

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Clay County Council on Aging, Inc.

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Clay County Council on Aging, Inc. (nonprofit organizations) which comprise the statement of financial position as of December 31, 2018 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. In addition, we have audited the financial statements of Clay County Council on Aging, Inc., which comprise the statement of financial position as of December 31, 2017 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audits in accordance with auditing standards generally accepted in the United States of America. We conducted our audit of the year 2018 financial statements 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.

To the Board of Directors of
Clay County Council on Aging, Inc.
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Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2018 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 2017 financial statements.

Basis for Disclaimer of Opinion

The Organization was unable to provide sufficient documentation to support financial transactions recorded for the fiscal year ended December 31, 2018 and limited controls were exercised over financial transactions. We were unable to determine by other audit procedures if these balances were materially correct. As a result of these matters, we were not able to obtain sufficient audit evidence to determine if all transactions incurred during fiscal year ended December 31, 2018 were properly recorded. Consequently, we were unable to determine if any adjustments might have been found necessary to properly reflect elements making up the statement of financial position and the related statements of activities, functional expenses, and cash flows. Furthermore, management has not provided a signed management representation letter, which constitutes a limitation on the scope of the 2018 audit.

Disclaimer of Opinion

Because of the significance of matters described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2018 financial statements. Accordingly, we do not express an opinion on the 2018 financial statements referred to in the first paragraph.

Opinion on the 2017 Financial Statements

In our opinion, the 2017 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Clay County Council on Aging, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis -of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 1 to the financial statements, the Organization has suffered recurring losses that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, on our consideration of Clay 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 results of that testing, and not to provide an opinion on 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 Clay County Council on Aging, Inc.'s internal control over financial reporting and compliance.

Other Matters

Other Information

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*, 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. 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. Due to the significance of the matters discussed in the Basis for Disclaimer of Opinion paragraph, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on whether this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Magers & Associates, LLC
Orange Park, FL
November 20, 2019

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 134,104	\$ 175,426
Investments, at fair market value	-	118,101
Accounts, contracts and grants receivable	230,491	522,173
Property and equipment, net of accumulated depreciation	17,992	3,065,166
TOTAL ASSETS	<u>\$ 382,587</u>	<u>\$ 3,880,866</u>
LIABILITIES		
Accounts payable	\$ 188,189	\$ 249,349
Accrued payroll expenses	-	44,283
Other accrued expenses	20,023	9,632
Accrued compensated absences	55,140	55,140
TOTAL LIABILITIES	<u>263,352</u>	<u>358,404</u>
NET ASSETS		
Without donor restrictions:		
Operating	101,243	330,544
Investment in capital assets	17,992	3,065,166
Designated by the board for:		
Building fund	-	43,649
Transportation	-	4,400
ElderSource Contract	-	3,181
Total without donor restrictions	<u>119,235</u>	<u>3,446,940</u>
With donor restrictions	-	75,522
TOTAL NET ASSETS	<u>119,235</u>	<u>3,522,462</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 382,587</u>	<u>\$ 3,880,866</u>

See accompanying notes to the financial statements.

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
STATEMENTS OF ACTIVITIES**

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support:		
Direct contributions	\$ 57,630	\$ 59,754
In kind contributions	326,931	331,041
Total Public Support	<u>384,561</u>	<u>390,795</u>
Revenues:		
Medicaid and HMO	483,345	839,362
Project income	305,956	296,441
Interest on cash investments	2,642	1,293
Gain/Loss on disposal of fixed assets	-	(9,802)
Other	167,044	178,242
Total Revenues	<u>958,987</u>	<u>1,305,536</u>
Net assets released from restrictions:		
Restrictions satisfied by payments	3,294,664	3,079,410
Total Public Support, Revenues, and Other Support	<u>4,638,212</u>	<u>4,775,741</u>
Expenses		
Program services	4,575,950	4,572,582
Fundraising	9,138	7,134
Supporting services	654,841	564,480
Total Expenses	<u>5,239,929</u>	<u>5,144,196</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(601,717)</u>	<u>(368,455)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Northeast Florida Area Agency on Aging, Inc.	1,021,902	922,789
Department of Transportation	559,801	699,706
Transportation Disadvantaged Commission	652,544	563,523
Capital Campaign	586	3,156
Jacksonville Transportation Authority	292,718	257,375
Clay County Board of Commissioners	691,591	660,821
Total net assets with donor restrictions	<u>3,219,142</u>	<u>3,107,370</u>
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(3,294,664)</u>	<u>(3,079,410)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(75,522)</u>	<u>27,960</u>
CHANGE IN NET ASSETS BEFORE DISCONTINUED OPERATIONS	<u>(677,239)</u>	<u>(340,495)</u>
DISCONTINUED OPERATIONS (NOTE 3)		
Loss on disposal of fixed assets used in performing program services	<u>(2,725,988)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(3,403,227)</u>	<u>(340,495)</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,522,462</u>	<u>3,862,957</u>
NET ASSETS, END OF YEAR	<u>\$ 119,235</u>	<u>\$ 3,522,462</u>

See accompanying notes to the financial statements.

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY**
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets before discontinued operations	\$ (677,239)	\$ (340,495)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	498,566	501,995
(Gain) Loss on disposal	-	9,802
(Increase) decrease in operating assets:		
Accounts, contracts and grants receivable	291,682	(105,039)
Other assets	-	43,765
Increase (decrease) in operating liabilities:		
Accounts payable	(61,160)	168,690
Accrued payroll expenses	(44,283)	(2,066)
Other accrued expenses	10,390	7,648
Accrued compensated absences	-	(7,089)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES - CONTINUING OPERATIONS	<u>17,956</u>	<u>277,211</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from matured certificate of deposit	118,101	-
Proceeds for sale of property and equipment	24,617	-
Payments for property and equipment	(201,996)	(408,233)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES - CONTINUING OPERATIONS	<u>(59,278)</u>	<u>(408,233)</u>
CASH FLOW FROM DISCONTINUED OPERATIONS:		
Decrease in net assets from discontinued operations	(2,725,988)	-
Adjustments to reconcile change in net assets to net cash provided (used) by discontinued operations:		
(Gain) Loss on disposal of fixed assets used in performing services	2,725,988	-
NET CASH PROVIDED (USED) IN DISCONTINUED OPERATIONS	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	<u>(41,322)</u>	<u>(131,022)</u>
BEGINNING CASH AND CASH EQUIVALENTS	<u>175,426</u>	<u>306,448</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 134,104</u>	<u>\$ 175,426</u>

See accompanying notes to the financial statements.

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**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018**

Program Services

	C-1	C-2	III-B	III-E	CCE	Trans- portation	Com- modities	Health
PERSONNEL EXPENSES:								
Salaries	\$ 115,078	\$ 20,636	\$ 108,574	\$ 18,888	\$ 170,440	\$ 1,140,817	\$ 10,648	\$ -
Payroll taxes	8,828	710	6,133	1,455	17,233	90,399	870	-
Fringe benefits	3,972	537	2,374	1,074	24,931	93,130	311	-
Pension plan	4,132	688	3,368	88	9,438	32,723	111	-
Workers' compensation ins.	1,374	484	3,562	-	12,329	74,129	310	-
TOTAL PERSONNEL EXPENSES	<u>133,384</u>	<u>23,055</u>	<u>124,011</u>	<u>21,505</u>	<u>234,371</u>	<u>1,431,198</u>	<u>12,250</u>	<u>-</u>
OPERATING EXPENSES:								
Building occupancy	904	207	1,507	246	1,136	3,563	423	-
Food expense	245,110	37,117	2,446	-	-	-	-	-
Insurance	1,017	580	1,091	144	2,223	4,753	-	-
Operating supplies	1,547	423	965	1,475	13,987	23,079	418	-
Professional services	2,336	162	2,677	1,390	3,394	37,245	2,003	-
Rent	62,424	12,230	27,623	1,915	16,723	78,881	2,685	-
Repairs and maintenance	1,153	104	1,310	414	2,726	9,481	416	-
Subcontract services	150	-	-	-	-	-	-	-
Telephone	317	17	267	20	54	2,163	41	-
Travel	235	6,466	5,606	1,131	17,093	115	738	-
Utilities	15,349	1,094	17,435	-	4,183	12,368	1,584	-
Vehicle	-	-	-	-	-	729,325	-	-
Other	1,604	147	10,892	163	63,485	20,271	2,131	12,395
TOTAL OPERATING EXPENSES	<u>332,146</u>	<u>58,547</u>	<u>71,819</u>	<u>6,898</u>	<u>125,004</u>	<u>921,244</u>	<u>10,439</u>	<u>12,395</u>
OTHER EXPENSES:								
Depreciation	99,713	99,713	99,713	-	99,713	-	-	-
TOTAL EXPENSES	<u>\$ 565,243</u>	<u>\$ 181,315</u>	<u>\$ 295,543</u>	<u>\$ 28,403</u>	<u>\$ 459,088</u>	<u>\$ 2,352,442</u>	<u>\$ 22,689</u>	<u>\$ 12,395</u>

See accompanying notes to financial statements.

					Fundraising	Supporting Services		
ADI Adult Day		Medicaid/ Medicare		Program		General/		
Care	Moosehaven	HMO	Other	Total	Fundraising	Admin.	TOTAL	
\$ 125,789	\$ 105,349	\$ 116,657	\$ 2,012	\$ 1,934,888	\$ -	\$ 288,099	\$ 2,222,987	
10,480	7,523	6,105	158	149,894	-	22,475	172,369	
6,350	7,289	-	530	140,498	-	20,920	161,418	
1,210	3,072	106	-	54,936	-	11,801	66,737	
4,587	-	-	-	96,775	-	31,118	127,893	
-	-	-	-	-	-	-	-	
<u>148,416</u>	<u>123,233</u>	<u>122,868</u>	<u>2,700</u>	<u>2,376,991</u>	<u>-</u>	<u>374,413</u>	<u>2,751,404</u>	
2,017	1,965	907	-	12,875	-	27,832	40,707	
1,327	9,707	-	-	295,707	-	-	295,707	
1,353	1,160	-	106	12,427	-	10,999	23,426	
4,216	208	384	-	46,702	-	23,646	70,348	
5,811	192	4,646	-	59,856	-	672	60,528	
21,721	65,438	-	-	289,640	-	54,000	343,640	
2,141	-	2,956	-	20,701	-	13,096	33,797	
-	-	-	-	150	-	-	150	
96	-	26	-	3,001	-	1,918	4,919	
3,828	4	12,157	332	47,705	-	2,617	50,322	
11,949	349	2,169	-	66,480	-	65,148	131,628	
-	-	-	-	729,325	-	-	729,325	
<u>2,478</u>	<u>739</u>	<u>844</u>	<u>675</u>	<u>115,824</u>	<u>9,138</u>	<u>80,500</u>	<u>205,462</u>	
<u>56,937</u>	<u>79,762</u>	<u>24,089</u>	<u>1,113</u>	<u>1,700,393</u>	<u>9,138</u>	<u>280,428</u>	<u>1,989,959</u>	
<u>49,857</u>	<u>-</u>	<u>34,900</u>	<u>14,957</u>	<u>498,566</u>	<u>-</u>	<u>-</u>	<u>498,566</u>	
<u>\$ 255,210</u>	<u>\$ 202,995</u>	<u>\$ 181,857</u>	<u>\$ 18,770</u>	<u>\$ 4,575,950</u>	<u>\$ 9,138</u>	<u>\$ 654,841</u>	<u>\$ 5,239,929</u>	

See accompanying notes to financial statements.

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**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017**

Program Services

	C-1	C-2	III-B	III-E	CCE	Trans- portation	Com- modities	Health
PERSONNEL EXPENSES:								
Salaries	\$ 111,000	\$ 16,964	\$ 101,635	\$ 9,480	\$ 182,677	\$ 1,186,242	\$ 12,299	\$ -
Payroll taxes	8,562	720	6,901	833	16,748	92,853	1,033	-
Fringe benefits	3,177	381	2,502	367	23,765	59,350	165	-
Pension plan	2,838	516	2,413	144	9,980	25,541	70	-
Workers' compensation ins.	1,055	372	2,735	-	9,467	56,922	238	-
TOTAL PERSONNEL EXPENSES	<u>126,632</u>	<u>18,953</u>	<u>116,186</u>	<u>10,824</u>	<u>242,637</u>	<u>1,420,908</u>	<u>13,805</u>	<u>-</u>
OPERATING EXPENSES:								
Building occupancy	3,284	181	2,084	226	1,345	6,381	485	-
Food expense	142,232	100,985	-	-	8,544	-	-	-
Insurance	976	557	1,047	139	2,134	4,562	-	-
Operating supplies	2,645	496	742	872	6,752	8,297	210	-
Professional services	1,630	134	1,801	868	2,216	36,125	1,124	-
Rent	62,424	12,230	27,623	1,915	16,723	78,881	2,685	-
Repairs and maintenance	1,733	94	1,186	375	2,036	10,303	377	-
Subcontract services	60	40	-	-	-	-	-	-
Telephone	767	44	649	70	129	5,999	148	-
Travel	695	2,013	10,520	95	22,795	720	1,185	-
Utilities	24,553	1,130	23,265	-	4,363	45,265	1,682	-
Vehicle	-	-	-	-	-	722,934	-	-
Other	1,609	215	7,741	15	42,660	19,426	1,045	13,262
TOTAL OPERATING EXPENSES	<u>242,608</u>	<u>118,119</u>	<u>76,658</u>	<u>4,575</u>	<u>109,697</u>	<u>938,893</u>	<u>8,941</u>	<u>13,262</u>
OTHER EXPENSES:								
Depreciation	13,771	13,771	13,771	-	13,771	433,140	-	-
TOTAL EXPENSES	<u>\$ 383,011</u>	<u>\$ 150,843</u>	<u>\$ 206,615</u>	<u>\$ 15,399</u>	<u>\$ 366,105</u>	<u>\$ 2,792,941</u>	<u>\$ 22,746</u>	<u>\$ 13,262</u>

See accompanying notes to financial statements.

					Supporting		
					Fundraising	Services	
ADI		Medicaid/ Medicare		Program		General/	
Adult Day							
Care	Moosehaven	HMO	Other	Total	Fundraising	Admin.	TOTAL
\$ 127,729	\$ 105,056	\$ 148,190	\$ 3,882	\$ 2,005,154	\$ -	\$ 298,561	\$ 2,303,715
10,843	7,855	10,051	232	156,631	-	23,357	179,988
5,474	5,890	-	165	101,236	-	15,074	116,310
706	2,851	-	142	45,201	-	6,730	51,931
<u>3,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,312</u>	<u>-</u>	<u>11,065</u>	<u>85,377</u>
<u>148,275</u>	<u>121,652</u>	<u>158,241</u>	<u>4,421</u>	<u>2,382,534</u>	<u>-</u>	<u>354,787</u>	<u>2,737,321</u>
2,473	2,587	594	-	19,640	-	32,002	51,642
2,629	10,858	-	-	265,248	-	-	265,248
1,299	1,114	-	134	11,962	-	10,262	22,224
3,093	1,063	167	-	24,337	-	12,946	37,283
3,684	-	3,609	-	51,191	-	1,194	52,385
21,721	49,733	-	-	273,935	-	54,000	327,935
1,593	-	1,038	-	18,735	-	11,852	30,587
-	-	-	-	100	-	-	100
284	-	92	-	8,182	-	5,231	13,413
2,440	137	26,160	4,129	70,889	-	3,888	74,777
14,306	1,835	2,242	-	118,641	-	7,842	126,483
-	-	-	-	722,934	-	-	722,934
<u>6,418</u>	<u>6,598</u>	<u>132</u>	<u>3,138</u>	<u>102,259</u>	<u>7,134</u>	<u>70,476</u>	<u>179,869</u>
<u>59,940</u>	<u>73,925</u>	<u>34,034</u>	<u>7,401</u>	<u>1,688,053</u>	<u>7,134</u>	<u>209,693</u>	<u>1,904,880</u>
6,885	-	4,820	2,066	501,995	-	-	501,995
<u>\$ 215,100</u>	<u>\$ 195,577</u>	<u>\$ 197,095</u>	<u>\$ 13,888</u>	<u>\$ 4,572,582</u>	<u>\$ 7,134</u>	<u>\$ 564,480</u>	<u>\$ 5,144,196</u>

See accompanying notes to financial statements.

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**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Clay County Council on Aging, Inc. DBA Council on Aging of Clay County (the "Organization") is a nonprofit corporation organized under the laws of the State of Florida that was incorporated in May 1974. The Organization provides supportive and transportation services to the elderly and disadvantaged citizens of Clay County, Florida. Federal and state grants, as well as support from the Clay County Board of County Commissioners, provide the majority of the Council's funding.

Basis of Presentation

In accordance with U.S. generally accepted accounting principles, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are available for use in general operations and not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2018 there were no assets with donor restrictions. At December 31, 2017 net assets with donor restrictions was \$75,522.

Basis of Accounting

The costs related to the administration of the Organization's programs are summarized in the statements of activities. Personnel and operating expenses, which are associated with a specific program, are charged directly to that program. Personnel and operating expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses represent indirect costs of administering these programs and are allocated to the Organization's programs on a cost basis.

The 2017 financial statements were prepared on a going concern basis, which assumes that the Organization will continue as a going concern. The Organization has suffered recurring losses from operations that has raised substantial doubt about its ability to continue as a going concern. The Organization has implemented substantial cost-cutting plans and is seeking additional funding. See Note 3 for information on discontinued operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Public Support

Restricted contributions and grants are reported as unrestricted support when the restrictions are met in the same reporting period. Public support revenues from government grants are recorded based upon the terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred or services provided. Such revenues are subject to audit by the grantors and, if the examination results in a deficiency of allowable expenses, the Organization will be required to refund any deficiencies. Management is of the opinion that all monies in the schedules of financial assistance have been earned as of December 31, 2018.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The carrying amount reported in the combined statements of financial position for cash and cash equivalents approximates its fair value.

Investments

There were no investments at December 31, 2018. Investments at December 31, 2017, included a Certificate of Deposit that matured December 1, 2018, twenty-four months from issuance. The Certificates of Deposit earned interest at .75% and were valued at \$118,101.

Accounts Receivable

All receivables are determined to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided.

Property and Equipment

Property and equipment are recorded at historical cost or, in the case of contributed property and equipment, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the various assets, which range from 5 to 40 years. The Organization commences depreciation in the month of acquisition.

Property and equipment used in providing services were disposed of in relation to the discontinuation of operations detailed in Note 3 and Note 4.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accrued Compensated Absences

Accrued compensated absences represent accumulated annual leave. According to the Organization's policies, up to 10 days annual leave can be carried over to the following year for employees with less than 5 years of service. Employees with more than 5 and less than 10 years of service can carry over to the following year a maximum of 15 days. Employees with 10 or more years of service can carry over to the following year a maximum of 20 days. Unused annual leave is payable to the employees upon termination of employment. All unused annual leave was paid out subsequent to year end in January 2019 due to the discontinuation of operations detailed in Note 3.

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

All donations are considered available for unrestricted use unless specifically restricted by the donor.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, income taxes have not been provided for in the financial statements.

As of December 31, 2018, the tax years that remain subject to examination by taxing authorities begin with 2015.

Schedule of Financial Assistance

The significant accounting policies in the preceding paragraphs were also used in preparing the schedule of financial assistance.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time to the Organization and its program for the elderly; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

New Accounting Pronouncement

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a new disclosure about liquidity and availability of resources (Note 2).

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The changes have the following effect on net assets at December 31, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 292,347	\$ -
Net assets without donor restrictions	-	292,347
	<u>\$ 292,347</u>	<u>\$ 292,347</u>

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 3,446,940	\$ -
Temporarily restricted net assets	75,522	-
Net assets without donor restrictions	-	3,446,940
Net assets with donor restrictions	-	75,522
	<u>\$ 3,522,462</u>	<u>\$ 3,522,462</u>

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is partially supported by restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The Organization considers all expenditures related to its ongoing activities to support the mission to be general expenditures. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of the statement of financial position date December 31, 2018. There were no contractual or donor-imposed restrictions within one year of the statement of financial position that would reduce amounts available for general use.

	<u>2018</u>
Financial assets at year end	
Cash and cash equivalents	\$ 134,104
Accounts, contracts, and grants receivable	230,491
Financial assets available to meet general expenditures within one year	<u>\$ 364,595</u>

Due to the terminations of major grant and contracts in relation to the discontinuation of operations as of December 31, 2018 (See Note 3), the Organization expects a future decrease in liquidity until their mission can be redefined.

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 3 - DISCONTINUED OPERATIONS

Effective December 31, 2018, The Organization ceased providing supportive and transportation services to the elderly and disadvantaged citizens of Clay County, Florida. As this is an integral portion of the Organization's mission, the Organization accounts for ceasing of these services as a discontinued operation. The Organization recorded a loss of \$2,725,988 relative to the disposal of all property and equipment that were used in providing services. The lease agreement with Clay County was terminated December 31, 2018 in relation to the discontinuation of operations.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2018 and 2017:

	2018	2017
Vehicles	\$ -	\$ 3,856,471
Leasehold improvements	-	1,608,850
Furniture and equipment	<u>31,017</u>	<u>390,849</u>
	31,017	5,856,170
Less: accumulated depreciation	<u>(13,025)</u>	<u>(2,791,004)</u>
Total	<u>\$ 17,992</u>	<u>\$ 3,065,166</u>

Depreciation expense was \$498,566 and \$501,995 for the years ended December 31, 2018 and 2017, respectively.

In 2018, property and equipment that were used in providing services were disposed of in relation to the discontinuation of operations. (See Note 3).

Vehicles purchased with Federal and State funds were subject to lien in favor of the Grantor. In relation to the discontinuation of operations, these vehicles were returned to the appropriate Grantors. All other vehicles were sold at auction.

NOTE 5 - DONATED USE OF FACILITIES, SERVICES, AND MATERIALS

The value of donated use of facilities, services, and materials and the corresponding expenses included in the financial statements for the year are as follows:

	2018	2017
Revenue (contributions)	<u>\$ 326,931</u>	<u>\$ 331,041</u>
Expenses:		
Rent	278,202	278,202
Vehicle repairs and maintenance	<u>48,729</u>	<u>52,839</u>
Total	<u>\$ 326,931</u>	<u>\$ 331,041</u>

The Organization operates four sites in Clay County. These facilities are owned by the County and recorded as donated rent based upon comparable current rent rates in the corresponding area. (Also See Note 9).

CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 6 - CASH IN EXCESS OF FEDERALLY INSURED LIMITS

The Organization maintains cash balances in several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. At December 31, 2018, no cash balances exceeded \$250,000.

NOTE 7 - EMPLOYEE BENEFIT PLAN

During 1998, the Organization adopted a defined contribution plan under Internal Revenue Code section 401(k). Under the plan, the Organization contributes four percent of each eligible employee's gross budgeted wages. Plan expenses incurred by the Organization during 2018 and 2017 were \$66,737 and \$51,931, respectively.

NOTE 8 - FAIR VALUE MEASUREMENTS

FASB provisions establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements). Certificates of Deposits (level 1 measurements) make up all investments that are listed at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

NOTE 9 - LEASE AGREEMENT WITH CLAY COUNTY

Under an agreement dated June 14, 2011 between the County and the Organization, the County committed funding, not to exceed \$1,985,250 for the construction of a new facility and for the renovation of the existing Green Cove Springs facility. Any additional funding is the responsibility of the Organization. The County granted a 99-year lease for \$1 per year to the Organization for the use of this facility with an option to terminate the lease in the 25th year by either party. The County retains full ownership of the facility. The Organization moved into the new facility in August 2012.

The investment in the facility by the Organization of \$1,608,850 was recorded as a leasehold improvements and was being depreciated over 40 years. Prior to recording of the loss on disposal in relation to the discontinuation of operations, leasehold improvements had a net book value of \$1,342,063. This remaining net book value was recorded as part of the discontinued operation loss of \$2,743,980 related to the disposal of all fixed assets used in providing services. (See Note 3.)

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 10 - CONCENTRATION OF REVENUE SOURCE

The Organization receives substantial support under contracts with the Northeast Florida Area Agency on Aging, Inc (dba ElderSource). These contracts are renegotiated at the end of each contract term. During the fiscal years ended December 31, 2018 and 2017, support recognized under these arrangements amounted to \$1,021,902 and \$922,789 respectively. These contracts were not renegotiated at the end of 2018.

The Organization also receives substantial support under contracts with the Department of Transportation. These contracts are renegotiated at the end of each contract term. During the fiscal years ended December 31, 2018 and 2017, support recognized under these arrangements amounted to \$559,801 and \$699,706, respectively. These contracts were not renegotiated at the end of 2018.

The Organization also receives substantial support under contracts with the Clay County Board of Commissioners. These contracts are renegotiated at the end of each contract term. During the fiscal years ended December 31, 2018 and 2017, support recognized under these arrangements amounted to \$691,591 and \$660,821, respectively. These contracts were not renegotiated at the end of 2018.

NOTE 11 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 20, 2019, the date which the financial statements were available to be issued.

CLAY COUNTY COUNCIL ON AGING, INC.
 DBA COUNCIL ON AGING OF CLAY COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 Year Ended December 31, 2018

Federal/State Agency, Pass-through Entity	CFDA CSFA Number	Contract Number	Expenditures
<u>FEDERAL AWARDS</u>			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - Indirect Programs			
Passed through Northeast Florida Area Agency on Aging, inc., d/b/a ElderSource			
Aging Cluster:			
Special Programs for the Aging, Title III C1 Congregate Meals	93.045	A018C	\$ 202,671
Special Programs for the Aging, Title III C2 Home Delivered Meals	93.045	A018C	102,419
Subtotal - CFDA 93.045			<u>305,090</u>
Special Programs for the Aging, Title III B Grants for Supportive Services & Senior Centers	93.044	A018C	124,562
Special Programs for the Aging, Nutrition Services Incentive Program	93.053	U018C	38,039
Subtotal Aging Cluster			467,691 *
Special Programs for the Aging, Title III E National Family Caregiver Support	93.052	A018C	66,684
Emergency Home Energy Assistance	93.568	P017C/P018C	27,238 *
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>561,613</u>
DEPARTMENT OF TRANSPORTATION - Indirect Programs			
Passed through State of Florida Department of Transportation			
Formula Grants for Other than Urbanized Areas	20.509	GO72	72,989
Formula Grants for Other than Urbanized Areas	20.509	GOK61	57,207
TOTAL DEPARTMENT OF TRANSPORTATION			<u>130,196</u>
FEDERAL TRANSIT ADMINISTRATION - Indirect Program			
Passed through Department of Transportation			
Transit Services Program Cluster:			
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	GOV73	76,285
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	GOL31	16,564
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	GOB40	19,313
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	GOL30	105,718
TOTAL DEPARTMENT OF TRANSPORTATION FEDERAL TRANSIT ADMINISTRATION			<u>219,860</u>
JACKSONVILLE TRANSPORTATION AUTHORITY			
Job Access - Reverse Commute	20.513	NA	169,460
New Freedom Program	20.521	NA	48,944
Subtotal Jacksonville Transportation Authority Cluster			218,404
Enhanced Mobility for Seniors and Individuals with Disabilities	20.507	NA	74,314
TOTAL JACKSONVILLE TRANSPORTATION AUTHORITY			<u>292,718</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,204,387</u>
<u>Summary of Transit Services Program Cluster:</u>			
FEDERAL TRANSIT ADMINISTRATION - Indirect Programs			
Passed through Federal Transit Administration	20.513		219,860
JACKSONVILLE TRANSPORTATION AUTHORITY			
Passed through Jacksonville Transportation Authority	20.513, 20.521		218,404
Total Transit Services Program Cluster			<u>\$ 438,264</u>

* Major Programs

The accompanying notes are an integral part of this schedule.

CLAY COUNTY COUNCIL ON AGING, INC.
 DBA COUNCIL ON AGING OF CLAY COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 Year Ended December 31, 2018

Federal/State Agency, Pass-through Entity	CFDA CSFA	Contract	Expenditures
	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>
<u>STATE AWARDS</u>			
DEPARTMENT OF ELDER AFFAIRS - Indirect Programs			
Passed through Northeast Florida Area Agency on Aging, Inc., d/b/a ElderSource			
Alzheimer's Disease Initiative	65.004	Z017C/Z018C	\$ 134,992
Community Care for the Elderly	65.010	C017C/C018C	264,604
Home Care for the Elderly	65.001	H017C/H018C	6,151
Local Service Program	65.009	LO17C/LO18C	<u>47,442</u>
TOTAL DEPARTMENT OF ELDER AFFAIRS			<u>453,189</u>
TRANSPORTATION DISADVANTAGED COMMISSIONS			
Trip/Equipment Grant	55.001	GOS75	95,828
Trip/Equipment Grant	55.001	GOX95	6,709
Trip/Equipment Grant	55.001	GOM32	281,208
Trip/Equipment Grant	55.001	GOX16	<u>364,627</u>
TOTAL TRANSPORTATION DISADVANTAGED COMMISSIONS			748,372 *
Public Transit Service Development Program	55.012	ARR53	<u>46,761</u>
TOTAL EXPENDITURES OF STATE GRANTS AND AWARDS			<u>\$ 1,248,322</u>

* Audited as major program

The accompanying notes are an integral part of this schedule.

CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
AND STATE FINANCIAL ASSISTANCE
December 31, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal financial awards and state financial assistance activity of Clay County Council on Aging, Inc., is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Clay 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 Clay County Council on Aging, Inc. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Organization has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.



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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 of
Clay County Council on Aging, Inc.

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clay County Council on Aging, Inc. (nonprofit organizations), which comprise the statement of financial position as of December 31, 2018, 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 November 20, 2019. Our report disclaims an opinion on such financial statements because the Organization was unable to provide sufficient documentation to support financial transactions recorded for the fiscal year ended December 31, 2018 and limited controls were exercised over financial transactions. We were unable to determine by other audit procedures if these balances were materially correct. As a result of these matters, we were not able to obtain sufficient audit evidence to determine if all transactions incurred during fiscal year ended December 31, 2018 were recorded. Consequently, we were unable to determine if any adjustments might have been found necessary to properly reflect elements making up the statement of financial position and the related statements of activities, functional expenses, and cash flows.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of the Organization, we considered Clay 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 Clay County Council on Aging, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the following paragraphs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the the following deficiencies to be material weaknesses.

Finding number 2018-01 - Reconciliation of the Cash Accounts to the General Ledger

Our review of the Organization's procedures indicated that there is a lack of segregation of duties in the reconciliation of the cash accounts and that reconciliation of bank accounts was not conducted on a monthly basis. Internal control is most effective when the bank reconciliation is prepared by someone not responsible for entries in the receipts and disbursements records. Such reconciliation is a primary means of preventing or detecting an error or fraud in cash. We recommend that a reconciliation of the bank account be prepared by someone without related cash receipt, disbursement, or recording duties on a monthly basis. The chief financial officer should then review, approve, and sign the bank reconciliation to determine that the reconciliation has been performed and that any differences are fully explained and corrected.

Finding number 2018-02 - Reconciliation of Grants and Contracts Receivable to the Contracts and the General Ledger

Our review of the Organization's procedures indicated that grants and contracts receivable (and related revenue accounts) were not reconciled against grant and contract expense reimbursement reports on a monthly basis. Such reconciliation is a primary means of preventing or detecting an error or fraud in these accounts. We recommend that a reconciliation of grants receivable be prepared on a monthly basis. The chief financial officer should compare the reconciliation to the expense reimbursement reports and the contracts and ensure that any differences are fully explained and corrected.

Finding number 2018-03 - Reconciliation of Accounts Payable Detail to the General Ledger

Our review of the purchases/accounts payable system indicated that the accounts payable detail is not reconciled to the general ledger on a monthly basis. We recommend that this reconciliation be performed each month end to ensure that the general ledger balance, and thus the financial statements, reflects the proper accounts payable amount.

To the Board of Directors
Clay County Council on Aging, Inc.
Page Three

Finding number 2018-04 - Reconciliation of Prepaid and Accrued Expense Detail to the General Ledger

Our review of prepaid expenses and accrued expense account activity indicated that these accounts were not consistently or properly accrued on a monthly basis. We recommend that this reconciliation be performed each month end to ensure that the general ledger balance, and thus the financial statements, reflects the proper account balances.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay County Council on Aging, Inc.'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. Due to the findings previously detailed, we were unable to determine if there were instances of noncompliance or other matters to be reported under *Government Auditing Standards*.

Clay County Council on Aging, Inc.'s Response to Findings

Effective December 31, 2018, the Organization discontinued operations (See Note 3 of the Notes to the Financial Statements).

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.



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November 20, 2019



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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 of
Clay County Council on Aging, Inc.

Report on Compliance for Each Major Federal Program and State Project

We were engaged to conduct an audit of Clay County Council on Aging, Inc.'s (a nonprofit organization) 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 Clay County Council on Aging, Inc.'s major Federal programs and State projects for the year ended December 31, 2018. Clay 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

We were engaged to express an opinion on compliance for each of Clay 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, 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 Clay County Council on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors of
Clay County Council on Aging, Inc.
Page Two

Because of the matter described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis to express an opinion on compliance for each of the Organization;s major federal programs and state projects.

Basis for Disclaimer of Opinion on Each Major Federal Program

The supporting documentation of Clay County Council on Aging was not in existence or in an appropriate manner that we were unable to satisfy ourselves by the other auditing procedures concerning the types of compliance requirements for the year ended December 31, 2018.

As a result of this matter, we were unable to determine whether the Organization 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, 2018.

Disclaimer of Opinion

Because of the significance of matters described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on . Accordingly, we do not express an opinion on the 2018 financial statements referred to in the first paragraph.

Report on Internal Control Over Compliance

Management of Clay 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 Clay 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 programs and state projects 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 projects and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, 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 Clay County Council on Aging, Inc's internal control over compliance.

To the Board of Directors of
Clay County Council on Aging, Inc.
Page Three

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 and state projects 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 and state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 through 2018-005 to be material weaknesses.

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 and State projects that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, significant deficiencies 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 10.6 50. Accordingly, this report is not suitable for any other purpose.



Magers & Associates, LLC
Orange Park, FL
November 20, 2019

CLAY COUNTY COUNCIL ON AGING, INC
DBA COUNCIL ON AGING OF CLAY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2018

Reference Number	Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken (Yes, No, Partially)
2018-001	2017	Material Financial Statement Adjustments - misstatements in the financial statements related to recording of non-cash grant revenue resulted in proposed audit adjustments material to the financial statements.	Yes. Procedure was implemented to record revenue and assets to the general ledger. Data Collection Form was resubmitted with adjustments.

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Disclaimer
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards and State Financial Assistance Projects

Internal control over major programs:	
Material weakness identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported

Type of auditors' report issued on compliance for major programs:	Disclaimer
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.515(d) of Uniform Guidance or Rules of the Auditor General 10.650?	Yes
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Identification of major programs:

Federal Program	CFDA No.
Pass through program from:	
Department of Health and Human Services	
Programs for Cluster Special Programs for the Aging	
Title III, Part B - Grants for Supportive Services	93.004
Title III, Part C - Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Low-Income Home Energy Assistance	93.568

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018**

State Projects	CSFA No.
Pass through program from:	
Department of Transportation - Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program	55.001
Dollar threshold used to distinguish between	
Federal Programs	\$750,000
State Projects	\$374,497
Auditee qualified as low-risk auditee?	No
Prior findings and questioned costs relative to federal awards which require auditee to prepare a summary schedule of prior audit findings as discussed in 2 CFR 200.515(d) of Uniform Guidance or Chapter 10.650, Rules of the Auditor General?	Yes

B. FINANCIAL STATEMENT FINDINGS Yes

2018-001 through 2018-04 Accounting Process

Condition:	The Organization failed to take all steps necessary to ensure that an effective structure of internal control was in place and functioning as designed in order to prevent or detect and correct material misstatements on a timely basis and that proper accounting records and supporting evidential matter were maintained.
Criteria:	<i>Government Auditing Standards</i> issued by Comptroller General of the United States requires that an adequate system of internal control be in place in order to safeguard assets and ensure proper recording of transactions.
Effect:	Accounting records were not able to be audited due to their incomplete/inaccurate/unreliable state.
Cause:	The cause relates to inadequate controls over the entire accounting process including but not limited to reconciliations, posting, verification and oversight.
Recommendation:	The Organization should enhance the control procedures over the accounting process to ensure that the necessary items are posted to the general ledger and supporting records for transactions are reconciled to the general ledger.

**CLAY COUNTY COUNCIL ON AGING, INC.
DBA COUNCIL ON AGING OF CLAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018**

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS Yes

2018-005 Late Federal Audit Submission

- Condition: The Organization's audit was not completed and submitted within the required time frame to the Federal Audit Clearinghouse.
- Criteria: Office of Management and Budget (OMB) requires that the reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report(s) or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.
- Effect: The delay in the audit submission caused the entity to be out of compliance with OMB guidelines.
- Cause: The Organization's accounting records were incomplete/inaccurate resulting in a delay in issuing the audit reports.
- Recommendation: Management should implement procedures to ensure that all required filing deadlines are met.

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS None

E. OTHER ISSUES

- Management Letter No
- Summary of Prior Audit Findings See Page
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