

**Independent Auditors' Report
and Related Financial Statements**

For the Year Ended September 30, 2013

COUNCIL ON AGING, INC.

**Teed & Associates, PLLC
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Charleston, West Virginia 25304
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COUNCIL ON AGING, INC.

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Teed & Associates, PLLC

Certified Public Accountants

Established 1992

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Member, West Virginia Society of Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Council on Aging, Inc.
Itmann, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 opinions.

Basis for Qualified Opinion

As explained in Note 2 to the financial statements, certain property and equipment of the Council on Aging, Inc. are expensed rather than capitalized and depreciated in the financial statements. Accounting principles generally accepted in the United States require that property and equipment be recorded at cost or fair value at date of purchase or receipt. It was not practicable to determine the effects of the unrecorded property and equipment on the financial statements

Qualified Opinion

In our opinion, except for the effects of not capitalizing and depreciating property and equipment as explained in paragraph three, the financial statements referred to above present fairly, in all material respects, the financial position of the Council on Aging, Inc. as of September 30, 2013, and 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of program expenses is presented for purposes of additional analysis as required by the West Virginia Bureau of Senior Citizens and is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to

To The Board of Directors
Council on Aging, Inc.
Itmann, West Virginia
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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 basic 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 May 2, 2014, on our consideration of Council on Aging, 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 the Council on Aging, Inc.'s internal control over financial reporting and compliance.

Teed & Associates, P.C.

Charleston, West Virginia
May 2, 2014

COUNCIL ON AGING, INC.

Statement of Financial Position

September 30, 2013

ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 659,840
Receivables:	
Medicaid, net of allowance for doubtful accounts	490,745
Grants	68,238
Related party	-
Prepaid expenses	<u>32,998</u>
Total current assets	<u>1,251,821</u>
Capital assets--nondepreciable	<u>387,113</u>
TOTAL ASSETS	<u>\$ 1,638,934</u>
 LIABILITIES AND NET POSITION:	
Current liabilities	
Accounts payable	\$ 25,352
Accrued salaries and wages	149,021
Accrued compensated absences	59,534
Retirement plan contributions	9,091
Accrued payroll liabilities	<u>60,109</u>
Total current liabilities	<u>303,107</u>
TOTAL LIABILITIES	<u>303,107</u>
 NET POSITION:	
Investment in capital assets	387,113
Unrestricted net assets	<u>948,714</u>
TOTAL NET POSITION	<u>1,335,827</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,638,934</u>

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

COUNCIL ON AGING, INC.

Statement of Activities

For the Year Ended September 30, 2013

	<u>Unrestricted Revenue</u>	<u>Restricted Revenue</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Medicaid	\$ 4,237,466	\$ -	\$ 4,237,466
Federal grants	-	182,696	182,696
State grants	-	690,145	690,145
Project income	-	16,979	16,979
Bus fare and trip ticket revenue	-	2,615	2,615
Non-medicaid	62,736	-	62,736
Inter-Project Match Revenue	83,547	-	83,547
Net assets released from restrictions	<u>892,435</u>	<u>(892,435)</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>5,276,184</u>	<u>-</u>	<u>5,276,184</u>
OPERATING EXPENSES:			
Personal care	2,472,090	-	2,472,090
Title 19 (Homemaker)	1,783,364	-	1,783,364
TBI	6,138	-	-
Medical Transport (formerly Sect.18)	46,925	-	46,925
Title III-B	83,236	-	83,236
Title III-D	2,339	-	2,339
Title III-C-1	26,516	-	26,516
Title III-C-2	216,281	-	216,281
Title III-E	18,605	-	18,605
Insurance Benefits Counseling	5,556	-	5,556
Community Partnership (State Budget Digest)	141,375	(141,375)	-
LIFE	231,257	(33,000)	198,257
Lighthouse	125,708	-	125,708
Fair	48,598	-	48,598
Marketplace assistance -- Wyoming	2,586	-	2,586
Marketplace assistance -- Raleigh	658	-	658
Costs of new building	<u>118,417</u>	<u>(108,738)</u>	<u>9,679</u>
TOTAL OPERATING EXPENSES	<u>5,329,649</u>	<u>(283,113)</u>	<u>5,046,536</u>
OPERATING INCOME	<u>(53,465)</u>	<u>283,113</u>	<u>229,648</u>
NONOPERATING INCOME (EXPENSES):			
Interest income	<u>118</u>	<u>-</u>	<u>118</u>
TOTAL NONOPERATING INCOME	<u>118</u>	<u>-</u>	<u>118</u>
CHANGE IN NET ASSETS	<u>\$ (53,347)</u>	<u>\$ 283,113</u>	<u>\$ 229,766</u>

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

COUNCIL ON AGING, INC.

Statement of Changes in Net Assets

For the Year Ended September 30, 2013

	Investment in Capital Assets	Unrestricted	Total
NET POSITION AT OCTOBER 1, 2012	\$ 54,000	\$ 1,052,061	\$ 1,106,061
INCREASE (DECREASE) IN NET POSITION	<u>333,113</u>	<u>(103,347)</u>	<u>229,766</u>
NET POSITION AT SEPTEMBER 30, 2013	<u>\$ 387,113</u>	<u>\$ 948,714</u>	<u>\$ 1,335,827</u>

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

COUNCIL ON AGING, INC.

Statement of Cash Flows

For the Year Ended September 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Continuing operations

Change in net assets \$ 229,766

Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:

(Increase) decrease in Medicaid accounts receivable (116,985)

(Increase) decrease in grants receivable 72,507

(Increase) decrease in prepaid assets and deposits 4,626

(Increase) decrease in related party 27,453

Increase (decrease) in accounts payable 4,930

Increase (decrease) in accrued salaries and wages 6,930

Increase (decrease) in accrued compensated absences 636

Increase (decrease) in retirement plan contributions (2,289)

Increase (decrease) in accrued payroll liabilities 1,525

NET CASH PROVIDED BY OPERATING ACTIVITIES 229,099

CASH FLOWS FROM INVESTING OPERATING ACTIVITIES:

Acquisition of land and building (333,113)

NET CASH USED FOR INVESTING ACTIVITIES (333,113)

NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS (104,014)

CASH AND EQUIVALENTS, BEGINNING OF YEAR 763,854

CASH AND EQUIVALENTS, END OF YEAR \$ 659,840

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

COUNCIL ON AGING, INC.

Notes to the Financial Statements

For the Year Ended September 30, 2013

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

The Council on Aging, Inc. (The "Council") is a 501(c)3 non-profit organization incorporated in West Virginia whose mission is to serve the senior citizens in their area and improving the quality of life for their clients.

The Council operates Medicaid Reimbursement In-Home Care Programs and Federal and State Grants primarily with the U.S. Department of Health and Human Services and State of West Virginia Bureau of Senior Services federal and state grants passed through to the Council from the Appalachian Area Agency on Aging (the "Agency").

The overall objective of the Title III grant program is to develop a system of coordinated and comprehensive services for older persons – services which will secure and maintain maximum independence and dignity in a home environment for older persons capable of self-care and also remove individual and social barriers to economic and personal independence for older persons.

The objective of the Title III B grant program is to provide the elderly with social, outreach, transportation, information and referral services, and nutritional education.

Title III C is a nutrition program designed to provide older persons with low cost nutritious meals served primarily in a congregate setting. The Title III C program also furnishes home delivered meals to the homebound.

Title III D, the Disease Prevention and Health Promotion Services Section of the Older Americans Act, encompasses twelve (12) broad categories of disease prevention and health promotion services.

Title III E, also known as respite, provides information and assistance, and in-home relief to caregivers.

The Division of Public Transit of the West Virginia Department of Transportation provides funding from the State of West Virginia for the Council to provide rural public transportation.

The Council also receives state funds through the Agency in connection with a Health Benefit Information, Counseling and Assistant Grant (SHIP), the purpose of which is to

help older individuals understand their rights under the Social Security Act, Medicaid Programs, supplemental social security programs and general insurance policies. This information is provided to seniors by a counselor who has general knowledge of these areas.

The Medicaid Reimbursement In-Home Care Program is a state funded program to allow eligible seniors to receive the assistance necessary to allow them to remain in their homes with minimal outside supervision. These services include housekeeping, personal care, or other related matters.

The Lighthouse program is a state funded program to provide in-home assistance for seniors who do not qualify for other programs.

The FAIR program is a state funded program to provide relief to care givers who care for individuals with Dementia and Alzheimer's disease.

The Health Marketplace Partnership program is a federally funded program to provide information for individuals regarding choices in the health exchanges.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Council on Aging, Inc. prepares and maintains their financial statements and accounts on the accrual basis of accounting.

Financial Statement Presentation

The Council on Aging, Inc. has implemented the financial statement presentation required by the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, it is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted. The Council had no temporarily or permanently restricted net assets as of September 30, 2013.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers cash to be cash and cash equivalents. Cash on hand and deposits with banking institutions are considered cash while short-term investments with an original maturity of not more than three months are considered cash equivalents.

Investment risk is categorized as follows:

Interest rate risk -- The risk that changes in interest rates will adversely affect the value of an investment.

Credit risk -- The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial credit risk -- The risk that, in the event of the failure of the counterparty to a transaction, the Organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Recognition of 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 which the support is received. 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, temporarily restricted net assets are classified as unrestricted net assets.

Compensated Absences

Compensated absences consist of unpaid, accumulated accrued paid time off. The organization owed \$59,534 at September 30, 2013.

Receivables

Receivables consist of the following:

Medicaid Waiver	<u>\$ 490,745</u>
Programs:	
Title IIIB	\$ 13,937
Title IIIC	3,184
Lighthouse	13,830
FAIR	5,353
Title IIID	497
Life	29,071
SHIP	524
Health Insurance Marketplace	1,842
Total Grant Receivable	<u>\$ 68,238</u>

Allowance for Doubtful Accounts

Management has taken a bad debt expense for doubtful accounts, primarily amounts billed to Medicaid for reimbursement but not collected due to rejected claims. Therefore, management believes that the receivables presented on the balance sheet are fully collectible.

Property and Equipment

Property and equipment costing under \$50,000 are expensed at the time of purchase rather than being capitalized and depreciated over its estimated economic life. This is not in accordance with the generally accepted accounting principles in the United States. Accordingly, no property and equipment were determined to be depreciable.

Revenue Recognition

Amounts received from funding agencies under cost-reimbursable grants are recognized as support only to the extent that related expenses have been incurred.

Donated Goods

Donated noncash assets, such as food items and medical supplies, are recorded at their fair value in the period received and used as other revenue with a corresponding expense.

Income Tax Exemption

Under provisions of the Internal Revenue Code, Section 501(c)3 and the applicable income tax regulations of the State of West Virginia, the Council on Aging, Inc. is exempt from taxes on income other than unrelated business income. Since the Council on Aging, Inc. had no net unrelated business income during the year ended September 30, 2013, no provision for income taxes has been made. The Council's federal income tax returns for 2011, 2010, and 2009 remain subject to examination by the Internal Revenue Service (IRS).

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.

Advertising Costs

The Organization expenses advertising costs as incurred. These costs amounted to \$35,146 for the year ended September 30, 2013.

NOTE 3. DEPOSITS AND INVESTMENTS

The Organization's deposits are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2013. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the Organization or its agent in the Organization's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Category 3 - Uncollateralized.

	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>
Cash	\$ <u>664,941</u>	\$ <u>269,079</u>	\$ <u>395,862</u>	\$ --	\$ <u>659,840</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Totals 10/01/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Totals 9/30/2013</u>
Capital assets not being depreciated:				
Land and land rights	\$ 54,000	\$ 50,000	\$ -	\$ 104,000
Construction in progress	-	<u>283,113</u>	-	<u>283,113</u>
Total capital assets not being depreciated	<u>\$ 54,000</u>	<u>\$ 333,113</u>	<u>\$ -</u>	<u>\$ 387,113</u>

The Council has two pieces of land recorded as assets. The first parcel had a purchase price of \$54,000 and is currently trying to be sold by the Organization, however does not believe it will occur within the next year. The second consists of 2.85 acres of land purchased in a \$300,000 real estate property transaction with existing structure, to be renovated for a new Senior Center for Wyoming County. The estimated value of the land was determined to be \$50,000.

The Council has shown \$283,113 in costs for the above mentioned building construction-in-progress as a capital expenditure against the New Building program, while also capitalizing the asset on the Statement of Financial Position. Management needed to show grantors and donors the details on grant requests while also providing statement users financial information on liquidity and the interrelationship of assets and liabilities.

NOTE 5. DEBT OBLIGATIONS

On July 22, 2013, the Council obtained a \$1,500,000 loan payable to the U.S. Department of Agriculture Rural Development to be used for the renovation of the new Senior Center. The principal and interest shall be paid monthly for a period of 40 years at an interest rate of 3.5%. Each month an additional \$581 shall be paid to a reserve account until the amount of \$70,560 is accumulated. The reserve is to be used if funds are not available for debt service. As of September 30, 2013, no funds had been drawn from the lender.

NOTE 6. LEASE AND RENTAL AGREEMENTS

The Council rents its primary facility in Itmann, West Virginia from Pocahontas Land Company for \$1,260 per year. This facility also houses the administrative activities for the Council. It is a standard operating practice in the area for the coal and land holding companies to rent excess facilities to community service organizations at modest lease prices. This lease is on a ten-year lease. The Council leases a second facility in Welch, West Virginia for \$500 per month under a cancelable operating term of one year, a third facility in Charleston, West Virginia for \$1,437 per month under a non-cancelable operating term of five years, a fourth facility in Princeton, West Virginia for \$625 per month under a non-cancelable operating term of five years and a fifth facility in Oceana, West Virginia for \$400 per month non-cancelable operating term of two-years.

Future minimum rental payments are as follows:

For the Year	
<u>Ending September 30,</u>	
2014	\$ 36,810
2015	30,810
2016	27,935
2017	13,560
2018-2023	<u>6,300</u>
Total	<u>\$ 115,415</u>

NOTE 7. RISK CONCENTRATIONS

Substantially all of the Council on Aging, Inc.'s support and revenues are derived from its Medicaid services and from federal and state grants, the loss of which would have a materially adverse effect on the Council on Aging, Inc. During the year ended September 30, 2013, Medicaid revenues, federal and state grants, and other income accounted for approximately eight-four percent (84%), fourteen percent (17%) and two percent (2%), respectively, of total support and revenue.

NOTE 8. EMPLOYEE BENEFIT PLAN

Effective January 1, 2008, the Council established a 401(k) retirement and savings plan for its employees. The Council makes matching contributions of up to 100% of the first 2% of eligible contributions. The Board of Directors also declared \$28,307 in profit sharing for year ended September 30, 2013. Total contributions by the Council to the plan for year ended September 30, 2013, amounted to \$35,949.

NOTE 9. RELATED PARTY TRANSACTIONS

The Council on Aging, Inc. is related to All Care Home and Community Services, Inc. ("All Care") through a common Board of Directors. During the year ended September 30, 2013, the Council paid the monthly health insurance premiums, life, eye and dental insurance premiums, and 401(k) employee deferrals, company match and profit share for All Care. The Council forgave approximately \$12,514 for these remittances during the year ended September 30, 2013.

The Council has agreed to pay or advance for all of the overhead of All Care because reduced funding has brought them to an unprofitable level. The Council took this action because the services provided to the community by All Care helped fulfill the mission of the Council and referrals from All Care helped support the Council. Approximately \$12,407 was forgiven during the year ended September 30, 2013.

NOTE 10. DISCLOSURE OF INTER-PROGRAM TRANSFERS

In order to match appropriate program revenues with program expenses, inter-program entries were recorded to accurately reflect operating results of the programs. For year ending September 30, 2013, the Life program received \$83,547 in revenues for expenses associated with other programs. The inter-program entries to record these matching revenues/expenses per program were as follows: C-1 \$645; C-2 \$63,792; and Lighthouse \$19,140.

NOTE 11. CONTINGENCIES

Certain of the Council's programs are primarily funded through federal and state grants. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures, which may ultimately be disallowed by grantor agencies, cannot be determined at this time, although Council management believes such amounts, if any, to be immaterial.

NOTE 12. SUBSEQUENT EVENTS

See Note 5 for a subsequent event disclosure of debt obligation. Management has considered all other subsequent events through May 2, 2014, the date the financial statements were made available.

COUNCIL ON AGING, INC.

Statement of Functional Expenses

For the Year Ended September 30, 2013

	<u>Personal Care</u>	<u>Title - 19 Homemaker</u>	<u>Medical Transportation</u>
Salaries and wages	\$ 1,296,803	\$ 1,695,276	\$ 6,864
Payroll taxes	118,519	156,001	618
Fringe benefits	118,458	170,744	281
Training and travel	7,066	10,430	4,404
Legal and accounting	10,346	19,343	-
Food expense	2,466	3,775	-
Utilities	9,327	14,241	-
Printing and supplies	19,531	26,920	-
Licenses and taxes	-	-	-
Membership dues	804	1,213	-
Contracted services	16,349	24,758	-
Insurance expense	512	-	1,285
Mileage expense	18,695	144,832	-
Advertising	13,918	21,228	-
Matching expense -- general	-	-	-
Maintenance	1,248	1,903	349
Rent	15,013	22,897	-
Postage	661	1,007	-
Miscellaneous	13,467	21,097	-
Medical supplies	-	-	-
Bad debt expense	18,088	3,192	2,982
Equipment	2,831	4,318	29,955
New building	-	-	-
Indirect costs	<u>99,262</u>	<u>128,915</u>	<u>187</u>
Total functional expenses	<u>\$ 1,783,364</u>	<u>\$ 2,472,090</u>	<u>\$ 46,925</u>

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

COUNCIL ON AGING, INC.

Statement of Functional Expenses -- continued

For the Year Ended September 30, 2013

	<u>TBI</u>	<u>III-B</u>	<u>III-D</u>	<u>III-C-1</u>
Salaries and wages	\$ 5,406	\$ 30,696	\$ 1,684	\$ 8,626
Payroll taxes	516	2,816	130	786
Fringe benefits	216	7,657	78	744
Training and travel	-	13,432	102	43
Legal and accounting	-	-	-	-
Food expense	-	-	-	15,148
Utilities	-	-	-	-
Printing and supplies	-	50	183	102
Licenses and taxes	-	-	-	22
Membership dues	-	-	-	-
Contracted services	-	-	-	11
Insurance expense	-	19,600	15	-
Mileage expense	-	-	-	157
Advertising	-	-	-	-
Matching expense -- general	-	-	-	-
Maintenance	-	3,730	-	131
Rent	-	-	-	-
Postage	-	-	-	-
Miscellaneous	-	1,502	-	161
Medical supplies	-	-	-	-
Bad debt expense	-	-	-	-
Equipment	-	-	-	124
New building	-	-	-	-
Indirect costs	-	3,753	147	461
Total functional expenses	<u>\$ 6,138</u>	<u>\$ 83,236</u>	<u>\$ 2,339</u>	<u>\$ 26,516</u>

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

COUNCIL ON AGING, INC.

Statement of Functional Expenses -- continued

For the Year Ended September 30, 2013

	<u>III-C-2</u>	<u>Benefit Counseling</u>	<u>Community Partnership</u>	<u>Life</u>
Salaries and wages	\$ 81,457	\$ 4,389	\$ -	\$ 58,168
Payroll taxes	7,488	382	-	4,896
Fringe benefits	5,877	166	-	13,440
Training and travel	12,269	-	-	4,474
Legal and accounting	-	-	-	-
Food expense	96,001	-	-	46
Utilities	-	-	-	-
Printing and supplies	2,886	53	-	14,576
Licenses and taxes	135	-	-	-
Membership dues	-	-	-	-
Contracted services	69	-	-	-
Insurance expense	2,570	-	-	14,885
Mileage expense	970	-	-	26
Advertising	-	-	-	-
Matching expense -- general	-	-	-	83,547
Maintenance	1,549	-	-	-
Rent	-	-	-	-
Postage	-	-	-	-
Miscellaneous	725	-	-	-
Medical supplies	-	-	-	-
Bad debt expense	-	-	-	-
Equipment	771	-	-	-
New building	-	-	141,375	33,000
Indirect costs	<u>3,514</u>	<u>566</u>	<u>-</u>	<u>4,199</u>
Total functional expenses	<u>\$ 216,281</u>	<u>\$ 5,556</u>	<u>\$ 141,375</u>	<u>\$ 231,257</u>

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

COUNCIL ON AGING, INC.

Statement of Functional Expenses -- continued

For the Year Ended September 30, 2013

	<u>III-E</u>	<u>Lighthouse</u>	<u>Fair</u>	<u>Marketplace Assistance Wyoming</u>
Salaries and wages	\$ 15,673	\$ 102,199	\$ 41,032	\$ 1,427
Payroll taxes	1,383	9,358	3,754	109
Fringe benefits	632	4,310	1,679	21
Training and travel	11	196	48	-
Legal and accounting	-	-	-	-
Food expense	-	-	-	-
Utilities	-	-	-	-
Printing and supplies	9	179	44	1,029
Licenses and taxes	-	-	-	-
Membership dues	-	-	-	-
Contracted services	6	103	25	-
Insurance expense	-	-	-	-
Mileage expense	-	2,368	51	-
Advertising	-	-	-	-
Matching expense -- general	-	-	-	-
Maintenance	-	-	-	-
Rent	-	-	-	-
Postage	-	-	-	-
Miscellaneous	1	19	4	-
Medical supplies	-	-	-	-
Bad debt expense	-	-	-	-
Equipment	-	-	-	-
New building	-	-	-	-
Indirect costs	<u>890</u>	<u>6,976</u>	<u>1,961</u>	<u>-</u>
Total functional expenses	<u>\$ 18,605</u>	<u>\$ 125,708</u>	<u>\$ 48,598</u>	<u>\$ 2,586</u>

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

COUNCIL ON AGING, INC.

Statement of Functional Expenses -- continued

For the Year Ended September 30, 2013

	Marketplace Assistance <u>Wyoming</u>	New Building <u>Building</u>	<u>Total</u>
Salaries and wages	\$ 600	\$ 413	\$ 3,482,414
Payroll taxes	46	36	306,838
Fringe benefits	12	17	324,332
Training and travel	-	-	52,475
Legal and accounting	-	1,750	31,439
Food expense	-	-	117,436
Utilities	-	101	23,669
Printing and supplies	-	-	65,562
Licenses and taxes	-	-	157
Membership dues	-	-	2,017
Contracted services	-	-	41,321
Insurance expense	-	-	38,867
Mileage expense	-	-	167,099
Advertising	-	-	35,146
Matching expense -- general	-	-	83,547
Maintenance	-	18	8,928
Rent	-	-	37,910
Postage	-	-	1,668
Miscellaneous	-	7,344	44,320
Medical supplies	-	-	-
Bad debt expense	-	-	24,262
Equipment	-	-	37,999
New building	-	108,738	283,113
Indirect costs	-	-	250,831
Total functional expenses	<u>\$ 658</u>	<u>\$ 118,417</u>	<u>\$ 5,329,649</u>

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

SCHEDULE OF PROGRAM EXPENDITURES
WEST VIRGINIA BUREAU OF SENIOR CITIZENS

COUNCIL ON AGING, INC.

Schedule of Program Expenditures – West Virginia Bureau of Senior Citizens

For the Year Ended September 30, 2013

Program	Program Year	Expenditures	Revenues	Revenues	Revenues
Lighthouse	July 1, 2012 to June 30, 2013	\$ 131,310	\$ -	\$ 156,480	\$ 156,480
LIFE	July 1, 2012 to June 30, 2013	\$ 193,991	\$ -	\$ 185,009	\$ 185,009
Community Partner	July 1, 2012 to June 30, 2013	\$ 141,375	\$ -	\$ 141,375	\$ 141,375
FAIR	July 1, 2012 to June 30, 2013	\$ 46,375	\$ -	\$ 64,632	\$ 64,632
SHIP	April 1, 2012 to March 31, 2013	\$ 4,913	\$ -	\$ 4,000	\$ 4,000
Title III B	October 1, 2012 to September 30, 2013	\$ 83,263	\$ 40,351	\$ 27,542	\$ 67,893
Title III D	October 1, 2012 to September 30, 2015	\$ 2,339	\$ 1,893	\$ 334	\$ 2,227
Title III E	October 1, 2012 to September 30, 2017	\$ 18,605	\$ 11,390	\$ 3,964	\$ 15,354
Title III C-1	October 1, 2012 to September 30, 2019	\$ 26,516	\$ 7,462	\$ 19,350	\$ 26,812
Title III C-2	October 1, 2012 to September 30, 2021	\$ 216,281	\$ 91,165	\$ 54,403	\$ 145,568

BASIS OF PRESENTATION

The accompanying schedules of program expenses of the SHIP, Lighthouse, Fair, LIFE, IIIB, IIID, IIIE, C-1, AND C-2 programs includes the grant activity of the Council on Aging, Inc. that the West Virginia Bureau of Senior Citizens oversees, and is presented on the accrual basis of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

REPORT ON INTERNAL CONTROL AND ON COMPLIANCE

Teed & Associates, PLLC

Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants
Member, West Virginia Society of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants
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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
Council on Aging, Inc.
Itmann, West Virginia

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 the Council on Aging, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 30, 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 May 2, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council on Aging, 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 the Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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

To The Board of Directors
Council on Aging, Inc.
Itmann, West Virginia
Page 2

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 the Council on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Council on Aging, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tweed & Associates, PwC

Charleston, West Virginia
May 2, 2014