

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

**FINANCIAL STATEMENTS**

**For The Years Ended  
December 31, 2017 and 2016**



**CRI** CARR  
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**Walton County Citizens Advisory Council on Aging, Inc.**  
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**December 31, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Walton County Citizens Advisory Council on Aging, Inc. (a nonprofit organization) (the "Agency"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General* of the State of Florida are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

September 18, 2018

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

<i>December 31,</i>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 108,771	\$ 117,736
Certificate of deposit	48,521	48,375
Receivables - grants	213,735	181,413
Prepaid insurance	5,570	2,612
Total current assets	<b>376,597</b>	350,136
Property and equipment, net	<b>314,439</b>	102,384
Total assets	<b>\$ 691,036</b>	<b>\$ 452,520</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 154,755	\$ 156,916
Accrued expenses	10,085	9,592
Note payable - current	5,379	-
Deferred support	60,043	75,167
Total current liabilities	<b>230,262</b>	241,675
Noncurrent liabilities		
Note payable - noncurrent	163,810	-
Accrued compensated absences	8,153	8,153
Total noncurrent liabilities	<b>171,963</b>	8,153
Total liabilities	<b>402,225</b>	249,828
Net assets		
Unrestricted		
Designated by the Board for payroll expenses	48,521	48,375
Undesignated	240,290	154,317
Net assets - unrestricted	<b>288,811</b>	202,692
Total liabilities and net assets	<b>\$ 691,036</b>	<b>\$ 452,520</b>

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

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

<i>Years ended December 31,</i>	<b>2017</b>	<b>2016</b>
<b>Unrestricted Net Assets</b>		
Support and revenue		
Grants	\$ 1,518,022	\$ 1,265,107
Program revenue	56,383	54,153
Donations	18,004	20,564
In-kind contributions	98,878	93,751
Investment income	148	147
<hr/>		
Increase in unrestricted net assets	<b>1,691,435</b>	1,433,722
<hr/>		
Expenses		
Program services		
Community care for the elderly	531,092	436,801
Assistance for older Americans:		
Title III-B	228,507	193,431
Title III-C	312,365	294,380
Title III-C (2)	82,325	112,799
Title III-E	82,389	96,372
Home care for the elderly	84,574	38,422
Home and community based services	13,820	17,451
Alzheimer's disease initiative	191,177	118,762
Utility assistance	14,034	16,846
Supporting services administration	65,033	66,915
<hr/>		
Decrease in unrestricted net assets	<b>1,605,316</b>	1,392,179
<hr/>		
<b>Net Increase in Unrestricted Net Assets</b>	<b>86,119</b>	41,543
<b>Net Assets, beginning</b>	<b>202,692</b>	161,149
<hr/>		
<b>Net Assets, ending</b>	<b>\$ 288,811</b>	\$ 202,692
<hr/>		

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

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

<i>Years ended December 31,</i>	<b>2017</b>	<b>2016</b>
<b>Operating Activities</b>		
Increase in net assets	\$ 86,119	\$ 41,543
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,963	3,193
Decrease (increase) in operating assets:		
Receivables - grants	(32,322)	(2,299)
Prepaid insurance	(2,958)	4,202
Increase (decrease) in operating liabilities:		
Accounts payable	(2,161)	(2,893)
Accrued expenses	493	804
Deferred support	(15,124)	17,015
<b>Net cash provided by operating activities</b>	<b>39,010</b>	<b>61,565</b>
<b>Investing Activities</b>		
Purchases of property and equipment	(45,018)	-
Purchase of certificate of deposit	(146)	(145)
<b>Net cash used by investing activities</b>	<b>(45,164)</b>	<b>(145)</b>
<b>Financing Activities</b>		
Repayments of long-term debt	(2,811)	(145)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(8,965)</b>	<b>61,420</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>117,736</b>	<b>56,316</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 108,771</b>	<b>\$ 117,736</b>
<b>Supplemental Disclosures</b>		
Noncash transactions:		
Note payable incurred for purchase of property	\$ 172,000	\$ -

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

# Walton County Citizens Advisory Council on Aging, Inc.

## Notes to Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Organization and Purpose*

Walton County Citizens Advisory Council on Aging, Inc. (the “Agency”) is a not-for-profit agency incorporated in 1967 to assist the elderly of Walton and Okaloosa Counties in remaining independent with dignity in their own homes. To accomplish this objective, the Council provides congregate meals, personal care, home delivered meals, home repair, and respite care.

#### *Basis of Reporting*

The Agency uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government and public grants are recorded as support when performance occurs under the terms of the grant agreements.

#### **Financial Statement Presentation**

“The FASB Accounting Standards Codification” (“FASB ASC”) establishes the source of authoritative standards generally accepted in the United States of America (GAAP) recognized by the Financial Accounting Standards Board (FASB) to be applied by nongovernmental entities. The FASB amends the FASB ASC through Accounting Standards Updates (ASUs). We refer to ASCs and ASUs throughout these financial statements.

The financial statements of the Agency have been prepared on the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of the Agency's funds are included on the statement of financial position. The statement of activities presents increases (e.g., revenues and support) and decreases (e.g., expenses) in net assets. Generally, grant revenues are earned as qualified expenses are made and performance occurs. The Agency reports deferred support, if applicable, on its statement of financial position. Deferred support arises when resources generated by exchange transactions are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for deferred support is removed from the statement of financial position and revenue is recognized.

The Agency's financial statements are presented in accordance with FASB ASC 958-205, Presentation of Financial Statements. Under FASB ASC 958-205, the Agency is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as defined below:

**Unrestricted** – Net assets not subject to donor or outside party imposed stipulations.



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

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

**Temporarily Restricted** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Agency, and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Agency had no temporarily restricted net assets as of December 31, 2017 and 2016.

**Permanently Restricted** – Net assets required to be maintained in perpetuity due to donor-imposed restrictions with only income generated from the assets to be used for Agency's activities. The Agency had no permanently restricted net assets as of December 31, 2017 and 2016.

In addition, the Agency is also required by FASB ASC 958-205 to present a statement of cash flows.

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

The Agency has been granted an exemption from income taxes under Internal Revenue Code 501(c)(3) as a non-profit corporation. As required by Internal Revenue Service (IRS) regulations, the Agency annually files Form 990, "Return of Agency Exempt from Income Tax" with the IRS.

The Agency's policy is to record interest and penalties related to taxes in interest expense on the financial statements; however, the Agency did not have any interest or penalties related to taxes in fiscal years 2017 and 2016.

The Agency applies the accounting guidance for uncertainty in income taxes using the provisions of FASB ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Agency believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open tax years (after 2013 for federal and state) based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Agency has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

#### ***Cash and Cash Equivalents***

For purposes of the statements of cash flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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

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

#### ***Grants Receivable***

Grants receivable at December 31, 2017 and 2016 were due solely from the Agency's grantors and were deemed to be fully collectable. Accordingly, no allowance for doubtful accounts is required.

#### ***Property and Depreciation***

Expenditures for consumable supplies and equipment purchases are charged directly into program operations. The Agency follows the practice of capitalizing all expenditures for land, buildings, and equipment in excess of \$1,000 at cost; or, if donated, at fair market value at the date of acquisition. Depreciation is computed based on the estimated useful life on a straight-line basis. Such items donated to the Agency are considered to be owned by the Agency while they are used for the Agency's stated not-for-profit purposes. However, the donor holds a reversionary interest in the property if they are ever used for purposes other than the Agency's stated not-for-profit purposes. The book value of assets in which donors hold a reversionary interest totaled \$100,477 and \$102,126 at December 31, 2017 and 2016, respectively. The historical cost of these assets totaled \$112,633 at December 31, 2017 and 2016.

#### ***Recognition of Grantor/Donor Restrictions***

Support that is restricted by the grantor/donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other grantor/donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets.

#### ***Economic Dependency-Grants***

All grants received are renewable on an annual basis and the Agency is dependent on these grants for continued activity.

#### ***Revenue Recognition***

The Agency receives two types of grants. Revenue recognition differs depending on the type of grant.

The first types of grants are the cost-reimbursement grants. Under these grants, the Agency is reimbursed for costs incurred to fulfill the terms of the grant up to an amount specified. Revenues for cost-reimbursement grants are recognized when allowable expenditures have been incurred.

The second types of grants are performance-based grants. Under these grants, the Agency is paid fixed amounts for completing units of service, which are specified in the grants. The amount of compensation is limited to a specified amount. Revenues for performance-based grants are recognized when the units of service have been rendered and billed to the grantor.

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

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

***Subsequent Events***

The Agency has evaluated subsequent events through September 18, 2018 and has determined that no events occurring subsequent to year end warranted disclosure.

***Management Estimates and Assumptions***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Advertising Costs***

Advertising costs are expensed as incurred. Amounts are not considered material to the financial statements.

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

The Agency maintains cash balances in demand deposits and certificates of deposits. Accounts are held by banking institutions insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2017 and 2016, the Agency did not have any uninsured balances.

**NOTE 3 – RECEIVABLES - GRANTS**

The Agency has grants receivable of \$213,735 and \$181,413 at December 31, 2017 and 2016, respectively, for contract services performed.

**NOTE 4 – PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

<u>December 31,</u>	<u>2017</u>	<u>2016</u>
Office furniture and equipment	\$ 70,805	\$ 70,805
Building	405,516	188,498
Total cost	476,321	259,303
Less accumulated depreciation	161,882	156,919
<u>Property and equipment, net</u>	<u>\$ 314,439</u>	<u>\$ 102,384</u>

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

**NOTE 4 – PROPERTY AND EQUIPMENT (Continued)**

Depreciation expense was for the years ended December 31, 2017 and 2016 totaled \$4,963 and \$3,193, respectively.

**NOTE 5 – DEFERRED SUPPORT**

Deferred support of \$60,043 and \$75,167 at December 31, 2017 and 2016, respectively, consisted of advance payments received from the Northwest Florida Area Agency on Aging for services yet to be performed.

**NOTE 6 – ACCRUED COMPENSATED ABSENCES**

The Agency's policy is to allow employees to accumulate up to 240 hours of annual leave, payable upon separation. The liability for accumulated annual leave at December 31, 2017 and 2016 was \$8,153.

**NOTE 7 – NOTES PAYABLE**

The agency entered into a \$172,000 note payable with Ameris Bank on May 25, 2017 for the purchase of a meal site building in Crestview, Florida. The note matures on May 25, 2022 and includes an interest rate of 5.00%. The balance of the note payable at December 31, 2017 and 2016 was \$169,189 and \$0, respectively.

Aggregate payments required on principal under long-term debt obligations are as follows:

2018	\$ 5,379
2019	5,654
2020	5,943
2021	6,248
2022	145,965
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Total	\$ 169,189

**NOTE 8 – DESIGNATED NET ASSETS**

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

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

**NOTE 9 – GRANTS**

Most of the grants received are renewable on an annual basis and the Agency is dependent on these grants for continued activity.

Grant revenues by funding source are as follows:

<i>For the years ended December 31,</i>	<b>2017</b>	2016
Federal	\$ 722,591	\$ 694,176
State	785,024	560,524
County	10,407	10,407
<b>Total grant revenue</b>	<b>\$ 1,518,022</b>	<b>\$ 1,265,107</b>

**NOTE 10 – MATCHING REQUIREMENTS**

Certain grants require that the Agency provide non-federal matching funds to assist in funding operations of the related programs. These funds may be provided in the form of cash or donated facilities and services obtained through non-federal grants and contributions.


Qualified match by program for the years ended December 31, 2017 and 2016 was as follows:

	Title III Part C(2)	Community Care For The Elderly	Title III Part C(1)	Title III Part E	Title III Part B	Total
<b>2017</b>	\$ 12,049	\$ 50,393	\$ 25,945	\$ 8,093	\$ 23,060	\$ 119,540
2016	13,318	41,444	24,849	8,332	19,027	106,970

The cash match and in-kind is included in grant revenue on the statements of activities.

Facilities are donated to the Agency by various individuals and organizations. Donated facilities were recorded at fair value at the date of donation, and have been included in revenue and expenses for the year. In-kind space donations for the Title III, Part C (1) grant for each of the years ended December 31, 2017 and 2016 was \$18,600 and \$17,550, respectively.

Donated non-professional services reported to meet matching requirements of the Title III program have not been recognized in the statements of activities. Non-professional services do not meet the criteria for in-kind recognition under FASB ASC 958, *Not-for-Profit Entities*. The value of those services is based on amount of time volunteered using reasonable rates. In-kind non-professional services reported for matching requirements for the Title III, Part C (1) and (2) grants for the years ended December 31, 2017 and 2016 were \$8,448 and \$8,448, respectively.



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

**NOTE 11 – DEFINED CONTRIBUTION PENSION PLAN**

The Agency has established a defined contribution pension plan, covering all eligible employees with at least two years of service. The Agency makes discretionary contributions to the Plan annually. Contributions are determined by the Board and can range from one to five percent of each eligible employee's salary. Contribution expense for the years ended December 31, 2017 and 2016 totaled \$6,828 and \$8,669, respectively.

**Walton County Citizens Advisory Council on Aging, Inc**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended December 31, 2017**

State Grantor/Pass-Through Grantor/Program Title	State CSFA No.	Pass-Through Grantor No.	Expenditures
<b>Federal Expenditures</b>			
<b>Department of Elder Affairs</b>			
Passed through Northwest Florida Area			
Agency on Aging, Inc.:			
Home Care for the Elderly	65.001	AH016-W	\$ 58,938
Home Care for the Elderly	65.001	AH017-W	25,636
Alzheimer's Respite Services	65.004	AZ016-W	100,827
Alzheimer's Respite Services	65.004	AZ017-W	90,350
Community Care for the Elderly	65.010	AC016-W	278,311
Community Care for the Elderly	65.010	AC017-W	211,800
Total Department of Elder Affairs			765,862
Total state financial assistance			\$ 765,862

*See the independent auditors' report and accompanying notes to the schedule of expenditures of state financial assistance.*



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

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

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) summarizes the state project expenditures of the Agency under the state of Florida for the year ended December 31, 2017. The amounts reported as state grant expenditures were obtained from the Agency's general ledger. Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets and cash flows of the Agency.

For purposes of the Schedule, state awards include all grants, contracts, and similar agreements entered into directly with the state government and other pass through entities. Payments received for goods or services provided as a vendor do not constitute state awards for purposes of the Schedule. The Agency has obtained Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the Schedule.

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

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

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

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

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

### **NOTE 4 – BASIS OF ACCOUNTING**

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





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

**NOTE 5 – CONTINGENCIES**

Grant monies received and disbursed by the Agency are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Agency does not believe that such disallowance, if any, would have a material effect on the financial position of the Agency. As of December 31, 2017, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**NOTE 6 – NONCASH ASSISTANCE**

The Agency did not receive any state noncash assistance for the fiscal year ending December 31, 2017.

**NOTE 7 – INDIRECT COST**

The Agency has not elected to use the 10% de Minimis indirect cost rate for the fiscal year ending December 31, 2017.

**NOTE 8 – SUBRECIPIENTS**

The Agency did not provide state funds to subrecipients for the fiscal year ending December 31, 2017.

**NOTE 9 – LOANS AND LOAN GUARANTEES**

The Agency did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ending December 31, 2017.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Walton County Citizens Advisory Council on Aging, Inc. (the "Agency"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2012-001 and 2017-001, that we consider to be material weaknesses.

## **Compliance and Other Matters**

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

## **Agency's Response to Findings**

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of This Report**

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

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

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

Enterprise, Alabama

September 18, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

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

We have audited Walton County Citizens Advisory Council on Aging, Inc. (the "Agency's") compliance with the types of compliance requirements described in the Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of the Agency's major state projects for the year ended December 31, 2017. The Agency's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Agency's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards, Chapter 10.650 of the Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Agency's compliance.

***Opinion on Each Major State Project***

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended December 31, 2017.

## **Report on Internal Control Over Compliance**

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

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

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

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

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

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

Enterprise, Alabama

December 18, 2018

**Walton County Citizens Advisory Council on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2017**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**State Projects**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the State of Florida Office of the Auditor General?        Yes   X   No

Identification of major programs:

**CFSA Number(s)**

**Name of State Project**

65.010

Community Care for the Elderly

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

**State Projects**  
\$229,759

**Section II – Financial Statement Findings**

**2012-001 Financial Statement Preparation (Repeat Finding)**

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

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

**Walton County Citizens Advisory Council on Aging, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2017**

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

**Effect** – The finding could adversely affect the Agency’s ability to prepare financial statements in accordance with generally accepted accounting principles.

**Recommendation** – We recommend Agency personnel continue to develop their knowledge of generally accepted accounting principles in order to prepare the financial statements. In addition, we recommend that a current disclosure checklist from the AICPA be used to ensure propriety and completeness of the footnotes.

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

**2017-001 Segregation of Duties**

**Condition** – Auditing Standards require auditors to consider internal controls over financial reporting as a basis for designing auditing procedures. In documenting controls, a deficiency was noted in the segregation of duties over cash disbursements and receipts. During the time period when the Agency is without a Fiscal Officer, the Agency does not have proper segregation of duties. The Executive Director is an authorized check signer and performs significant accounting functions.

**Criteria** - Management is responsible for establishing and maintaining effective internal controls over financial reporting.

**Cause** - Due to the limited number of personnel involved in the cash disbursement and receipts processes, some control duties are not adequately segregated.

**Effect** - Controls over executing and recording disbursement and receipt transactions lack optimum separation of duties by vesting most of the responsibility with the executive director. The lack of adequate control procedures could result in the misuse or misappropriation of assets.

**Recommendation** - We recommend that Agency strive to fill any vacancies in the Fiscal Officer position as quickly as possible when it is vacated.

**View of Responsible Officials and Planned Corrective Actions** - The Agency acknowledges the finding and is working diligently to fill the position.



**Walton County Citizens Advisory Council on Aging, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2017**

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

No such findings noted.

**Section IV – Management Letter**

There were no such findings related to State Awards reported in the current year and, as such, no management letter was issued.



Walton County Citizens Advisory Council on Aging, Inc.  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2017

**WALTON OKALOOSA COUNCIL ON AGING**

P.O. Box 648/1154 Baldwin Avenue DeFuniak Springs, FL, 32435  
Office (850) 892-8165 Fax (850) 892-8169 Email [wccoa@lycos.com](mailto:wccoa@lycos.com)  
www.wocoa.net

*Kay Brady, Executive Director*

“Over 48 Years of Service To Our Seniors”

Carr, Riggs, & Ingram, LLC  
PO Box 311070  
Enterprise, Alabama 36331

Dear Sirs:

In response to follow up of prior year audit findings for the **Walton County Citizens Advisory Council on Aging, Inc.** during the fiscal year ended December 31, 2017, the County responds as follows:

**FINDING 2012-002: Financial Statement Preparation Knowledge (Repeat)**

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

**Recommendation:** We recommend Agency personnel continue to develop their knowledge of generally accepted accounting principles in order to prepare the financial statements. In addition, we recommend that a current disclosure checklist from the AICPA be used to ensure propriety and completeness of the footnotes.

**Current Status:** Current budget limitations prohibit the employment of a certified public accountant; however, Agency personnel will continue to gain knowledge of generally accepted accounting principles.

**FINDING 2016-001: Cost Allocation**

**Condition:** The Agency does not keep detailed daily timesheets to support their administrative allocation.

**Recommendation:** We recommend that the Agency review its controls over tracking and recording appropriate program cost components to ensure that such amounts are allocated to the proper program and to allow the proper cost reimbursement reports to be filed with the funding sources.

**Current Status:** The agency implemented controls to track time spent by personnel by program. Allocations are now made based on these tracking mechanisms.

Sincerely  
**Kay Brady**  
Kay Brady

Walton County Citizens Advisory Council on Aging, Inc.  
Corrective Action Plan  
For the Year Ended December 31, 2017

**WALTON OKALOOSA COUNCIL ON AGING**

P.O. Box 648/1154 Baldwin Avenue DeFuniak Springs, FL, 32435  
Office (850) 892-8165 Fax (850) 892-8169 Email [wccoa@lycos.com](mailto:wccoa@lycos.com)  
www. wocoa.net

*Kay Brady, Executive Director*

“Over 48 Years of Service To Our Seniors”

Carr, Riggs, & Ingram, LLC  
PO Box 311070  
Enterprise, Alabama 36331

Dear Sirs:

In response to follow up of prior year audit findings for the **Walton County Citizens Advisory Council on Aging, Inc.** during the fiscal year ended December 31, 2017, the County responds as follows:

FINDING 2012-002: Financial Statement Preparation Knowledge (Repeat)

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

FINDING 2017-001: Segregation of Duties

The Agency is currently evaluating options for how to fill the vacancy with their fiscal officer position in an efficient and effective manner. We believe that filling this vacancy will allow us to segregate duties for key internal controls.

Sincerely

Kay Brady

Kay Brady  
Executive Director