>Department of Elder Affairs</b>			
Passed through Northwest Florida Area Agency on Aging, Inc.:			
Home Care for the Elderly	65.001	AH011-W	\$ 4,822
Home Care for the Elderly	65.001	AH012-W	7,051
Alzheimer's Disease Initiative	65.004	AZ011-W	38,168
Alzheimer's Disease Initiative	65.004	AZ012-W	76,942
Community Care for the Elderly	65.010	AC011-W	218,320
Community Care for the Elderly	65.010	AC012-W	245,433
<b>Total Department of Elder Affairs</b>			<b>590,736</b>
<b>Total state financial assistance</b>			<b>\$ 590,736</b>

**Walton County Citizens Advisory Council on Aging, Inc.  
Notes To The Schedule of Expenditures of Federal Awards and  
State Financial Assistance**

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

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance for the Agency have been designed to conform to generally accepted accounting principles as applicable to non-profit organizations, including the reporting and compliance requirements contained in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and Chapter 10.650, Rules of the Auditor General.

***Reporting Entity***

The reporting entity consists of the Walton County Citizens Advisory Council on Aging, Inc. as detailed in Note 1 of the financial statements.

***Basis of Accounting***

The Schedule of Expenditures of Federal Awards and State Financial Assistance was prepared using the accrual basis of accounting.

**NOTE 2 – NON-CASH AWARDS**

The Agency did not have any non-cash awards during the fiscal year ended December 31, 2012.

**NOTE 3 – TOTAL EXPENDITURES**

The column headed "Total Expenditures" reports the expenditures of grant awards.

**Walton County Citizens Advisory Council on Aging, Inc.  
 Schedule of Findings and Questioned Costs  
 For The Year Ended December 31, 2012**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

**State Projects**

Internal control over major projects:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor’s report issued on compliance for major Federal programs: Unqualified

Type of auditor’s report issued on compliance for major State projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<b>CFDA/CSFA Number(s)</b>	<b>Name of Federal Program</b>
	<b><u>Federal Programs</u></b>
	Aging Cluster
93.044	Title III B
93.045	Title III C
93.053	Nutrition Services Incentive Program
	<b><u>State Projects</u></b>
65.010	Community Care for the Elderly

Dollar threshold used to distinguish between type A and type B programs/projects?	<b>Federal Programs</b> \$ 300,000	<b>State Programs</b> \$ 300,000
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Auditee qualified as low-risk auditee?  yes  no

**Walton County Citizens Advisory Council on Aging, Inc.  
Schedule of Findings and Questioned Costs (Continued)  
For The Year Ended December 31, 2012**

**Section II – Financial Statement Findings**

**12-01 Financial Statement Preparation**

**Condition** – The external auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with generally accepted accounting principles.

**Criteria** – Auditing Standards Board Statement No. 115 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience, background, and knowledge of Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

**Cause** – There is no Agency personnel with the experience, background and knowledge of Governmental Accounting and Financial Accounting Standards to prepare the financial statements internally including full note disclosures as required by those standards.

**Effect** – The finding could adversely affect the Agency's ability to internally prepare financial statements in accordance with generally accepted accounting principles.

**Recommendation** – We recommend Agency personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the financial statements.

**12-02 Accounting for Accruals**

**Condition** – The Agency maintains records on the cash basis of accounting and certain receivables, payables and grant accruals and deferrals are not properly recorded. These accruals were made as proposed during the course of the audit.

**Criteria** – Generally accepted accounting principles requires financial statements to be presented on the modified accrual basis.

**Cause** – Agency personnel lack the necessary experience, background and knowledge of accrual accounting to properly maintain its records and financial reporting on the accrual basis of accounting.

**Effect** – The finding could result in material misstatement of the financial statements.

**Recommendation** – The Agency should comply with the accrual basis of accounting.

**Section III – Federal Award Findings and Questioned Costs**

No such findings or questioned costs in the current year.

**Walton County Citizens Advisory Council on Aging, Inc.  
Schedule of Findings and Questioned Costs (Continued)  
For The Year Ended December 31, 2012**

**Section IV – Major State Projects Findings and Questioned Costs**

No such findings or questioned costs in the current year.

**Section V – Management Letter**

There were no such findings related to State Awards reported in the current year and, as such, no management letter was issued.

**Walton County Citizens Advisory Council on Aging, Inc.  
Summary Schedule of Prior Audit Findings for Federal Awards  
For The Year Ended December 31, 2012**

There were no such findings or questioned costs in the prior year and no corrective action plan was required.



**Walton County Citizens Advisory Council on Aging, Inc.  
Summary Schedule of Prior Audit Findings for State Awards  
For The Year Ended December 31, 2012**

There were no such findings or questioned costs in the prior year and no corrective action plan was required.