


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

**FINANCIAL STATEMENTS**

**For The Years Ended  
December 31, 2015 and 2014**





**Walton County Citizens Advisory Council on Aging, Inc.**  
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**December 31, 2015**

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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 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, 2015 and 2014, and the related statements of activities 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2015 and 2014, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the Florida Single Audit Act and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2016, 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 16, 2016

**Walton County Citizens Advisory Council on Aging, Inc.  
Statements of Financial Position**

<i>December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 56,316	\$ 27,770
Certificate of deposit	48,230	48,086
Receivables - grants	179,114	145,673
Prepaid insurance	6,814	5,743
Total current assets	<b>290,474</b>	227,272
Property and equipment, net	<b>105,577</b>	109,595
Total assets	<b>\$ 396,051</b>	\$ 336,867
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 159,809	\$ 129,438
Accrued expenses	8,788	-
Deferred support	58,152	34,090
Total current liabilities	<b>226,749</b>	163,528
Other liabilities		
Accrued compensated absences	8,153	8,532
Total liabilities	<b>234,902</b>	172,060
Net assets		
Unrestricted		
Designated by the Board for payroll expenses	48,230	48,086
Undesignated	112,919	116,721
Net assets - unrestricted	<b>161,149</b>	164,807
Total liabilities and net assets	<b>\$ 396,051</b>	\$ 336,867

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

**Walton County Citizens Advisory Council on Aging, Inc.  
Statements of Activities**

<i>Years ended December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Unrestricted Net Assets</b>		
Support and revenue		
Grants	\$ 1,157,201	\$ 1,098,539
Program revenue	51,543	57,528
Donations	18,829	17,508
In-kind contributions	79,711	84,919
Investment income	967	153
	<b>1,308,251</b>	<b>1,258,647</b>
<b>Expenses</b>		
Program services		
Community care for the elderly	452,407	547,289
Assistance for older Americans:		
Title III-B	129,735	136,454
Title III-C	196,070	187,863
Title III-C (2)	94,186	85,775
Title III-E	96,559	75,912
Home care for the elderly	50,224	73,659
Home and community based services	14,606	29,538
Alzheimer's disease initiative	179,163	99,850
Utility assistance	15,774	24,874
Supporting services administration	83,185	36,312
	<b>1,311,909</b>	<b>1,297,526</b>
<b>Net Decrease in Unrestricted Net Assets</b>	<b>(3,658)</b>	<b>(38,879)</b>
<b>Net Assets, beginning</b>	<b>164,807</b>	<b>203,686</b>
<b>Net Assets, ending</b>	<b>\$ 161,149</b>	<b>\$ 164,807</b>

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

**Walton County Citizens Advisory Council on Aging, Inc.**  
**Statements of Cash Flows**

<i>Years ended December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Operating Activities</b>		
Decrease in net assets	\$ (3,658)	\$ (38,879)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,097	6,434
Decrease (increase) in operating assets:		
Receivables - grants	(33,441)	(22,533)
Prepaid expenses	(1,071)	47
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	39,159	62,439
Deferred support	24,062	815
Accrued compensated absences	(379)	(164)
<b>Net cash provided by operating activities</b>	<b>29,769</b>	<b>8,159</b>
<b>Investing Activities</b>		
Purchases of property and equipment	(1,079)	(2,186)
Purchase of certificate of deposit	(144)	(144)
<b>Net cash used by investing activities</b>	<b>(1,223)</b>	<b>(2,330)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>28,546</b>	<b>5,829</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>27,770</b>	<b>21,941</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 56,316</b>	<b>\$ 27,770</b>

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

# Walton County Citizens Advisory Council on Aging, Inc.

## Notes to Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Walton County Citizens Advisory Council on Aging, Inc. (the “Agency”) is a not-for-profit agency 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 Agency 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 total net 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** – Net assets not subject to donor or outside party imposed stipulations.

**Temporarily Restricted** – Net assets 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 December 31, 2015 and 2014.



## Walton County Citizens Advisory Council on Aging, Inc. Notes to Financial Statements

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

**Permanently Restricted** –Net assets required to be maintained in perpetuity due to donor-imposed restrictions with only income generated from the assets to be used for Agency’s activities. The Agency had no permanently restricted net assets as of December 31, December 31, 2015 and 2014.

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

The Agency has been granted an exemption from income taxes under Internal Revenue Code 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, 2015. 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 2011 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.

#### ***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, 2015 and 2014 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. Such items donated to the Agency are considered to be owned by the Agency while they are used for the Agency’s stated not-for-profit purposes. However, the donor holds a reversionary interest in the property if they are ever used for purposes other than the Agency’s stated not-for-profit purposes. The book value of assets in which donors hold a reversionary interest totaled \$105,251 and \$105,079 at December 31, 2015 and 2014, respectively.



## Walton County Citizens Advisory Council on Aging, Inc. Notes to Financial Statements

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

#### ***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.

#### ***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.

**Walton County Citizens Advisory Council on Aging, Inc.**  
**Notes to Financial Statements**

**NOTE 2 – CASH DEPOSITS, CUSTODIAL CREDIT RISK**

The Agency maintains cash balances in demand deposits and certificates of deposits. Accounts are held by banking institutions insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2015, the Agency did not have any uninsured balances.

**NOTE 3 – RECEIVABLES - GRANTS**

The Agency has grants receivable of \$179,114 and \$145,673 at December 31, 2015 and 2014, respectively, for contract services performed.

**NOTE 4 – PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

<i>December 31,</i>	<b>2015</b>	<b>2014</b>
Office furniture and equipment	\$ 70,969	\$ 71,746
Building	<b>188,498</b>	185,233
Construction in progress	-	2,186
Total cost	<b>259,467</b>	259,165
Less accumulated depreciation	<b>153,890</b>	149,570
Property and equipment, net	<b>\$ 105,577</b>	\$ 109,595

Depreciation expense was for the years ended December 31, 2015 and 2014 totaled \$5,097 and \$6,434, respectively.

**NOTE 5 – DEFERRED SUPPORT**

Deferred support of \$58,152 and \$34,090 at December 31, 2015 and 2014, respectively, consisted of advance payments received from the Northwest Florida Area Agency on Aging for services yet to be performed.

**NOTE 6 – ACCRUED 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, 2015 and 2014 was \$8,153 and \$8,532, respectively.

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

**Walton County Citizens Advisory Council on Aging, Inc.  
Notes to Financial Statements**

**NOTE 7 – DESIGNATED NET ASSETS**

The designated portion of unrestricted net assets was designated by the Board to cover future payroll expenses.

**NOTE 8 – 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>2015</b>	2014
Federal	\$ 535,685	\$ 478,942
State	611,109	609,190
County	10,407	10,407
<b>Total grant revenue</b>	<b>\$ 1,157,201</b>	<b>\$ 1,098,539</b>

**NOTE 9 – 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.

Qualified match by program for the years ended December 31, 2015 and 2014 was as follows:

	<b>Title III, Part C(2)</b>	<b>Community Care For the Elderly</b>	<b>Title III, Part C(1)</b>	<b>Title III, Part E</b>	<b>Title III, Part B</b>	<b>Total</b>
<b>2015</b>	\$ 10,394	\$ 40,510	\$ 18,347	\$ 8,522	\$ 12,221	\$ 89,994
2014	\$ 8,770	\$ 49,317	\$ 16,800	\$ 6,249	\$ 12,231	\$ 93,367

The cash match and in-kind is included in donations and in-kind contributions 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, 2015 and 2014 was \$16,800 and \$16,800, respectively.



**Walton County Citizens Advisory Council on Aging, Inc.**  
**Notes to Financial Statements**

**NOTE 9 – MATCHING REQUIREMENTS (Continued)**

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 years ended December 31, 2015 and 2014 were \$9,720 and \$8,448, respectively.

**NOTE 10 – 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, 2015 and 2014 totaled \$8,571 and \$8,541, respectively.

**Walton County Citizens Advisory Council on Aging, Inc.  
Schedule of State Financial Assistance  
For the Year Ended December 31, 2015**

State Grantor/Pass-Through Grantor/Program Title	State CSFA No.	Pass-Through Grantor No.	Expenditures
<b>State Expenditures</b>			
<b>Department of Elder Affairs</b>			
Passed through Northwest Florida Area			
Agency on Aging, Inc.:			
Home Care for the Elderly	65.001	AH014-W	\$ 5,601
Home Care for the Elderly	65.001	AH015-W	35,834
Alzheimer's Disease Initiative	65.004	AZ014-W	79,104
Alzheimer's Disease Initiative	65.004	AZ015-W	85,466
Community Care for the Elderly	65.010	AC014-W	204,667
Community Care for the Elderly	65.010	AC015-W	200,437
Total Department of Elder Affairs			611,109
Total state financial assistance			\$ 611,109

## Walton County Citizens Advisory Council on Aging, Inc. Notes to Schedule of State Financial Assistance

### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of state financial assistance (the Schedule) summarizes the state expenditures of the Agency under programs of the state of Florida for the year ended December 31, 2015. The amounts reported as state grant financial assistance were obtained from the Agency's general ledger. Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets and cash flows of the Agency.

For purposes of the Schedule, state awards include all grants, contracts, and similar agreements entered into directly with the state of Florida and other pass through entities. Payments received for goods or services provided as a vendor do not constitute state awards for purposes of the Schedule. The Agency has obtained Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the Schedule. State projects with different CSFA numbers that are closely related because they share common compliance requirements are defined as a cluster by Chapter 10.650, Rules of the Auditor General. No clusters are identified in the Schedule.

### **NOTE 2 – RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS**

The amounts reflected in the financial reports submitted to the awarding state and/or pass-through agencies and the Schedule may differ. Some of the factors that may account for any difference include the following:

- The Agency's fiscal year end may differ from the program's year end.
- Accruals recognized in the Schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the Agency's financial statements and as expenditures in the program financial reports and the Schedule.

### **NOTE 3 – STATE PASS-THROUGH FUNDS**

The Agency is also the sub-recipient of state funds that have been subjected to testing and are reported as expenditures and listed as state pass-through funds. State awards other than those indicated as pass-through funds are considered to be direct.

### **NOTE 4 – BASIS OF ACCOUNTING**

This schedule of state financial assistance was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of the Agency's state grants.



**Walton County Citizens Advisory Council on Aging, Inc.  
Notes to Schedule of State Financial Assistance**

**NOTE 5 – CONTINGENCIES**

Grant monies received and disbursed by the Agency are for specific purposes and are subject to review by the grantor agencies. Such reviews may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the Agency does not believe that such disallowance, if any, would have a material effect on the financial position of the Agency. As of December 31, 2015, there were no material questioned or disallowed costs as a result of grant reviews in process or completed.

**NOTE 6 – NONCASH ASSISTANCE**

The Agency did not receive any state noncash assistance for the fiscal year ending December 31, 2015.

**NOTE 7 – INDIRECT COST RATE**

The 10% de minimis indirect cost rate was not used.



**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 Walton County Citizens Advisory Council on Aging, Inc. (the "Agency"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2016.

**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 of the Agency's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 a certain deficiency in internal control that we consider to be a material weakness. We considered the deficiency described in the accompanying schedule of findings and questioned costs, as item 2012-01 to be a material weakness 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Certified Public Accountants

September 16, 2016

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

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

***Report on Compliance for Each Major State Project***

We have audited Walton County Citizens Advisory Council on Aging, Inc. (the "Agency's") compliance with the types of compliance requirements described in the Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of the Agency's major state projects for the year ended December 31, 2015. The Agency's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Agency's major 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; and Chapter 10.650, Rules of the Auditor General. Those standards, 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 state project 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 state project. However, our audit does not provide a legal determination of the Agency's compliance.

### ***Opinion on Each of the Major State Project***

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 its major state project for the year ended December 31, 2015.

### ***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 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 state project and to test and report on internal control over compliance in accordance with 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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

Certified Public Accountants

September 16, 2016

**Walton County Citizens Advisory Council on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2015**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified   X   Yes        No
- Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported
- Noncompliance material to financial statements noted?        Yes   X   No

**State Projects**

Internal control over major projects:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiencies identified that are not considered to be material weakness(es)?        Yes   X   None reported

Type of auditors' report issued on compliance for major state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act?

       Yes   X   No

Identification of major projects:

CFSA Number(s)	Name of State Project
65.010	Community Care for the Elderly

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

**State Projects**  
\$300,000

Auditee qualified as low-risk auditee?

       Yes   X   No

**Section II – Financial Statement Findings**

**2012-01 Financial Statement Preparation (Repeat Finding)**

**Condition** –The assistance of the external auditors was necessary to prepare the financial statements from the Agency's trial balance including note disclosures in accordance with generally accepted accounting principles. Though the assistance of the external auditors was utilized in preparing the financial statements, the Agency demonstrated sufficient skill, knowledge and experience to oversee their preparation.

**Walton County Citizens Advisory Council on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2015**

**Criteria** – Auditing Standards Board AU-C Section 265 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity’s institutional experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

**Cause** – The Agency’s finance officer lacks the experience, background and knowledge of Governmental and Financial Accounting Standards to prepare the Agency’s financial statements including all note disclosures in accordance with generally accepted accounting principles.

**Effect** – The finding could adversely affect the Agency’s ability to 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 prepare the financial statements. In addition, we recommend that a current disclosure checklist from the AICPA be used to ensure propriety and completeness of the footnotes.

**Response** – The Agency’s current budget limitations hinder the employment of a certified public accountant; however, Agency personnel will continue to gain knowledge of generally accepted accounting principles.

**Section III – State Project Findings and Questioned Costs**

No such findings noted.

**Section IV – Status of Prior Audit Findings**

No prior findings.

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

***Report on the Financial Statements***

We have audited the financial statements of the Walton County Citizens Advisory Council on Aging, Inc., as of and for the fiscal year ended December 31, 2015, and have issued our report thereon dated September 16, 2016.

***Auditors' Responsibility***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General.

***Other Reports and Schedule***

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance in accordance with the Florida Single Audit Act; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 16, 2016, should be considered in conjunction with this management letter.

***Other Matter***

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

***Purpose of this Letter***

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

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

Certified Public Accountants

September 16, 2016