

# Saltmarsh

Saltmarsh, Cleaveland & Gund

*CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS*

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

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## 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, 2020 and 2019, 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, 2020 and 2019, 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 December 17, 2021, 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  
December 17, 2021

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

**ASSETS**

	2020	2019
<b>Current Assets:</b>		
Cash	\$ 238,571	\$ 345,236
Designated cash	121,785	121,773
Grants and other support receivable	1,369,089	748,676
Total current assets	1,729,445	1,215,685
 <b>Property and Equipment</b>	 592,126	 579,908
 <b>Total Assets</b>	 \$ 2,321,571	 \$ 1,795,593

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Current portion of note payable	\$ -	\$ 50,576
Accounts payable	9,043	11,729
Accrued expenses	102,749	80,863
Due to grantor agency	74,081	-
Due to providers	851,860	500,867
Total current liabilities	1,037,733	644,035
 <b>Net Assets:</b>		
Without donor restrictions-		
Undesignated	1,162,053	1,029,785
Designated	121,785	121,773
Total net assets	1,283,838	1,151,558
 <b>Total Liabilities and Net Assets</b>	 \$ 2,321,571	 \$ 1,795,593

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, 2020 AND 2019**

	2020	2019
<b>Net Assets Without Donor Restrictions:</b>		
Revenue, gains, and support without donor restrictions:		
Federal grants	\$ 4,699,397	\$ 3,825,849
State grants	3,130,395	3,135,904
Other revenue and support	14,542	48,595
Total revenue, gains, and support without donor restrictions	7,844,334	7,010,348
<b>Expenses:</b>		
Direct program services:		
Social services programs	4,645,450	3,856,496
Community service programs	2,025,490	1,937,107
Home service programs	672,831	672,316
Non-DOEA programs	24,517	60,156
Total direct program services	7,368,288	6,526,075
Management and general	343,766	379,004
Total expenses	7,712,054	6,905,079
<b>Change in Net Assets</b>	132,280	105,269
<b>Net Assets:</b>		
Beginning of year	1,151,558	1,046,289
End of year	\$ 1,283,838	\$ 1,151,558

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
<b>Totals</b>	<b>3,591,142</b>	<b>1,805,240</b>	<b>439,315</b>	<b>631,674</b>	<b>148,879</b>	<b>184,308</b>	<b>51,820</b>	<b>132,315</b>
<b>Allocation of Management and General Expenses</b>	<b>339,983</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 3,931,125</b>	<b>\$ 1,805,240</b>	<b>\$ 439,315</b>	<b>\$ 631,674</b>	<b>\$ 148,879</b>	<b>\$ 184,308</b>	<b>\$ 51,820</b>	<b>\$ 132,315</b>

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
Depreciation	-	-	-	-	-	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
<b>Totals</b>	<b>49,208</b>	<b>290,319</b>	<b>19,551</b>	<b>24,517</b>	<b>7,368,288</b>	<b>343,766</b>	<b>7,712,054</b>
<b>Allocation of Management and General Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>339,983</b>	<b>(339,983)</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 49,208</b>	<b>\$ 290,319</b>	<b>\$ 19,551</b>	<b>\$ 24,517</b>	<b>\$ 7,708,271</b>	<b>\$ 3,783</b>	<b>\$ 7,712,054</b>

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, 2019**

	Program Expenses							
	OAA Title III	CCE	HCE	ADI	NSIP	EHEAP	Medicaid Waiver	SHINE
Advertising	\$ 1,707	\$ 211	\$ -	\$ -	\$ -	\$ -	\$ 267	\$ 1,069
Depreciation	-	-	-	-	-	-	-	-
Dues and subscriptions	906	-	-	-	-	-	-	870
Equipment maintenance	15,876	2,518	157	-	-	-	1,395	4,627
Insurance	2,038	886	-	-	-	-	532	1,550
Interest	468	233	24	-	-	-	87	218
Other	220	29	8	-	-	-	13	2,946
Personnel	291,754	92,857	55,811	-	-	34,305	40,463	95,605
Printing and supplies	2,452	259	326	-	-	28	118	4,638
Professional services	3,190	1,796	898	-	-	-	1,500	2,000
Rent	733	25	-	-	-	-	19	50
Subrecipients and subcontractors	2,438,519	1,637,711	395,662	652,643	133,120	114,391	-	465
Telephone	5,776	670	-	-	-	-	469	4,426
Training	697	118	-	-	-	118	131	686
Travel	11,177	112	-	-	-	29	371	12,033
Utilities	2,145	986	136	-	-	-	316	953
<b>Totals</b>	<b>2,777,658</b>	<b>1,738,411</b>	<b>453,022</b>	<b>652,643</b>	<b>133,120</b>	<b>148,871</b>	<b>45,681</b>	<b>132,136</b>
<b>Allocation of Management and General Expenses</b>	<b>379,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 3,156,662</b>	<b>\$ 1,738,411</b>	<b>\$ 453,022</b>	<b>\$ 652,643</b>	<b>\$ 133,120</b>	<b>\$ 148,871</b>	<b>\$ 45,681</b>	<b>\$ 132,136</b>

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, 2019**  
**(Continued)**

	Program Expenses				Total Program Expenses	Management and General	2019 Total Expenses
	RELIEF	ADRC	OAA TITLE VII	Other Non-DOEA Programs			
Advertising	\$ -	\$ 6,635	\$ 177	\$ 55	\$ 10,121	\$ 2,524	\$ 12,645
Depreciation	-	-	-	-	-	22,140	22,140
Dues and subscriptions	-	420	-	-	2,196	15,217	17,413
Equipment maintenance	-	20,900	1,186	363	47,022	21,732	68,754
Insurance	-	2,673	274	-	7,953	5,912	13,865
Interest	-	618	65	12	1,725	1,366	3,091
Other	-	72	8	37,937	41,233	7,331	48,564
Personnel	6,469	237,178	13,916	13,379	881,737	241,416	1,123,153
Printing and supplies	-	12,112	1,432	5,576	26,941	6,196	33,137
Professional services	85	4,500	-	-	13,969	5,731	19,700
Rent	-	1,137	19	6	1,989	5,889	7,878
Subrecipients and subcontractors	63,869	-	-	432	5,436,812	51	5,436,863
Telephone	-	4,505	486	50	16,382	7,259	23,641
Training	-	842	118	-	2,710	965	3,675
Travel	-	299	1,933	2,290	28,244	28,255	56,499
Utilities	-	2,168	281	56	7,041	7,020	14,061
<b>Totals</b>	<b>70,423</b>	<b>294,059</b>	<b>19,895</b>	<b>60,156</b>	<b>6,526,075</b>	<b>379,004</b>	<b>6,905,079</b>
<b>Allocation of Management and General Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>379,004</b>	<b>(379,004)</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 70,423</b>	<b>\$ 294,059</b>	<b>\$ 19,895</b>	<b>\$ 60,156</b>	<b>\$ 6,905,079</b>	<b>\$ -</b>	<b>\$ 6,905,079</b>

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, 2020 AND 2019**

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 132,280	\$ 105,269
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities -		
Depreciation	20,139	22,140
Changes in -		
Grants and other support receivable	(620,413)	282,975
Accounts payable	(2,686)	8,129
Accrued expenses	21,886	11,414
Due to grantor agency	74,081	-
Due to providers	350,993	(222,893)
Net cash provided by (used in) operating activities	(23,720)	207,034
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(32,357)	-
<b>Cash Flows From Financing Activities:</b>		
Principal payments on long-term debt	(50,576)	(65,266)
<b>Net Change in Cash</b>	(106,653)	141,768
<b>Cash at Beginning of Year</b>	467,009	325,241
<b>Cash at End of Year</b>	\$ 360,356	\$ 467,009
<b>Displayed As:</b>		
Cash	\$ 238,571	\$ 345,236
Designated cash	121,785	121,773
	\$ 360,356	\$ 467,009
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest paid	\$ 750	\$ 3,091

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

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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, 2020 AND 2019**

**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, 2020 and 2019 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, 2020 AND 2019**

**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, 2020 and 2019.

*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 December 17, 2021, 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, 2020 AND 2019**

**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 2020 and 2019.

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, 2020 AND 2019**

**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 set aside \$121,785 and \$121,773 at December 31, 2020 and 2019, 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, 2020 AND 2019**

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

Grants and other support receivable consist of the following:

	<u>2020</u>	<u>2019</u>
OAA - Title III	\$ 707,894	\$ 261,783
CCE	297,307	212,842
HCE	73,409	63,281
ADI	89,653	95,440
NSIP	14,245	10,077
EHEAP	80,938	5,096
Medicaid Waiver	7,753	9,123
SHINE	8,764	8,764
RELIEF	4,565	6,427
ADRC	43,962	55,381
OAA - Title VII	10,210	3,408
Other	30,389	17,054
	<u>\$ 1,369,089</u>	<u>\$ 748,676</u>

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 100,000	\$ 100,000
Building	765,622	765,622
Furniture and equipment	154,108	121,751
	<u>1,019,730</u>	<u>987,373</u>
Less accumulated depreciation	<u>(427,604)</u>	<u>(407,465)</u>
Property and equipment, net	<u>\$ 592,126</u>	<u>\$ 579,908</u>

Depreciation expense was \$20,139 and \$22,140 for the years ended December 31, 2020 and 2019, respectively.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 6 - DUE TO PROVIDERS**

Amounts due to providers consist of the following:

	<u>2020</u>	<u>2019</u>
Council on Aging of Northwest Florida, Inc.	\$ 506,904	\$ 350,361
Walton County Council on Aging, Inc.	229,992	90,948
Okaloosa County Council on Aging, Inc.	75,701	53,765
Northwest Florida Legal Services, Inc.	13,273	1,483
West Florida Area Health Education Center, Inc.	25,990	4,310
	<u>\$ 851,860</u>	<u>\$ 500,867</u>

**NOTE 7 - NOTE PAYABLE**

Note payable consists of the following:

	<u>2020</u>	<u>2019</u>
Note payable to bank, due in monthly installments of \$5,696, including interest at 3.5% through 2020, secured by real property	\$ -	\$ 50,576
Less current portion	-	50,576
	<u>\$ -</u>	<u>\$ -</u>

Interest expense for the years ended December 31, 2020 and 2019 was \$750 and \$3,091, respectively.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019 were \$98,206 and \$97,079, 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, 2020 and 2019.

**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:

	2020	2019
Special events	\$ 3,952	\$ 43,012
Contributions	7,857	5,067
Miscellaneous	2,733	516
	\$ 14,542	\$ 48,595

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 11 - 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, 2020, are as follows:

2021	\$	10,228
2022		7,044
2023		6,837
2024		6,216
2025		<u>1,554</u>
	\$	<u><u>31,879</u></u>

Rental expense for the years ended December 31, 2020 and 2019 was \$11,618 and \$11,180, 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.

*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, 2020, 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, 2020, the Agency had \$174,867 held by the financial institution in excess of insured limits.

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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

*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	\$ 238,571
Grants and contracts receivable	<u>1,369,089</u>
	<u>\$ 1,607,660</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, 2020, 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 December 17, 2021.

**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.

### **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  
December 17, 2021

**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, 2020. 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, 2020.

## 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  
December 17, 2021

**NORTHWEST FLORIDA AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Contract / Grant Number</b>	<b>Expenditures</b>	<b>Transfer to Subrecipient</b>
<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 & 93.052	AA020	\$ 107,248	\$ -
CARES Act No Wrong Door	93.044-.045 & 93.052	AXC20	14,897	-
CARES Act Administration	93.044-.045 & 93.052	ACA20	232,713	50,209
Title III-Part B, Grants for Supportive Services and Senior Centers	93.044	AA020	663,310	326,152
CARES Act Title III-Part B, Grants for Supportive Services and Senior Centers	93.044	ACA20	312,018	312,018
Title III-Part C, Nutrition Services	93.045	AA020	1,217,486	1,217,486
CARES Act Title III-Part C, Nutrition Services	93.045	ACA20	913,964	913,964
COVID-19 Administration	93.045	AA020	60,738	-
Nutrition Services Incentive Program	93.053	AU018, AU019	148,880	148,880
Total Aging Cluster			<u>3,671,254</u>	<u>2,968,709</u>
Title III-Part E, National Family Caregiver Support	93.052	AA020	163,756	163,756
CARES Act Title III-Part E, National Family Caregiver Support	93.052	ACA20	190,186	190,186
Title III-Part D, Disease Prevention and Health Promotion Services	93.043	AA020	99,848	99,848
Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	A7020	20,787	-
Title IV, and Title II, Discretionary Projects	93.048	AG019	21,975	-
Medical Assistance Program	93.778	AX017, AX020	180,568	-
State Health Insurance Assistance Program	93.324	AN019, AN020	105,168	-
Low-Income Home Energy Assistance	93.568	AP019	142,088	-
CARES Act Low-income Home Energy Assistance	93.568	APC30	42,980	-
Medicare Enrollment Assistance Program	93.071	AB020, AB021	33,894	-
Total U.S. Department of Health and Human Services			<u>4,672,504</u>	<u>3,422,499</u>
<b><u>U.S. Department of Veterans Affairs</u></b>				
Passed through Southern Mississippi Planning & Development District				
VHA Home Care	64.044	VA2018-02(FL)	26,895	-
Total Federal Awards			<u>\$ 4,699,399</u>	<u>\$ 3,422,499</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, 2020**

<b>State Grantor/Pass-through Grantor/Project Title</b>	<b>CSFA Number</b>	<b>Contract / Grant Number</b>	<b>Expenditures</b>	<b>Transfer to Subrecipient</b>
<b><u>State of Florida Department of Elder Affairs</u></b>				
Medicaid Administrative Claiming	N/A	AX017, AX020	\$ 154,019	\$ -
Statewide Managed Care	N/A	AX017, AX020	26,548	-
			<u>180,567</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	AC019, AC020	1,818,387	1,677,018
Alzheimer's Respite Services	65.004	AZ019, AZ020	631,673	631,673
Relief	65.006	AR019, AR020	48,461	42,710
			<u>2,498,521</u>	<u>2,351,401</u>
General Revenues:				
Home Care for the Elderly	65.001	AH018, AH019	451,305	38,105
Total State Financial Assistance			<u>\$ 3,130,393</u>	<u>\$ 2,389,506</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, 2020**

**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)

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, 2020**  
**(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, 2020**

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.