

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
Fernandina Beach, Florida

FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION

Years Ended December 31, 2014 and 2013

NASSAU COUNTY COUNCIL ON AGING, INC.

TABLE OF CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13
SUPPLEMENTAL INFORMATION:	
Schedule of Expenditures of Federal Awards and State Financial Assistance and Notes	14-15
Schedule of Expenses by Program Service	16-18
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19-20
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL	21-23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24-25
CORRECTIVE ACTION PLAN	26

**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

5150 Belfort Road, Bldg. 300  
JACKSONVILLE, FLORIDA 32256  
(904) 725-5832 FAX (904) 727-6835  
Email: office@knutzencpa.com

James V. Knutzen, C.P.A., M.B.A., Emeritus  
M. Todd Middlemas, C.P.A., M.B.A.  
Margaret R. Dodson, C.P.A.  
Barbara L. Towle, C.P.A.  
Christina E. Gibson, C.P.A.  
Michael J. Connelly, C.P.A.  
Greg A. Korn, C.P.A.

MEMBER OF  
AMERICAN AND FLORIDA  
INSTITUTES OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Nassau County Council on Aging, Inc.  
Fernandina Beach, Florida

***Report on the Financial Statements***

We have audited the accompanying financial statements of Nassau County Council on Aging, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities, 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.

***Auditors' 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 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 Nassau County Council on Aging, Inc. as of December 31, 2014 and 2013, 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 Matters***

***Other Information***

Our audits were 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*, by Section 215.97, Florida Statutes and Chapter 10.650; *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenses by Program Service is also 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 audits 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 26, 2015, on our consideration of Nassau County Council on Aging, 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 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 Nassau County Council on Aging, Inc.'s internal control over financial reporting and compliance.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
May 26, 2015

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 440,269	\$ 359,743
Investments (Notes 1 & 12)	-	25,655
Accounts receivable, grantors (Note 1)	203,528	130,815
Prepaid insurance	21,670	-
Pledges receivable - short term (Notes 1 & 3)	<u>198,432</u>	<u>64,591</u>
Total Current Assets	863,899	580,804
Pledges receivable, net of discounts of \$1,440 for 2014 and \$1,230 for 2013 (Notes 1 & 3)	72,037	121,745
Land (Notes 1, 2, & 4)	5,000	5,000
Buildings and improvements	1,287,036	1,272,027
Furniture, vehicles, and equipment	<u>1,588,798</u>	<u>1,568,316</u>
	2,880,834	2,845,343
Accumulated depreciation	<u>(1,904,450)</u>	<u>(1,696,195)</u>
Total Fixed Assets	<u>976,384</u>	<u>1,149,148</u>
Total Assets	<u>\$ 1,912,320</u>	<u>\$ 1,851,697</u>

LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES**

Refundable advances	\$ 14,171	\$ -
Accounts payable and accrued expense	109,020	153,180
Accrued payroll	<u>2,583</u>	<u>39,459</u>
Total Current Liabilities	<u>125,774</u>	<u>192,639</u>

Net Assets:

Unrestricted net assets	357,663	186,451
Unrestricted net assets property	976,384	1,149,148
Temporarily restricted net assets (Note 11)	<u>452,499</u>	<u>323,459</u>
Total Net Assets	<u>1,786,546</u>	<u>1,659,058</u>
Total Liabilities and Net Assets	<u>\$ 1,912,320</u>	<u>\$ 1,851,697</u>

See accompanying notes to financial statements.

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
PUBLIC SUPPORT AND REVENUE:		
Public Support:		
Contributions	\$ 171,744	\$ 134,309
United Way	55,370	75,498
Special events (net of direct costs of \$22,883 and \$7,875)	53,240	30,923
Total Public Support	<u>280,354</u>	<u>240,730</u>
Grants and Agreements with Governmental Agencies:		
State of Florida	718,652	545,670
Medicaid	126,736	279,192
USDA	13,021	13,583
Department of Transportation	666,353	549,598
Nassau County Commission	243,000	244,362
City of Fernandina Beach	5,000	5,000
Total Government Grants	<u>1,772,762</u>	<u>1,637,405</u>
Revenue:		
Program revenue	498,765	532,309
Other	25,736	10,962
Total Revenue	<u>524,501</u>	<u>543,271</u>
Total Unrestricted Public Support and Revenue	2,577,617	2,421,406
EXPENSES AND LOSSES:		
Program Services	2,366,387	2,268,846
Management and General	211,661	284,431
Fundraising	1,121	1,016
Total Expenses	<u>2,579,169</u>	<u>2,554,293</u>
DECREASE IN UNRESTRICTED NET ASSETS	<u>(1,552)</u>	<u>(132,887)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	125,350	778
Interest	3,690	277
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>129,040</u>	<u>1,055</u>
INCREASE (DECREASE) IN NET ASSETS	127,488	(131,832)
NET ASSETS, beginning of year as previously reported	1,659,058	1,839,557
PRIOR PERIOD ADJUSTMENT (Note 13)	<u>-</u>	<u>(48,667)</u>
NET ASSETS, beginning of year as restated	<u>1,659,058</u>	<u>1,790,890</u>
NET ASSETS, end of year	<u>\$ 1,786,546</u>	<u>\$ 1,659,058</u>

See accompanying notes to financial statements.

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

For The Years Ended December 31, 2014 and 2013

	2014				2013			
	Program Services - Care For The Elderly	Supporting Services - Management and General	Fundraising	Total	Program Services - Care For The Elderly	Supporting Services - Management and General	Fundraising	Total
Salaries	\$ 1,108,085	\$ 136,954	\$ -	\$ 1,245,039	\$ 1,075,383	\$ 132,912	\$ -	\$ 1,208,295
Employee benefits	79,574	9,835	-	89,409	108,164	28,752	-	136,916
Payroll taxes	98,140	12,130	-	110,270	101,228	12,511	-	113,739
	<u>1,285,799</u>	<u>158,919</u>	<u>-</u>	<u>1,444,718</u>	<u>1,284,775</u>	<u>174,175</u>	<u>-</u>	<u>1,458,950</u>
Professional fees	17,410	2,152	-	19,562	15,264	1,887	-	17,151
Office expenses	33,525	10,017	-	43,542	18,238	11,178	-	29,416
Communications/utilities	60,768	7,511	-	68,279	38,277	31,317	-	69,594
Travel	48,934	2,440	-	51,374	36,675	2,760	-	39,435
Transportation and vehicle expense	416,016	-	-	416,016	347,340	-	-	347,340
Repairs & maintenance	24,306	7,941	-	32,247	1,401	21,942	-	23,343
Food	100,053	2,057	-	102,110	125,850	15,554	-	141,404
Direct client service expense	69,650	-	-	69,650	36,185	-	-	36,185
Insurance	59,944	7,409	-	67,353	56,701	2,984	-	59,685
Other	52,139	2,803	1,121	56,063	50,355	9,066	1,016	60,437
	<u>2,168,545</u>	<u>201,248</u>	<u>1,121</u>	<u>2,370,914</u>	<u>2,011,061</u>	<u>270,863</u>	<u>1,016</u>	<u>2,282,940</u>
Total Expenses Before Depreciation								
Depreciation	197,842	10,413	-	208,255	257,785	13,568	-	271,353
Total Expenses	<u>\$ 2,366,387</u>	<u>\$ 211,661</u>	<u>\$ 1,121</u>	<u>\$ 2,579,169</u>	<u>\$ 2,268,846</u>	<u>\$ 284,431</u>	<u>\$ 1,016</u>	<u>\$ 2,554,293</u>

See accompanying notes to financial statements.

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)

STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 127,488	\$ (131,832)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	208,255	271,353
(Increase) decrease in due from grantors	(72,713)	80,630
Increase in prepaid expenses	(21,670)	-
(Increase) decrease in pledges receivable	(84,133)	14,881
Increase in advances	14,171	-
Decrease in accounts payable and accruals	<u>(81,036)</u>	<u>(84,004)</u>
Net Cash Provided By Operating Activities	90,362	151,028
Cash Flows from Investing Activities:		
Redemptions of investments	25,655	24,680
Purchases of vehicles, fixed assets	<u>(35,491)</u>	<u>(143,816)</u>
Net Cash Used By Investing Activities	<u>(9,836)</u>	<u>(119,136)</u>
Net Increase in Cash	80,526	31,892
Cash, Beginning of Year	<u>359,743</u>	<u>327,851</u>
Cash, End of Year	<u><u>\$ 440,269</u></u>	<u><u>\$ 359,743</u></u>
Supplementary Disclosure of Cash Flow Information:		
Interest Expense Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.



NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Nassau County Council on Aging, Inc. was incorporated in 1973 as a nonprofit service provider for the elderly of Nassau County, Florida. Services include congregate and home delivered meals, housekeeping, adult day care, education, and recreation. The Council maintains centers in Fernandina Beach and Hilliard. The Council has also been appointed the provider of social service transportation for Nassau County. State and federal support provides the majority of the funding for the Council.

Basis of Presentation

The financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958. Under this standard, the organization 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.

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Functional Allocation of Expenses

Expenditures in connection with program operations have been summarized on a functional basis in the statement of activities.

Investments

Investments consist of a short term investment grade mutual fund held in a brokerage account. The fair market value of the investment approximates the cost. At December 31, 2014 and 2013 investments totaled \$-0- and \$25,655, respectively. All investments are considered Level 1, meaning that unadjusted quoted prices for identical assets or liabilities are available in active markets.

Accounts Receivable

The Council considers accounts receivable to be fully collectable; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectable, they will be charged to operations when that determination is made.

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013  
-continued-

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost for purchased items. Donated items are recorded at fair market value at the date of gift. The governmental granting agency has a reversionary interest in property purchased with grant monies.

Pledges Receivable

Pledges consist of the capital campaign supporting the development of the new Eastside Center and all the pledges are expected to be collected within five years. A 1% discount rate was used for the net present value of the pledges. The Council considers the pledges to be fully collectable; accordingly, no allowance for doubtful pledges is maintained.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Income Taxes

The Council qualifies as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, is not a private foundation and has no unrelated business taxable income. Management evaluated the Organization's tax positions and concluded that the Organization had maintained its exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2013, 2012, and 2011 are subject to examination by the IRS for 3 years after they were filed.

Depreciation

The Council depreciates its buildings, furniture and equipment over the estimated useful life of each asset using the straight-line method. The estimated useful lives range from five to thirty years.

Use of Estimates

Preparation of the Council's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates, primarily related to collectability of receivables and depreciable lives of equipment. The nature of those estimates, however, is such that variances in actual results are generally immaterial.

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013  
-continued-

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the 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 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

2. LAND AND LEASE COMMITMENTS:

The land account is composed of the cost of the land owned by the Council for the Westside Center. The Fernandina Beach Center is on land leased for a nominal annual sum from the Nassau General Hospital Board of Trustees, now Baptist Medical Center. The new Eastside Transportation Building is on land owned by Nassau County subject to a ninety-nine year lease for a nominal annual sum.

3. PLEDGES RECEIVABLE:

Pledges receivable are composed of promises to give for the construction of a new Eastside Center. Pledges receivable at December 31, 2014 are as follows:

Amounts due in:	
Less than one year	\$ 198,432
One to five years	<u>73,477</u>
Total pledges receivable	<u>271,909</u>
Less: discount to net present value	<u>1,440</u>
Net pledges receivable	\$ <u>270,469</u>

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013  
-continued-

4. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	<u>Estimated Life – Years</u>	<u>2014</u>	<u>2013</u>
Land, Hilliard		\$ 5,000	\$ 5,000
Eastside Transportation Building		634,811	634,811
Fernandina Building and Improvements	30	382,572	382,572
Hilliard Building and Improvements	30	269,654	254,645
Furniture and Equipment	5-10	87,880	67,398
Vehicles	5	<u>1,500,917</u>	<u>1,500,917</u>
		2,880,834	2,845,343
Accumulated Depreciation		<u>( 1,904,450)</u>	<u>(1,696,195)</u>
		<u>\$ 976,384</u>	<u>\$ 1,149,148</u>

5. GRANTS FROM GOVERNMENTAL AGENCIES:

Funding for the following grants is provided by Northeast Florida Area Agency on Aging, Inc. d/b/a ElderSource as flow-through grants from the following sources:

Title III (Florida Department of Elder Affairs)  
Community Care For The Elderly (Florida Department of Elder Affairs)  
Emergency Home Energy Assistance (Florida Department of Elder Affairs)  
Alzheimer's Disease Initiative (Florida Department of Elder Affairs)  
Home Care for the Elderly (Florida Department of Elder Affairs)

6. MATCHING REQUIREMENTS:

The Council received a substantial portion of its support from federal and state governments through the Area Agency on Aging, Inc. d/b/a ElderSource and the Florida Department of Transportation. Some grants include a local matching requirement. The funds used for matching, the grants and the matching requirements for fiscal year ending December 31, 2014 are as follows:

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013  
-continued-

6. MATCHING REQUIREMENTS, continued:

<u>Source/Grant</u>	<u>Revenue Requiring Match</u>	<u>Match Required</u>
Area Agency on Aging, Inc. d/b/a ElderSource:		
Title III	\$ 275,364	\$ 27,307
Community Care for Elderly	263,076	27,360
Florida Department of Transportation	381,139	285,854
Transportation Disadvantaged	285,214	<u>31,374</u>
Total Matching Required		\$ 371,895
Sources of Matching Funds:		
United Way	55,370	
Nassau County Commission	243,000	
City of Fernandina	5,000	
Interest, farebox and miscellaneous Contributions	87,331	
	<u>171,744</u>	
Total Funds Available for Match		<u>562,445</u>
Excess Match		<u>\$ (190,550)</u>

7. RETIREMENT PLAN:

The Council has a Simplified Employee Pension (SEP) plan for employees. Employees working more than 32 hours a week and employed for more than three years are eligible. Contributions made to the plan are at the discretion of the Board of Directors and cannot exceed 15% of the employee's salary. The board elected to contribute 4% and 4% of eligible salaries for 2014 and 2013. Pension expense as of December 31, 2014 and 2013 was \$1,930 and \$1,874, respectively.

8. CONCENTRATION OF REVENUE:

Nassau County Council on Aging, Inc. receives approximately 28% and 23% of its revenues from the State of Florida and 5% and 11% from the Medicaid program for the years ending December 31, 2014 and 2013, respectively. Laws and regulations governing these programs are complex and subject to interpretation. The Council believes that it is in compliance with all applicable laws and regulations. Compliance with laws and regulations can be subject to future government review and retroactive adjustment, as well as significant regulatory action.

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013  
-continued-

9. DONATED SERVICES:

Volunteers provide substantial donated service hours which contribute significantly to the operations of the organization. However, the value of these services is not accrued as revenue in the financial statements. Volunteer service hours can be used to meet the matching requirements of contracts listed in Note 6.

10. VEHICLE LIENS:

Vehicles purchased with grant monies are subject to a reversionary interest held by the Department of Transportation. The vehicles are registered to the Council and are titled to the Department of Transportation.

11. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at December 31, 2014 and 2013 are composed of \$452,499 and \$323,459 in contributions (including pledges) and interest received on funds for the purchase and construction of a new center.

12. INVESTMENTS:

Investments in debt and equity securities have readily determinable market values and are stated at fair value in the statements of financial position. Increases and decreases in fair values are included in the statements of activities. All fair value measures are level 1 inputs as defined by the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 820. As of December 31, investments consisted of:

	<u>Market</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds - 2014	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Mutual Funds - 2013	\$ <u>25,655</u>	\$ <u>25,655</u>	\$ <u>-0-</u>

13. PRIOR PERIOD ADJUSTMENT:

Based on a Department of Elder Affairs review of billings predominantly in the fiscal year 2013 a retroactive adjustment was made to revenue. This adjustment decreases previously reported net assets by \$48,667 for the year ending December 31, 2013.

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013  
-continued-

14. SUBSEQUENT EVENTS:

In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through May 26, 2015, the date the financial statement was available to be issued. No material events have occurred since December 31, 2014 that require recognition or disclosure in the financial statements.

**JAMES KNUTZEN & ASSOCIATES  
C.P.A.'s, P.A.**

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For The Year Ended December 31, 2014

<u>Federal-State Grantor/Pass-Through Grantor/Program Title</u>	<u>Contract Period</u>	<u>CFDA CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed through State of Florida					
Department of Elder Affairs					
Northeast Florida Area Agency for the Aging, Inc. d/b/a Eldersource					
Title IIIB - Support Services	1/1/14 - 12/31/14	93.044	A114N	\$ 165,465	\$ -
Title IIIC1 - Congregate Meals	1/1/14 - 12/31/14	93.045	A114N	42,472	-
Title IIIC2 - Home Delivered Meals	1/1/14 - 12/31/14	93.045	A114N	48,202	-
Title IIIE - Caregiver Support Services	1/1/14 - 12/31/14	93.052	A114N	19,225	-
Emergency Home Energy Assistance	4/1/13 - 3/31/14	93.568	P013N	3,990	-
Emergency Home Energy Assistance	4/1/14 - 3/31/15	93.568	P014N	27,099	-
Nutrition Services Incentive	10/1/13 - 9/30/14	93.053	U013N	5,244	-
Nutrition Services Incentive	10/1/14 - 9/30/15	93.053	U014N	7,777	-
Department of Transportation					
Commission for the Transportation Disadvantaged					
Medicaid Non-Emergency Transportation	1/1/14 - 12/31/14	93.778	BDM87	126,736	-
<b>U.S DEPARTMENT OF TRANSPORTATION</b>					
Passed through State of Florida					
Department of Transportation					
Public Transportation Joint Participation Agreement	10/1/13 - 1/23/15	20.509	AR911	315,506	-
Public Transportation Joint Participation Agreement - Job Access	1/23/14 - 12/31/14	20.516	ARB04	65,633	-
Public Transportation Joint Participation Agreement - Capital	6/27/12 - 9/30/13	20.516	AQP24	6,510	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 833,859</b>	<b>\$ -</b>
<b>STATE OF FLORIDA</b>					
<b>COMMISSION FOR THE TRANSPORTATION DISADVANTAGED</b>					
Direct Projects of Commission for the Transportation Disadvantaged					
Trip and Grant Agreement	7/1/13 - 6/30/14	55.001	AR202	\$ 152,096	\$ -
Trip and Grant Agreement	7/1/14 - 6/30/15	55.001	ARG19	126,995	-
<b>DEPARTMENT OF ELDER AFFAIRS</b>					
Northeast Florida Area Agency for the Aging, Inc. d/b/a Eldersource					
Community Care for the Elderly	7/1/13-6/30/14	65.010	C013N	68,842	-
Community Care for the Elderly	7/1/14-6/30/15	65.010	C014N	194,234	-
Alzheimer's Disease Initiative	7/1/13-6/30/14	65.004	Z113N	9,589	-
Alzheimer's Disease Initiative	7/1/14-6/30/15	65.004	Z114N	89,056	-
Home Care for the Elderly	7/1/13-6/30/14	65.001	H013N	6,810	-
Home Care for the Elderly	7/1/14-6/30/15	65.001	H014N	12,581	-
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>				<b>\$ 660,203</b>	<b>\$ -</b>

The accompanying notes are an integral part of this schedule.



NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)

NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For The Year Ended December 31, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of Nassau County Council on Aging, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, "Rules of the Auditor General." Because the schedule presents only a selected portion of the operations of Nassau County Council on Aging, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Nassau County Council on Aging, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Pass through entity identifying numbers are presented where available.

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
SCHEDULE OF EXPENSES BY PROGRAM SERVICE

For the Year Ended December 31, 2014

Expenses	Adult Day Health Care	Adult Day Care	Case Aide	Case Management	Companionship	Congregate Meals	Counseling	Education	Emergency Alert Response	Health Support	Home Delivered Meals
Salaries	0	0	422	11,016	7,065	25,459	724	8,165	9,307	4,438	64,344
Payroll taxes & benefits	0	0	52	1,354	868	3,129	89	1,003	1,144	545	7,908
Travel	0	0	33	853	547	1,972	56	633	721	344	4,985
Communications/Postage	0	0	8	200	128	462	13	148	169	81	1,167
Utilities	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	5	3	11	0	4	4	2	28
Maintenance & Repair	0	0	4	99	63	228	6	73	83	40	576
Printing/Supplies	0	0	1	27	17	62	2	20	23	11	156
Building Cost	0	0	0	0	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0	0	0	0	0
Professional fees/Legal/Audit	0	0	4	113	72	261	7	84	95	45	659
Sub-contractors	0	0	144	3,759	2,411	8,687	247	2,786	3,176	1,514	21,956
Program Supplies	0	0	42	1,098	704	2,537	72	814	928	442	6,413
Depreciation	0	0	158	4,123	2,645	9,529	271	3,056	3,484	1,661	24,085
Food & Food Supplies	0	0	0	0	0	27,587	0	0	0	0	67,539
Other	0	0	11	279	179	644	18	207	235	112	1,628
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>878</b>	<b>22,925</b>	<b>14,704</b>	<b>80,568</b>	<b>1,507</b>	<b>16,992</b>	<b>19,368</b>	<b>9,236</b>	<b>201,444</b>
Allocation of Management & General	0	0	79	2,061	1,322	7,245	136	1,528	1,742	831	18,114
<b>Total Expenses after allocation</b>	<b>0</b>	<b>0</b>	<b>956</b>	<b>24,986</b>	<b>16,026</b>	<b>87,813</b>	<b>1,643</b>	<b>18,520</b>	<b>21,110</b>	<b>10,067</b>	<b>219,557</b>
Total Units	0	0	28	479	727	7,832	32	311	16,640	411	18,741

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
SCHEDULE OF EXPENSES BY PROGRAM SERVICE

For the Year Ended December 31, 2014

- continued -

Expenses	In Home Services											Screening/ Assessment
	Information	Personal Care	Homemaker	Respite	Chore	Medical Transportation	Nutrition Education	Outreach	Public Education	Recreation	Referral	
Salaries	0	36,248	72,679	125,183	1,047	0	1,238	0	0	5,674	0	129,300
Payroll taxes & benefits	0	4,455	8,932	15,385	129	0	152	0	0	697	0	15,891
Travel	0	2,808	5,630	9,698	81	0	96	0	0	440	0	10,017
Communications/Postage	0	658	1,319	2,271	19	0	22	0	0	103	0	2,346
Utilities	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	16	32	55	0	0	1	0	0	3	0	57
Maintenance & Repair	0	325	651	1,121	9	0	11	0	0	51	0	1,158
Printing/Supplies	0	88	176	304	3	0	3	0	0	14	0	314
Building Cost	0	0	0	0	0	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0	0	0	0	0	0
Professional fees/Legal/Audit	0	371	744	1,281	11	0	13	0	0	58	0	1,323
Sub-contractors	0	12,369	24,800	42,716	357	0	422	0	0	1,936	0	44,121
Program Supplies	0	3,613	7,244	12,477	104	0	123	0	0	566	0	12,888
Depreciation	0	13,568	27,205	46,858	392	0	463	0	0	2,124	0	48,399
Food & Food Supplies	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	917	1,839	3,167	26	0	31	0	0	144	0	3,271
<b>Total Expenses</b>	<b>0</b>	<b>75,434</b>	<b>151,252</b>	<b>260,516</b>	<b>2,178</b>	<b>0</b>	<b>2,577</b>	<b>0</b>	<b>0</b>	<b>11,808</b>	<b>0</b>	<b>269,084</b>
Allocation of Management & General	0	6,783	13,600	23,425	196	0	232	0	0	1,062	0	24,196
<b>Total Expenses after allocation</b>	<b>0</b>	<b>82,217</b>	<b>164,852</b>	<b>283,941</b>	<b>2,374</b>	<b>0</b>	<b>2,808</b>	<b>0</b>	<b>0</b>	<b>12,870</b>	<b>0</b>	<b>293,280</b>
Total Units	0	3,499	6,879	12,333	102	0	819	0	0	526	0	8,451

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)  
SCHEDULE OF EXPENSES BY PROGRAM SERVICE

For the Year Ended December 31, 2014

- continued -

Expenses						Supporting Services			Total
	Telephone Reassurance	Transportation	Non-DOEA-related services	Services for Other DOEA Programs	Total Program Costs	Fund Raising	Management & General	Total Supporting Services	
Salaries	0	26,238	579,538		1,108,085		136,954	136,954	1,245,039
Payroll taxes & benefits	0	3,225	112,755		177,714		21,965	21,965	199,679
Travel	0	2,033	7,989		48,934		2,440	2,440	51,374
Communications/Postage	0	476	51,179		60,768		7,511	7,511	68,279
Utilities	0	0	0		0		0	0	0
Advertising	0	0	0		0		0	0	0
Insurance	0	12	59,711		59,944		7,409	7,409	67,353
Maintenance & Repair	0	235	19,573		24,306		7,941	7,941	32,247
Printing/Supplies	0	64	32,243		33,525		10,017	10,017	43,542
Building Cost	0	0	0		0		0	0	0
Equipment	0	0	194,429		194,429		0	0	194,429
Professional fees/Legal/Audit	0	269	12,000		17,410		2,152	2,152	19,562
Sub-contractors	0	8,953	41,232		221,587		0	0	221,587
Program Supplies	0	2,615	16,969		69,650		0	0	69,650
Depreciation	0	9,821	0		197,842		10,413	10,413	208,255
Food & Food Supplies	0	0	4,927		100,053		2,057	2,057	102,110
Other	0	664	38,767		52,139	1,121	2,803	3,924	56,063
<b>Total Expenses</b>	<b>0</b>	<b>54,603</b>	<b>1,171,312</b>	<b>0</b>	<b>2,366,386</b>	<b>1,121</b>	<b>211,662</b>	<b>212,783</b>	<b>2,579,169</b>
Allocation of Management & General	0	4,910	105,323	0	212,783	(1,121)	(211,662)	(212,783)	0
<b>Total Expenses after allocation</b>	<b>0</b>	<b>59,513</b>	<b>1,276,635</b>	<b>0</b>	<b>2,579,169</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,579,169</b>
Total Units	0	10,957	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

5150 Belfort Road, Bldg. 300  
JACKSONVILLE, FLORIDA 32256  
(904) 725-5832 FAX (904) 727-6835  
Email: office@knutzencpa.com

James V. Knutzen, C.P.A., M.B.A., Emeritus  
M. Todd Middlemas, C.P.A., M.B.A.  
Margaret R. Dodson, C.P.A.  
Barbara L. Towle, C.P.A.  
Christina E. Gibson, C.P.A.  
Michael J. Connelly, C.P.A.  
Greg A. Korn, C.P.A.

MEMBER OF  
AMERICAN AND FLORIDA  
INSTITUTES OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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  
Nassau County Council on Aging, Inc.  
Fernandina Beach, 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 Nassau County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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 May 26, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Nassau County Council on Aging, Inc.'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 Nassau County Council on Aging, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2014-1).

A *significant deficiency* is a deficiency, or 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Nassau County Council on Aging, Inc.'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 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*.

### **Organization's Response to Findings**

Nassau County Council on Aging, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Nassau County Council on Aging, 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 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.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
May 26, 2015

**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

5150 Belfort Road, Bldg. 300  
JACKSONVILLE, FLORIDA 32256  
(904) 725-5832 FAX (904) 727-6835  
Email: office@knutzencpa.com

James V. Knutzen, C.P.A., M.B.A., Emeritus  
M. Todd Middlemas, C.P.A., M.B.A.  
Margaret R. Dodson, C.P.A.  
Barbara L. Towle, C.P.A.  
Christina E. Gibson, C.P.A.  
Michael J. Connelly, C.P.A.  
Greg A. Korn, C.P.A.

MEMBER OF  
AMERICAN AND FLORIDA  
INSTITUTES OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
Nassau County Council on Aging, Inc.  
Fernandina Beach, Florida

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

We have audited Nassau County Council on Aging, Inc.'s 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 each of Nassau County Council on Aging, Inc.'s major federal programs and state projects for the year ended December 31, 2014. Nassau County Council on Aging, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Nassau County Council on Aging, Inc.'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; 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 or state project occurred. An audit includes examining, on a test basis, evidence about Nassau County Council on Aging, 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 each major federal program and state project. However, our audit does not provide a legal determination on Nassau County Council on Aging, Inc.'s compliance.

### **Opinion on Each Major Federal Program and State Project**

In our opinion, Nassau County Council on Aging, Inc. 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 and state projects for the year ended December 31, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, and which are described in the accompanying schedule of findings and questioned costs as item 2014-1. Our opinion on each major federal program and state project is not modified with respect to these matters.

Nassau County Council on Aging, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. Nassau County Council on Aging, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Nassau County Council on Aging, Inc. 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 Nassau County Council on Aging, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or 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 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 Nassau County Council on Aging, Inc.'s internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.



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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-1 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Nassau County Council on Aging, Inc.'s response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Nassau County Council on Aging, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
May 26, 2015

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE PROJECTS

Year Ended December 31, 2014

Section I--Summary of Auditors' Results

Financial Statements:

Unmodified auditors' report issued

Internal control over financial reporting:

Material weakness(es) identified?	<u>    X    </u>	YES	<u>        </u>	NO
Significant deficiency(ies) identified?	<u>        </u>	YES	<u>    X    </u>	NO
Noncompliance material to financial statements noted?	<u>        </u>	YES	<u>    X    </u>	NO

Federal/State Awards:

Internal control over major programs:

Material weakness(es) identified?	<u>        </u>	YES	<u>    X    </u>	NO
Significant deficiency(ies) identified?	<u>        </u>	YES	<u>    X    </u>	NO

Modified auditors' report issued on compliance for major programs/projects:

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 or state single audit act?	<u>        </u>	YES	<u>    X    </u>	NO
--	-----------------	-----	------------------	----

Identification of major programs/projects:

	CFDA #'s	Name of Federal Program and State Project or Cluster
Public Transportation Joint Participation Agreement	20.509	N/A
Medicaid Non-Emergency Transportation	93.778	

CSFA #'s

Trip and Grant Agreement	55.001
Community Care for the Elderly	65.010

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low risk auditee?	<u>        </u>	YES	<u>    X    </u>	NO
--	-----------------	-----	------------------	----

NASSAU COUNTY COUNCIL ON AGING, INC.  
(A Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE PROJECTS

Year Ended December 31, 2014  
- continued -

Section II – Financial Statement Findings

Material Weakness in Internal Control

2014-1      *Condition:* In a 2014 management review the Department of Elder Affairs cited eight areas of concern including employee timesheets, case aide billing, operating procedures manual, policies and procedures, grievance procedures, notification of services to clients and caregivers, employee probationary period and evaluations, and personnel policies employee handbook.

*Criteria:* The Department of Elder Affairs Management Review Case No. M-1213DEA-040.

*Cause:* Material weaknesses in internal control allowed overbilling of Community Care for the Elderly and Medicaid Waiver Programs.

*Effect:* \$48,667 in disallowed funding from 2012 and 2013 must be repaid in 2015.

*Recommendation:* Nassau County Council on Aging, Inc. should continue a thorough review of its internal controls over grants and contracts, and continue to implement corrective actions.

*Views of Responsible Officials and Planned Corrective Actions:* Nassau County Council on Aging, Inc. has agreed to implement the recommendations in the Department of Elder Affairs' report.

Section III – Federal/State Award Findings and Questioned Costs

Major Federal Award Programs/Major State Projects Audit:

None

Section IV – Summary Schedule of Prior Audit Findings

No Summary Schedule of Prior Audit Findings is required because there were no prior audit finding related to Federal Programs or State Projects.



1367 S.18th St., Fernandina Beach, FL 32034  
Phone: (904) 261-0701 • Fax: (904) 261-0704



37002 Ingham Rd., Hilliard, FL 32046-1011  
Phone: (904) 845-3331 • Fax: (904) 845-4491

## CORRECTIVE ACTION PLAN

(approved by NCCOA Executive Committee – 05/11/15)  
Year Ended December 31, 2014

### Finding 2014-01:

#### Material Weakness in Internal Control

*Finding:* The Department of Elder Affairs (DOEA) conducted a management review of NCCOA procedures that covered the seven-year period from 2007 to 2013. This review focused on case aide billing procedures, but also identified other potential areas for process improvements including employee timesheets, operating procedures manual, policies and procedures, grievance procedures, notification of services to clients and caregivers, employee probationary period and evaluations, and personnel policies employee handbook. In conjunction with DOEA, NCCOA developed improved procedures for all of these areas and put the new procedures in place by third quarter of 2014. None of the exceptions noted related to 2014.

*Recommendation:* Nassau County Council on Aging, Inc., should continue use of its new procedures and internal controls over grant and contract reporting.

*Management's Response:* In 2014, the Management Review was completed by the Department of Elder Affairs covering the years 2007 to 2013. Prior to 2013, there were several transitions of Executive Directors and senior staff over the previous 10 year period. In addition, DOEA regulations changed during those years, yet NCCOA did not implement the necessary changes in a timely manner. Thus, NCCOA was not current with regard to some of the new DOEA billing requirements. Therefore, during the management review, NCCOA staff (with input from and review by DOEA and Eldersource) developed a complete set of new policies and procedures regarding billing, and also addressed policies and procedures for the other areas. These new policies and procedures were fully implemented by the third quarter of 2014, including grant management and reporting in particular. Although DOEA does not mandate a specific format for personnel policies and employee handbooks, DOEA has received all of the new updated materials, has been fully informed on the new procedures, and they have not raised any concerns. Eldersource has reviewed the new procedures and has approved them.

All of the areas of corrective actions were completed and in force by mid-2014 and none of the billing exceptions noted by DOEA related to operations after 2013.

Respectfully submitted,

Janice Ancrum, Executive Director, Nassau County Council on Aging, Inc.

Cc: NCCOA Board of Directors

*Serving Nassau County senior citizens since 1974*



[www.nassaucountycoa.org](http://www.nassaucountycoa.org)

