

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650, Rules of the Auditor General, are presented for purposes of additional analysis and also are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Pensacola, Florida
August 29, 2022

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
Current Assets:		
Cash	\$ 473,102	\$ 238,571
Designated cash	121,763	121,785
Grants and other support receivable	1,190,658	1,369,089
Prepaid expenses	1,193	-
Total current assets	1,786,716	1,729,445
Property and Equipment	574,595	592,126
Total Assets	\$ 2,361,311	\$ 2,321,571

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	8,954	9,043
Accrued expenses	112,860	102,749
Due to grantor agency	-	74,081
Due to providers	877,129	851,860
Total current liabilities	998,943	1,037,733
Net Assets:		
Without donor restrictions-		
Undesignated	1,240,605	1,162,053
Designated	121,763	121,785
Total net assets	1,362,368	1,283,838
Total Liabilities and Net Assets	\$ 2,361,311	\$ 2,321,571

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, 2021 AND 2020

	2021	2020
Net Assets Without Donor Restrictions:		
Revenue, gains, and support without donor restrictions:		
Federal grants	\$ 4,062,516	\$ 4,699,397
State grants	3,130,366	3,130,395
Other revenue and support	8,130	14,542
Total revenue, gains, and support without donor restrictions	7,201,012	7,844,334
Expenses:		
Direct program services:		
Social services programs	4,230,354	4,645,450
Community service programs	1,780,966	2,025,490
Home service programs	684,269	672,831
Non-DOEA programs	22,901	24,517
Total direct program services	6,718,490	7,368,288
Management and general	403,992	343,766
Total expenses	7,122,482	7,712,054
Change in Net Assets	78,530	132,280
Net Assets:		
Beginning of year	1,283,838	1,151,558
End of year	\$ 1,362,368	\$ 1,283,838

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

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Expenses							
	OAA Title III	CCE	HCE	ADI	NSIP	EHEAP	Medicaid Waiver	SHINE
Advertising	\$ 2,297	\$ 369	\$ 354	\$ 8	\$ -	\$ 1,126	\$ 3,247	\$ 5,614
Depreciation	-	-	-	-	-	-	-	-
Dues and subscriptions	1,476	-	265	-	-	-	-	125
Equipment maintenance	61,988	2,913	2,312	-	-	1,552	1,272	16,306
Insurance	5,023	543	12	-	-	304	879	2,787
Other	737	351	429	-	-	4	172	2,999
Personnel	279,007	96,644	49,748	-	-	43,597	48,399	95,385
Printing and supplies	16,375	1,559	2,328	-	-	394	1,246	5,218
Professional services	3,003	3,127	5,870	-	-	132	697	2,518
Rent	1,435	661	766	-	-	64	287	766
Subrecipients and subcontractors	2,488,521	1,482,283	350,177	862,636	112,218	156,224	-	-
Telephone	20,629	645	786	-	-	69	273	5,434
Training	4,558	490	145	123	-	33	187	264
Travel	-	80	249	-	-	-	-	3,451
Utilities	2,079	957	804	-	-	80	416	1,108
Totals	2,887,128	1,590,622	414,245	862,767	112,218	203,579	57,075	141,975
Allocation of Management and General Expenses	401,092	-	-	-	-	-	-	-
Total Expenses	\$ 3,288,220	\$ 1,590,622	\$ 414,245	\$ 862,767	\$ 112,218	\$ 203,579	\$ 57,075	\$ 141,975

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

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Program Expenses				Total Program Expenses	Management and General	2021 Total Expenses
	RELIEF	ADRC	OAA TITLE VII	Other Non-DOEA Programs			
Advertising	\$ -	\$ 13,994	\$ 55	\$ 29	\$ 27,093	\$ 1,649	\$ 28,742
Depreciation	-	-	-	-	-	27,641	27,641
Dues and subscriptions	-	-	-	-	1,866	13,812	15,678
Equipment maintenance	-	14,550	273	460	101,626	18,909	120,535
Insurance	-	7,943	-	294	17,785	4,830	22,615
Other	-	1,216	130	916	6,954	7,660	14,614
Personnel	8,241	274,036	19,925	20,301	935,283	260,927	1,196,210
Printing and supplies	-	10,622	263	342	38,347	19,375	57,722
Professional services	14	4,543	-	60	19,964	33,798	53,762
Rent	-	2,571	-	96	6,646	3,201	9,847
Subrecipients and subcontractors	58,190	1,500	-	141	5,511,890	347	5,512,237
Telephone	-	2,713	140	91	30,780	4,865	35,645
Training	-	1,260	33	33	7,126	1,107	8,233
Travel	-	-	-	-	3,780	1,364	5,144
Utilities	-	3,536	232	138	9,350	4,507	13,857
Totals	66,445	338,484	21,051	22,901	6,718,490	403,992	7,122,482
Allocation of Management and General Expenses	-	-	-	-	401,092	(401,092)	-
Total Expenses	\$ 66,445	\$ 338,484	\$ 21,051	\$ 22,901	\$ 7,119,582	\$ 2,900	\$ 7,122,482

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

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Expenses							
	OAA Title III	CCE	HCE	ADI	NSIP	EHEAP	Medicaid Waiver	SHINE
Advertising	\$ 2,988	\$ 216	\$ 57	\$ -	\$ -	\$ 6	\$ 4,147	\$ 1,768
Depreciation	-	-	-	-	-	-	-	-
Dues and subscriptions	505	23	-	-	-	-	-	350
Equipment maintenance	17,444	2,388	367	-	-	-	1,278	13,313
Insurance	3,055	1,347	372	-	-	-	592	2,378
Interest	115	47	14	-	-	-	23	56
Other	857	408	158	-	-	69	123	3,235
Personnel	280,057	115,080	63,722	-	-	30,890	43,596	93,134
Printing and supplies	2,593	344	258	-	-	41	75	4,862
Professional services	-	6,200	800	-	-	-	500	1,150
Rent	842	191	39	-	-	-	82	210
Subrecipients and subcontractors	3,273,969	1,677,018	373,255	631,674	148,879	153,302	-	-
Telephone	5,228	840	14	-	-	-	547	6,558
Training	797	123	-	-	-	-	-	559
Travel	619	-	-	-	-	-	423	3,624
Utilities	2,073	1,015	259	-	-	-	434	1,118
Totals	3,591,142	1,805,240	439,315	631,674	148,879	184,308	51,820	132,315
Allocation of Management and General Expenses	379,004	-	-	-	-	-	-	-
Total Expenses	\$ 3,970,146	\$ 1,805,240	\$ 439,315	\$ 631,674	\$ 148,879	\$ 184,308	\$ 51,820	\$ 132,315

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

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Program Expenses				Total Program Expenses	Management and General	2020 Total Expenses
	RELIEF	ADRC	OAA TITLE VII	Other Non-DOEA Programs			
Advertising	\$ 11	\$ 12,475	\$ 96	\$ 91	\$ 21,855	\$ 4,918	\$ 26,773
Dcpreciation	-	-	-	-	-	20,139	20,139
Dues and subscriptions	-	-	120	-	998	12,069	13,067
Equipment maintenance	-	14,896	999	558	51,243	28,248	79,491
Insurance	-	3,964	406	196	12,310	10,454	22,764
Interest	-	133	14	3	405	345	750
Other	11	1,014	104	7,087	13,066	6,030	19,096
Personnel	6,465	235,573	15,792	12,055	896,364	213,203	1,109,567
Printing and supplies	11	7,766	123	3,286	19,359	8,360	27,719
Professional services	-	3,000	600	-	12,250	15,263	27,513
Rent	-	1,721	39	18	3,142	4,621	7,763
Subrecipients and subcontractors	42,710	-	-	600	6,301,407	-	6,301,407
Telephone	-	6,075	512	170	19,944	6,609	26,553
Training	-	863	179	-	2,521	1,841	4,362
Travel	-	66	289	312	5,333	5,889	11,222
Utilities	-	2,773	278	141	8,091	5,777	13,868
Totals	49,208	290,319	19,551	24,517	7,368,288	343,766	7,712,054
Allocation of Management and General Expenses	-	-	-	-	379,004	(379,004)	-
Total Expenses	\$ 49,208	\$ 290,319	\$ 19,551	\$ 24,517	\$ 7,747,292	\$ (35,238)	\$ 7,712,054

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

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 78,530	\$ 132,280
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities -		
Depreciation	27,641	20,139
Changes in -		
Grants and other support receivable	178,431	(620,413)
Accounts payable	(89)	(2,686)
Prepaid expenses	(1,193)	-
Accrued expenses	10,111	21,886
Due to grantor agency	(74,081)	-
Due to providers	25,269	425,074
Net cash provided by (used in) operating activities	244,619	(23,720)
 Cash Flows From Investing Activities:		
Purchase of property and equipment	(10,110)	(32,357)
 Cash Flows From Financing Activities:		
Principal payments on long-term debt	-	(50,576)
 Net Change in Cash	234,509	(106,653)
 Cash at Beginning of Year	360,356	467,009
 Cash at End of Year	\$ 594,865	\$ 360,356
 Displayed As:		
Cash	\$ 473,102	\$ 238,571
Designated cash	121,763	121,785
	\$ 594,865	\$ 360,356
 Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ -	\$ 750

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

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents:

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

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, 2021 and 2020 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.

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, 2021 AND 2020

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, 2021 and 2020.

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.

Subsequent Events:

Management has evaluated subsequent events through August 29, 2022, 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, 2021 AND 2020

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 2021 and 2020.

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.

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 - FUNDING SOURCES (Continued)

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

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 set aside \$121,763 and \$121,785 at December 31, 2021 and 2020, 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, 2021 AND 2020**

NOTE 4 - GRANTS AND OTHER SUPPORT RECEIVABLE

Grants and other support receivable consist of the following:

	2021	2020
OAA - Title III	\$ 676,290	\$ 707,894
CCE	245,767	297,307
HCE	64,140	73,409
ADI	47,275	89,653
NSIP	20,019	14,245
EHEAP	12,520	80,938
Medicaid Waiver	6,452	7,753
SHINE	10,485	8,764
RELIEF	6,713	4,565
ADRC	42,984	43,962
OAA - Title VII	3,588	10,210
Other	54,425	30,389
	\$ 1,190,658	\$ 1,369,089

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2021	2020
Land	\$ 100,000	\$ 100,000
Building	765,622	765,622
Furniture and equipment	164,218	154,108
	1,029,840	1,019,730
Less accumulated depreciation	(455,245)	(427,604)
Property and equipment, net	\$ 574,595	\$ 592,126

Depreciation expense was \$27,641 and \$20,139 for the years ended December 31, 2021 and 2020, respectively.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 - DUE TO PROVIDERS

Amounts due to providers consist of the following:

	2021	2020
Council on Aging of Northwest Florida, Inc.	\$ 566,139	\$ 506,904
Walton County Council on Aging, Inc.	216,842	229,992
Okaloosa County Council on Aging, Inc.	71,415	75,701
Northwest Florida Legal Services, Inc.	2,678	13,273
West Florida Area Health Education Center, Inc.	20,055	25,990
	\$ 877,129	\$ 851,860

NOTE 7 - 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, 2021 and 2020 were \$99,603 and \$98,206, 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 8 - 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, 2021 and 2020.

NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 - 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:

	2021	2020
Special events	\$ -	\$ 3,952
Contributions	6,802	7,857
Miscellaneous	1,328	2,733
	\$ 8,130	\$ 14,542

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Agency leases office equipment under operating leases expiring through March 2025. Future minimum lease payments under operating leases at December 31, 2021, are as follows:

2022	\$ 11,271
2023	11,064
2024	10,443
2025	5,076
	\$ 37,854

Rental expense for the years ended December 31, 2021 and 2020 was \$11,787 and \$11,618, 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, 2021 AND 2020

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, 2021, 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, 2021, the Agency had \$480,000 held by the financial institution in excess of insured limits.

COVID-19:

Subsequent to December 31, 2019, Coronavirus Disease 2019 ("COVID-19") became a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of the report. As such, it is very uncertain as to the full magnitude that the pandemic will have on the Agency. Management is actively monitoring its financial condition, liquidity, operations, and workforce. Given the evolution of the COVID-19 outbreak, the Agency is not able to estimate the effects of the outbreak on its results of operations, financial condition, or liquidity.

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	\$ 473,102
Grants and contracts receivable	<u>1,190,658</u>
	<u>\$ 1,663,760</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, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2022.

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
August 29, 2022

**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, 2021. 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.

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, 2021.

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
August 29, 2022

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

<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>
<u>U.S. Department of Health and Human Services</u>				
Passed through State of Florida Department of Elder Affairs				
Aging Cluster:				
Special Programs for the Aging:				
OAA Administration	93.044-.045 & 93.052	AA021	\$ 314,390	\$ -
CARES Act No Wrong Door	93.044-.045 & 93.052	AXC20	82,630	-
CARES Act Administration	93.044-.045 & 93.052	ACA20	60,273	346
Title III-Part B, Grants for Supportive Services and Senior Centers	93.044	AA021	997,972	679,205
CARES Act Title III-Part B, Grants for Supportive Services and Senior Centers	93.044	ACA20	12,438	12,438
Title III-Part C, Nutrition Services	93.045	AA021	961,020	961,020
Coronavirus Consolidated Appropriations Act Program	93.045	ACV21	278,039	278,039
Nutrition Services Incentive Program	93.053	AU019, AU020	112,218	112,218
Total Aging Cluster			<u>2,818,980</u>	<u>2,043,266</u>
Title III-Part E, National Family Caregiver Support	93.052	AA021	423,983	423,983
CARES Act Title III-Part E, National Family Caregiver Support	93.052	ACA20	29,334	29,334
Title III-Part D, Disease Prevention and Health Promotion Services	93.043	AA021	104,502	104,502
Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	A7020/A7021	21,267	-
Title IV, and Title II, Discretionary Projects	93.048	AG020/AG021	31,048	-
Medical Assistance Program	93.778	AX020	203,744	-
State Health Insurance Assistance Program	93.324	AN020, AN021	138,421	-
Low-Income Home Energy Assistance	93.568	AP019/AP021	134,170	-
CARES Act Low-income Home Energy Assistance	93.568	APC20	70,468	-
Medicare Enrollment Assistance Program	93.071	AB021, AB022	45,397	-
Total U.S. Department of Health and Human Services			<u>4,021,314</u>	<u>2,601,085</u>
<u>U.S. Department of Veterans Affairs</u>				
Passed through Southern Mississippi Planning & Development District				
VHA Home Care	64.044	VA2018-02(FL)	41,202	-
Total Federal Awards			<u>\$ 4,062,516</u>	<u>\$ 2,601,085</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, 2021**

<u>State Grantor/Pass-through Grantor/Project Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>	<u>Transfer to Subrecipient</u>
<u>State of Florida Department of Elder Affairs</u>				
Medicaid Administrative Claiming	N/A	AX020	\$ 174,345	\$ -
Statewide Managed Care	N/A	AX020	29,398	-
			<u>203,743</u>	<u>-</u>
<u>State Grants and Aids Appropriations</u>				
State of Florida Department of Elder Affairs				
Tobacco Settlement Trust Funds:				
Community Care for the Elderly	65.010	AC020, AC021	1,587,974	1,482,283
Alzheimer's Respite Services	65.004	AZ020, AZ021	862,636	862,636
Relief	65.006	AR020, AR021	66,762	58,190
			<u>2,517,372</u>	<u>2,403,109</u>
General Revenues:				
Home Care for the Elderly	65.001	AH020, AH021	409,251	44,535
Total State Financial Assistance			<u>\$ 3,130,366</u>	<u>\$ 2,447,644</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, 2021**

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)

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 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, 2021
(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, 2021**

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.