

COUNCIL ON AGING OF WEST FLORIDA, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2011

COUNCIL ON AGING OF WEST FLORIDA, INC.

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FINANCIAL STATEMENTS

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CONTENTS

	PAGE
Independent Auditor's Report	1
Audited Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information:	
Combined and Combining Schedules of Functional Expenses	14
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 <i>Government Auditing Standards</i>	20
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133	22
Schedule of Expenditures of Federal Awards	24
Schedule of Expenditures of State Projects	25
Schedule of Findings and Questioned Costs	26
Summary Schedule of Prior Audit Findings	28

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Council on Aging of West Florida, Inc.
Pensacola, Florida

We have audited the accompanying statement of financial position of the Council on Aging of West Florida, Inc., (a nonprofit organization), as of December 31, 2011, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Council on Aging of West Florida, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Council on Aging of West Florida, Inc.'s December 31, 2010 financial statements and, in our report dated April 29, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements were prepared for the purposes of complying with federal and state grantor agency requirements, as described in Note 1, and are not intended to be the general purpose financial statements of the Council on Aging of West Florida, Inc. and are not intended to be a complete presentation of its assets, liabilities, revenues and expenses.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council on Aging of West Florida, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Council on Aging of West Florida, Inc.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2012, on our consideration of the Council on Aging of West Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combined and combining schedules of functional expenses on pages 14 through 19 are presented for purposes of additional analysis rather than to present the results of the individual programs, and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state projects on pages 24 and 25 are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and as required by Chapter 10.650, Rules of the Auditor General, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Pensacola, Florida
May 15, 2012

COUNCIL ON AGING OF WEST FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011
With Comparative Totals for 2010

	2011	2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 231,907	\$ 266,591
Investments	116,913	112,529
Grants and local support receivable	561,568	545,970
Prepaid expenses	3,742	6,884
Total current assets	914,130	931,974
Property and Equipment	791,462	859,605
Other Assets	10,142	10,678
Total Assets	\$ 1,715,734	\$ 1,802,257
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	\$ 24,868	\$ 23,548
Accounts payable	505,722	572,024
Accrued expenses	137,690	128,299
Refundable advances	39,578	-
Deposits	15,125	15,636
Total current liabilities	722,983	739,507
Long-Term Debt	273,560	298,032
Total Liabilities	996,543	1,037,539
Net Assets	719,191	764,718
Total Liabilities and Net Assets	\$ 1,715,734	\$ 1,802,257

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

COUNCIL ON AGING OF WEST FLORIDA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2011
With Comparative Totals for Year Ended December 31, 2010

	2011	2010
Public Support, Gains, and Revenue:		
Public support:		
Grants	\$ 4,284,408	\$ 4,891,588
Local support	192,696	210,923
In-kind	398,963	468,515
Total public support	4,876,067	5,571,026
Revenue:		
Project income	201,443	171,051
Contributions and fundraising	100,454	78,442
Special events, less costs of direct benefits to donors of \$58,096 and \$3,926 in 2011 and 2010, respectively	85,245	15,179
Miscellaneous income	23,059	19,264
Total revenue	410,201	283,936
Unrealized (loss) gain on investments	(7,930)	10,759
Total public support, gains, and revenue	5,278,338	5,865,721
Expenses and Losses:		
Direct program services:		
Non-DOEA programs	960,445	1,035,681
Community service programs	1,726,332	1,901,498
Social services programs	864,819	853,081
Home service programs	1,268,400	1,702,478
Total direct program services	4,819,996	5,492,738
Support services:		
Management and general	449,642	473,406
Fundraising	54,227	46,964
Total support services	503,869	520,370
Total expenses	5,323,865	6,013,108
Change in Net Assets	(45,527)	(147,387)
Net Assets:		
Beginning of year	764,718	912,105
End of year	\$ 719,191	\$ 764,718

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

COUNCIL ON AGING OF WEST FLORIDA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011
With Comparative Totals for Year Ended December 31, 2010

	2011	2010
Cash Flows From Operating Activities:		
Change in net assets	\$ (45,527)	\$ (147,387)
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	78,786	73,858
Unrealized (gain) loss on investments	7,930	(10,759)
Changes in -		
Grants and local support receivable	(15,598)	(72,274)
Prepaid expenses	3,142	251
Other assets	536	286
Accounts payable	(66,302)	174,591
Accrued expenses	9,391	9,619
Refundable advances	39,578	-
Deposits	(511)	280
Net cash provided by operating activities	11,425	28,465
Cash Flows From Investing Activities:		
Proceeds from sales and maturities of investments	-	20,000
Purchase of investments	(12,314)	(257)
Purchase of property and equipment	(10,643)	(49,083)
Net cash used in investing activities	(22,957)	(29,340)
Cash Flows From Financing Activities:		
Principal payments on long-term debt	(23,152)	(21,896)
Net Change in Cash	(34,684)	(22,771)
Cash at Beginning of Year	266,591	289,362
Cash at End of Year	\$ 231,907	\$ 266,591
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 17,497	\$ 18,752

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

The Council on Aging of West Florida, Inc., (the "Council") was incorporated as a Florida not-for-profit corporation in 1972. The Corporation has no paid-in capital or shareholders and the affairs are conducted by the Board of Directors as elected by the general membership of the corporation.

The Council's primary purpose is to assist, encourage and promote the well-being of aging individuals in Escambia County. The Council is funded by grants and contracts with the Northwest Florida Area Agency on Aging, Inc., the State of Florida, Department of Elder Affairs ("DOEA"), Department of Children and Families, the Corporation for National Community Service and the United Way of Escambia County (the "United Way"). The Council also receives local financial support from Escambia County, church groups, civic clubs, program participants, foundations and individuals.

Financially Interrelated Organizations:

Accounting principles generally accepted in the United States of America presume that combined financial statements for financially interrelated organizations are necessary for fair presentation. The Council and the Council on Aging Foundation of West Florida, Inc. (the "Foundation") are financially interrelated organizations as defined by accounting principles generally accepted in the United States of America.

In order to comply with federal and state grantor agency reporting requirements, these financial statements present the financial position and the results of operations of the Council only, and do not include the financial position or results of operations of the Foundation. These financial statements are not intended to be the general purpose financial statements of the Council.

Unaudited financial data for the Foundation as of and for the year ended December 31, 2011 is summarized below:

Assets	\$	74,486
Liabilities	\$	-
Net Assets	\$	74,486
Revenues	\$	1,251
Expenses	\$	4,425

Basis of Presentation:

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

COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued):

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

Contributions are recognized when a donor makes an unconditional promise to give to the Council. Contributions that are restricted by a donor are reported as increases in temporarily restricted net assets or permanently restricted net assets depending on the nature of the restrictions. When a time restriction expires or a purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Unrestricted net assets represent resources generated from operations, unrestricted donations, 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.

Investments:

Authorized investments consist of mutual funds carried at fair value based on quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities and changes in net assets.

Grants and Local Support Receivable:

Grants and local support 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.

COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Buildings and improvements	10 - 30 years
Furniture, fixtures and equipment	5 - 10 years
Vehicles	5 years

Public Support:

Public support revenue from local governments and 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 Council will be required to refund any deficiencies.

Income Taxes:

The Council 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. With few exceptions, the Council is no longer subject to examination by tax authorities for years before 2008.

Advertising Costs:

Advertising costs are expensed when incurred.

In-Kind Support:

The Council records various types of in-kind support. Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if the services were not provided by donation. Contributions of tangible assets are recognized at fair market 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. The amounts reported in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

**COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General and Administration Expense Allocation:

Management and general expenses are allocated to various programs based on each program's percentage of direct salaries and wages to total direct salaries and wages.

Facilities Repair and Maintenance Expense Allocation:

Facilities repair and maintenance expenses are allocated to various programs based on each program's percentage of square footage occupied to total square footage of the facility.

Reclassifications:

Certain amounts in the 2010 comparative totals have been reclassified to conform to the current year presentation.

Subsequent Events:

Management has evaluated subsequent events through May 15, 2012, which is the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments held at December 31, 2011 are listed below:

	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Unrealized Gain</u>
Mutual funds	<u>\$ 116,913</u>	<u>\$ 101,742</u>	<u>\$ 15,171</u>

Investment return for the year ended December 31, 2011 is summarized as follows:

Interest income	\$ 2,330
Unrealized losses	<u>(7,930)</u>
Net investment return	<u><u>\$ (5,600)</u></u>

**COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 3 - FAIR VALUE MEASUREMENTS

The Council has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following table presents the assets carried at fair value as of December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 116,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,913</u>

Following is a description of the valuation methodologies used for financial instruments measured at fair value:

Mutual funds – Assets are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 4 - GRANTS AND LOCAL SUPPORT RECEIVABLE

Grants and local support receivable at December 31, 2011 consist of the following:

Federal grants	\$ 436,271
State grants	90,860
Local support	19,905
Other	<u>14,532</u>
Total	<u><u>\$ 561,568</u></u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	\$ 47,197
Buildings and improvements	1,008,159
Vehicles	67,435
Equipment - general	54,324
Equipment - computers	137,694
Furniture and fixtures	53,495
Construction in progress	<u>1,368,304</u>
Accumulated depreciation	<u>(576,842)</u>
Total	<u><u>\$ 791,462</u></u>

Depreciation expense was \$78,786 for the year ended December 31, 2011.

NOTE 6 - LINE OF CREDIT

The Council has a line of credit with varying credit limits available with a financial institution which has no stated expiration date, carries an agreed interest rate of 1% over the financial institution's prime rate, and is secured by deposits held at the financial institution. There were no outstanding borrowings under the line of credit as of December 31, 2011.

COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

Notes payable to bank, due in monthly installments, including interest from 5.13% to 6.5%, through July 2021, secured by property, building, furniture and equipment	\$ 298,428
Less current portion	<u>24,868</u>
	<u><u>\$ 273,560</u></u>

Interest expense for the year ended December 31, 2011 was \$17,497.

Scheduled maturities on long-term debt are as follows:

2012	\$ 24,868
2013	26,263
2014	27,737
2015	29,295
2016	30,941
Thereafter	<u>159,324</u>
	<u><u>\$ 298,428</u></u>

NOTE 8 - SIMPLIFIED EMPLOYEE PENSION PLAN

The Council has established a Simplified Employee Pension Plan ("SEP") covering all employees who have been employed for 36 months of continuous service. The Council contributes 6% of the employee's salary during the year. The Council's contributions to the plan for the year ended December 31, 2011 were \$68,829.

COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Council leases office equipment under operating leases expiring through June 2013. Future minimum lease payments under operating leases at December 31, 2011, are as follows:

2012	\$ 7,860
2013	<u>3,780</u>
	<u>\$ 11,640</u>

Rental expense for the year ended December 31, 2011 was \$5,159.

Dependency on Government Support:

The Council'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 and the Northwest Florida Area Agency on Aging. A reduction in the level of future support from these agencies could have a substantial effect on the Council's programs and activities. As of December 31, 2011, management is unaware of any such reduction in future support.

NOTE 10 - SUBSEQUENT EVENT

In April 2012, the Council refinanced its notes payable into one note and increased the balance by an additional \$50,000. The new note bears interest at 4.99%, matures in April 2022, and is secured by property and equipment.

SUPPLEMENTARY INFORMATION

**COUNCIL ON AGING OF WEST FLORIDA, INC.
 COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2011
 With Comparative Totals for 2010**

	Program Expenses				Total Program Expenses	Supporting Services		2011 Total Expenses	2010 Total Expenses
	Non- DOEA Programs	Community Service Programs	Social Service Programs	Home Service Programs		Management and General	Fundraising		
Wages	\$ 151,345	\$ 374,960	\$ 451,038	\$ -	\$ 977,343	\$ 392,672	\$ 43,492	\$ 1,413,507	\$ 1,432,421
Employee leasing and benefits	44,606	107,323	138,661	-	290,590	131,683	9,724	431,997	424,213
Travel	9,087	22,413	18,970	-	50,470	9,745	520	60,735	61,167
Education and training	1,477	572	1,999	-	4,048	1,412	-	5,460	5,431
Communications/postage	9,268	16,541	10,361	81	36,251	17,437	-	53,688	52,693
Utilities	3,137	17,919	2,803	51	23,910	10,961	-	34,871	33,732
Printing/supplies	4,802	9,120	5,298	-	19,220	2,150	-	21,370	26,871
Advertising	220	668	563	1	1,452	490	-	1,942	1,718
Insurance	3,230	9,446	3,777	49	16,502	14,865	-	31,367	31,144
Maintenance and repair	1,204	13,902	1,934	10	17,050	11,413	-	28,463	35,326
Building costs	2,131	15,131	2,082	34	19,378	11,290	-	30,668	33,648
Purchased equipment	6,151	8,528	9,429	8	24,116	11,180	-	35,296	38,705
Professional, legal and accounting	298	206	10,684	-	11,188	21,641	-	32,829	45,817
Volunteer expenses	395,424	91	41	508	396,064	9	-	396,073	458,717
Sub-contractors	81,295	882,446	-	1,181,094	2,144,835	1,744	-	2,146,579	2,636,785
Program supplies	1,376	12,037	76	-	13,489	244	-	13,733	12,924
Depreciation	-	-	-	-	-	78,786	-	78,786	73,858
Interest expense	-	-	-	-	-	17,497	-	17,497	18,752
In-kind expenses	73,149	28,460	29,635	20,237	151,481	247,482	-	398,963	447,930
Other expenses	3,304	31,173	1,565	14,958	51,000	38,550	491	90,041	141,256
Totals	791,504	1,550,936	688,916	1,217,031	4,248,387	1,021,251	54,227	5,323,865	6,013,108
Allocation of Management and General Expenses	161,027	156,571	168,739	51,237	537,574	(537,574)	-	-	-
Allocation of Facilities and Maintenance Expenses	7,914	18,825	7,164	132	34,035	(34,035)	-	-	-
Total Expenses	\$ 960,445	\$ 1,726,332	\$ 864,819	\$ 1,268,400	\$ 4,819,996	\$ 449,642	\$ 54,227	\$ 5,323,865	\$ 6,013,108

**COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011**

	Non-DOEA Programs							Total
	Foster Grandparents	Retired Senior Volunteers	Senior Companions	Senior Companions- Companionship	Senior Companions- Relief	Private Pay Home Delivered Meals	Private Pay Adult Day Health Care	
Wages	\$ 47,204	\$ 25,825	\$ 50,229	\$ 808	\$ 3,338	\$ 10,321	\$ 13,620	\$ 151,345
Employee leasing and benefits	9,703	9,106	17,714	299	1,048	2,916	3,820	44,606
Travel	4,515	1,307	2,760	38	131	210	126	9,087
Education and training	509	500	424	-	-	8	36	1,477
Communications/postage	4,423	1,145	3,063	-	168	199	270	9,268
Utilities	430	988	435	-	102	75	1,107	3,137
Printing/supplies	1,699	822	1,725	3	222	154	177	4,802
Advertising	74	54	63	-	10	6	13	220
Insurance	483	1,002	490	-	114	62	1,079	3,230
Maintenance and repair	551	174	383	-	33	18	45	1,204
Building costs	300	673	303	-	71	49	735	2,131
Purchased equipment	2,121	1,738	1,856	-	98	150	188	6,151
Professional, legal and accounting	104	90	104	-	-	-	-	298
Volunteer expenses	209,961	7,445	150,754	3,579	23,679	1	5	395,424
Sub-contractors	24,012	-	53,085	-	-	2,358	1,840	81,295
Program supplies	215	109	46	-	-	41	965	1,376
In-kind expenses	41,920	12,217	19,012	-	-	-	-	73,149
Other expenses	2,426	247	148	-	19	257	207	3,304
Totals	350,650	63,442	302,594	4,727	29,033	16,825	24,233	791,504
Allocation of Management and General Expenses	72,945	23,198	51,384	-	6,236	2,135	5,129	161,027
Allocation of Facilities and Maintenance Expenses	1,120	2,412	1,127	-	263	138	2,854	7,914
Total Expenses	\$ 424,715	\$ 89,052	\$ 355,105	\$ 4,727	\$ 35,532	\$ 19,098	\$ 32,216	\$ 960,445
Total Units	-	-	-	1,212	4,916	1,461	1,452	

COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Community Service Programs							
	Congregate Meals	Home Delivered Meals	Nutrition Education	Outreach	Recreation	Transportation	Adult Daycare/ Adult Day Healthcare/ Facility-Based Respite	Total
Wages	\$ 138,365	\$ 55,746	\$ 11,216	\$ 1,763	\$ 28,780	\$ 19,761	\$ 119,329	\$ 374,960
Employee leasing and benefits	37,672	15,901	2,677	316	8,654	5,367	36,736	107,323
Travel	5,594	12,715	420	33	2,703	608	340	22,413
Education and training	168	56	8	-	8	8	324	572
Communications/postage	9,354	2,810	249	34	532	451	3,111	16,541
Utilities	10,583	835	18	75	55	58	6,295	17,919
Printing/supplies	5,156	1,465	63	-	162	70	2,204	9,120
Advertising	387	67	13	2	30	23	146	668
Insurance	2,084	611	42	73	112	100	6,424	9,446
Maintenance and repair	11,183	232	44	8	101	84	2,250	13,902
Building costs	10,143	540	17	50	48	48	4,285	15,131
Purchased equipment	3,905	1,575	206	25	379	325	2,113	8,528
Professional, legal and accounting	-	206	-	-	-	-	-	206
Volunteer expenses	-	42	-	-	-	-	49	91
Sub-contractors	403,082	428,214	-	-	-	-	51,150	882,446
Program supplies	1,678	375	33	-	858	34	9,059	12,037
In-kind expenses	3,528	11,138	-	-	11,203	5	2,586	28,460
Other expenses	2,601	2,403	267	12	3,465	17,561	4,864	31,173
Totals	645,483	534,931	15,273	2,391	57,090	44,503	251,265	1,550,936
Allocation of Management and General Expenses	55,223	24,323	3,613	650	10,996	11,440	50,326	156,571
Allocation of Facilities and Maintenance Expenses	845	1,302	38	194	131	131	16,184	18,825
Total Expenses	\$ 701,551	\$ 560,556	\$ 18,924	\$ 3,235	\$ 68,217	\$ 56,074	\$ 317,775	\$ 1,726,332
Total Units	98,735	114,521	8,169	1,355	173,813	4,314	27,253	

COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Social Service Programs								
	Case Aid	Case Management	Screening and Assessment	Screening	Caregiver Training	Caregiver Support Group	Gerontological Counseling	Education/ Training	Total
Wages	\$ 26,238	\$ 354,140	\$ 45,959	\$ 8,189	\$ 3,531	\$ 3,531	\$ 8,112	\$ 1,338	\$ 451,038
Employee leasing and benefits	7,006	109,641	15,993	2,169	611	667	2,285	289	138,661
Travel	420	16,318	1,210	357	180	180	257	48	18,970
Education and training	9	1,930	28	8	5	5	9	5	1,999
Communications/postage	434	8,206	1,120	216	69	106	189	21	10,361
Utilities	246	1,763	609	22	22	22	97	22	2,803
Printing/supplies	274	4,459	257	59	117	36	65	31	5,298
Advertising	29	446	58	12	3	3	11	1	563
Insurance	286	2,603	654	45	28	29	111	21	3,777
Maintenance and repair	88	1,541	200	39	13	16	35	2	1,934
Building costs	173	1,354	422	19	16	16	68	14	2,082
Purchased equipment	479	7,574	887	182	62	62	155	28	9,429
Professional, legal and accounting	103	5,465	310	-	52	4,599	103	52	10,684
Volunteer expenses	-	41	-	-	-	-	-	-	41
Sub-contractors	-	-	-	-	-	-	-	-	-
Program supplies	-	4	16	31	10	15	-	-	76
In-kind expenses	-	-	-	-	-	29,635	-	-	29,635
Other expenses	55	848	131	247	121	9	26	128	1,565
Totals	35,840	516,333	67,854	11,595	4,840	38,931	11,523	2,000	688,916
Allocation of Management and General Expenses	7,829	130,110	17,439	3,249	1,310	5,697	2,987	118	168,739
Allocation of Facilities and Maintenance Expenses	638	4,569	1,483	56	56	56	250	56	7,164
Total Expenses	\$ 44,307	\$ 651,012	\$ 86,776	\$ 14,900	\$ 6,206	\$ 44,684	\$ 14,760	\$ 2,174	\$ 864,819
Total Units	1,030	9,094	1,184	1,054	3	51	116	1	

COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Home Service Programs							In-Home Respite Consumer Directed
	Companionship	Emergency Alert Response	Escort	Frozen Home Delivered Meals	Homemaker	Material Aide	In-Home Respite	
Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee leasing and benefits	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Education and training	-	-	-	-	-	-	-	-
Communications/postage	81	-	-	-	-	-	-	-
Utilities	51	-	-	-	-	-	-	-
Printing/supplies	-	-	-	-	-	-	-	-
Advertising	1	-	-	-	-	-	-	-
Insurance	49	-	-	-	-	-	-	-
Maintenance and repair	10	-	-	-	-	-	-	-
Building costs	34	-	-	-	-	-	-	-
Purchased equipment	8	-	-	-	-	-	-	-
Professional, legal and accounting	-	-	-	-	-	-	-	-
Volunteer expenses	508	-	-	-	-	-	-	-
Sub-contractors	260,136	16,768	5,614	6,293	262,204	-	379,542	8,360
Program supplies	-	-	-	-	-	-	-	-
In-kind expenses	-	-	-	-	-	15,269	-	-
Other expenses	8	-	-	-	-	14,950	-	-
Totals	260,886	16,768	5,614	6,293	262,204	30,219	379,542	8,360
Allocation of Management and General Expenses	10,537	-	59	-	7,714	4,807	9,073	58
Allocation of Facilities and Maintenance Expenses	132	-	-	-	-	-	-	-
Total Expenses	\$ 271,555	\$ 16,768	\$ 5,673	\$ 6,293	\$ 269,918	\$ 35,026	\$ 388,615	\$ 8,418
Total Units	17,552	20,418	358	801	17,524	47	24,995	836

**COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011
(Continued)**

	Home Service Programs			Total Program Expenses
	Personal Care	Equipment	Total	
Wages	\$ -	\$ -	\$ -	\$ 977,343
Employee leasing and benefits	-	-	-	290,590
Travel	-	-	-	50,470
Education and training	-	-	-	4,048
Communications/postage	-	-	81	36,251
Utilities	-	-	51	23,910
Printing/supplies	-	-	-	19,220
Advertising	-	-	1	1,452
Insurance	-	-	49	16,502
Maintenance and repair	-	-	10	17,050
Building costs	-	-	34	19,378
Purchased equipment	-	-	8	24,116
Professional, legal and accounting	-	-	-	11,188
Volunteer expenses	-	-	508	396,064
Sub-contractors	114,942	127,235	1,181,094	2,144,835
Program supplies	-	-	-	13,489
In-kind expenses	-	4,968	20,237	151,481
Other expenses	-	-	14,958	51,000
	114,942	132,203	1,217,031	4,248,387
Totals	114,942	132,203	1,217,031	4,248,387
Allocation of Management and General Expenses	4,330	14,659	51,237	537,574
Allocation of Facilities and Maintenance Expenses	-	-	132	34,035
Total Expenses	\$ 119,272	\$ 146,862	\$ 1,268,400	\$ 4,819,996
Total Units	6,530	1,770		

OTHER REPORTS AND SCHEDULES

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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
Council on Aging of West Florida, Inc.
Pensacola, Florida

We have audited the financial statements of Council on Aging of West Florida, Inc. (the "Council") as of and for the year ended December 31, 2011, and have issued our report thereon dated May 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures 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 Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness the Council's internal control over financial reporting.

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 organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
Council on Aging of West Florida, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of 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*.

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

A handwritten signature in cursive script that reads "Saltmarsh Cleveland & Lund".

Pensacola, Florida
May 15, 2012

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Council on Aging of West Florida, Inc.
Pensacola, Florida

Compliance

We have audited Council on Aging of West Florida, Inc.'s (the "Council") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that could have a direct and material effect on each of the Council's major federal programs and state projects for the year ended December 31, 2011. The Council'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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133 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 Council'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. Our audit does not provide a legal determination of the Council's compliance with those requirements.

In our opinion, the Council 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, 2011.

Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program and a state project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 Council'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Council, the State of Florida, and applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Pensacola, Florida
May 15, 2012

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of Florida Department of Elder Affairs: Child and Adult Care Food Program	10.558	Y2003	\$ 10,885
<u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Pensacola: Community Development Block Grant	14.218	N/A	83,860
Passed through Escambia County: Community Development Block Grant	14.218	N/A	49,250
			<u>133,110</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Florida Department of Elder Affairs/ Passed through Northwest Florida Area Agency on Aging: Aging Cluster:			
Special Programs for the Aging:			
Title III-B, Grants for Supportive Services and Senior Centers	93.044	AA010-E	342,950
Title III-Part C, Nutrition Services	93.045	AA010-E	847,200
Nutrition Services Incentive Program	93.053	AU011-E/AU012-E	110,109
Total Aging Cluster			<u>1,300,259</u>
National Family Caregiver Support	93.052	AA010-E	<u>159,753</u>
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>15,172</u>
<u>Corporation for National and Community Service</u>			
Retired and Senior Volunteer Program	94.002	09SRSFL007	37,479
Foster Grandparents/Senior Companion Cluster:			
Foster Grandparent Program	94.011	09SFSFL001	300,170
Senior Companion Program	94.016	09SCSFL002	209,354
Total Foster Grandparents/Senior Companion Cluster			<u>509,524</u>
Total Federal Awards			<u>\$ 2,166,182</u>

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.
 SCHEDULE OF EXPENDITURES OF STATE PROJECTS
 YEAR ENDED DECEMBER 31, 2011**

<u>State Grantor/Pass-through Grantor/Project Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>Department of Children and Families</u>			
Community Care for Disabled Adults	65.008	N/A	\$ 1,295
<u>State Grants and Aids Appropriations</u>			
Passed through State of Florida Department of Elder Affairs/ Passed through Northwest Florida Area Agency on Aging:			
Tobacco Settlement Trust Funds:			
Community Care for the Elderly	65.010	AC010-E/AC011-E	735,710
Alzheimer's Disease Initiative - Respite Services	65.004	AZ010-E/AZ011-E	213,555
Relief	65.006	AR010-E/AR011-E	35,636
			<u>984,901</u>
<u>State Grants and Aids Appropriations</u>			
Passed through State of Florida Department of Elder Affairs/ Passed through Northwest Florida Area Agency on Aging:			
General Revenues:			
Home Care for the Elderly - Case Management	65.001	AH010-E/AH011-E	12,449
Home Care for the Elderly - Subsidies	65.001	AH010-E/AH011-E	151,866
			<u>164,315</u>
Total State Projects			<u>\$ 1,150,511</u>

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED DECEMBER 31, 2011**

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unqualified opinion on the financial statements of the Council on Aging of West Florida, 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 the Council on Aging of West Florida, 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 With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for major federal award programs and state projects for the Council on Aging of West Florida, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal programs and state projects for the Council on Aging of West Florida, Inc. which are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs/projects were:

Federal Program

Aging Cluster: Special Programs for the Aging

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 Project

Community Care for the Elderly (CSFA No. 65.010).

8. The threshold for distinguishing Type A and B programs was \$300,000 for major federal programs and major state projects.
9. Council on Aging of West Florida, Inc. was determined to be a low-risk auditee pursuant to OMB Circular A-133.

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED DECEMBER 31, 2011
(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

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011**

There were no prior audit findings.