

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

CONTENTS

	PAGE
Independent Auditor's Report	1
<b>Audited Financial Statements:</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Schedule of Functional Expenses	5
Statements of Cash Flows	9
Notes to Financial Statements	10
<b>Other Reports and Schedules:</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20
Independent Auditor's Report on Compliance for Each Major Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General	22
Schedule of Expenditures of Federal Awards	24
Schedule of Expenditures of State Financial Assistance	25
Schedule of Findings and Questioned Costs	26
Summary Schedule of Prior Audit Findings	28

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northwest Florida Area Agency on Aging, Inc.  
Pensacola, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Florida Area Agency on Aging, Inc., (the "Agency") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2018 and 2017, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules 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 as required by Chapter 10.650, Rules of the Auditor General, are presented for purposes of additional analysis and also are not required parts 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 July 29, 2019, 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 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 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.



Pensacola, Florida  
July 29, 2019

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017**

**ASSETS**

	2018	2017
<b>Current Assets:</b>		
Cash	\$ 203,480	\$ 191,620
Designated cash	121,761	121,741
Grants and other support receivable	1,031,651	915,916
Total current assets	1,356,892	1,229,277
<b>Property and Equipment</b>	602,048	624,443
<b>Total Assets</b>	\$ 1,958,940	\$ 1,853,720

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Current portion of note payable	\$ 65,304	\$ 63,031
Accounts payable	3,600	11,781
Accrued expenses	69,449	44,661
Due to providers	723,760	643,130
Total current liabilities	862,113	762,603
<b>Note Payable</b>	50,538	115,842
<b>Total Liabilities</b>	912,651	878,445
<b>Net Assets:</b>		
Without donor restrictions-		
Undesignated	924,528	853,534
Designated	121,761	121,741
Total net assets	1,046,289	975,275
<b>Total Liabilities and Net Assets</b>	\$ 1,958,940	\$ 1,853,720

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

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>Net Assets Without Donor Restrictions:</b>		
Revenue, gains, and support without donor restrictions:		
Federal grants	\$ 3,670,115	\$ 3,309,620
State grants	2,866,690	2,954,953
Other revenue and support	58,743	48,545
Total revenue, gains, and support without donor restrictions	6,595,548	6,313,118
<b>Expenses:</b>		
Direct program services:		
Social services programs	3,670,559	3,473,595
Community service programs	1,806,060	1,817,861
Home service programs	633,659	649,806
Non-DOEA programs	39,128	38,733
Total direct program services	6,149,406	5,979,995
Management and general	375,128	353,535
Total expenses	6,524,534	6,333,530
<b>Change in Net Assets</b>	71,014	(20,412)
<b>Net Assets:</b>		
Beginning of year	975,275	995,687
End of year	\$ 1,046,289	\$ 975,275

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

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	Program Expenses							
	OAA Title III	CCE	HCE	ADI	NSIP	EHEAP	Medicaid Waiver	SHINE
Advertising	\$ 1,338	\$ 306	\$ -	\$ -	\$ -	\$ -	\$ 3,097	\$ 695
Depreciation	-	-	-	-	-	-	-	-
Dues and subscriptions	696	-	-	-	-	-	-	695
Equipment maintenance	18,878	2,557	-	-	-	60	3,134	3,370
Insurance	3,147	1,421	-	-	-	-	329	1,732
Interest	942	445	-	-	-	20	112	311
Other	63	25	-	-	-	-	4,000	2,577
Personnel	282,652	119,385	54,811	-	-	37,775	56,652	77,838
Printing and supplies	3,050	462	346	-	-	38	88	6,441
Professional services	3,220	1,760	879	-	-	-	1,500	1,494
Rent	645	-	-	-	-	8	-	-
Subrecipients and subcontractors	2,324,829	1,471,756	343,816	613,758	115,463	130,547	18	53
Telephone	4,963	614	-	-	-	2	458	5,055
Training	599	112	-	-	-	112	112	396
Travel	5,809	318	-	-	-	4	-	7,126
Utilities	3,031	1,454	-	-	-	85	374	994
<b>Totals</b>	<b>2,653,862</b>	<b>1,600,615</b>	<b>399,852</b>	<b>613,758</b>	<b>115,463</b>	<b>168,651</b>	<b>69,874</b>	<b>108,777</b>
<b>Allocation of Management and General Expenses</b>	<b>350,243</b>	<b>-</b>	<b>412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 3,004,105</b>	<b>\$ 1,600,615</b>	<b>\$ 400,264</b>	<b>\$ 613,758</b>	<b>\$ 115,463</b>	<b>\$ 168,651</b>	<b>\$ 69,874</b>	<b>\$ 108,777</b>

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

	Program Expenses				Total Program Expenses	Management and General	2018 Total Expenses
	RELIEF	ADRC	OAA TITLE VII	Other Non-DOEA Programs			
Advertising	\$ -	\$ 1,140	\$ 177	\$ 100	\$ 6,853	\$ 2,332	\$ 9,185
Depreciation	-	-	-	-	-	22,395	22,395
Dues and subscriptions	-	-	-	-	1,391	16,735	18,126
Equipment maintenance	-	11,772	871	-	40,642	17,145	57,787
Insurance	-	2,989	276	-	9,894	5,524	15,418
Interest	-	942	93	433	3,298	1,921	5,219
Other	-	3,751	8	31,151	41,575	10,297	51,872
Personnel	5,654	245,601	14,406	-	894,774	245,039	1,139,813
Printing and supplies	-	12,089	526	4,800	27,840	94	27,934
Professional services	84	4,500	-	-	13,437	5,863	19,300
Rent	-	1,210	-	-	1,863	4,587	6,450
Subrecipients and subcontractors	59,418	159	18	1,587	5,061,422	7,382	5,068,804
Telephone	-	4,266	458	252	16,068	7,193	23,261
Training	-	671	112	-	2,114	1,071	3,185
Travel	-	1,756	2,876	805	18,694	21,330	40,024
Utilities	-	3,316	287	-	9,541	6,220	15,761
<b>Totals</b>	<b>65,156</b>	<b>294,162</b>	<b>20,108</b>	<b>39,128</b>	<b>6,149,406</b>	<b>375,128</b>	<b>6,524,534</b>
<b>Allocation of Management and General Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350,655</b>	<b>(350,655)</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 65,156</b>	<b>\$ 294,162</b>	<b>\$ 20,108</b>	<b>\$ 39,128</b>	<b>\$ 6,500,061</b>	<b>\$ 24,473</b>	<b>\$ 6,524,534</b>

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

Program Expenses

	OAA Title III	CCE	HCE	ADI	NSIP	EHEAP	Medicaid Waiver	SHINE
Advertising	\$ 1,667	\$ 894	\$ -	\$ -	\$ -	\$ -	\$ 145	\$ 6,084
Depreciation	-	-	-	-	-	-	-	-
Dues and subscriptions	297	-	-	-	-	-	-	-
Equipment maintenance	19,068	5,220	-	-	-	-	1,261	6,559
Insurance	2,618	1,445	-	-	-	-	297	968
Interest	1,591	240	(2)	-	-	-	57	563
Other	337	45	-	-	-	-	2,021	2,250
Personnel	266,791	77,203	64,406	-	-	20,369	31,762	76,233
Printing and supplies	1,820	277	282	-	-	19	27	5,862
Professional services	2,691	1,736	867	-	-	-	1,500	1,473
Rent	543	-	-	-	-	-	-	2,932
Subrecipients and subcontractors	2,102,936	1,532,519	396,514	627,884	137,798	109,152	9	26
Telephone	4,453	655	(43)	-	-	-	493	4,810
Training	659	110	-	-	-	-	-	220
Travel	9,911	57	-	-	-	8	-	5,993
Utilities	3,115	1,683	(18)	-	-	-	322	1,057
Totals	2,418,497	1,622,084	462,006	627,884	137,798	129,548	37,894	115,030
Allocation of Management and General Expenses	353,339	-	196	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 2,771,836</b>	<b>\$ 1,622,084</b>	<b>\$ 462,202</b>	<b>\$ 627,884</b>	<b>\$ 137,798</b>	<b>\$ 129,548</b>	<b>\$ 37,894</b>	<b>\$ 115,030</b>

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**  
**(Continued)**

	Program Expenses				Total Program Expenses	Management and General	2017 Total Expenses
	RELIEF	ADRC	OAA TITLE VII	Other Non-DOEA Programs			
Advertising	\$ -	\$ 4,281	\$ 978	\$ 325	\$ 14,374	\$ 2,122	\$ 16,496
Depreciation	-	-	-	-	-	22,659	22,659
Dues and subscriptions	-	-	-	-	297	2,899	3,196
Equipment maintenance	-	12,659	1,205	-	45,972	27,272	73,244
Insurance	-	2,880	261	-	8,469	5,675	14,144
Interest	-	1,274	431	-	4,154	3,598	7,752
Other	-	11,565	7	33,908	50,133	11,362	61,495
Personnel	6,032	254,163	13,046	-	810,005	224,743	1,034,748
Printing and supplies	-	10,674	1,070	3,593	23,624	(263)	23,361
Professional services	83	4,500	-	-	12,850	7,700	20,550
Rent	-	1,086	-	-	4,561	6,685	11,246
Subrecipients and subcontractors	52,137	76	8	-	4,959,059	6,399	4,965,458
Telephone	-	4,576	488	475	15,907	7,919	23,826
Training	-	549	110	-	1,648	1,096	2,744
Travel	-	926	2,203	432	19,530	17,447	36,977
Utilities	-	2,975	278	-	9,412	6,222	15,634
Totals	58,252	312,184	20,085	38,733	5,979,995	353,535	6,333,530
Allocation of Management and General Expenses	-	-	-	-	353,535	(353,535)	-
<b>Total Expenses</b>	<b>\$ 58,252</b>	<b>\$ 312,184</b>	<b>\$ 20,085</b>	<b>\$ 38,733</b>	<b>\$ 6,333,530</b>	<b>\$ -</b>	<b>\$ 6,333,530</b>

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 71,014	\$ (20,412)
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	22,395	22,659
Changes in -		
Grants and other support receivable	(115,735)	(30,190)
Prepaid expenses	-	9,901
Accounts payable	(8,181)	(6,502)
Accrued expenses	24,788	6,923
Due to providers	80,630	57,199
Net cash provided by operating activities	74,911	39,578
<b>Cash Flows From Financing Activities:</b>		
Principal payments on long-term debt	(63,031)	(60,812)
<b>Net Change in Cash</b>	11,880	(21,234)
<b>Cash at Beginning of Year</b>	313,361	334,595
<b>Cash at End of Year</b>	\$ 325,241	\$ 313,361
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest paid	\$ 5,219	\$ 7,752

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

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Purpose:*

Northwest Florida Area Agency on Aging, Inc. (the "Agency") is a Florida not-for-profit corporation, incorporated in 1979. The Agency has no paid-in capital or shareholders, and the affairs are conducted by a Board of Directors.

The primary purpose of the Agency is to assist, encourage, and promote the well-being of aging individuals through a variety of programs, and act as a pass-through agency for federal and state funds to the various providers of services in Northwest Florida. The Agency's operations are also funded by state and federal grants.

*Basis of Presentation:*

The accompanying financial statements of the Agency, which are presented on the accrual basis of accounting, have been prepared to focus on the Agency as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Federal, state and local amounts received by the Agency in advance of the incurrence of allowable costs or performance of services are recorded as advances on grants until such allowable costs are incurred or services are rendered.

Contributions are recognized when a donor makes an unconditional promise to give to the Agency. Contributions that are restricted by a donor are reported as increases in net assets with donor restrictions. When a time restriction expires or a purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net assets without donor restrictions represent resources generated from operations, donations without donor restrictions, and lapse of temporary restrictions and are not subject to donor-imposed stipulations.

*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.

*Cash and Cash Equivalents:*

Cash and cash equivalents include all highly-liquid investments purchased with an original maturity of ninety days or less.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

*Grants Receivable:*

Grants receivable are stated at the amount management expects to collect from outstanding balances. When necessary, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes all grants receivable at December 31, 2018 and 2017 were fully collectible; therefore, no allowance for doubtful accounts has been recorded.

*Property and Equipment:*

Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated market value on the date of contribution. Expenditures which equal or exceed \$1,000 that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. Furniture and equipment acquired by the Agency are considered to be owned by the Agency. However, the U.S. Department of Health and Human Services (the "Department") may maintain equitable interest in the property purchased with grant funds. At no time shall the Agency dispose of these nonexpendable properties, except with the permission of, and in accordance with, instructions from the Department. The Department has reversionary interest in those assets purchased with its funds, which have a cost of \$1,000 or more. The book value of assets in which grantors hold a reversionary interest totaled \$3,083 and \$5,847 at December 31, 2018 and 2017, respectively.

Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

Building	39 years
Furniture and equipment	5 - 7 years

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

*Due to Providers:*

Due to providers represent amounts requested for reimbursement from the Agency for allowable expenses incurred by the providers on or before December 31, 2018 and 2017.

*Support:*

Support from government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered. Such revenue is subject to audit by the grantor, and if the examination results in a deficiency of allowable expenses, the Agency will be required to refund any deficiencies.

*In-Kind Support:*

The Agency records various types of in-kind support including contributed professional services and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor and are treated as in-kind support for purposes of meeting state matching requirements.

*Income Taxes:*

The Agency is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

*New Accounting Pronouncement:*

During 2018, the Agency implemented Accounting Standards Update ("ASU") 2016-14, *Not-For-Profit Entities-Presentation of Financial Statement of Not-for-Profit Entities (Topic 958)*. ASU 2016-14 requires not-for-profit entities to present on the statement of financial position amounts for two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) rather than the three classes previously required. ASU 2016-14 has been applied retrospectively. The adoption of this standard did not materially impact the Agency's financial position, results of operations or cash flows.

*Subsequent Events:*

Management has evaluated subsequent events through July 29, 2019, which is the date the financial statements were available to be issued.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 2 - FUNDING SOURCES**

The Agency receives funding from federal, state, and local sources. The following is a description, by source and purpose, of funding received by the Agency during 2018 and 2017.

III Administration, Older Americans Act (“OAA”), is federal funding awarded for the purpose of administering the Older Americans Act’s programs. The Agency uses this money to pay day-to-day operating expenses of the Agency. The state also provides limited funds for administration, which is also considered matching funds for federal funding.

IIIB, Older Americans Act, is federal funding awarded for the purpose of providing social services for the elderly. The Agency uses this money to provide services such as transportation services, counseling, information, telephone contacts, recreation, and legal assistance.

IIIC-1, Older Americans Act, is federal funding awarded for the purpose of providing congregate meals, outreach services, and nutritional education.

IIIC-2, Older Americans Act, is federal funding awarded for the purpose of providing home delivered meals.

IIID, Older Americans Act, is federal funding awarded for the purpose of providing disease prevention and health promotion.

IIIE, Older Americans Act, is federal funding awarded for the purpose of providing the national family caregiver support program.

CCE, Community Care for Elderly is state funding, awarded for the purpose of providing services to Florida’s frail elderly with the intent of preventing premature institutionalization. Services provided are home delivered meals, homemaker, case management, adult day care, chore, personal care, respite care, transportation, and emergency alert response services.

HCE, Home Care for the Elderly, is state funding through financial subsidies and support services for frail elderly individuals to prevent premature or inappropriate institutionalization.

ADI, Alzheimer’s Disease Initiative, is state funding awarded for the purpose of ensuring that persons afflicted with Alzheimer’s Disease and other forms of dementia are given essential services to help them age in place in an elder-friendly environment with security, dignity, and purpose. The program also provides support to family members and caregivers of persons afflicted with Alzheimer’s Disease.

NSIP, Nutrition Services Incentive Program, is federal funding to supplement the Title IIIC meals program.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 2 - FUNDING SOURCES (Continued)**

EHEAP, Home Energy Assistance Program, is federal funding awarded for the purpose of assisting elderly low-income individuals to meet their energy needs.

Medicaid Waiver, is federal funding to provide administrative support and be responsible for the administration and management of the Medicaid home and community based waiver for the aged and disabled.

SHINE, Serving Health Insurance Needs of Elders, is federal funding to provide health insurance information, counseling, advocacy, and assistance to elders.

RELIEF, Respite for Elders Living In Everyday Families, is state funding awarded for the purpose of recruiting volunteers to provide respite for caregivers of the elderly.

ADRC, Aging and Disability Resource Center is a federally and state funded program which is to provide a coordinated, multi-access "one stop" system that integrates information, referral and assistance with eligibility determination functions for elders, persons with disabilities and care givers with streamlined access to long term care services and participation in the ADRC Statewide Medicaid Managed Care Long-Term Care Program ("SMMC LTC") statewide programs.

Title VII, Older Americans Act, is federal funding awarded for the purpose of providing elder abuse prevention.

**NOTE 3 - DESIGNATED CASH AND NET ASSETS**

The Agency is self-insured and does not pay unemployment insurance taxes to the State of Florida. Instead, the Agency designates cash and net assets to reimburse the State of Florida for any claims submitted to the Agency. The Agency paid unemployment claims totaling \$3,025 in 2017 and earned interest income totaling \$20 and \$19 in 2018 and 2017, respectively. The Agency set aside \$121,761 and \$121,741 at December 31, 2018 and 2017, respectively, in a separate account with the Agency's financial institution to be available to pay future unemployment insurance claims.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 4 - GRANTS AND OTHER SUPPORT RECEIVABLE**

Grants and other support receivable consist of the following:

	<u>2018</u>	<u>2017</u>
OAA - Title III	\$ 619,461	\$ 439,645
CCE	179,426	211,060
HCE	33,855	63,779
ADI	48,399	74,739
NSIP	4,912	22,313
EHEAP	39,626	12,629
Medicaid Waiver	12,064	6,186
SHINE	17,528	8,764
RELIEF	10,401	11,870
ADRC	52,718	58,004
OAA - Title VII	3,408	2,892
Other	9,853	4,035
	<u>\$ 1,031,651</u>	<u>\$ 915,916</u>

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 100,000	\$ 100,000
Building	765,622	765,622
Furniture and equipment	121,751	121,751
	<u>987,373</u>	<u>987,373</u>
Less accumulated depreciation	<u>(385,325)</u>	<u>(362,930)</u>
Property and equipment, net	<u>\$ 602,048</u>	<u>\$ 624,443</u>

Depreciation expense was \$22,395 and \$22,659 for the years ended December 31, 2018 and 2017, respectively.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 6 - DUE TO PROVIDERS**

Amounts due to providers consist of the following:

	<u>2018</u>	<u>2017</u>
Council on Aging of Northwest Florida, Inc.	\$ 442,855	\$ 400,676
Walton County Council on Aging, Inc.	168,254	197,734
Okaloosa County Council on Aging, Inc.	60,244	-
Northwest Florida Legal Services, Inc.	9,114	9,833
West Florida Area Health Education Center, Inc.	43,293	34,887
	<u>\$ 723,760</u>	<u>\$ 643,130</u>

**NOTE 7 - NOTE PAYABLE**

Note payable consists of the following:

	<u>2018</u>	<u>2017</u>
Note payable to bank, due in monthly installments of \$5,696, including interest at 3.5% through 2020, secured by real property	\$ 115,842	\$ 178,873
Less current portion	<u>65,304</u>	<u>63,031</u>
	<u>\$ 50,538</u>	<u>\$ 115,842</u>

Interest expense for the years ended December 31, 2018 and 2017 was \$5,219 and \$7,752, respectively.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 7 - NOTE PAYABLE (Continued)**

Scheduled maturities on the note payable are as follows:

2019	\$ 65,304
2020	<u>50,538</u>
	<u>\$ 115,842</u>

**NOTE 8 - PENSION PLAN**

The Agency maintains a defined contribution plan available to all regular employees and administered by a major insurance company. Eligibility occurs after six months of employment. Employee contributions are optional. The Agency contribution is either 10.1% of the employee's salary for employees participating in the Agency's health care plan or 15.1% of the employee's salary for employees electing not to participate in the Agency's health care plan excluding the cost of paid annual leave not taken. Contributions made to the pension plan for the years ended December 31, 2018 and 2017 were \$97,711 and \$85,835, respectively. The contribution rates of either 10.1% or 15.1% of the employee's salary are subject to change at the discretion of the Board of Directors.

**NOTE 9 - STATE OF FLORIDA GRANT MATCHING REQUIREMENTS**

The Agency receives a substantial portion of its support in the form of federal grants passed through the Florida Department of Elder Affairs ("DOEA"). These grants require that twenty-five percent (25%) of the federal funds designated for Agency administration be matched in the form of cash, general revenue administrative funds, and/or in-kind resources.

The majority of the funding for subrecipients is also received from the Florida Department of Elder Affairs. The Agency is required to assure through contractual provisions with the subrecipients that a match of at least ten percent (10%) of the cost for all services is met. The subrecipients' match must be made in the form of cash and/or in-kind contributions. All applicable matching requirements were met for the years ended December 31, 2018 and 2017.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 10 - OTHER REVENUE AND SUPPORT**

Other revenue and support reported on the statement of activities and changes in net assets consists of contributions, grants, and contract income from other than federal or state grants as follows:

	2018	2017
Special events	\$ 43,345	\$ 26,268
Contributions	13,070	16,750
Miscellaneous	2,328	5,527
	\$ 58,743	\$ 48,545

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

*Operating Leases:*

The Agency leases office equipment under operating leases expiring through September 2023. Future minimum lease payments under operating leases at December 31, 2018, are as follows:

2019	\$ 11,179
2020	7,970
2021	4,012
2022	828
2023	621
	\$ 24,610

Rental expense for the years ended December 31, 2018 and 2017 was \$9,829 and \$11,246, respectively.

*Grant Expenditures:*

Expenditures incurred by the Agency and the providers are subject to audit and possible disallowances by federal and state agencies. The Agency would be responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by providers if they were not able to repay the amounts disallowed. It is the opinion of management that, if audited, any adjustment for disallowed expenses would be immaterial.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)**

*Dependency on Government Support:*

The Agency's services are funded primarily with grants from the United States Department of Health and Human Services and the State of Florida passed through the DOEA. A reduction in the level of future support from these agencies could have a substantial effect on the Agency's programs and activities. As of December 31, 2018, management is unaware of any such reduction in future support.

*Depository Risk:*

The Agency maintains cash balances with a financial institution. Demand deposit accounts are insured by the Federal Deposit Insurance Corporation up to certain limits. At December 31, 2018, the Agency had \$96,124 held by the financial institution in excess of insured limits.

**NOTE 12 - LIQUIDITY**

The Agency's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 203,480
Grants and contracts receivable	<u>1,031,651</u>
	<u>\$ 1,235,131</u>

As part of the Agency'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.

**OTHER REPORTS AND SCHEDULES**

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

Board of Directors  
Northwest Florida Area Agency on Aging, Inc.  
Pensacola, Florida

We have audited, 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 Northwest Florida Area Agency on Aging, Inc. (the "Agency") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2019.

### **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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Directors  
Northwest Florida Area Agency on Aging, Inc.

### **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*.

### **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 with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida  
July 29, 2019

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

Board of Directors  
Northwest Florida Area Agency on Aging, Inc.  
Pensacola, Florida

### Report on Compliance for Each Major Federal Programs and State Projects

We have audited Northwest Florida Area Agency on Aging, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Executive Office of the Governor's State Project Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs and state projects for the year ended December 31, 2018. The Agency's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Board of Directors  
Northwest Florida Area Agency on Aging, Inc.

### **Opinion on Each Major Federal Program and State Project**

In our opinion, the Agency complied, in all material respects, with the 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.

### **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 federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

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



Pensacola, Florida  
July 29, 2019

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>	<u>Transfer to Subrecipient</u>
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed through State of Florida Department of Elder Affairs				
Aging Cluster:				
Special Programs for the Aging:				
OAA Administration	93.044-.045	AA018	\$ 335,673	\$ -
Title III-Part B, Grants for Supportive Services and Senior Centers	93.044	AA018	1,041,237	723,014
Title III-Part C. Nutrition Services	93.045	AA018	1,195,077	1,195,077
Nutrition Services Incentive Program	93.053	AU017, AU018	115,463	115,463
Total Aging Cluster			<u>2,687,450</u>	<u>2,033,554</u>
Title III-Part E, National Family Caregiver Support	93.052	AA018	326,886	304,424
Title III-Part D, Disease Prevention and Health Promotion Services	93.043	AA018	102,143	102,143
Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	N/A	21,567	-
Title IV, and Title II, Discretionary Projects	93.048	AG018	8,562	-
Medical Assistance Program	93.778	AX017, AX018	188,199	-
State Health Insurance Assistance Program	93.324	AN017, AN018	105,667	-
Low-Income Home Energy Assistance	93.568	AP017, AP018	172,644	-
Medicare Enrollment Assistance Program	93.071	AB018, AB019	14,229	-
Total U.S. Department of Health and Human Services			<u>3,627,347</u>	<u>2,440,121</u>
<b><u>U.S. Department of Veterans Affairs</u></b>				
Passed through State of Florida Department of Elder Affairs				
VHA Home Care	64.044	MOAVA2018-02(FL)	2,334	-
Total Federal Awards			<u>\$ 3,629,681</u>	<u>\$ 2,440,121</u>

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2018

State Grantor/Pass-through Grantor/Project Title	CSFA Number	Contract / Grant Number	Expenditures	Transfer to Subrecipient
<b><u>State of Florida Department of Elder Affairs</u></b>				
Special Programs for the Aging:				
OAA Administration	N/A	AA018	\$ 14,570	\$ -
Statewide Managed Care	N/A	AX017, AX018	35,140	-
			<u>49,710</u>	<u>-</u>
<b><u>State Grants and Aids Appropriations</u></b>				
State of Florida Department of Elder Affairs				
Tobacco Settlement Trust Funds:				
Community Care for the Elderly	65.010	AC017, AC018 AX017, AX018	1,725,610	1,471,731
Alzheimer's Respite Services	65.004	AZ017, AZ018	613,853	613,758
Relief	65.006	AR017, AR018	65,136	59,418
			<u>2,404,599</u>	<u>2,144,907</u>
General Revenues:				
Home Care for the Elderly	65.001	AH017, AH018	412,381	38,241
Total State Financial Assistance			<u>\$ 2,866,690</u>	<u>\$ 2,183,148</u>

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
YEAR ENDED DECEMBER 31, 2018**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditor's report expresses an unmodified opinion on the financial statements of Northwest Florida Area Agency on Aging, Inc.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Northwest Florida Area Agency on Aging, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs and state projects are reported in the Independent Auditor's Report on Compliance for Each Major Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for major federal award programs and state projects for the Northwest Florida Area Agency on Aging, Inc. expresses an unmodified opinion.
6. There are no audit findings relative to the major federal programs and state projects for the Northwest Florida Area Agency on Aging, Inc. which are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance and Chapter 10.656, Rules of the Auditor General.
7. The programs tested as major programs/projects were:

**Federal Program**

Aging Cluster: Special Programs for the Aging  
OAA Administration (CFDA Nos. 93.044, 93.045)  
Title III Part B - Grants for Supportive Services and Senior Centers (CFDA No. 93.044)  
Title III Part C - Nutrition Services (CFDA No. 93.045)  
Nutrition Services Incentive Program (CFDA No. 93.053)

**State Projects**

Community Care for the Elderly (CSFA No. 65.010)  
Home Care for the Elderly (CSFA No. 65.001)  
Alzheimer's Respite Services (CSFA No. 65.004)

8. The threshold for distinguishing Type A and B programs was \$750,000 for major federal programs and \$300,000 for major state projects.
9. Northwest Florida Area Agency on Aging, Inc. was determined to be a low-risk auditee pursuant to the Uniform Guidance.

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS**

None

**D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS**

None

In accordance with Rules of the Auditor General, Section 10.656(3)(e), no management letter is required because there were no findings required to be reported in the management letter.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2018**

There were no prior audit findings.

In accordance with Rules of the Auditor General, Sections 10.557(3)(d)5, no summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

Board of Directors  
Northwest Florida Area Agency on Aging, Inc.  
Pensacola, FL 32505

We have audited the financial statements of Northwest Florida Area Agency on Aging, Inc. (the “Agency”) for the year ended December 31, 2018, and have issued our report thereon dated July 29, 2019. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. As described in Note 1, the Agency changed accounting policies related to the presentation of net asset categories and enhancing disclosures about how the Agency manages its liquid resources by adopting FASB Accounting Standards Update No. 2016-14, *Not-For-Profit Entities-Presentation of Financial Statement of Not-for-Profit Entities (Topic 958)*, in 2018. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management’s estimate of depreciation expense, which is based on the estimated useful life of an asset, and management’s estimate of the value of in-kind (non-cash) donated items, which is based on the fair value at the time of donation. We evaluated the key factors and assumptions used to develop management’s estimates of these depreciable lives and fair value in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 29, 2019.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Saltmarsh Cleaveland & Bend".

Pensacola, Florida  
July 29, 2019

**Northwest Florida Area Agency on Aging, Inc.**  
**Schedule of Uncorrected Misstatements**  
**December 31, 2018**

To record current year effect of prior year passed adjusting entries.

3002	FUND BALANCE - UNRESTRICTED	12,511.00	
5650	INSURANCE	5,443.00	
5001	SALARIES		17,954.00
<b>Total</b>		<b>17,954.00</b>	<b>17,954.00</b>

To correctly state prepaid expenses at year-end.

1100	PREPAID EXPENSES	5,802.00	
5650	INSURANCE		5,802.00
<b>Total</b>		<b>5,802.00</b>	<b>5,802.00</b>

To record prior year grant revenue in proper period.

4001	FEDERAL FUNDS	41,234.00	
3002	FUND BALANCE - UNRESTRICTED		41,234.00
<b>Total</b>		<b>41,234.00</b>	<b>41,234.00</b>