

**BOARD OF COUNTY COMMISSIONERS**

**GULF COUNTY, FLORIDA**

**INFORMATION** **MAY 13, 2014** **PAGE NO.**

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**BCC CORRESPONDENCE:**

- A) Clerk:
  - 2014 Value Adjustment Board Appointment . . . . . 1
  
- B) Notices:
  - Public Notice – P.D.R.B. (Recommendations May 19, 2014). . . . . 2-3
  - RFP #1314-20 (South Gulf County Fire Station at Salinas Park) . . . . . 4-5
  - RFP #1314-21 (Group Life and AD & D Program) . . . . . 6

**CORRESPONDENCE TO BCC:**

- C) Legal Services of North Florida, Inc. (Financial Statements) . . . . . 7-36

CLERK OF CIRCUIT AND COUNTY COURTS  
 RECORDER AND COMPTROLLER  
 GULF COUNTY, FLORIDA  
 REBECCA L. NORRIS, CLERK  
 1000 Cecil G. Costin, Sr. Blvd., Port St. Joe, Florida 32456

# MEMORANDUM

**TO:** WARD MCDANIEL, CHAIRMAN  
**FROM:** KARI SUMMERS *KS*  
**DATE:** MAY 6, 2014  
**TOPIC:** 2014 VALUE ADJUSTMENT BOARD MEMBERS

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The Value Adjustment Board will need to hold an organizational meeting prior to the regular VAB hearings. Please appoint 2 County Commissioners and 1 citizen who own homestead property (no taxing authority involvement) to serve on the VAB for 2014. I have also contacted the School Board for their member appointments.

Thanks

FILED FOR RECORD  
 REBECCA L. NORRIS  
 CLERK OF CIRCUIT COURT  
 GULF COUNTY, FLORIDA  
 2014 MAY -7 AM 12:20

INFORMATION  
 DATE 5/13/14 LL

## **PUBLIC NOTICE**

**A Public Hearing will be held at the Planning and Development Review Board (PDRB) on May 19, 2014 at 8:45 a.m. EST, and at the Board of County Commissioners (BOCC) meeting on Tuesday, May 27, 2014 at 9:00 a.m. EST. Both public hearings will be held in the BOCC Meeting Room at the Robert M. Moore Administration Building, 1000 Cecil G. Costin Sr. Blvd., Port St. Joe, Florida. The public hearings will be to discuss and act on the following:**

1. Minor Subdivision Final Plat - Pentel Family Partnership LDT - Parcel ID #04243-000R - Section 16, Township 7 South, Range 11 West next to Watermark Way in St. Joseph Shores - a three (3) unit subdivision.
2. County Development Regulations and Policies
3. Staff, Public and Open Discussion

The public is encouraged to attend and be heard on these matters. Information prior to the meeting can be viewed at the Planning Department at 1000 Cecil G. Costin Sr. Blvd., Room 311.

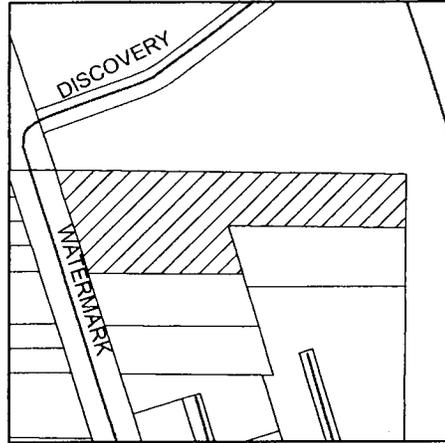
Ad #2014-51

Date: May 8, 2014 and May 15, 2014

Invoice: Gulf County Planning Department

**Size: Headline no smaller than 18 point  
Must be at least 2 columns wide by 10 inches long  
Must not appear in the newspaper portions where legal notices and classified advertisements appear  
MAP**

Minor Subdivision - Pentel



REQUEST FOR PROPOSALS  
 GULF COUNTY BOARD OF COUNTY COMMISSIONERS  
 SOUTH GULF COUNTY FIRE STATION AT SALINAS PARK

**RFP #1314-20**

Qualified "Design-Build" TEAM for the design and construction of a two bay addition to the South Gulf County Volunteer Fire Station, at Salinas Park, for the Gulf County Board of County Commissioners.

Proposers shall be ranked per the following selection criteria:

\*\*Firms shall be limited to those certified under 489.119 F.S. as a General Contractor, Building Contractor, under 471.023 F.S. to practice engineering, under 481.219 F.S. to practice architecture.

\*\*Submittals must be spiral bound and must include the following:

- Letter of Transmittal
- Table of Contents
- Introduction of Firm
- General approach to deliver services
- Information regarding the firms qualifications to provide the Design-Build services
- Project Team and Qualifications
- Experience with Metal Building design
- Experience with Metal Building construction
- Experience with Owner Direct Purchase
- Method of Costing/Estimating Project
- Proof of Errors and Omissions Insurance for Designer
- Proof of Bonding Limit for Builder
- Florida License for Builder
- Florida License(s) for Designer
- Verification of ability to furnish payment and performance bond in the amount of contract and insurance coverage required by Gulf County Board of County Commissioners
- Current work load of Designer and Builder

\*\*Special attention shall be given to:

- Similar experience(s) in the State of Florida
- Engineering/Construction experience(s), with similar facilities
- Experience with Civil Design, Permitting with FDEP, FDOT & NFWFMD
- Experience with Design-Build projects
- Experience of Project Team
- Ability of Firm to deliver project in a timely manner

- Availability to project site(s) (Designer and Builder)

Upon selection of a Design-Build team by Gulf County Board of County Commissioners, the designer shall meet with the owner, tour the proposed site and assist in evaluating the various building size, function and budget. This phase will include schematic floor plans, site plan and evaluation of individual fire department budget.

The second phase shall be as follows:

\*\*The Designer shall complete documents for each site with budget review at 30%, 60% and 90% document states. After final review, the Builder shall conduct a final cost breakdown for each site and enter into a construction contract with Gulf County Board of County Commissioners.

Proposals must be submitted by 4:30 P.M. (local time) on Friday, May 30, 2014 at Gulf County Clerk of Court, 1000 Cecil G. Costin Sr., Blvd., Room 148, Port St. Joe, Florida. Proposals will be opened on Monday, June 2 2014 at 10:00 a.m., local time at the same location.

Questions to this RFP may be directed to Brad Price, Gulf County BOCC, (850) 229-6106, or via e-mail at [bprice@gulfcounty-fl.gov](mailto:bprice@gulfcounty-fl.gov). All questions must be submitted by May 15, 2014 and all answers will be disseminated by May 19, 2014. Please check the website at [www.gulfcounty-fl.gov](http://www.gulfcounty-fl.gov) for any addendums which will be posted NLT May 19, 2014 at 5:00 p.m., E.T.

/s/ Ward McDaniel  
Chairman  
Gulf County Board of County Commissioners

/s/ Rebecca Norris, Clerk

Date: May 8 & 15, 2014  
Ad #:2014-52  
Invoice: Gulf Co BOCC  
Publish in Legals

**REQUEST FOR PROPOSAL  
PROPOSAL NO. 1314-21**

The Gulf County Board of County Commissioners will receive sealed bids from any person, company, or corporation interested in providing the following:

**GROUP LIFE and AD&D PROGRAM**

Please place **YOUR COMPANY NAME, SEALED BID**, and the **BID NUMBER** on the outside of your envelope, and provide five (5) copies of your proposal.

Sealed proposals may be mailed or hand delivered to the Clerk's Office located at 1000 Cecil G. Costin, Sr. Blvd. Room 149, Port St. Joe, FL 32456. All proposals, **with original signature and five (5) additional copies**, must be received at the Office of the Clerk by **Thursday, June 5, 2014 at 4:00 p.m. ET**. Proposals received after the closing time will be returned unopened. Bids will be opened at the same location on Monday, June 9, 2014 at 10:00 a.m., E.T.

All interested insurance companies, or trusts, are invited to respond with proposals. Each proposal document must be clearly marked "**Proposal for GROUP LIFE and AD&D PROGRAM**"

Any questions concerning the proposal should be addressed and submitted to the County's Agent-of-Record and Employee Benefits Consultant, Todd Torgersen, Combined Insurance Services, at 850-433-9996. Inquiries may also be submitted via FAX (850-432-5726), or E-mail ([todd@ciscompanies.com](mailto:todd@ciscompanies.com)). Combined Insurance Services' mailing address is: 2704 North 12<sup>th</sup> Avenue, Pensacola, FL 32503. **Proposals are not to be mailed to Combined Insurance Services. It is requested, however, that electronic copies be sent to his e-mail address ([todd@ciscompanies.com](mailto:todd@ciscompanies.com)) on Friday, June 6, 2014.**

Gulf County reserves the right to accept or reject any or all proposals, to award proposals by product, to waive any proposal informalities and to re-advertise for proposals when deemed in the best interest of the Gulf County Board of County Commissioners.

Ward McDaniel  
Chairman, Gulf County BOCC

Attest: /s/ Rebecca L. Norris, Clerk

Publication Dates: May 15<sup>th</sup> & May 22<sup>nd</sup>, 2014  
Ad #2014-53  
Invoice: Gulf Co BOCC  
Legals

LEGAL SERVICES OF NORTH FLORIDA, INC.  
Tallahassee, Florida

FINANCIAL STATEMENTS

Year Ended December 31, 2013  
With Summarized Financial Information  
For The Year Ended December 31, 2012

2014 MAY -1 PM 4:41  
CLERK OF DISTRICT COURT  
TALLAHASSEE, FLORIDA  
RECORDS SECTION

LEGAL SERVICES OF NORTH FLORIDA, INC.

Year Ended December 31, 2013

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**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

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James V. Knutzen, C.P.A., M.B.A., Emeritus  
 M. Todd Middlemas, C.P.A., M.B.A.  
 Margaret R. Dodson, C.P.A.  
 Barbara L. Towle, C.P.A.  
 Christina E. Gibson, C.P.A.  
 Michael J. Connelly, C.P.A.  
 Greg A. Korn, C.P.A.

MEMBER OF  
 AMERICAN AND FLORIDA  
 INSTITUTES OF  
 CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors  
 Legal Services of North Florida, Inc.  
 Tallahassee, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statement of Legal Services of North Florida, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2013 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

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

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 Legal Services of North Florida, Inc. as of December 31, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the Legal Services of North Florida, Inc.'s financial statements, and our report dated April 4, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards, of support, revenues, expenses and changes in net assets, and of private attorney involvement are presented for purposes of additional analysis, and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented as required by the U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations.*" 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 April 14, 2014 on our consideration of Legal Services of North 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* in considering Legal Services of North Florida, Inc.'s internal control over financial reporting and compliance.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
April 14, 2014

LEGAL SERVICES OF NORTH FLORIDA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2013

With Summarized Financial Information

December 31, 2012

	<u>ASSETS</u>	<u>2013</u>	<u>For Comparative Purposes Only 2012</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Note 3)	\$	1,233,365	\$ 833,011
Investments		-	600,378
Receivables (Note 5)		228,128	132,808
Unconditional promises to give, net of allowance for uncollectibles (Note 19)		17,205	34,855
Bequest Receivable (Note 22)		1,200,000	-
Prepaid expenses		91,729	91,090
Total current assets		2,770,427	1,692,142
Unconditional promises to give, net of discount (Note 19)		8,755	3,579
Assets held by Community Foundation (Note 21)		709,956	621,348
457(b) Plan Asset (Notes 4 & 10)		1,051,577	1,034,467
Client trust deposit		7,495	13,743
Property and equipment at cost, net of accumulated depreciation (Notes 2 & 6)		1,782,101	1,582,499
Property held for resale (Notes 2 & 6)		198,133	-
Law library, net of reserve for obsolescence (Notes 2 & 6)		-	-
Total assets	\$	6,528,444	\$ 4,947,778
 <u>LIABILITIES AND NET ASSETS</u>  			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued expenses	\$	149,041	\$ 50,028
Refundable advances		28,395	43,572
Current portion of long-term debt (Note 18)		46,533	24,484
Total current liabilities		223,969	118,084
<b>OTHER LIABILITIES</b>			
Long-term debt, less current portion (Note 18)		415,073	219,313
457(b) Plan Liability (Notes 4 & 10)		1,051,577	1,034,467
Client trust deposits - contra		7,495	13,743
Total liabilities		1,698,114	1,385,607
<b>NET ASSETS:</b>			
Unrestricted:			
Designated (Note 12)		250,000	250,000
Undesignated		1,125,786	1,313,687
Property		911,033	713,005
Property - LSC (Note 2)		607,595	625,697
Temporarily restricted (Note 17)		1,935,916	659,782
Total net assets		4,830,330	3,562,171
Total liabilities and net assets	\$	6,528,444	\$ 4,947,778

See accompanying notes to financial statements.

LEGAL SERVICES OF NORTH FLORIDA, INC.

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013  
With Summarized Financial Information  
For The Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted		2013 Totals	For Comparative Purposes Only 2012
		LSC	Non-LSC		
<b>PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT</b>					
<b>Grants and Contracts:</b>					
Legal Services Corporation	\$ -	\$ 1,420,433	\$ -	1,420,433	\$ 1,373,157
Area Agency on Aging	-	-	68,059	68,059	63,059
VOCA	-	-	183,795	183,795	205,138
FCADV-Legal & Lav	-	-	18,472	18,472	28,872
FCASV	-	-	84,078	84,078	167,055
DOJ-LAV	-	-	66,333	66,333	6,596
Low Income Tax Clinic	-	-	97,000	97,000	98,000
Florida Bar Foundation	-	-	402,630	402,630	517,457
Total grants and contracts	-	1,420,433	920,367	2,340,800	2,459,334
<b>Public Support:</b>					
Local city, state, and other	880,534	-	-	880,534	873,739
Donated services (Note 9)	18,456	1,134,192	-	1,152,648	1,090,849
United Way	62,240	-	-	62,240	35,401
Contributions	101,042	-	1,200,000	1,301,042	127,762
Campaign contributions	-	-	8,156	8,156	(43,554)
County fees	306,024	-	-	306,024	299,777
Attorney fees	-	-	-	-	750
Other income	779	-	-	779	33,688
Partners in service	160,885	-	-	160,885	156,516
Total public support	1,529,960	1,134,192	1,208,156	3,872,308	2,574,928
Total grants and public support:	1,529,960	2,554,625	2,128,523	6,213,108	5,034,262
<b>Revenue:</b>					
Investment income (Note 4)	885	674	71,906	73,465	77,922
457 (b) plan investment income (Note 4)	-	-	-	-	-
Rental income (Notes 14 & 20)	24,471	899	-	25,370	24,600
Total revenue	25,356	1,573	71,906	98,835	102,522
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>					
Satisfaction of program restrictions	3,480,493	(2,556,198)	(924,295)	-	-
Total public support, revenue and other support	5,035,809	-	1,276,134	6,311,943	5,136,784
<b>Expenses:</b>					
Program services	4,362,663	-	-	4,362,663	4,465,958
Management and general	617,603	-	-	617,603	542,025
Fundraising (Note 9)	63,518	-	-	63,518	62,783
Total Expenses	5,043,784	-	-	5,043,784	5,070,766
CHANGE IN NET ASSETS	(7,975)	-	1,276,134	1,268,159	66,018
NET ASSETS AT BEGINNING OF YEAR	2,902,389	-	659,782	3,562,171	3,496,153
NET ASSETS AT END OF YEAR	\$ 2,894,414	\$ -	\$ 1,935,916	\$ 4,830,330	\$ 3,562,171

See accompanying notes to financial statements.

LEGAL SERVICES OF NORTH FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2013  
With Summarized Financial Information  
For The Year Ended December 31, 2012

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2013</u>	<u>For Comparative Purposes Only 2012</u>
		<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 2,008,794	\$ 337,023	\$ 25,757	\$ 2,371,574	\$ 2,469,649
Payroll taxes	150,659	25,243	1,929	177,831	186,053
Employee benefits	480,983	80,603	6,160	567,746	595,341
	<u>2,640,436</u>	<u>442,869</u>	<u>33,846</u>	<u>3,117,151</u>	<u>3,251,043</u>
Occupancy	99,802	15,243	1,263	116,308	106,285
Repairs and maintenance	54,984	15,692	776	71,452	62,429
Postage	8,160	5,783	153	14,096	21,260
Office expense	52,144	37,057	979	90,180	99,893
Telephone	36,591	4,280	449	41,320	54,965
Travel	25,234	6,147	344	31,725	28,421
Training	14,018	2,993	181	17,192	22,886
Library maintenance	24,962	-	-	24,962	22,941
Insurance	54,010	9,185	694	63,889	66,011
Donated services (Note 9)	1,152,648	-	-	1,152,648	1,090,849
Dues and fees	13,663	2,357	-	16,020	18,783
Audit fees	14,964	2,841	195	18,000	15,800
Contract services to program	49,705	47,170	367	97,242	25,155
Interest	15,998	2,424	202	18,624	18,710
Litigation costs	17,841	-	-	17,841	17,192
Miscellaneous	20,878	13,482	23,227	57,587	65,157
	<u>4,296,038</u>	<u>607,523</u>	<u>62,676</u>	<u>4,966,237</u>	<u>4,987,780</u>
Depreciation	66,625	10,080	842	77,547	82,986
Total expense	<u>\$ 4,362,663</u>	<u>\$ 617,603</u>	<u>\$ 63,518</u>	<u>\$ 5,043,784</u>	<u>\$ 5,070,766</u>

See accompanying notes to financial statements.

LEGAL SERVICES OF NORTH FLORIDA, INC.

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2013  
With Summarized Financial Information  
For the Year Ended December 31, 2012

	<u>2013</u>	For Comparative <u>Purposes Only</u> <u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,268,159	\$ 66,018
Adjustments to reconcile change in net asset to net cash provided by operating activities:		
Depreciation	77,547	82,986
(Increase) Decrease in:		
Accounts receivable	(95,320)	(17,981)
Unconditional promises to give	12,474	64,910
Bequest receivable	(1,200,000)	-
Prepaid expenses	(639)	(2,333)
Assets held by Community Foundation	(88,608)	(93,626)
Increase (Decrease) in:		
Accounts payable and accrued expenses	99,013	(20,788)
Refundable advance	(15,177)	(38,024)
Net cash provided by operating activities	<u>57,449</u>	<u>41,162</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(475,283)	-
Redemption (purchase) of certificates of deposit	600,378	80,415
Net cash provided by investing activities	<u>125,095</u>	<u>80,415</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Reduction of long-term debt	(32,717)	(22,620)
Mortgage proceeds	250,527	-
Net cash provided (used) in financing activities	<u>217,810</u>	<u>(22,620)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	400,354	98,957
BEGINNING CASH AND CASH EQUIVALENTS	<u>833,011</u>	<u>734,054</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 1,233,365</u>	<u>\$ 833,011</u>
Interest paid	\$ 18,624	\$ 18,710
Non Cash transactions:		
Donated services included in the financial statements as revenue and expenses	\$ 1,152,648	\$ 1,090,849

See accompanying notes to financial statements.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. NATURE OF ORGANIZATION:

Legal Services of North Florida, Inc. (LSNF) is a non-profit corporation organized in 1976 for the purpose of providing civil legal assistance to persons in Tallahassee, Florida and surrounding areas who are without adequate means to employ other counsel. LSNF is funded primarily by grants from Legal Services Corporation (LSC), a nonprofit corporation established by Congress to administer a nationwide legal assistance program, and by the Florida Bar Foundation, a nonprofit corporation established by the Florida Supreme Court to administer legal assistance programs statewide.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board FASB ASC 958, formerly SFAS No. 117. Under this standard, LSNF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

The financial statements of Legal Services of North Florida, Inc. have been prepared using the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Grant and Contract Support

Grant funds remaining unexpended at the end of an accounting period are recorded in the appropriate net asset balance. The LSC grant requires that unused grant funds from a prior year be expended first in the following period. LSNF has complied with this requirement. LSC, at its discretion, may request reimbursement for expenses or return of funds, or both, as a result of noncompliance with the terms of the grant by LSNF. In addition, all unexpended LSC funds are to be returned to LSC if LSNF terminates its LSC grant activities. LSNF recognizes contract funds from the State of Florida as support when eligible costs are incurred.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Building, Leasehold Improvements, Furniture, and Equipment

Building, leasehold improvements, furniture, and equipment are carried at cost. Donated assets are recorded at fair market value at date of gift. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the depreciable assets which range from 3 to 40 years. LSNF capitalizes all expenditures for property and equipment in excess of \$5,000.

Furniture and equipment acquired with LSC funds are considered to be owned by LSNF while used in current or future authorized programs. However, LSC has a reversionary interest in these assets and has the right to determine the use of any proceeds from the sale of assets purchased with its funds. All property on loan to LSNF is considered to be owned by, and will revert to, the lender of the property.

Upon sale, LSC has the following reversionary interest in properties by location:

	<u>Original Cost Basis</u>	<u>Net of Accumulated Depreciation</u>
Pensacola Office	\$ 174,182	\$ 138,434
Ft. Walton Beach	264,786	192,066
Panama City	<u>344,393</u>	<u>277,095</u>
	<u>\$ 783,361</u>	<u>\$ 607,595</u>

Based on original cost, LSC's interest in the Pensacola property, Panama City property and Ft. Walton Beach property is 69%, 100%, and 84%, respectively. Additionally, property insurance expense for 2013 was \$5,003 for Pensacola, \$4,687 for Ft. Walton Beach and \$7,890 for Panama City. The Pensacola office is considered an asset held for sale as of December 31, 2013.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

Law Library

LSNF has capitalized the basic cost of multiple volume sets of law books. All costs associated with maintaining the basic library are expensed currently. LSNF had in the past estimated that the salvage value of its law library approximated the original cost. A reversionary interest in law library assets purchased with LSC funds is retained by LSC. Due to advances in technology the remaining net value of the library was fully depreciated in 2011.

Income and Payroll Taxes

LSNF is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code. LSNF is also exempt from Florida income taxes; accordingly, there has been no provision for federal or state income taxes. In addition, the Internal Revenue Service has determined that LSNF is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. LSNF is exempt from Federal unemployment compensation taxes. However, LSNF participates in the Florida Unemployment compensation fund using the tax rate method. Management evaluated the Organization's tax position and concluded that the Organization has maintained its exempt status and had no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Organization's Form 990, Return of Organization Exempt from Income Tax is subject to examination by the IRS, generally for 3 years after they were filed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, LSNF considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2012 from which the summarized information was derived.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

Use of Estimates

Preparation of the LSNF's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates, primarily related to the collectibility of receivables, and depreciable lives of the property and equipment. The nature of these estimates is such that variances with actual results are generally immaterial.

Expense Allocation

The costs of providing program and management and fund raising activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents at December 31, 2013 consist of the following:

Regions - Checking	\$	1,225
Capital City Bank - Checking		1,434
SunTrust - Checking		7,302
Raymond James & Associates		650,087
Wells Fargo		387,809
Wells Fargo - Checking		55,508
Merrill Lynch		80,000
Tallahassee State Bank		50,000
		<u>\$ 1,233,365</u>

4. FAIR VALUE MEASUREMENTS AND INVESTMENTS:

Investments in debt and equity securities that have readily determinable fair values are stated at fair value in the statement of financial position and increases and decreases in fair values are included in the statement of activities. The Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 820 (formerly SFAS No. 157, "Fair Value Measurement") provides a single definition of fair value and established a three-tier hierarchy, which prioritizes the input used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

4. FAIR VALUE MEASUREMENTS AND INVESTMENTS: (continued)

The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices in active markets within Level 1 that are either directly or indirectly observable.

Level 3 - Significant unobservable inputs for the asset or liability in which little or no market data exists.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value.

If available, quoted market prices are used to value investments. Equities are valued at the closing price reported on the major market on which the individual securities are traded. Mutual funds are valued at the net asset value of shares held. The net asset value is based on the value of the underlying assets owned by the mutual fund, minus its liabilities, and then divided by the number of shares outstanding.

	<u>Fair Value Measurements at December 31, 2013</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
457(b) Plan Assets	<u>\$1,051,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,051,577</u>

Investments at cost and market consist of the following at December 31, 2013:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
457(b) Plan Assets	<u>\$ 1,050,699</u>	<u>\$ 1,051,577</u>	<u>\$ 878</u>
Total Investments	<u>\$ 1,050,699</u>	<u>\$ 1,051,577</u>	<u>\$ 878</u>

The 457(b) plan assets consist of investments and are reported at fair value with all realized and unrealized gains (losses) accounted for as current income. The net activity increases or decreases the plan liability and not net assets.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

4. FAIR VALUE MEASUREMENTS AND INVESTMENTS: (continued)

Investment income for the year ended December 31, 2013 consists of the following:

Interest income	\$	1,971
Realized loss on investments		(412)
Unrealized gain on endowment		<u>71,906</u>
	\$	<u>73,465</u>

Investment activity from 457 (b) plan is as follows:

Additions to plan	\$	15,373
Withdrawals from plan		(48,984)
Unrealized gain (loss)		<u>50,721</u>
Total		17,110
Less increase to 457(b) Plan liabilities		<u>17,110</u>
Total	\$	<u>-</u>

5. RECEIVABLES:

Receivables at December 31, 2013, consist of the following:

Contracts receivable:		
VOCA Grants	\$	45,871
LITC		13,828
DOJ		24,681
Foreclosure		31,563
FCASV		<u>21,019</u>
		<u>136,962</u>
Other receivables:		
Attorney Ad Litem		5,215
County Fees		47,344
Other		<u>38,607</u>
		<u>91,166</u>
Total Receivables	\$	<u>228,128</u>

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

6. PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2013 consist of the following:

Land	\$ 459,499
Building and leasehold improvements	2,065,493
Furniture and equipment	<u>301,952</u>
	2,826,944
Less accumulated depreciation and amortization	<u>(1,044,843)</u>
	<u>\$ 1,782,101</u>
Property held for resale- Former Pensacola Office	\$ 255,266
Less accumulated depreciation	<u>(57,133)</u>
	<u>\$ 198,133</u>
Law Library	\$ 28,466
Less reserve for obsolescence	<u>(28,466)</u>
	<u>\$ -</u>

7. COMMITMENTS:

LSNF has several operating leases for equipment expiring December, 2017. Total operating lease expense for the above leases was \$39,070 for the year ended December 31, 2013. Future equipment lease payments that have remaining terms in excess of one year as of December 31, 2013 are as follows:

2014	\$ 19,905
2015	12,908
2016	9,154
2017	<u>5,640</u>
	<u>\$ 47,607</u>

8. FLORIDA BAR FOUNDATION CASH CARRYOVER:

There was no cash carryover in the Florida Bar Foundation net asset account as of December 31, 2013.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

9. PRIVATE BAR INVOLVEMENT PROGRAM AND DONATED SERVICES:

LSNF administers a Private Bar Involvement Program (PBI) which provides legal services donated by local attorneys and Florida State University College of Law interns. Services donated by local attorneys are valued at an average hourly billing rate representative of the local average rate. The local average attorney rate was calculated at \$200 per hour for 2013. Legal intern services are valued at the rate paid to comparable law clerks during the current year.

Attorneys	<u>\$ 1,134,192</u>
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Additional value of donated services which meets the criteria for recognition under the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958 (formerly SFAS No. 116), and is included in the financial statements is as follows:

	<u>Programs</u>	<u>Admin</u>	<u>Total</u>
Fund raising-JAZZ	<u>\$ -</u>	<u>\$ 18,456</u>	<u>\$ 18,456</u>

10. FRINGE BENEFITS:

LSNF provides employee health coverage, disability, worker's compensation insurance, unemployment compensation insurance, retirement benefits, and social security as employee fringe benefits. LSNF provides 401(k) employer contributions to employees who have been with the program for at least one year and meet eligibility guidelines. Additionally, employees with the management team for at least two continuous years are eligible for 457(b) pension plan match contributions if they have met or exceeded expectations. Total 2013 pension expenses were \$147,864 of which \$20,591 were 457(b) contributions.

LSNF is the owner of the participants' accounts for the 457(b) plan. The assets of the 457(b) plan represent benefits due at some future date.

11. FLORIDA BAR FOUNDATION GRANT:

Legal Services of North Florida, Inc. receives funding from the Florida Bar Foundation to provide legal services. Funding for the year 2013 was \$402,630 consisting of \$146,175 for General, \$52,169 for Children's Grant, and \$204,286 for salary supplement.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

12. BOARD DESIGNATED FUND:

The board established a designated fund to provide for an emergency reserve.

13. MATCHING FUNDS, IN-KIND:

In accordance with provisions and requirements of the federal grants, matching funds are transferred to this program through in-kind services and contributions by Florida Bar Foundation and local funds. All match requirements were met for VOCA, FCADV, LITC, Title III grants.

14. LEASES:

The Fort Walton Beach and Panama City buildings are available for lease. During the latter part of 2013 a new tenant moved into the Fort Walton Beach property resulting in rental revenue of \$1,070.

Future rental income is as follows:

2014	\$ 9,300
2015	<u>4,800</u>
Total	<u>\$14,100</u>

15. CONCENTRATION OF REVENUES:

The organization receives approximately 35.6% and 10% of its total revenues, excluding donated services, from LSC and the Florida Bar Foundation, respectively.

16. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS:

LSNF maintains cash balances at several financial institutions. Interest-bearing accounts are FDIC-insured up to \$250,000. At December 31, 2013 the Organization had \$650,086 in cash with one brokerage firm.

LEGAL SERVICES OF NORTH FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

-continued-

17. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2013 temporarily restricted net assets consisted of the following:

Assets held with Foundation	\$ 709,956
Endowment campaign pledges, net	25,960
Bequest receivable	<u>1,200,000</u>
	<u>\$1,935,916</u>

18. MORTGAGE NOTE PAYABLE:

During 2005, LSNF purchased an office building for its Quincy location in the amount of \$253,000. As part of this purchase, a mortgage note in the amount of \$130,000 at an interest rate of 6.65% was secured. The note, secured by real estate, called for monthly installments of \$1,150 commencing June 12, 2005 and terminating on May 12, 2020. In October 2013 the remaining balance of \$73,225 was paid off and rolled over into a new loan agreement which combined the balance with the remaining balance of the Tallahassee office mortgage note.

On January 5, 2006, LSNF entered into a loan agreement in the amount of \$240,000 at an interest rate of 7.5% for the reconfiguration and renovation of its Tallahassee office building and for the purchase of equipment. The note is secured by real estate and called for interest-only payments starting on February 5, 2006 and continuing to July 5, 2006. It then called for monthly installments of principal and interest in the amount of \$2,302 through July 5, 2021. In October 2013 the remaining balance was paid off and rolled over into a new loan agreement.

The new loan agreement effective October 11, 2013 in the amount of \$230,119 calls for monthly payments of \$2,731 commencing November 15, 2013 through October 15, 2021. Interest rates can vary between 3.25% and 4.25%. The loan is secured by the Tallahassee office building. The outstanding balance as of December 31, 2013 was \$226,007.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

18. MORTGAGE NOTE PAYABLE: Continued

In July 2013 the Organization purchased a new office building for its Pensacola location in the amount of \$312,335. As part of the purchase, a mortgage loan in the amount of \$244,000 was secured. The note calls for monthly installments of \$2,448 commencing August 12, 2013 through July 12, 2023 at 3.75%. The note is secured by real estate. The outstanding balance as of December 31, 2013 was \$235,599.

Future scheduled maturities of long-term debt are as follows:

Years ending December 31:

2014	\$ 46,533
2015	48,187
2016	49,879
2017	51,672
2018	53,510
Thereafter	<u>211,825</u>
Total	<u>\$ 461,606</u>

19. UNCONDITIONAL PROMISES TO GIVE:

As part of its 30<sup>th</sup> anniversary recognition, LSNF started a civil legal assistance endowment campaign.

Unconditional promises to give at December 31, 2013 are as follows:

Endowment Campaign	<u>\$ 27,900</u>
Receivable in less than one year	\$ 18,600
Receivable in one to five years	<u>9,300</u>
Total unconditional promise to give	27,900
Less discounts to net present value	(545)
Less allowance for uncollectible	<u>(1,395)</u>
	<u>\$ 25,960</u>

Promises to give receivable in more than one year are discounted at 3%.

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

-continued-

20. RELATED PARTY TRANSACTION:

The North Florida Center for Equal Justice, Inc. (NFCFEJ) is a non-LSC corporation. LSNF is the LSC funded corporation. The same board members of NFCFEJ also serve as the board of directors of LSNF.

LSNF rents space to NFCFEJ. The rental agreement calls for monthly payments of \$2,050 through April, 2014. At December 31, 2013 a total of \$24,300 was paid to LSNF. Future rental income is as follows:

2014	\$ 8,100
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Additionally, at year end an amount of \$95 was due from NFCFEJ for shared board expenses.

21. ASSETS HELD BY FOUNDATION:

An endowment was established in 2007 with the Community Foundation of North Florida as part of LSNF's 30<sup>th</sup> anniversary. The endowment has two options of funding. One option requires the donations sent directly to the Foundation to be invested with the Foundation in perpetuity and only the interest and investment income derived from the endowment will fund future civil needs in North Florida. The second option calls for endowment funding that comes directly to LSNF to be turned over to the Foundation. This allows LSNF to have access to the original investment as well as the future earnings. At December 31, 2013, a total of \$709,956 was held with the Foundation under the second option. A total of \$16,702 was transferred or payable to the Foundation during 2013, and \$71,906 was recorded as an increase in market value.

22. BEQUEST RECEIVABLE:

During 2013 the Organization was the beneficiary of a bequest. The estate is still being finalized and at year end the estimated value of the bequest is \$1,200,000.

23. SUBSEQUENT EVENTS:

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through April 14, 2014, the date the financial statements were available to be issued.



LEGAL SERVICES OF NORTH FLORIDA, INC.

SCHEDULE OF PRIVATE ATTORNEY INVOLVEMENT  
Year Ended December 31, 2013

	LSC Private Attorney <u>Involvement</u>	Non LSC Private Attorney <u>Involvement</u>	<u>Total</u>
<b>PUBLIC SUPPORT:</b>			
Grants and contracts	\$ 186,426	\$ -	\$ 186,426
Interest	-	-	-
County fees	-	-	-
Partners in service	-	-	-
Contributions	-	-	-
Endowment campaign	-	-	-
Rental income	-	-	-
Other income	-	-	-
Donated services	1,134,192	-	1,134,192
Total public support	1,320,618	-	1,320,618
<b>EXPENSES:</b>			
Attorneys salaries	23,873	-	23,873
Paralegal salaries	2,610	-	2,610
Other salaries	82,096	-	82,096
Payroll taxes	8,153	-	8,153
Employee benefits	26,029	-	26,029
	142,761	-	142,761
Space and occupancy	4,763	-	4,763
Equipment rental and maintenance of equipment	2,583	-	2,583
Postage and shipping	4,126	-	4,126
Office expenses	15,738	-	15,738
Telephone	1,611	-	1,611
Travel	641	-	641
Training	362	-	362
Library maintenance	902	-	902
Insurance	2,310	-	2,310
Donated services	1,134,192	-	1,134,192
Membership fees	-	-	-
Audit fees	651	-	651
Contract services to program	2,465	-	2,465
Litigation costs	350	-	350
Interest	-	-	-
Miscellaneous	7,163	-	7,163
Depreciation	-	-	-
Total expenses	1,320,618	-	1,320,618

LEGAL SERVICES OF NORTH FLORIDA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Period	Federal CFDA/ID Number	Pass-Through Grantors Number	Award Amount	Federal Expenditures
<b>LEGAL SERVICES CORPORATION</b>					
Basic Field	1/1/13 - 12/31/13	09-610044	610044	\$ 1,360,433	\$ 1,360,433
TIG Grants	10/1/12 - 9/30/14	09-610044	610044	92,059	60,000
Subtotal LSC direct program					1,420,433
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed-Through Area Agency on Aging for North Florida:					
Title III B, Grants for Supportive Services and Senior Citizens	1/1/13 - 12/31/13	93.044	BA013-16	38,059	38,059
Title III E Caregiver Services	1/3/13-12/31/2013	93.052	BA013-16	30,000	30,000
Subtotal Department of Health and Human Services pass-through programs					68,059
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Legal Assistance to Victims of Sexual Violence Program	10/1/12 - 9/30/15	16.524	2012-WL-AX-0042	250,000	66,333
Subtotal Department of Justice direct program					66,333
Passed-Through State of Florida Office of Attorney General:					
Crime Victim Assistance (VOCA I)	10/1/12 - 9/30/13	16.575	V12171	62,863	47,147
Crime Victim Assistance (VOCA I)	10/1/13 - 9/30/14	16.575	V13171	66,006	16,502
Crime Victim Assistance (VOCA II)	10/1/12 - 9/30/13	16.575	V12170	65,322	48,992
Crime Victim Assistance (VOCA II)	10/1/13 - 9/30/14	16.575	V13170	68,588	16,487
Crime Victim Assistance (VOCA I4)	10/1/12 - 9/30/13	16.575	V12169	55,713	41,785
Crime Victim Assistance (VOCA I4)	10/1/13 - 9/30/14	16.575	V13169	58,499	12,882
					183,795
Passed-Through the Florida Coalition Against Domestic Violence:					
Violence Against Women Formula Grant	7/1/12 - 6/30/13	16.588	13-2066-LCH	25,272	9,272
Violence Against Women Formula Grant	7/1/13 - 6/30/14	16.588	14-2066-LCH	25,272	9,200
					18,472
Passed-Through the Florida Coalition Against Sexual Violence:					
Legal Assistance to Victims of Sexual Violence Program	10/1/12 - 9/30/15	16.524	12LAV01	252,233	84,078
					84,078
Subtotal Department of Justice pass-through programs					286,345
<b>DEPARTMENT OF THE TREASURY</b>					
Low Income Taxpayer Clinics Grant Program	1/1/13-12/31/13	21.008	13LITC0037	97,000	97,000
Subtotal Department of the Treasury direct program					97,000
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<b>\$ 1,938,170</b>

See accompanying notes to schedule of expenditures of federal awards

LEGAL SERVICES OF NORTH FLORIDA, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2013

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Legal Services of North Florida, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Legal Services of North Florida, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Legal Services of North Florida, Inc.

Note 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the schedule are reported on an accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, whereby certain types of expenditures are not allowed or are limited as to reimbursement.
- b. Pass-through entity identifying numbers are presented where available.

**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

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 Christina E. Gibson, C.P.A.  
 Michael J. Connelly, C.P.A.  
 Greg A. Korn, C.P.A.

MEMBER OF  
 AMERICAN AND FLORIDA  
 INSTITUTES OF  
 CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
 Legal Services of North Florida, Inc.  
 Tallahassee, Florida

We have audited, in accordance with the 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 Legal Services of North Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 14, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Legal Services of North Florida, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Legal Services of North Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Legal Services of North Florida, Inc.'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

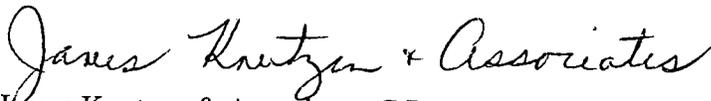
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Legal Services of North Florida, Inc.'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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
April 14, 2014

**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

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MEMBER OF  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

To The Board of Directors  
 Legal Services of North Florida, Inc.  
 Tallahassee, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Legal Services of North Florida, Inc. (a nonprofit organization)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *LSC Compliance Supplement* that could have a direct and material effect on each of Legal Services of North Florida, Inc.'s major federal programs for the year ended December 31, 2013. Legal Services of North Florida, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Legal Services of North Florida, Inc.'s major federal programs 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 occurred. An audit includes examining, on a test basis, evidence about Legal Services of North Florida, Inc.'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. However, our audit does not provide a legal determination on Legal Services of North Florida, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Legal Services of North Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### **Report on Internal Control over Compliance**

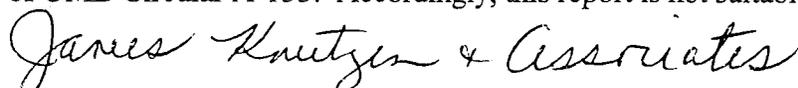
Management of Legal Services of North Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Legal Services of North Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Legal Services of North Florida, Inc.'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 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 will not be prevented, or detected and corrected on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida

April 14, 2014

LEGAL SERVICES OF NORTH FLORIDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2013

**Section I--Summary of Auditor's Results**

*Financial Statements*

*Unqualified* auditors' report issued:

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	<u>  X  </u> no
Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no

*Federal Awards*

Internal Control over major programs:

Material weakness(es) identified?	_____ yes	<u>  X  </u> no
Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> none reported

*Unqualified* auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____ yes	<u>  X  </u> no
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Identification of major programs:	<u>CFDA #'s</u>	<u>Name of Federal Program or Cluster</u>
LSC Grant	09.610044	N/A

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low risk auditee?	_____ yes	<u>  X  </u> no
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**Section II--Financial Statement Findings**

none

**Section III--Federal Award Findings and Questioned Costs**

none

**Section IV--Summary Schedule of Prior Audit Findings**

none

**Section V--Corrective action Plan**

none

GULF COUNTY  
 2014 APR 28 PM 2: 23  
 BOARD OF COUNTY  
 COMMISSIONERS