

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.

**FINANCIAL STATEMENTS AND SCHEDULES
REQUIRED BY THE UNIFORM GUIDANCE TOGETHER
WITH REPORTS OF INDEPENDENT AUDITOR**

**YEAR ENDED
DECEMBER 31, 2016**

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report.....	1-3
<u>Financial Statements</u>	
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6-8
Statement of Cash Flows.....	9-10
Notes to the Financial Statements.....	11-20
<u>Supplementary Information</u>	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	21-22
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.....	23
<u>Additional Reports of Independent Auditor</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida	26-28
Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance.....	29-30
Independent Auditor's Report to Management.....	31-32



INTEGRITY KNOWLEDGE SERVICE COMMITMENT®

Independent Auditor's Report

Board of Directors
Area Agency on Aging for Southwest Florida, Inc.
North Fort Myers, Florida

We have audited the accompanying financial statements of Area Agency on Aging for Southwest Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants - Management Consulting Services Division/Private Companies Practice Section/Tax Division

1-855-STROEMER • www.stroemercpa.com
14030 Metropolis Avenue, Suite 200, Fort Myers, FL 33912

Aventura • Fort Myers • Jacksonville* • Naples • Orlando* • Sanibel • Tampa* • West Palm Beach*

*By Appointment Only

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 Area Agency on Aging for Southwest Florida, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 a report dated April 24, 2017, on our consideration of Area Agency on Aging for Southwest Florida, 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

Area Agency on Aging for Southwest Florida, Inc.
Page 3

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Area Agency on Aging for Southwest Florida, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC
Fort Myers, Florida
April 24, 2017

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2016

	Unrestricted Net Assets			Restricted Temporary	Restricted Permanent	Total
	General Operating	Property and Equipment	Total Unrestricted			
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 658,444	\$ -	\$ 658,444	\$ -	\$ -	\$ 658,444
Due from Grantors	2,603,415	-	2,603,415	-	-	2,603,415
Security deposits	8,500	-	8,500	-	-	8,500
TOTAL CURRENT ASSETS	3,270,359	-	3,270,359	-	-	3,270,359
PROPERTY AND EQUIPMENT, NET						
	-	184,058	184,058	-	-	184,058
TOTAL ASSETS	\$ 3,270,359	\$ 184,058	\$ 3,454,417	\$ -	\$ -	\$ 3,454,417
LIABILITIES AND NET ASSETS						
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	\$ 89,511	\$ -	\$ 89,511	\$ -	\$ -	\$ 89,511
Capital leases payable	42,489	-	42,489	-	-	42,489
Due to providers	2,011,559	-	2,011,559	-	-	2,011,559
Accrued salaries and benefits	95,596	-	95,596	-	-	95,596
Accrued rent	77,890	-	77,890	-	-	77,890
TOTAL CURRENT LIABILITIES	2,317,045	-	2,317,045	-	-	2,317,045
NET ASSETS						
Unrestricted	953,314	-	953,314	-	-	953,314
Board designated for:						
Property and equipment	-	184,058	184,058	-	-	184,058
Temporarily restricted	-	-	-	-	-	-
Permanently restricted	-	-	-	-	-	-
TOTAL NET ASSETS	953,314	184,058	1,137,372	-	-	1,137,372
TOTAL LIABILITIES AND NET ASSETS	\$ 3,270,359	\$ 184,058	\$ 3,454,417	\$ -	\$ -	\$ 3,454,417

The accompanying notes are an integral part of this statement.

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2016

	Unrestricted	Restricted Temporary	Restricted Permanent	Total
CHANGES IN NET ASSETS				
SUPPORT & REVENUE				
Grants from Government agencies	\$ -	\$ 16,565,247	\$ -	\$ 16,565,247
Interest income	505	-	-	505
In-kind revenue	169,010	-	-	169,010
Miscellaneous	7,253	-	-	7,253
TOTAL SUPPORT & REVENUE	176,768	16,565,247	-	16,742,015
Net assets reclassified	16,644,247	(16,565,247)	(79,000)	-
TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS	16,821,015	-	(79,000)	16,742,015
EXPENSES				
PROGRAM SERVICES				
Alzheimer's Disease Initiative	1,402,612	-	-	1,402,612
Community Care for the Elderly	4,705,251	-	-	4,705,251
Home Energy Assistance	266,511	-	-	266,511
Home Care for the Elderly	482,609	-	-	482,609
Nutrition Services	3,012,647	-	-	3,012,647
Older Americans Act	2,944,168	-	-	2,944,168
Respite RELIEF Program	30,699	-	-	30,699
SHINE Program	242,695	-	-	242,695
Wellness Program	75,024	-	-	75,024
VDHCBS	1,006,513	-	-	1,006,513
Other Programs	13,625	-	-	13,625
Information and Intake	984,565	-	-	984,565
TOTAL PROGRAM SERVICES	15,166,919	-	-	15,166,919
SUPPORT SERVICES				
Administrative and general	1,387,572	-	-	1,387,572
TOTAL SUPPORT SERVICES	1,387,572	-	-	1,387,572
TOTAL EXPENSES	16,554,491	-	-	16,554,491
CHANGE IN NET ASSETS	266,524	-	(79,000)	187,524
NET ASSETS, BEGINNING OF YEAR	870,848	-	79,000	949,848
NET ASSETS, END OF YEAR	\$ 1,137,372	\$ -	\$ -	\$ 1,137,372

The accompanying notes are an integral part of this statement.

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2016

	Program Services						
	Alzheimer's Disease Initiative	Community Care for the Elderly	Home Energy Assistance	Home Care for the Elderly	Nutrition Services	Older Americans Act	Respite RELIEF
PROGRAM COSTS							
Provider Reimbursements	\$1,402,612	\$4,705,251	\$ 219,172	\$482,609	\$3,012,647	\$2,930,567	\$30,699
Salaries	-	-	8,833	-	-	9,194	-
Payroll Taxes	-	-	656	-	-	691	-
Employee Benefits	-	-	6,718	-	-	2,389	-
Travel	-	-	252	-	-	579	-
Supplies	-	-	-	-	-	150	-
Professional Fees	-	-	23,825	-	-	325	-
Rent	-	-	2,890	-	-	-	-
Utilities	-	-	-	-	-	-	-
Maintenance & Repair	-	-	-	-	-	-	-
Insurance	-	-	1	-	-	84	-
Other	-	-	4,164	-	-	83	-
Property and Equipment	-	-	-	-	-	106	-
Total program costs	1,402,612	4,705,251	266,511	482,609	3,012,647	2,944,168	30,699
PROPERTY AND EQUIPMENT							
Property and equipment capitalization	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total property and equipment	-	-	-	-	-	-	-
TOTAL EXPENSES	<u>\$1,402,612</u>	<u>\$4,705,251</u>	<u>\$ 266,511</u>	<u>\$482,609</u>	<u>\$3,012,647</u>	<u>\$2,944,168</u>	<u>\$30,699</u>

The accompanying notes are an integral part of this statement.

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
Year ended December 31, 2016

	Program Services					Total Program Services
	SHINE Program	Wellness Program	VDHCBS	Other Programs	Information and Intake	
PROGRAM COSTS						
Provider Reimbursements	\$ -	\$ -	\$ -	\$ 5,860	\$ -	\$ 12,789,417
Salaries	130,357	40,372	-	-	625,852	814,608
Payroll Taxes	9,324	3,015	-	-	41,583	55,269
Employee Benefits	21,745	11,050	-	-	139,260	181,162
Travel	20,139	9,555	-	-	963	31,488
Supplies	9,531	1,733	-	-	12,622	24,036
Professional Fees	22,448	3,646	-	-	16,434	66,678
Rent	8,671	2,890	-	-	70,779	85,230
Utilities	9,987	270	-	-	32,840	43,097
Maintenance & Repair	809	269	-	-	6,332	7,410
Insurance	3,737	647	-	-	6,959	11,428
Other	3,854	620	1,006,513	7,765	7,010	1,030,009
Property and Equipment	2,093	957	-	-	23,931	27,087
Total program costs	242,695	75,024	1,006,513	13,625	984,565	15,166,919
PROPERTY AND EQUIPMENT						
Property and equipment capitalization	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Total property and equipment	-	-	-	-	-	-
TOTAL EXPENSES	\$ 242,695	\$ 75,024	\$ 1,006,513	\$ 13,625	\$ 984,565	\$ 15,166,919

The accompanying notes are an integral part of this statement.

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
Year ended December 31, 2016

	Supporting Services		Total
	Administrative and General	Total Support Services	
PROGRAM COSTS			
Provider Reimbursements	\$ -	\$ -	\$ 12,789,417
Salaries	811,988	811,988	1,626,596
Payroll Taxes	51,645	51,645	106,914
Employee Benefits	154,293	154,293	335,455
Travel	26,085	26,085	57,573
Supplies	18,256	18,256	42,292
Professional Fees	93,186	93,186	159,864
Rent	42,639	42,639	127,869
Utilities	31,112	31,112	74,209
Maintenance & Repair	8,570	8,570	15,980
Insurance	7,020	7,020	18,448
Other	63,332	63,332	1,093,341
Property and Equipment	23,120	23,120	50,207
Total program costs	1,331,246	1,331,246	16,498,165
PROPERTY AND EQUIPMENT			
Property and equipment capitalization	-	-	-
Depreciation	56,326	56,326	56,326
Total property and equipment	56,326	56,326	56,326
TOTAL EXPENSES	\$ 1,387,572	\$ 1,387,572	\$ 16,554,491

The accompanying notes are an integral part of this statement.

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2016

Page 9 of 32

	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from revenue and support services	\$ 16,723,834
Cash paid to suppliers and employees	(16,452,542)
Interest and other investment income, net	505
Other revenue	<u>7,253</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	279,050
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	<u>29,609</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	29,609
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on capital lease obligations	<u>(20,390)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(20,390)</u>
NET CHANGE IN CASH	288,269
Cash, beginning of year	<u>370,175</u>
CASH, END OF YEAR	<u>\$ 658,444</u>

The accompanying notes are an integral part of this statement

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
STATEMENT OF CASH FLOWS, CONTINUED
Year ended December 31, 2016

Page 10 of 32

**RECONCILIATION OF CHANGE IN NET
ASSETS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES**

	<u>Amount</u>
Change in net assets	\$ 187,524
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	56,326
(Increase)/decrease in assets:	
Due from State	(168,481)
Due from providers	2,274
Increase/(decrease) in liabilities:	
Accounts payable and accrued liabilities	59,022
Due to providers	155,784
Accrued salaries and benefits	3,256
Accrued rent	<u>(16,655)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 279,050</u>

The accompanying notes are an integral part of this statement.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Purpose and organization

Area Agency on Aging for Southwest Florida, Inc. (the "Agency") founded in 1978, is a not-for-profit corporation. The agency is one of eleven Area Agencies on Aging in the state of Florida providing assistance for the development, planning and administration of service programs for the elderly. Substantially all of the Agency's funding comes from grants from the U.S. Department of Health and Human Services and the Florida State Department of Elder Affairs. The funds are passed through to the direct services providers.

Federal and state funds for a seven-county area are awarded to the Agency under grant contracts. The Agency's service area includes Charlotte, Collier, DeSoto, Glades, Hendry, Lee and Sarasota Counties. The Agency is responsible for developing an area plan and subgranting federal and state funds to direct providers of services for older persons to achieve the plan goals. The direct providers include governmental entities and other not-for-profit organizations. The purposes of the respective program services, which are administered by the direct providers, are as follows:

Older Americans Act

To foster the development of community based systems of service for older persons and provision of supportive services, including multi-purpose senior centers.

Wellness Program

To develop or strengthen preventive health service and health promotion systems

Home Energy Assistance

To assist eligible households to meet the costs of home energy.

Nutrition Services

To improve the diets of the elderly and to increase the market of domestically produced foods acquired under surplus removal or price support operations.

Home Care for the Elderly

To encourage the provision of care for elders in family type living arrangements in private homes as an alternative to nursing homes or other institutional care.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Purpose and organization, continued

Community Care for the Elderly

To decrease or delay premature or inappropriate and expensive placement of older persons in nursing homes and other institutions.

Alzheimer's Disease Initiative

To address the special needs of Alzheimer's Disease clients and their caregivers.

Medicaid Waiver Program

To provide intensive case management and supportive services to prevent or delay institutionalization.

Serving Health Insurance Needs of Elders (SHINE) Program

To provide elders with information, counseling and assistance on Medicare, Medicaid, and other health insurance.

Respite RELIEF Program

The "Respite for Elders Living in Everyday Families" (RELIEF) program provides in-home respite that is an expansion of respite currently available through other programs, specifically including evening and weekend respite.

Aging and Disability Resource Center

To facilitate customer friendly access to long-term care information, services and benefits for elders, younger individuals with disabilities and family caregivers.

Veterans Directed Home & Community Based Services (VDHCBS)

A home and community based service program funded through the Veterans Health Administration via agreements between local Veterans Administration Medical Centers and Area Agencies on Aging.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of the Agency are in accordance with

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Basis of accounting, continued

the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

Financial statement presentation

The Agency adheres to the requirements of the "Not-For-Profit Entities" topic of the FASB ASC. The topic requires the Agency 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.

Contributions

In accordance with the "Not-For Profit Entities" topic of the FASB ASC, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under this topic, donor-restricted contributions are required to be reported as temporarily or permanently restricted net assets.

Support and revenues

The Agency receives its support primarily from the community, local not-for-profits and grantor agencies. Revenues are recorded as support when pledged if the contribution is unconditional and without any donor contingencies.

Cash and cash equivalents

For purposes of these statements, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and having original maturities of three months or less.

Recognition of 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, or when the purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Concentration of credit risk

The Agency maintains its cash accounts in various financial institutions, which, at times, may exceed federally-insured limits. At December 31, 2016, none of the Agency's bank balances were uninsured. The Agency has not experienced any economic losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

Property and equipment

Furniture and equipment is recorded at cost, or if donated, at fair market value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the assets.

The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss from disposition is reported on the statement of activities.

Impairment of long-lived assets

The Agency adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Agency's financial statements resulting from this topic for the year ended December 31, 2016.

Functional expenses

The Agency allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Functional expenses, continued

allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated by various statistical bases.

Fair value of financial instruments

The carrying amount of cash and cash equivalents, receivables, and payables approximate fair value due to the short maturity of these financial instruments.

Income taxes

The Internal Revenue Services has determined that the Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Agency reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Agency's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Agency remain open to examination by these government agencies. The Agency follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Agency has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Agency has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Management estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Donated services

The Agency has reported donated goods and services in the financial statements. The Agency has established an objective basis to measure the value of such goods and services. The type of donated items include, volunteer time, equipment, and supplies. However, the Board of Directors has donated significant amounts of their time and expertise to the Agency which is not reflected on the financial statements. The amount reported as donated goods and services for the current year ended December 31, 2016 was \$169,010.

Due From Grantors / Due To Providers

The Agency records amounts Due from Grantors/Due to Providers for funds previously expended by provider agencies and for which reimbursement requests have been submitted. In the opinion of management, these amounts will be fully collected from the appropriate funding agency.

Deferred revenue

Advance payments received from the grantor agencies are deferred and recognized over the periods to which the payments relate.

Grant revenue

Grant revenue includes all resources that the Agency receives from another entity in accordance with a contract, entitlement, or grant agreement.

Advertising costs

The Agency incurs various marketing and promotional costs to let the community know about their services. These costs are expensed as incurred and totaled \$400 for the year ended December 31, 2016.

NOTE B - DUE FROM GRANTORS/DUE TO PROVIDERS

A summary of the Due from Grantors/Due to Providers at December 31, 2016 is as follows:

Grant	Due from Grantors	Due to Providers
Title III B	\$ 759,378	\$ 517,805
Title III C-1	244,404	244,404
Title III C-2	236,269	236,268
Title III D	36,239	-
Title III E	138,203	138,203
Title VII Elder Abuse	3,932	-
Nutrition Services Incentive Program	51,852	51,852
MIPPA Program	6,200	-
Emergency Home Energy Assistance	28,876	-
Respite RELIEF Program	3,769	3,353
Community Care for the Elderly	612,365	583,583
Alzheimer's Disease Initiative	228,888	228,888
Medicaid Waiver Specialist	11,912	-
Medicaid Aging Resource Center	32,227	-
Home Care for the Elderly	83,501	7,203
SHINE	23,843	-
Veterans Association	101,557	-
	<u>\$ 2,603,415</u>	<u>\$ 2,011,559</u>

Differences arise between the amounts Due from Grantors and Due to Providers as a result of the timing and source of the remittances.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2016:

	Amount
Equipment	\$ 633,531
Accumulated depreciation	(449,473)
	<u>\$ 184,058</u>

Depreciation expense was \$56,326 for the year ended December 31, 2016

NOTE D - PENSION PLAN

Employees who have completed one year of employment with the Agency are eligible to participate in the Agency's retirement plan. The plan allows for employer contributions of up to 10 percent of an employee's annual salary in an employee directed account or tax deferred savings plan. Employer contributions for the year ended December 31, 2016 were \$133,363.

NOTE E - LINE OF CREDIT

The Agency has a \$200,000 line of credit agreement with a bank. The agreement is collateralized by inventory, equipment, and accounts receivable of the Agency. The line of credit has an interest rate of Prime Rate plus 1.5 percent (approximately 5.25 percent at December 31, 2016), which is payable monthly and is payable on demand. As of December 31, 2016, the outstanding balance on the line of credit was \$0 and the entire \$200,000 was available for borrowings.

NOTE F - OPERATING LEASE COMMITMENTS

The Agency entered into an agreement with Zeno Office Solutions to lease Digital Printers. The lease agreement calls for 63 monthly payments of \$541 ending in March, 2021.

The Agency entered into an agreement with RB Merchants, LLC to lease office space. The lease calls for payment of a base rent, currently \$9,544, plus a percentage of the property operating expenses including common area maintenance, insurance, real estate taxes, and utilities. The lease agreement has a term of 132 months and expires on March 2020.

The Agency entered into an agreement with Avaya to lease a telephone system. The lease agreement calls for 60 monthly payments of \$830 ending in March, 2019.

The future minimum operating lease payments under these leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 130,984
2018	130,984
2019	123,514

NOTE F - OPERATING LEASE COMMITMENTS, CONTINUED

Year Ending <u>December 31,</u>	<u>Amount</u>
2020	16,847
2021	<u>1,623</u>
	<u>\$ 403,952</u>

Total lease expense under these operating leases totaled \$144,321 for the year ended December 31, 2016.

NOTE G - CAPITAL LEASES PAYABLE

The Agency entered into 4 capital lease agreements with Dell to lease computer equipment. The obligation under the capital leases has been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates ranging from 4.07% to 4.14%. The cost and accumulated depreciation of this equipment, included in property and equipment at December 31, 2016 is \$101,947 and \$59,458, respectively. The capital leases require total monthly payments of \$1,880, including interest, through January, 2019.

The future minimum capital lease payments under these leases are as follows:

Year Ended <u>December 31,</u>	<u>Amount</u>
2017	\$ 22,580
2018	22,580
2019	<u>697</u>
Total minimum lease payments	45,857
Less: amount representing interest	<u>(3,368)</u>
Present value of minimum lease payments	<u>\$ 42,489</u>

NOTE H - OTHER COMMITMENTS AND CONTINGENCIES

The Agency has entered into an annual service agreement with Century Link to provide internet service. This agreement is for services through November 2017, with monthly payments of \$1,049.

NOTE I - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

	<u>Amount</u>
<u>Purpose restriction accomplished:</u>	
Welfare and support for needy persons	\$ 16,565,247
Permanently restricted donation released by donor in current year	79,000
Operating activities	<u>(16,644,247)</u>
	<u>\$ -</u>

NOTE J - MATCHING REQUIREMENTS

The Agency must meet certain contractual matching requirements through cash and/or in-kind contributions. These requirements are proportionately passed on to the Agency's providers through contractual provisions in their subcontracts. The subcontract provider's match is reported to the Agency and tracked to ensure that all contractual matching requirements are met. However, the match provided by the Agency's providers is not recognized in the financial statements of the Agency. For the year ended December 31, 2016, The Agency met its matching requirements.

NOTE K - SUBSEQUENT EVENTS

Management has assessed subsequent events through April 24, 2017, the date of which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended December 31, 2016

Grantor/Pass Through Entity	CFDA/ CFSA Number	Contract/ Pass-Through Grantor Number	Award Amount	Expenditures	Transfer to Sub recipients
FEDERAL AWARDS					
U.S. Department of Health and Human Services					
Passed Through State of Florida,					
Department of Elder Affairs:					
Older Americana Act					
Special Programs for the Aging					
Aging Cluster					
Title III-B - Support Services	93.044	HA-016	\$ 2,756,113	\$ 2,756,113	\$ 2,254,767
Administrative Grant	93.044	HA-016	765,383	765,383	-
Total Program			3,521,496	3,521,496	2,254,767
Title III C-1 - Nutrition Services	93.045	HA-016	1,363,186	1,347,416	1,347,416
Title III C-2 - Nutrition Services	93.045	HA-016	1,414,275	1,414,275	1,414,275
Total Program			2,777,461	2,761,691	2,761,691
Food Distribution Program:					
Cash in Lieu of Commodities (NSIP)	93.053	HU-016	327,995	250,956	250,956
Total Program			327,995	250,956	250,956
Total Aging Program			6,626,952	6,534,143	5,267,414
Title III-E - Family Caregiver Services	93.052	HA-016	760,738	760,738	675,800
Title III D-1 - Health and Wellness	93.043	HD-016	79,739	79,739	-
Elder Abuse Prevention	93.042	HP-015	21,267	21,267	-
Total Program			101,006	101,006	-
Federal Home Energy Assistance Program:					
Emergency Home Energy Assistance	93.568	HP-015	345,763	57,066	-
Emergency Home Energy Assistance	93.568	HP-016	364,908	239,612	-
Total Program			710,671	296,678	-
Medicare Waiver Specialist	93.778	HX-015	55,056	29,380	-
Medicare Waiver Specialist	93.778	HX-015	55,056	25,670	-
Total Program			110,112	55,050	-
Medicaid Aging Resource Center	93.048	HX-015	176,218	93,309	-
Medicaid Aging Resource Center	93.048	HX-015	172,968	74,610	-
Total Program			349,186	167,919	-
Serving Health Insurance Needs of Elders	93.324	HN-015	732,730	214,124	-
Total Program			732,730	214,124	-
MIPPA Program	93.071	HB-016	79,375	59,850	-
MIPPA Program	93.071	HB-017	84,150	11,700	-
Total Program			163,525	71,550	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 9,554,920	\$ 8,201,208	\$ 5,943,214

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED
Year ended December 31, 2016

Grantor/Pass Through Entity	Contract/ CFDA/ Pass-Through		Award Amount	Expenditures	Transfer to Sub recipients
	CFSA Number	Grantor Number			
STATE FINANCIAL ASSISTANCE					
State of Florida					
Department of Elder Affairs:					
Alzheimer's Disease Initiative	65.002	HZ-015	\$ 100,000	\$ 8,232	\$ 8,232
Alzheimer's Disease Initiative	65.002	HZ-016	150,000	84,298	84,298
Total Project			250,000	92,530	92,530
Alzheimer's Model Day Care	65.004	HZ-015	1,423,958	612,252	612,252
Alzheimer's Model Day Care	65.004	HZ-016	1,613,593	664,122	664,122
Total Project			3,037,551	1,276,374	1,276,374
Community Care for the Elderly	65.010	HC-015	4,592,750	2,524,459	2,458,011
Community Care for the Elderly	65.010	HC-016	4,823,013	2,273,039	2,214,989
Community Care for the Elderly - Admin	65.010	HC-015	68,071	34,035	-
Community Care for the Elderly - Admin	65.010	HC-016	68,071	34,035	-
Medicaid Aging Resource Center	65.010	HX-015	176,218	93,309	-
Medicaid Aging Resource Center	65.010	HX-015	172,968	74,610	-
Total Project			9,901,091	5,033,487	4,673,000
Home Care for the Elderly	65.001	HH-015	447,715	262,937	262,937
Home Care for the Elderly	65.001	HH-016	447,715	219,566	219,566
Home Care for the Elderly - Admin	65.001	HH-015	70,650	35,325	-
Home Care for the Elderly - Admin	65.001	HH-016	70,650	35,325	-
Total Project			1,036,730	553,153	482,503
Medicare Waiver Specialist	N/A	HX-015	55,056	29,380	-
Medicare Waiver Specialist	N/A	HX-015	55,056	25,670	-
Total Project			110,112	55,050	-
Respite Relief	65.006	HR-015	43,500	23,014	20,614
Respite Relief	65.006	HR-016	25,000	11,335	10,085
Total Project			68,500	34,349	30,699
OAA Administrative Grant	N/A	HA-016	32,233	32,233	-
Total Project			32,233	32,233	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 14,436,217	\$ 7,077,176	\$ 6,555,106
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 23,991,137	\$ 15,278,384	\$ 12,498,320

AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended December 31, 2016

Page 23 of 32

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State grant activity of Area Agency on Aging for Southwest Florida, Inc. and is presented based on accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the Florida Single Audit Act (Florida Statute 215.97).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the Schedule of Expenditures of Federal Awards and State Financial Assistance follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations. The cost principles indicate that certain types of expenditures are not allowed or reimbursements of allowable costs are limited as to reimbursement.

NOTE C - INDIRECT COSTS

The Agency records all expenditures of federal awards and state financial assistance using the direct cost method. In this manner, the Agency has elected not to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.

NOTE D - CONTINGENCIES

The Federal and State programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect Area Agency on Aging for Southwest Florida, Inc.'s continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although Area Agency on Aging for Southwest Florida, Inc. believes the Agency to be in substantial compliance and therefore expects such amounts, if any, to be immaterial.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



INTEGRITY KNOWLEDGE SERVICE COMMITMENT &

**Independent Auditor's Report On Internal Control
Over Financial Reporting And On Compliance And
Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Board of Directors
Area Agency on Aging for Southwest Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit Standards issued by the Comptroller General of the United States, the financial statements of Area Agency on Aging for Southwest Florida, Inc. (the "Agency", a non-profit organization), which comprise the statement of financial position as of December 31, 2016, 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 April 24, 2017.

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 Agency'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.

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants - Management Consulting Services Division/Private Companies Practice Section/Tax Division

1-855-STROEMER • www.stroemercpa.com

14030 Metropolis Avenue, Suite 200, Fort Myers, FL 33912

Aventura • Fort Myers • Jacksonville • Naples • Orlando • Sanibel • Tampa • West Palm Beach

*By Appointment Only

Our consideration of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC

Fort Myers, Florida

April 24, 2017



INTEGRITY KNOWLEDGE SERVICE COMMITMENT®

Page 26 of 32

**Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required By The Uniform
Guidance, The Florida Single Audit Act (Florida Statute 215.97) And
Chapter 10.650 Of The Rules Of The Auditor General Of The State Of Florida**

Board of Directors
Area Agency on Aging for Southwest Florida, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Area Agency on Aging for Southwest Florida, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs and state projects for the year ended December 31, 2016. The Agency's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"); the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the type of compliance requirements referred to above that could have a direct and material effect on a major

Affiliations

Florida Institute of Certified Public Accountants
American Institute of Certified Public Accountants - Management Consulting Services Division/Private Companies Practice Section/Tax Division

1-855-STROEMER • www.stroemercpa.com
14030 Metropolis Avenue, Suite 200, Fort Myers, FL 33912

Aventura • Fort Myers • Jacksonville • Naples • Orlando • Sanibel • Tampa • West Palm Beach

*By Appointment Only

federal program or 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 federal program and state project. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program and 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 each of its major federal programs and state projects for the year ended December 31, 2016.

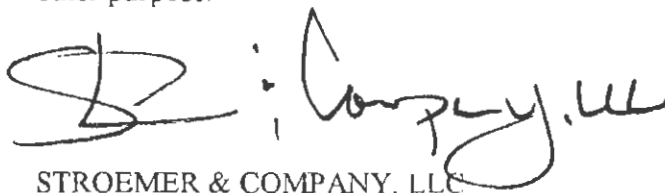
Report on Internal Control Over Compliance

Management of Area Agency on Aging for Southwest Florida, 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 the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, The Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC

Fort Myers, Florida

April 24, 2017

**AREA AGENCY ON AGING FOR SOUTHWEST FLORIDA, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year ended December 31, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued Unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified? _____ Yes X None reported
 Noncompliance material to financial statements
 noted? _____ Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified? _____ Yes X None reported
 Type of auditors report issued on compliance for
 major programs Unqualified
 Any audit findings disclosed that are required to be
 reported in accordance with 2 CFR
 Section 200.516(a)? _____ Yes X No

Identification of major programs (Type A):

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.044/93.045/93.053	Aging Cluster

Dollar threshold used to distinguish between
 Type A and Type B programs Threshold used was \$750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No



INTEGRITY KNOWLEDGE SERVICE COMMITMENT®

Board of Directors
Area Agency on Aging for Southwest Florida, Inc.

We have audited the financial statements of Area Agency on Aging for Southwest Florida, Inc. (the "Agency") as of and for the fiscal year ended, December 31, 2016, and have issued our report thereon dated April 24, 2017.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"); and the Florida Single Audit Act (Florida Statute 215.97). We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the Florida Single Act (Florida Statute 215.97), and Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance, and the disclosures in those reports and schedule, which are dated April 24, 2017 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650 of the Rules of the Auditor General of the State of Florida, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, the following matters are required to be disclosed:

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants - Management Consulting Services Division/Private Companies Practice Section/Tax Division

1-855-STROEMER • www.stroemercpa.com
14030 Metropolis Avenue, Suite 200, Fort Myers, FL 33912

Aventura • Fort Myers • Jacksonville • Naples • Orlando • Sanibel • Tampa • West Palm Beach

*By Appointment Only

Prior year comment that continues to apply:

NONE

Current year comments:

NONE

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies, and pass-through entities, the Auditor General of the State of Florida, and federal and state audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is written in a cursive, flowing style with a large initial "S" and "C".

STROEMER & COMPANY, LLC
Fort Myers, Florida
April 24, 2017