

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

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

Years Ended December 31, 2017 and 2016

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, 2017 and 2016 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, 2017 and 2016, 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.

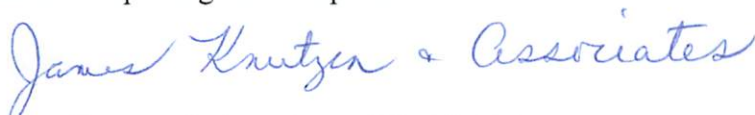
Other Matters

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 June 4, 2018, 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
June 4, 2018

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

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,025,490	\$ 508,502
Accounts receivable, grantors (Note 1)	386,302	268,284
Prepaid expense	9,165	1,248
Pledges receivable - current (Notes 1 & 3)	<u>99,182</u>	<u>125,442</u>
Total Current Assets	<u>1,520,139</u>	<u>903,476</u>
Pledges receivable, net of discounts of \$1,353 and \$5,221 for 2017 and 2016 and net of allowance for uncollectible of \$12,413 and \$33,851 for 2017 and 2016, respectively (Notes 1 & 3)	<u>11,180</u>	<u>174,000</u>
Land (Notes 1, 2, & 4)	461,600	461,600
Buildings and improvements	3,750,600	3,750,600
Furniture, vehicles, and equipment	<u>1,721,914</u>	<u>1,671,310</u>
	5,934,114	5,883,510
Accumulated depreciation	<u>(2,075,042)</u>	<u>(2,087,142)</u>
Total Fixed Assets	<u>3,859,072</u>	<u>3,796,368</u>
Total Assets	<u>\$ 5,390,391</u>	<u>\$ 4,873,844</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Refundable advances	\$ 22,083	\$ 19,363
Accounts payable and accrued expenses	503,632	94,824
Accrued payroll	45,078	26,475
Tenant security deposits	4,000	28,598
Current portion of long-term debt (Note 5)	<u>223,888</u>	<u>221,971</u>
Total Current Liabilities	798,681	391,231
Long-term debt (Note 5)	<u>2,097,936</u>	<u>2,219,862</u>
Total Liabilities	<u>2,896,617</u>	<u>2,611,093</u>
Net Assets:		
Unrestricted net assets	276,653	218,509
Unrestricted net assets property	1,537,248	1,354,535
Temporarily restricted net assets (Note 12)	<u>679,873</u>	<u>689,707</u>
Total Net Assets	<u>2,493,774</u>	<u>2,262,751</u>
Total Liabilities and Net Assets	<u>\$ 5,390,391</u>	<u>\$ 4,873,844</u>

See accompanying notes to financial statements.

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

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
PUBLIC SUPPORT AND REVENUE:		
Public Support:		
Contributions	\$ 237,352	\$ 195,964
United Way	39,018	54,531
Special events (net of direct costs of \$26,666 and \$29,532)	102,812	93,544
Total Public Support	<u>379,182</u>	<u>344,039</u>
Grants and Agreements with Governmental Agencies:		
State of Florida	651,171	772,749
Medicaid	176	850
Department of Transportation	1,022,293	878,076
Nassau County Commission	243,000	243,000
City of Fernandina Beach	37,492	33,038
Total Government Grants	<u>1,954,132</u>	<u>1,927,713</u>
Revenue:		
Program revenue	682,610	484,086
Rental revenue	453,262	243,881
Other	21,177	44,965
Total Revenue	<u>1,157,049</u>	<u>772,932</u>
Total Unrestricted Public Support and Revenue	3,490,363	3,044,684
EXPENSES:		
Program Services	2,921,465	2,778,661
Management and General	408,672	321,638
Fundraising	3,636	1,751
Total Expenses	<u>3,333,773</u>	<u>3,102,050</u>
Net Assets Released From Restrictions	<u>249,974</u>	<u>279,915</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>406,564</u>	<u>222,549</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions and Grants	238,200	510,956
Interest	1,940	2,069
Released from restrictions	<u>(249,974)</u>	<u>(279,915)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(9,834)</u>	<u>233,110</u>
NON-OPERATING EXPENSES		
Hurricane losses (Note 13)	<u>165,707</u>	<u>-</u>
INCREASE IN NET ASSETS	231,023	455,659
NET ASSETS, beginning of year	<u>2,262,751</u>	<u>1,807,092</u>
NET ASSETS, end of year	<u>\$ 2,493,774</u>	<u>\$ 2,262,751</u>

See accompanying notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES

For The Years Ended December 31, 2017 and 2016

	2017				2016			
	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	\$ 1,529,248	\$ 189,008	\$ -	\$ 1,718,256	\$ 1,323,872	\$ 163,625	\$ -	\$ 1,487,497
Employee benefits	85,659	10,587	-	96,246	88,008	10,877	-	98,885
Payroll taxes	128,423	15,873	-	144,296	111,731	13,810	-	125,541
	<u>1,743,330</u>	<u>215,468</u>	<u>-</u>	<u>1,958,798</u>	<u>1,523,611</u>	<u>188,312</u>	<u>-</u>	<u>1,711,923</u>
Professional fees	16,546	2,045	-	18,591	16,453	2,034	-	18,487
Office expenses	66,140	8,175	-	74,315	50,882	6,289	-	57,171
Communications/utilities	82,334	10,176	-	92,510	73,414	9,074	-	82,488
Travel	42,836	1,785	-	44,621	49,032	2,043	-	51,075
Transportation and vehicle expense	335,583	-	-	335,583	317,101	-	-	317,101
Repairs & maintenance	49,181	8,679	-	57,860	40,984	7,233	-	48,217
Food	112,709	2,300	-	115,009	116,356	2,375	-	118,731
Direct client service expense	60,993	-	-	60,993	95,509	-	-	95,509
Insurance	67,513	8,344	-	75,857	65,381	8,081	-	73,462
Other	150,912	27,273	3,636	181,821	81,437	4,378	1,751	87,566
	<u>2,728,077</u>	<u>284,245</u>	<u>3,636</u>	<u>3,015,958</u>	<u>2,430,160</u>	<u>229,819</u>	<u>1,751</u>	<u>2,661,730</u>
Total Expenses Before Depreciation, Interest, Bad debt & Income tax expense								
Depreciation	193,388	10,178	-	203,566	179,187	9,431	-	188,618
Interest expense	-	84,066	-	84,066	-	53,930	-	53,930
Bad debt expense	-	70	-	70	169,314	8,911	-	178,225
Income tax expense	-	30,113	-	30,113	-	19,547	-	19,547
	<u>-</u>	<u>30,113</u>	<u>-</u>	<u>30,113</u>	<u>-</u>	<u>19,547</u>	<u>-</u>	<u>19,547</u>
Total Expenses	<u>\$ 2,921,465</u>	<u>\$ 408,672</u>	<u>\$ 3,636</u>	<u>\$ 3,333,773</u>	<u>\$ 2,778,661</u>	<u>\$ 321,638</u>	<u>\$ 1,751</u>	<u>\$ 3,102,050</u>

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 231,023	\$ 455,659
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	204,725	188,618
Increase in due from grantors	(118,018)	(67,191)
(Increase) decrease in prepaid expenses	(7,917)	12,786
(Increase) decrease in pledges receivable	189,080	(52,028)
Increase (decrease) in advances	2,720	(276)
Increase in accounts payable and accruals	427,411	39,698
Increase (decrease) in tenant security deposits	(24,598)	28,598
Net Cash Provided By Operating Activities	904,426	605,864
Cash Flows from Investing Activities:		
Sale of vehicles	2,200	1,500
Purchases of property, vehicles and fixed assets	(287,676)	(3,096,506)
Net Cash Used By Investing Activities	(285,476)	(3,095,006)
Cash Flows from Financing Activities:		
Proceeds from loans	-	2,600,000
Repayment of loans	(101,962)	(152,500)
Net Cash Provided By Financing Activities	(101,962)	2,447,500
Net Increase (Decrease) in Cash	516,988	(41,642)
Cash, Beginning of Year	508,502	550,144
Cash, End of Year	\$1,025,490	\$ 508,502
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year:		
Interest Expense Paid	\$ 82,907	\$ 53,930
Income Taxes Paid	\$ 19,547	\$ -

See accompanying notes to financial statements.

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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, 2017 and 2016
-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, 2017 and 2016
-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, 2017 and 2016 are as follows:

Amounts due in:	<u>2017</u>	<u>2016</u>
Less than one year	\$ 99,182	\$ 125,442
One to five years	<u>24,946</u>	<u>213,072</u>
Total pledges receivable	<u>124,128</u>	<u>338,514</u>
Less: Discount to net present value	1,353	5,221
Allowance for doubtful pledges	<u>12,413</u>	<u>33,851</u>
Net pledges receivable	\$ <u>110,362</u>	\$ <u>299,442</u>

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

-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>2017</u>	<u>2016</u>
Land, Hilliard		\$ 5,000	\$ 5,000
Land, Island Walkway		456,600	456,600
Island Walkway Buildings		2,443,400	2,443,400
Eastside Transportation Building		634,811	634,811
Fernandina Building and Improvements	30	395,765	395,765
Hilliard Building and Improvements	30	276,624	276,624
Furniture and Equipment	5-10	94,738	93,110
Vehicles	5	<u>1,627,176</u>	<u>1,578,200</u>
		5,934,114	5,883,510
Accumulated Depreciation		<u>(2,075,042)</u>	<u>(2,087,142)</u>
		<u>\$ 3,859,072</u>	<u>\$ 3,796,368</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 balances at December 31, 2017 and 2016 were \$2,015,536 and \$2,070,039, respectively.

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, 2017 and 2016 were \$333,333 and \$400,000, respectively.

NASSAU COUNTY COUNCIL ON AGING, INC.
 (A Nonprofit Corporation)
 NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016
 -continued-

5. LONG-TERM DEBT, continued:

The future principal maturities of long-term debt as of December 31, 2017 are as follows:

2018		\$ 223,888
2019		225,924
2020		125,952
2021		61,365
2022		63,547
Thereafter		<u>1,648,193</u>
Total		2,348,869
Less:		
Unamortized closing costs		27,045
Current portion		<u>223,888</u>
Long term portion		<u>\$ 2,097,936</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 Council has met the match requirements for the years ending December 31, 2017 and 2016.

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016
-continued-

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 2017 and 2016. Pension expense as of December 31, 2017 and 2016 was \$982 and \$2,114, respectively.

9. CONCENTRATION OF REVENUE:

Nassau County Council on Aging, Inc. received approximately 19% and 25% of its revenues from the State of Florida, Department of Elder Affairs, for the years ending December 31, 2017 and 2016, respectively. The Council received approximately 29% and 29% of its revenues from the State of Florida, Department of Transportation, for the years ending December 31, 2017 and 2016, 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.

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.

NASSAU COUNTY COUNCIL ON AGING, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016
-continued-

12. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at December 31, 2017 and 2016 are composed of \$639,873 and \$689,707 in contributions (including pledges) and interest received on funds for the purchase and payment of the mortgage on a new Life Center. Additionally, the AARP Foundation provided \$40,000 for Hurricane Assistance and the Life Center Relief Fund in December, 2017.

13. NON-OPERATING EXPENSES:

In September, 2017 Hurricane Irma impacted Nassau County and caused an estimated \$1,256,721 in damages to the new Life Center. The anticipated insurance reimbursement is not expected to cover the full cost of repair and \$356,721 has been accrued in addition to the \$165,707 already paid. Public support and grants of \$143,457 to offset the uninsured costs has been received as of December 31, 2017.

14. CONCENTRATIONS OF CREDIT RISK:

The Council maintains bank accounts 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. The uninsured exposure was \$956,721 and \$464,113 at December 31, 2017 and 2016 representing 93% and 91% of total cash, respectively.

15. SUBSEQUENT EVENTS:

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through May 28, 2018, the date the financial statements were available to be issued. No material events have occurred since December 31, 2017 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, 2017

<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	1/1/17 - 12/31/17	93.044	A017N	\$ 150,640	\$ -
Title IIIC1 - Congregate Meals	1/1/17 - 12/31/17	93.045	A017N	63,178	-
Title IIIC2 - Home Delivered Meals	1/1/17 - 12/31/17	93.045	A017N	53,374	-
Title IIIE - Caregiver Support Services	1/1/17 - 12/31/17	93.052	A017N	33,857	-
Nutrition Services Incentive	1/1/17 - 12/31/17	93.053	A017N	16,460	-
Emergency Home Energy Assistance	4/1/17 - 3/31/18	93.568	P017N	15,315	-
Emergency Home Energy Assistance	4/1/16 - 3/31/17	93.568	P016N	4,605	-
Department of Transportation					
Commission for the Transportation Disadvantaged					
Medicaid Non-Emergency Transportation		93.778		176	-
U.S DEPARTMENT OF TRANSPORTATION					
Passed through State of Florida					
Department of Transportation					
Public Transportation Joint Participation Agreement-Operating Assistance	4/24/17 - 1/31/19	20.509	GOK62	159,866	-
Public Transportation Joint Participation Agreement-Operating Assistance	1/8/16 - 7/15/17	20.509	GO772	194,170	-
Public Transportation Joint Participation Agreement-Job Access	6/19/14 - 6/20/19	20.516	ARI39	60,857	-
5310 Seniors and Persons with Disabilities Capital Assistance	4/4/16 - 10/1/17	20.526	GO960	<u>86,578</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 839,076</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	\$ 21,163	\$ -
COMMISSION FOR THE TRANSPORTATION DISADVANTAGED					
Direct Projects of Commission for the Transportation Disadvantaged					
Transportation Systems Development	1/12/17 - 6/30/17	55.001	GOG24	176,428	-
Trip and Grant Agreement	7/1/17 - 6/30/18	55.001	GOM67	143,333	-
Trip and Grant Agreement	7/1/16 - 6/30/17	55.001	GOB88	179,899	-
DEPARTMENT OF ELDER AFFAIRS					
Northeast Florida Area Agency for the Aging, Inc. d/b/a ElderSource					
Community Care for the Elderly	7/1/17 - 6/30/18	65.010	C017N	127,584	-
Community Care for the Elderly	7/1/16 - 6/30/17	65.010	C016N	46,859	-
Alzheimer's Disease Initiative	7/1/17 - 6/30/18	65.004	Z017N	45,796	-
Alzheimer's Disease Initiative	7/1/16 - 6/30/17	65.004	Z016N	41,663	-
Local Services Program	7/1/17 - 6/30/18	65.009	L017N	11,669	-
Local Services Program	7/1/16 - 6/30/17	65.009	L016N	11,498	-
Home Care for the Elderly	7/1/17 - 6/30/18	65.001	H017N	16,668	-
Home Care for the Elderly	7/1/16 - 6/30/17	65.001	H016N	<u>12,005</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				<u>\$ 834,565</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, 2017. 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, 2017

Expenses	Adult Day Care	Case Management	Congregate Meals	Counseling	Education	Emergency Alert Response	Health Support	Home Delivered Meals	Information
Salaries	0	11,337	38,510	303	3,356	7,029	1,362	62,570	0
Payroll taxes & benefits	0	1,824	6,195	49	540	1,131	219	10,066	0
Travel	0	732	2,486	20	217	454	88	4,039	0
Communications/Postage	0	611	2,077	16	181	379	73	3,375	0
Utilities	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0
Insurance	0	243	824	6	72	150	29	1,339	0
Maintenance & Repair	0	39	131	1	11	24	5	213	0
Printing/Supplies	0	186	632	5	55	115	22	1,027	0
Building Cost	0	0	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0	0	0
Professional fees/Legal/Audit	0	90	305	2	27	56	11	496	0
Sub-contractors	0	2,820	9,580	75	835	1,749	339	15,565	0
Program Supplies	0	1,097	3,725	29	325	680	132	6,053	0
Depreciation	0	(30)	(102)	(1)	(9)	(19)	(4)	(165)	0
Food & Food Supplies	0	0	39,669	0	0	0	0	70,522	0
Other	0	30	102	1	9	19	4	165	0
Total Expenses	0	18,979	104,135	508	5,617	11,766	2,281	175,266	0
Allocation of Management & General	0	2,670	14,652	71	790	1,656	321	24,660	0
Total Expenses after allocation	0	21,649	118,787	579	6,408	13,422	2,602	199,926	0
Total Units	0	368	9,004	35	123	10,788	120	15,953	

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

For the Year Ended December 31, 2017

- continued -

Expenses	In Home Services									
	Personal Care	Homemaker	Respite	Chore	Nutrition Education	Outreach	Recreation	Referral	Screening/ Assessment	Transportation
Salaries	40,669	54,497	147,940	215	4,199	40	6,075	0	4,259	57,077
Payroll taxes & benefits	6,543	8,767	23,801	35	675	6	977	0	685	9,183
Travel	2,625	3,518	9,551	14	271	3	392	0	275	3,685
Communications/Postage	2,193	2,939	7,979	12	226	2	328	0	230	3,078
Utilities	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0
Insurance	871	1,167	3,167	5	90	1	130	0	91	1,222
Maintenance & Repair	138	186	504	1	14	0	21	0	14	194
Printing/Supplies	667	894	2,428	4	69	1	100	0	70	937
Building Cost	0	0	0	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0	0	0	0
Professional fees/Legal/Audit	323	432	1,174	2	33	0	48	0	34	453
Sub-contractors	10,117	13,557	36,802	53	1,044	10	1,511	0	1,059	14,199
Program Supplies	3,934	5,272	14,311	21	406	4	588	0	412	5,521
Depreciation	(107)	(144)	(390)	(1)	(11)	(0)	(16)	0	(11)	(151)
Food & Food Supplies	0	0	0	0	0	0	0	0	0	0
Other	107	144	390	1	11	0	16	0	11	151
Total Expenses	68,081	91,229	247,656	360	7,028	67	10,170	0	7,129	95,549
Allocation of Management & General	9,579	12,836	34,845	51	989	9	1,431	0	1,003	13,444
Total Expenses after allocation	77,660	104,065	282,502	411	8,017	77	11,601	0	8,132	108,992
Total Units	3,101	4,178	11,901	21	1,818	3	444		175	4,152

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

For the Year Ended December 31, 2017

- continued -

Expenses	Supporting Services						Total
	Non-DOEA- related services	Services for Other DOEA Programs	Total Program Costs	Fund Raising	Management & General	Total Supporting Services	
Salaries	1,089,810	0	1,529,248	0	189,008	189,008	1,718,256
Payroll taxes & benefits	143,385	0	214,082	0	26,460	26,460	240,542
Travel	14,467	0	42,836	0	1,785	1,785	44,621
Communications/Postage	58,634	0	82,334	0	10,176	10,176	92,510
Utilities	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0
Insurance	58,106	0	67,513	0	8,344	8,344	75,857
Maintenance & Repair	47,685	0	49,181	0	8,679	8,679	57,860
Printing/Supplies	58,928	0	66,140	0	8,175	8,175	74,315
Building Cost	0	0	0	0	0	0	0
Equipment	213,800	0	213,800	0	0	0	213,800
Professional fees/Legal/Audit	13,060	0	16,546	0	2,045	2,045	18,591
Sub-contractors	12,467	0	121,783	0	0	0	121,783
Program Supplies	18,483	0	60,993	0	0	0	60,993
Depreciation	194,489	0	193,330	0	10,236	10,236	203,566
Food & Food Supplies	2,518	0	112,709	0	2,300	2,300	115,009
Other	150,912	0	152,071	3,636	140,363	143,999	296,070
Total Expenses	2,076,744	0	2,922,566	3,636	407,571	411,207	3,333,773
Allocation of Management & General	292,199	0	411,207	(3,636)	(407,571)	(411,207)	0
Total Expenses after allocation	2,368,943	0	3,333,773	0	0	0	3,333,773
Total Units	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Gregory 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, 2017, 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 28, 2018.

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
June 4, 2018

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

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MEMBER OF
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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, 2017. 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, 2017.

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.

James Knutzen & Associates

James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
June 4, 2018

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS

Year Ended December 31, 2017

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
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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	20.526	

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

\$750,000

CSFA #'s

Trip and Grant Agreement	55.001
Transportation Systems Development	55.001

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

\$250,370

Auditee qualified as low risk auditee?

_____ X _____	YES	_____	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, 2017

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.