

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

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

Years Ended December 31, 2016 and 2015

NASSAU COUNTY COUNCIL ON AGING, INC.

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MEMBER OF
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Nassau County Council on Aging, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nassau County Council on Aging, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, by Section 215.97, Florida Statutes and Chapter 10.650; Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenses by Program Service is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2017, on our consideration of Nassau County Council on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nassau County Council on Aging, Inc.'s internal control over financial reporting and compliance.



James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
May 31, 2017

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 508,502	\$ 550,144
Accounts receivable, grantors (Note 1)	268,284	201,093
Prepaid insurance	1,248	14,034
Pledges receivable - current (Notes 1 & 3)	<u>125,442</u>	<u>199,432</u>
Total Current Assets	<u>903,476</u>	<u>964,703</u>
Pledges receivable, net of discounts of \$5,221 and \$720 for 2016 and 2015 and net of allowance for uncollectible of \$33,851 and \$0- for 2016 and 2015, respectively (Notes 1 & 3)	<u>174,000</u>	<u>47,982</u>
Land (Notes 1, 2, & 4)	461,600	5,000
Buildings and improvements	3,750,600	1,287,037
Furniture, vehicles, and equipment	<u>1,671,310</u>	<u>1,689,084</u>
	5,883,510	2,981,121
Accumulated depreciation	<u>(2,087,142)</u>	<u>(2,085,474)</u>
Total Fixed Assets	<u>3,796,368</u>	<u>895,647</u>
Total Assets	<u>\$ 4,873,844</u>	<u>\$ 1,908,332</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Refundable advances	\$ 19,363	\$ 19,639
Accounts payable and accrued expenses	94,824	53,163
Accrued payroll	26,475	28,438
Tenant security deposits	28,598	-
Current portion of long-term debt (Note 5)	<u>221,971</u>	<u>-</u>
Total Current Liabilities	391,231	101,240
Long-term debt (Note 5)	<u>2,219,862</u>	<u>-</u>
Total Liabilities	<u>2,611,093</u>	<u>101,240</u>
Net Assets:		
Unrestricted net assets	218,509	454,848
Unrestricted net assets property	1,354,535	895,647
Temporarily restricted net assets (Note 11)	<u>689,707</u>	<u>456,597</u>
Total Net Assets	<u>2,262,751</u>	<u>1,807,092</u>
Total Liabilities and Net Assets	<u>\$ 4,873,844</u>	<u>\$ 1,908,332</u>

See accompanying notes to financial statements.

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

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
PUBLIC SUPPORT AND REVENUE:		
Public Support:		
Contributions	\$ 195,964	\$ 177,143
United Way	54,531	53,447
Special events (net of direct costs of \$29,532 and \$22,920)	93,544	90,265
Total Public Support	344,039	320,855
Grants and Agreements with Governmental Agencies:		
State of Florida	754,819	590,922
Medicaid	850	13,895
USDA	17,930	15,454
Department of Transportation	878,076	767,634
Nassau County Commission	243,000	243,000
City of Fernandina Beach	33,038	11,250
Total Government Grants	1,927,713	1,642,155
Revenue:		
Program revenue	484,086	597,899
Rental revenue	243,881	-
Other	44,965	54,584
Total Revenue	772,932	652,483
Total Unrestricted Public Support and Revenue	3,044,684	2,615,493
EXPENSES:		
Program Services	2,778,661	2,384,810
Management and General	321,638	213,173
Fundraising	1,751	1,062
Total Expenses	3,102,050	2,599,045
Net Assets Released From Restrictions	279,915	-
INCREASE IN UNRESTRICTED NET ASSETS	222,549	16,448
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	510,956	3,594
Interest	2,069	504
Released from restrictions	(279,915)	-
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	233,110	4,098
INCREASE IN NET ASSETS	455,659	20,546
NET ASSETS, beginning of year	1,807,092	1,786,546
NET ASSETS, end of year	\$ 2,262,751	\$ 1,807,092

See accompanying notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES

For The Years Ended December 31, 2016 and 2015

	2016				2015			
	Program Services - Care For The Elderly	Supporting Services - Management and General	Fundraising	Total	Program Services - Care For The Elderly	Supporting Services - Management and General	Fundraising	Total
Salaries	\$ 1,323,872	\$ 163,625	\$ -	\$ 1,487,497	\$ 1,163,088	\$ 143,753	\$ -	\$ 1,306,841
Employee benefits	88,008	10,877	-	98,885	83,941	10,375	-	94,316
Payroll taxes	111,731	13,810	-	125,541	98,071	12,121	-	110,192
	<u>1,523,611</u>	<u>188,312</u>	<u>-</u>	<u>1,711,923</u>	<u>1,345,100</u>	<u>166,249</u>	<u>-</u>	<u>1,511,349</u>
Professional fees	16,453	2,034	-	18,487	14,975	1,851	-	16,826
Office expenses	50,882	6,289	-	57,171	41,438	5,121	-	46,559
Communications/utilities	73,414	9,074	-	82,488	61,128	7,555	-	68,683
Travel	49,032	2,043	-	51,075	53,749	2,440	-	56,189
Transportation and vehicle expense	317,101	-	-	317,101	368,463	-	-	368,463
Repairs & maintenance	40,984	7,233	-	48,217	44,522	7,941	-	52,463
Food	116,356	2,375	-	118,731	109,013	2,057	-	111,070
Direct client service expense	95,509	-	-	95,509	58,301	-	-	58,301
Insurance	65,381	8,081	-	73,462	66,770	8,253	-	75,023
Other	81,437	4,378	1,751	87,566	49,378	2,655	1,062	53,095
	<u>2,430,160</u>	<u>229,819</u>	<u>1,751</u>	<u>2,661,730</u>	<u>2,212,837</u>	<u>204,122</u>	<u>1,062</u>	<u>2,418,021</u>
Total Expenses Before Depreciation, Interest, Bad debt & Income tax expense								
Depreciation and amortization	179,187	9,431	-	188,618	171,973	9,051	-	181,024
Interest expense	-	53,930	-	53,930	-	-	-	-
Bad debt expense	169,314	8,911	-	178,225	-	-	-	-
Income tax expense	-	19,547	-	19,547	-	-	-	-
	<u>-</u>	<u>19,547</u>	<u>-</u>	<u>19,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 2,778,661</u>	<u>\$ 321,638</u>	<u>\$ 1,751</u>	<u>\$ 3,102,050</u>	<u>\$ 2,384,810</u>	<u>\$ 213,173</u>	<u>\$ 1,062</u>	<u>\$ 2,599,045</u>

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 455,659	\$ 20,546
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	188,618	181,024
(Increase) decrease in due from grantors	(67,191)	2,435
Decrease in prepaid expenses	12,786	7,636
(Increase) decrease in pledges receivable	(52,028)	23,055
Increase (decrease) in advances	(276)	5,468
Increase (decrease) in accounts payable and accruals	39,698	(30,002)
Increase in tenant security deposits	28,598	-
Net Cash Provided By Operating Activities	605,864	210,162
Cash Flows from Investing Activities:		
Sale of vehicles	1,500	-
Purchases of property, vehicles and fixed assets	(3,096,506)	(100,287)
Net Cash Used By Investing Activities	(3,095,006)	(100,287)
Cash Flows from Financing Activities:		
Proceeds from loans	2,600,000	-
Repayment of loans	(152,500)	-
Net Cash Provided By Financing Activities	2,447,500	-
Net Increase (decrease) in Cash	(41,642)	109,875
Cash, Beginning of Year	550,144	440,269
Cash, End of Year	\$ 508,502	\$ 550,144
Supplementary Disclosure of Cash Flow Information:	-	-
Cash paid during the year:		
Interest Expense Paid	\$ 53,930	\$ -
Income Taxes Paid	\$ -	\$ -

See accompanying notes to financial statements.

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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

Nature of Organization

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

Basis of Presentation

The financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958. Under this standard, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

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

Functional Allocation of Expenses

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

Accounts Receivable

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

Property, Plant, and Equipment

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

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
-continued-

Pledges Receivable

Pledges consist of contributions to the capital campaign supporting the development of the new Life Center. Because all the pledges are expected to be collected within five years, a 1% discount rate was used for the net present value of the pledges. The Council has established an allowance for doubtful pledges to properly value the pledges.

Contributions

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

Income Taxes

The Council qualifies as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Management evaluated the Organization's tax positions and concluded that the Organization had maintained its exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. A liability for income taxes from debt encumbered real estate rental income has been included in the financial statements

Depreciation

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

Loan Closing Costs

Costs of obtaining a purchase money mortgage in 2016 of \$28,979 are being amortized over the term of the loan.

Use of Estimates

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

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
-continued-

Fair Value of Financial Instruments

Generally accepted accounting principles require certain financial instruments to be recorded at fair value. Changes in methods of estimation could affect the fair value estimates; however, such changes are not expected to have a material impact on the organization's financial position, activities or cash flows.

Restricted and Unrestricted Revenue and Support

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

2. LAND AND LEASE COMMITMENTS:

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

3. PLEDGES RECEIVABLE:

Pledges receivable are composed of promises to give for the construction of a new Life Center. Pledges receivable at December 31, 2016 are as follows:

Amounts due in:	<u>2016</u>	<u>2015</u>
Less than one year	\$ 125,442	\$ 199,432
One to five years	<u>213,072</u>	<u>48,702</u>
Total pledges receivable	<u>338,514</u>	<u>248,134</u>
Less: Discount to net present value	5,221	720
Allowance for doubtful pledges	<u>33,851</u>	<u>-0-</u>
Net pledges receivable	\$ <u>299,442</u>	\$ <u>247,414</u>

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

-continued-

4. PROPERTY AND EQUIPMENT:

The Council purchased two commercial buildings on May 24, 2016 for \$2,900,000 to provide for a new Life Center location. The purchase was subject to a mortgage more particularly described in Footnote 5.

Property and equipment consist of the following:

	<u>Estimated Life – Years</u>	<u>2016</u>	<u>2015</u>
Land, Hilliard		\$ 5,000	\$ 5,000
Land, Island Walkway		456,600	-
Island Walkway Buildings		2,443,400	-
Eastside Transportation Building		634,811	634,811
Fernandina Building and Improvements	30	395,765	382,572
Hilliard Building and Improvements	30	276,624	269,654
Furniture and Equipment	5-10	93,110	93,110
Vehicles	5	<u>1,578,200</u>	<u>1,595,974</u>
		5,883,510	2,981,121
Accumulated Depreciation		<u>(2,087,142)</u>	<u>(2,085,474)</u>
		<u>\$ 3,796,368</u>	<u>\$ 895,647</u>

5. LONG-TERM DEBT:

Mortgage loans for the acquisition of the Island Walkway property were taken out on May 24, 2016. The primary financing was a 25-year loan in the amount of \$2,100,000 requiring monthly principal and interest payments of \$10,571 with a variable interest rate, currently 3.50%. The final payment, including the remaining principal and accrued interest, is due May 24, 2041. The outstanding balance at December 31, 2016 was \$2,070,039.

To complete the financing a bridge loan in the amount of \$500,000 was secured requiring 36 monthly interest payments at 3.50% and three principal payments of \$166,667 on the annual anniversary dates. The final payment, including the remaining principal and accrued interest, is due May 24, 2019. The outstanding balance at December 31, 2016 was \$400,000.

NASSAU COUNTY COUNCIL ON AGING, INC.
 (A Nonprofit Corporation)
 NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
 -continued-

5. LONG-TERM DEBT, continued:

The future principal maturities of long-term debt as of December 31, 2016 are as follows:

2017		\$ 221,971
2018		223,916
2019		125,952
2020		61,394
2021		63,578
Thereafter		<u>1,773,228</u>
Total		2,470,039
Less:		
Unamortized closing costs		22,539
Current portion		<u>221,971</u>
Long term portion		<u>\$ 2,225,529</u>

6. GRANTS FROM GOVERNMENTAL AGENCIES:

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

- Title III (Florida Department of Elder Affairs)
- Community Care For The Elderly (Florida Department of Elder Affairs)
- Emergency Home Energy Assistance (Florida Department of Elder Affairs)
- Alzheimer’s Disease Initiative (Florida Department of Elder Affairs)
- Home Care for the Elderly (Florida Department of Elder Affairs)
- Nutrition Services Incentive (Florida Department of Elder Affairs)
- Local Services Program (Florida Department of Elder Affairs)

7. MATCHING REQUIREMENTS:

The Council received a substantial portion of its support from federal and state governments through the Northeast Florida Area Agency on Aging, Inc. d/b/a ElderSource and the Florida Department of Transportation. Some grants include a local matching requirement. The funds used for matching, the grants and the matching requirements for fiscal year ending December 31, 2016 are as follows:

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
-continued-

7. MATCHING REQUIREMENTS, continued:

<u>Source/Grant</u>	<u>Revenue Requiring Match</u>	<u>Match Required</u>
Northeast Florida Area Agency on Aging, Inc. d/b/a ElderSource:		
Title III	\$ 304,597	\$ 27,468
Community Care for Elderly	298,036	26,352
Florida Department of Transportation	573,118	211,649
Transportation Disadvantaged	293,380	<u>33,545</u>
Total Matching Required		299,014
Sources of Matching Funds:		
United Way	54,531	
Nassau County Commission	243,000	
City of Fernandina Beach	33,038	
Interest, farebox and miscellaneous Contributions	50,682	
	<u>195,964</u>	
Total Funds Available for Match		<u>577,215</u>
(Excess) Match		<u>\$ (278,201)</u>

8. RETIREMENT PLAN:

The Council has a Simplified Employee Pension (SEP) plan for employees. Employees working more than 32 hours a week and employed for more than three years are eligible. Contributions made to the plan are at the discretion of the Board of Directors and cannot exceed 15% of the employee's salary. The board elected to contribute 4% and 4% of eligible salaries for 2016 and 2015. Pension expense as of December 31, 2016 and 2015 was \$2,114 and \$1,804, respectively.

9. CONCENTRATION OF REVENUE:

Nassau County Council on Aging, Inc. received approximately 25% and 23% of its revenues from the State of Florida for the years ending December 31, 2016 and 2015, respectively. Laws and regulations governing these programs are complex and subject to interpretation. The Council believes that it is in compliance with all applicable laws and regulations. Compliance with laws and regulations can be subject to future government review and retroactive adjustment, as well as significant regulatory action.

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
-continued-

10. DONATED SERVICES:

Volunteers provide substantial donated service hours which contribute significantly to the operations of the organization. However, the value of these services is not accrued as revenue in the financial statements because the donated services do not meet the criteria of FASB ASC 958 for recognition. Volunteer service hours can be used to meet the matching requirements of contracts listed in Note 7.

11. VEHICLE LIENS:

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

12. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at December 31, 2016 and 2015 are composed of \$689,707 and \$456,597 in contributions (including pledges) and interest received on funds for the purchase and payment of the mortgage on a new Life Center.

13. CONCENTRATIONS OF CREDIT RISK

The Council maintains accounts with two national banks with deposits insured through the Federal Deposit Insurance Corporation. Cash balances are exposed to credit risk since the Council periodically maintains balances in excess of FDIC insurance limits.

14. SUBSEQUENT EVENTS:

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through May 31, 2017, the date the financial statements were available to be issued. No material events have occurred since December 31, 2016 that require recognition or disclosure in the financial statements.

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For The Year Ended December 31, 2016

<u>Federal-State Grantor/Pass-Through Grantor/Program Title</u>	<u>Contract Period</u>	<u>CFDA CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through State of Florida					
Department of Elder Affairs					
Northeast Florida Area Agency for the Aging, Inc. d/b/a ElderSource					
Title IIIB - Support Services	1/1/16 - 12/31/16	93.044	A016N	\$ 138,987	\$ -
Title IIIC1 - Congregate Meals	1/1/16 - 12/31/16	93.045	A016N	74,679	-
Title IIIC2 - Home Delivered Meals	1/1/16 - 12/31/16	93.045	A016N	56,462	-
Title IIIE - Caregiver Support Services	1/1/16 - 12/31/16	93.052	A016N	34,469	-
Emergency Home Energy Assistance	4/1/15 - 3/31/16	93.568	P016N	13,668	-
Emergency Home Energy Assistance	4/1/16 - 3/31/17	93.568	P017N	4,556	-
Nutrition Services Incentive	10/1/15 - 9/30/16	93.053	U016N	12,035	-
Nutrition Services Incentive	10/1/16 - 9/30/17	93.053	U017N	5,895	-
Department of Transportation					
Commission for the Transportation Disadvantaged					
Medicaid Non-Emergency Transportation		93.778		850	-
U.S DEPARTMENT OF TRANSPORTATION					
Passed through State of Florida					
Department of Transportation					
Public Transportation Joint Participation Agreement-Operating Assistance	1/23/15 - 5/30/16	20.509		142,556	-
Public Transportation Joint Participation Agreement-Operating Assistance		20.509	GO772	187,230	-
Public Transportation Joint Participation Agreement-Job Access	6/19/14 - 6/20/19	20.516	ARI39	48,300	-
5310 Seniors and Persons with Disabilities Capital Assistance		20.513	GO960	81,679	-
5310 Seniors and Persons with Disabilities Capital Assistance		20.513		<u>78,052</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 879,418</u>	<u>\$ -</u>
STATE OF FLORIDA					
DEPARTMENT OF TRANSPORTATION					
Public Transportation Joint Participation Agreement-Commuter Assistance	1/16/15 - 9/30/17	55.007	ARQ75	\$ 27,866	\$ -
Public Transit Service Development	6/2/15 - 7/30/16	55.012	GO037	7,435	-
COMMISSION FOR THE TRANSPORTATION DISADVANTAGED					
Direct Projects of Commission for the Transportation Disadvantaged					
Trip and Grant Agreement	7/1/16 - 6/30/17	55.001	GOB88	160,868	-
Trip and Grant Agreement	7/1/15 - 6/30/16	55.001	GO179	144,090	-
DEPARTMENT OF ELDER AFFAIRS					
Northeast Florida Area Agency for the Aging, Inc. d/b/a ElderSource					
Community Care for the Elderly	7/1/15-6/30/16	65.010	C016N	137,094	-
Community Care for the Elderly	7/1/16-6/30/17	65.010	C017N	160,942	-
Alzheimer's Disease Initiative	7/1/15-6/30/16	65.004	Z016N	29,501	-
Alzheimer's Disease Initiative	7/1/16-6/30/17	65.004	Z017N	40,297	-
Local Services Program	9/1/15-6/30/16	65.009	L016N	15,474	-
Local Services Program	7/1/16-6/30/17	65.009	L017N	18,922	-
Home Care for the Elderly	7/1/15-6/30/16	65.001	H016N	4,218	-
Home Care for the Elderly	7/1/16-6/30/17	65.001	H017N	<u>4,218</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				<u>\$ 750,925</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

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

NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For The Year Ended December 31, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of Nassau County Council on Aging, Inc. for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of Nassau County Council on Aging, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Nassau County Council on Aging, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Pass through entity identifying numbers are presented where available.
- c) Nassau County Council on Aging, Inc. has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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

For the Year Ended December 31, 2016

Expenses	Adult Day Health Care	Adult Day Care	Case Aide	Case Management	Companionship	Congregate Meals	Counseling	Education	Emergency Alert Response	Health Support	Home Delivered Meals
Salaries	0	3,234	0	11,827	0	34,426	201	6,842	8,050	2,971	63,721
Payroll taxes & benefits	0	605	0	2,213	0	6,442	38	1,280	1,506	556	11,924
Travel	0	296	0	1,083	0	3,152	18	626	737	272	5,834
Communications/Postage	0	107	0	392	0	1,141	7	227	267	98	2,111
Utilities	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	429	0	1,567	0	4,562	27	907	1,067	394	8,444
Maintenance & Repair	0	101	0	371	0	1,080	6	215	253	93	2,000
Printing/Supplies	0	129	0	473	0	1,375	8	273	322	119	2,546
Building Cost	0	0	0	0	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0	0	0	0	0
Professional fees/Legal/Audit	0	39	0	143	0	417	2	83	97	36	771
Sub-contractors	0	880	0	3,219	0	9,370	55	1,862	2,191	809	17,342
Program Supplies	0	669	0	2,446	0	7,118	42	1,415	1,665	614	13,176
Depreciation	0	1,572	0	5,750	0	16,738	98	3,327	3,914	1,445	30,981
Food & Food Supplies	0	0	0	0	0	29,632	0	0	0	0	77,159
Other	0	(0)	0	(0)	0	(0)	(0)	(0)	(0)	(0)	(0)
Total Expenses	0	8,061	0	29,484	0	115,454	502	17,057	20,069	7,408	236,009
Allocation of Management & General	0	939	0	3,435	0	13,450	58	1,987	2,338	863	27,494
Total Expenses after allocation	0	9,000	0	32,919	0	128,904	560	19,044	22,406	8,271	263,504
Total Units		416	0	466		8,985	27	252	14,000	258	18,938

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

For the Year Ended December 31, 2016

- continued -

Expenses	In Home Services											
	Information	Personal Care	Homemaker	Respite	Chore	Medical Transportation	Nutrition Education	Outreach	Public Education	Recreation	Referral	Screening/ Assessment
Salaries	0	36,790	60,251	100,810	371	0	4,807	0	0	6,322	0	2,594
Payroll taxes & benefits	0	6,885	11,275	18,865	69	0	900	0	0	1,183	0	485
Travel	0	3,369	5,517	9,230	34	0	440	0	0	579	0	237
Communications/Postage	0	1,219	1,996	3,340	12	0	159	0	0	209	0	86
Utilities	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	4,875	7,984	13,359	49	0	637	0	0	838	0	344
Maintenance & Repair	0	1,155	1,891	3,164	12	0	151	0	0	198	0	81
Printing/Supplies	0	1,470	2,407	4,028	15	0	192	0	0	253	0	104
Building Cost	0	0	0	0	0	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0	0	0	0	0	0
Professional fees/Legal/Audit	0	445	729	1,220	4	0	58	0	0	77	0	31
Sub-contractors	0	10,013	16,398	27,437	101	0	1,308	0	0	1,721	0	706
Program Supplies	0	7,607	12,458	20,845	77	0	994	0	0	1,307	0	536
Depreciation	0	17,887	29,294	49,013	180	0	2,337	0	0	3,074	0	1,261
Food & Food Supplies	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	(0)	(0)	(0)	(0)	0	(0)	0	0	(0)	0	(0)
Total Expenses	0	91,714	150,200	251,311	925	0	11,984	0	0	15,761	0	6,466
Allocation of Management & General	0	10,684	17,498	29,277	108	0	1,396	0	0	1,836	0	753
Total Expenses after allocation	0	102,399	167,698	280,588	1,032	0	13,380	0	0	17,597	0	7,219
Total Units		3,275	5,278	10,194	36		3,093			560		145

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

For the Year Ended December 31, 2016

- continued -

Expenses						Supporting Services			Total
	Telephone Reassurance	Transportation	Non-DOEA-related services	Services for Other DOEA Programs	Total Program Costs	Fund Raising	Management & General	Total Supporting Services	
Salaries	0	24,749	955,905	0	1,323,872	0	163,625	163,625	1,487,497
Payroll taxes & benefits	0	4,631	130,879	0	199,739	0	24,687	24,687	224,426
Travel	0	2,266	15,340	0	49,032	0	2,043	2,043	51,075
Communications/Postage	0	820	61,222	0	73,414	0	9,074	9,074	82,488
Utilities	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0
Insurance	0	3,280	16,620	0	65,381	0	8,081	8,081	73,462
Maintenance & Repair	0	777	29,436	0	40,984	0	7,233	7,233	48,217
Printing/Supplies	0	989	36,180	0	50,882	0	6,289	6,289	57,171
Building Cost	0	0	0	0	0	0	0	0	0
Equipment	0	0	203,698	0	203,698	0	0	0	203,698
Professional fees/Legal/Audit	0	299	12,000	0	16,453	0	2,034	2,034	18,487
Sub-contractors	0	6,736	13,256	0	113,403	0	0	0	113,403
Program Supplies	0	5,117	19,424	0	95,509	0	0	0	95,509
Depreciation	0	12,033	0	0	178,904	0	9,714	9,714	188,618
Food & Food Supplies	0	0	9,565	0	116,356	0	2,375	2,375	118,731
Other	0	(0)	250,752	0	250,751	1,751	86,766	88,517	339,268
Total Expenses	0	61,696	1,754,277	0	2,778,378	1,751	321,921	323,672	3,102,050
Allocation of Management & General	0	7,187	204,368	0	323,672	(1,751)	(321,921)	(323,672)	0
Total Expenses after allocation	0	68,884	1,958,645	0	3,102,050	0	0	0	3,102,050
Total Units		3,042	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Michael J. Connelly, C.P.A.
Greg A. Korn, C.P.A.

MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Nassau County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 May 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nassau County Council on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nassau County Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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 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 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.

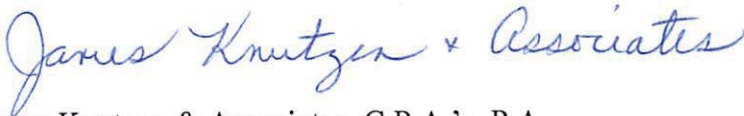
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 Nassau County Council on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
May 31, 2017

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

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Nassau County Council on Aging, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of Nassau County Council on Aging, Inc.'s major federal programs and state projects for the year ended December 31, 2016. Nassau County Council on Aging, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Nassau County Council on Aging, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major

federal program or state project occurred. An audit includes examining, on a test basis, evidence about Nassau County Council on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination on Nassau County Council on Aging, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Nassau County Council on Aging, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of Nassau County Council on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Nassau County Council on Aging, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nassau County Council on Aging, Inc.'s internal control over compliance.

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 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.

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

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 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "James Knutzen & Associates". The signature is written in a cursive, flowing style.

James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
May 31, 2017

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS

Year Ended December 31, 2016

Section I--Summary of Auditors' Results

Financial Statements:

Unmodified auditors' report issued

Internal control over financial reporting:

Material weakness(es) identified?	_____	YES	_____ X _____	NO
Significant deficiency(ies) identified?	_____	YES	_____ X _____	NO
Noncompliance material to financial statements noted?	_____	YES	_____ X _____	NO

Federal/State Awards:

Internal control over major programs:

Material weakness(es) identified?	_____	YES	_____ X _____	NO
Significant deficiency(ies) identified?	_____	YES	_____ X _____	NO

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 or state single audit act?	_____	YES	_____ X _____	NO
---	-------	-----	---------------	----

Identification of major programs/projects:

	CFDA #'s	Name of Federal Program and State Project or Cluster
Public Transportation Joint Participation Agreement	20.509	N/A
Public Transportation Joint Participation Agreement	20.513	

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

\$750,000

CSFA #'s

Trip and Grant Agreement	55.001
Community Care for the Elderly	65.010

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

\$225,278

Auditee qualified as low risk auditee?	_____	YES	_____ X _____	NO
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Section II--Financial Statement Findings

None

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS

Year Ended December 31, 2016

Section III--Federal/State Award Findings and Questioned Costs

Major Federal/State Award Programs Audit:

None

Section IV--Summary Schedule of Prior Audit Findings

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

Section V--Corrective Action Plan

No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Act.

Section VI--Management Letter

No management letter as defined in State of Florida, Rules of the Auditor General 10.656(3)(e) is required because there were no findings related to State Financial Assistance required to be reported.