

**BROOKE COUNTY COMMITTEE ON AGING**

**FOLLANSBEE, WEST VIRGINIA**

**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**



**SEACHRIST, KENNON & MARLING, A.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**BROOKE COUNTY COMMITTEE ON AGING  
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SEPTEMBER 30, 2008**

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# **SEACHRIST, KENNON & MARLING, A.C.**

CERTIFIED PUBLIC ACCOUNTANTS \* BUSINESS CONSULTANTS

Craig K. Seachrist, CPA, CVA  
Diana L. Kennon, CPA, CVA  
Ronnie L. Marling, CPA, CFE  
James M. Riley, CPA  
Julie A. Kerns, CPA  
Chantelle S. Parrish, CPA

**Wheeling Office**  
21 Waddles Run Road  
Wheeling, WV 26003  
Telephone: (304) 233-0141  
Fax: (304) 233-1226  
E-mail: [cpa@skmcpa.com](mailto:cpa@skmcpa.com)

[www.skmcpa.com](http://www.skmcpa.com)

**Ohio Office**  
46210 Country Lake Drive  
St. Clairsville, OH 43950

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Brooke County Committee on Aging

We have audited the accompanying statement of financial position of Brooke County Committee on Aging (a nonprofit organization) as of September 30, 2008, and the related statements of activities and change in net assets, functional expenses and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Committee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

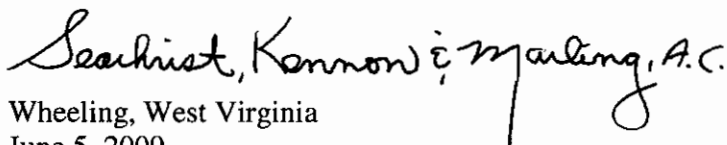
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

As more fully discussed in Note 2, it is the Committee's policy to expense fixed assets purchased with grant funds. This practice differs from accounting principles generally accepted in the United States of America, which require fixed assets to be capitalized on the statement of financial position and systematic depreciation charges made to operations over the estimated useful lives of the assets. It was not practicable to determine the effect of this departure from accounting principles generally accepted in the United States of America on the financial statements.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Brooke County Committee on Aging as of September 30, 2008, and the change in its net assets and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2009, on our consideration of Brooke County Committee on Aging'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of state awards shown on page 12 and the supplementary information shown on page 13 are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Brooke County Committee on Aging. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Seachrist, Kennon E. Mauling, A.C.

Wheeling, West Virginia  
June 5, 2009

**BROOKE COUNTY COMMITTEE ON AGING  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2008**

	<b>2008</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 171,038
Accounts receivable	63,601
Grants receivable - Note 9	23,778
Inventory	3,565
Funds held as fiscal agent	61,204
Other assets	3,184
Total current assets	326,370
Property and equipment:	
Vehicle	4,753
Less: accumulated depreciation	(158)
Property and equipment, net	4,595
Total assets	\$ 330,965
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable	\$ 48,075
Accrued payroll and payroll taxes	31,083
Accrued vacation	18,314
Funds held as fiscal agent - Note 4	61,204
Deferred revenue	56,190
Other liabilities	720
Total liabilities	215,586
Net assets:	
Unrestricted net assets	115,379
Total liabilities and net assets	\$ 330,965

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

**BROOKE COUNTY COMMITTEE ON AGING  
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<b>2008</b>
<b>Revenues and support:</b>	
Grant revenue:	
Federal	\$ 292,675
State	252,728
State supplements	24,882
USDA	39,631
Total grant revenue	609,916
LIFE match	188,660
Program service fees	341,078
Donated services and facilities - Note 2	73,860
Other grants	120,445
Local	78,237
Local match	16,521
Bus tours	35,997
Fundraising	16,078
Gain on sale of equipment	1,500
Other income	55,917
Total revenues and support	1,538,209
<b>Expenses:</b>	
Program services:	
Transportation	91,743
LIFE	131,890
Nutrition	431,253
In-Home	453,006
RSVP	157,440
Total program services	1,265,332
Management and general	287,474
Fundraising	7,826
Total expenses	1,560,632
Change in net assets	(22,423)
Net assets, beginning of year - Unrestricted	137,802
Net assets, end of year - Unrestricted	\$ 115,379

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

**BROOKE COUNTY COMMITTEE ON AGING  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	Program Services						Total Program Services	Management and General Expenses	Fundraising Expenses	Total Expenses
	Transportation	LIFE	Nutrition	In-Home	RSVP					
Personnel	\$ 49,793	\$ 55,179	\$ 136,287	\$ 322,818	\$ 64,802	\$ 628,879	\$ 50,120	\$ -	\$ 678,999	
Payroll taxes and benefits	18,669	5,206	27,286	69,105	5,958	126,224	10,609	-	136,833	
Travel	1,306	-	20,537	34,383	8,332	64,558	1,005	-	65,563	
Printing and supplies	2,857	35,542	2,789	4,840	6,837	52,865	50	-	52,915	
Communication and utilities	6,429	3,152	13,463	15,773	11,631	50,448	-	-	50,448	
Vehicles and equipment	-	-	-	-	-	-	48,090	-	48,090	
Raw food and disposables	-	-	13,730	-	-	13,730	-	-	13,730	
Contacted services	-	-	214,545	-	-	214,545	-	-	214,545	
Other	12,689	26,161	2,616	6,087	12,780	60,333	43,815	-	104,148	
Insurance	-	6,650	-	-	-	6,650	-	-	6,650	
Depreciation	-	-	-	-	-	-	158	-	158	
Fundraising	-	-	-	-	-	-	-	1,826	1,826	
Bus tours	-	-	-	-	-	-	36,356	-	36,356	
Greater Weirton Senior Center	-	-	-	-	-	-	70,511	6,000	76,511	
Donated services and facilities	-	-	-	-	47,100	47,100	26,760	-	73,860	
	<b>\$ 91,743</b>	<b>\$ 131,890</b>	<b>\$ 431,253</b>	<b>\$ 453,006</b>	<b>\$ 157,440</b>	<b>\$ 1,265,332</b>	<b>\$ 287,474</b>	<b>\$ 7,826</b>	<b>\$ 1,560,632</b>	

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

**BROOKE COUNTY COMMITTEE ON AGING  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<b>2008</b>
<b>Cash flows from operating activities:</b>	
Decrease in net assets	\$ (22,423)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	158
Changes in assets and liabilities:	
(Increase) in grants and accounts receivable	(497)
(Increase) in inventory	(3,565)
(Increase) in other assets	(3,184)
Increase in accounts payable and accrued liabilities	50,964
Increase in deferred revenue	40,190
Increase in other liabilities	36
Net cash provided by operating activities	61,679
<b>Cash flows from investing activities:</b>	
Purchase of fixed assets	(4,753)
Net cash (used) by investing activities	(4,753)
Net increase in cash and cash equivalents	56,926
<b>Cash and cash equivalents at beginning of year</b>	114,112
<b>Cash and cash equivalents at end of year</b>	\$ 171,038
Supplemental disclosure of cash flow information:	
Cash paid during the period for:	
Interest	\$ -
Income taxes	\$ -

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



**BROOKE COUNTY COMMITTEE ON AGING  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**Note 1 - Nature of Organization:**

The Brooke County Committee on Aging (a nonprofit organization) is funded primarily by grants awarded under Title III of the Older American's Act, as administered by the Northwestern Area Agency on Aging, the Retired Senior Volunteer Program Grant, and through third party reimbursements; specifically the State of West Virginia Medicaid and Waiver Programs. The Committee also receives various other federal, state, and local funding.

The Committee provides social, nutrition, in-home, and community services. The purpose of these programs is to assist in meeting the needs of older Americans.

**Note 2 - Summary of Significant Accounting Policies:**

Basis of presentation - The financial statements of Brooke County Committee on Aging (the Committee) have been prepared in conformity with accounting principles generally accepted in the United States of America, with the exception of the capitalization of certain fixed assets.

Basis of accounting - Brooke County Committee on Aging prepares its financial statements using the accrual basis of accounting.

Account classification - Revenue and expense information is maintained separately for each grant funded to Brooke County Committee on Aging as required by the various funding sources.

Financial statement presentation - Brooke County Committee on Aging presents its financial statements in accordance with Statements of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117 Brooke County Committee on Aging is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. For grants whose program restrictions were met during the year, based on satisfaction of grant requirements, revenues available to meet program expenses were classified as unrestricted net assets. The majority of the Committee's funding are grants and fees for service contracts. These funds are also classified as unrestricted. As of September 30, 2008, Brooke County Committee on Aging had no temporarily or permanently restricted net assets.

Cash and cash equivalents - For the purpose of the Statement of Cash Flows, Brooke County Committee on Aging considers all investments with an original maturity date of three months or less to be cash equivalents.

Inventory - Food inventory is recorded on a first-in first-out basis at cost.

**BROOKE COUNTY COMMITTEE ON AGING  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**Note 2 - Summary of Significant Accounting Policies (continued):**

Accounts receivable - Accounts receivable are considered to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Equipment and vehicles - In accordance with grant award budgets approved by the various funding sources, equipment and vehicles purchased with grant funds are charged to expense in the period in which they are purchased rather than being recorded as assets and depreciated over their estimated useful life. As a result, the expenses reflected in the statements of activities and changes in net assets include the cost of equipment and vehicles purchased during the year rather than a provision for depreciation for those assets acquired with grant funds.

The equipment acquired is owned by the Brooke County Committee on Aging while used in the program for which it was purchased or in other future authorized programs. For equipment purchased with federal Title III funds, however, the grantor maintains a reversionary interest; therefore, its disposition, as well as the ownership of any sale proceeds there from, is subject to funding source regulations.

Fixed assets - non-grant expenditures - Fixed assets greater than \$100 acquired with non-grant funds are capitalized at cost and depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows: 3 to 5 years for equipment and vehicles.

Income tax - The Committee is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

Donated services and facilities - For the fiscal year ended September 30, 2008, donated advertising services totaling \$43,860 have been recognized as revenue and expense in the statement of activities in accordance with SFAS No. 116. For the fiscal year ended September 30, 2008, the amount of in-kind contributions in the RSVP Program not recognized in the statement of activities because the criteria for recognition under SFAS No. 116 had not been satisfied amounted to \$26,439. These contributions were recorded for program reporting purposes only.

The Brooke County Committee on Aging's Follansbee Center is currently leased to the Brooke County Committee on Aging through an agreement with the Brooke County Commission. Lease costs are \$1.00 per year. The use of facilities qualifies as a contributed asset in accordance with SFAS No. 116 and accordingly, \$30,000 has been recognized as revenue and expense in the accompanying financial statements for the fair market value of the donated facilities for the fiscal year ended September 30, 2008.

**BROOKE COUNTY COMMITTEE ON AGING  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**Note 2 - Summary of Significant Accounting Policies (continued):**

Cost Allocation - The Committee allocates its program costs based upon direct costs by program to total program costs. All costs that can not be directly charged to a specific grant or contract are allocated based upon a percentage of direct salary costs per program to total direct salaries. Costs that cannot be directly charged or allocated to programs based on direct salaries are accumulated as management and general expenses.

Estimates - The preparation of financial statements in conformity with U.S. 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.

**Note 3 - Grant and Third Party Commitments and Contingencies:**

The Committee receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Committee's activities.

Additionally, under the terms of federal and state contracts and grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, will be immaterial.

**Note 4 - Fiscal Agent:**

Brooke County Committee on Aging acts as a fiscal agent for several state sponsored activities. These funds are segregated from normal operating cash accounts. The Committee earns administrative fees that it uses to offset program and administrative operating costs.

Balances remaining in the flow through accounts are as follows at September 30, 2008. These amounts have been included in the aggregate as "funds held as fiscal agent" in the liability section of the statement of financial position.

Elder Abuse Summit	\$ 43,287
Jackson Mills	3,566
Alzheimer's Grant	6,348
Veterans Affairs Van	<u>8,003</u>
	<u>\$ 61,204</u>

**BROOKE COUNTY COMMITTEE ON AGING  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**Note 5 - Line of Credit:**

Brooke County Committee on Aging has a \$25,000 line of credit secured by the Committee's accounts receivable, furniture, fixtures, equipment and inventory. The line of credit is available to be drawn upon as needed and is payable on demand. Interest is payable monthly. The interest rate on the line of credit was 8% at September 30, 2008. The Committee did not use the line of credit during fiscal year 2008.

**Note 6 - Deferred Revenue:**

The Brooke County Committee on Aging received \$16,000 for flood damage repairs from the Bureau of Senior Services. These repairs were not performed. As of September 30, 2008, it has not been determined if these funds will need to be repaid. This amount has been recorded as deferred revenue in the liability section of the statement of financial position.

**Note 7 - Concentration of Credit Risk:**

The Committee maintains cash accounts at several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Bank balances at September 30, 2008, above the \$100,000 FDIC amount were \$170,038. In management's opinion, the amounts in excess of FDIC limits do not pose a significant risk.

**Note 8 - Operating Lease:**

The Committee leases certain office equipment under a 60-month operating lease effective July 2004 through July 2009. Payments on this lease are \$277.92 per month. Current year expenses charged to operations and program expenses totaled \$3,335. Future minimum lease payments under this lease are \$2,501 for the fiscal year ending September 30, 2009.

**Note 9 - Grants Receivable:**

Grants receivable as of September 30, 2008 consisted of the following:

C-1 Federal	\$ 9,438
C-2 Federal	5,805
RSVP	8,535
	<u>\$ 23,778</u>

**Note 10 - Pass Through of Revenue:**

The Committee received approximately \$110,510 in Budget Digest Revenue from the West Virginia Bureau of Senior Services. Of this amount, \$70,511 was passed through to the Greater Weirton Senior Center.

**BROOKE COUNTY COMMITTEE ON AGING  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**Note 11 - Pension Benefits:**

Effective October 1, 2002, the Committee established a 403(b) Thrift Plan whereby all employees are eligible to make salary reduction contributions, but only those employees completing 1,000 hours of service who are 21 years of age or older with at least one year of service are eligible to participate in employer matching contributions. The employer matching contributions to the Plan are set at the lesser of (a) 75 percent of the employee's salary reduction contributions deferred during the plan year while satisfying the participation requirements for employer matching contributions, or (b) 6 percent of the employee's compensation received during the plan year while the employee satisfied the participation requirements for employer matching contributions. For the fiscal year ended September 30, 2008, total employer contributions were \$6,356.

**BROOKE COUNTY COMMITTEE ON AGING  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>State Grantor/Pass Through Agency Program Title</b>	<b>Grant or Award Number</b>	<b>Revenue Recognized</b>	<b>Expenditures</b>
<b>State of West Virginia</b>			
<b>West Virginia Bureau of Senior Services</b>			
Budget Digest	SC2821	\$ 7,500	\$ 7,500
	SC2580	30,000	30,000
	SC2817	40,510	40,510
	SC2784	10,000	10,000
	HC2816	30,000	30,000
		<u>118,010</u>	<u>118,010</u>
Passed through the Bel-O-Mar Regional Council:			
LIFE Program	02-08 / 02-09	188,660	188,660
State Nutrition Supplement	2827A / 2927A	24,882	24,882
Fuel Grant	2874	6,635	6,635
Alzheimer's Respite Care/FAIR	ALZ2805 / 02-34	30,303	30,303
Lighthouse Program	LH2805 / 02-32	123,594	123,594
Transportation Program	02-35	1,676	1,676
Title III-B	T3 B/D/E 02-08	21,394	21,394
Title III-C-1	2874	13,680	13,680
Title III-C-2	2874	16,735	16,735
Title III-D	T3 B/D/E 02-08	123	123
Title III-C-1 Nutrition Enhancement	2845A	15,664	15,664
Title III-C-2 Nutrition Enhancement	2845A	17,925	17,925
		<u>461,271</u>	<u>461,271</u>
<b>Total West Virginia Bureau of Senior Services</b>		<u>579,281</u>	<u>579,281</u>
<b>Total State of West Virginia</b>		<u>\$ 579,281</u>	<u>\$ 579,281</u>

**BROOKE COUNTY COMMITTEE ON AGING  
SCHEDULE OF REVENUES AND SUPPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<b>Transportation</b>	<b>LIFE</b>	<b>Nutrition</b>	<b>In-Home</b>	<b>RSVP</b>	<b>Other Funds</b>	<b>Total Revenues</b>
Grant revenue:							
Federal	\$ 33,549	\$ -	\$ 147,759	\$ 13,320	\$ 96,109	\$ 1,938	\$ 292,675
State	23,070	-	64,003	153,897	-	11,758	252,728
State supplements	-	-	24,882	-	-	-	24,882
USDA	-	-	39,631	-	-	-	39,631
LIFE match	-	121,199	53,226	-	-	14,235	188,660
Program service fees	6,918	-	68,386	265,774	-	-	341,078
Donated services and facilities	-	-	-	-	47,100	26,760	73,860
Other grants	-	-	-	-	-	120,445	120,445
Local	7,003	-	2,465	6,713	23,658	38,398	78,237
Local match	3,947	-	7,875	4,531	-	168	16,521
Bus tours	-	-	-	-	-	35,997	35,997
Fundraising	-	-	-	-	-	16,078	16,078
Gain on sale of equipment	-	-	-	-	-	1,500	1,500
Other income	-	-	-	-	571	55,346	55,917
	<u>\$ 74,487</u>	<u>\$ 121,199</u>	<u>\$ 408,227</u>	<u>\$ 444,235</u>	<u>\$ 167,438</u>	<u>\$ 322,623</u>	<u>\$ 1,538,209</u>

# **SEACHRIST, KENNON & MARLING, A.C.**

CERTIFIED PUBLIC ACCOUNTANTS \* BUSINESS CONSULTANTS

Craig K. Seachrist, CPA, CVA  
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**Wheeling Office**  
21 Waddles Run Road  
Wheeling, WV 26003  
Telephone: (304) 233-0141  
Fax: (304) 233-1226  
E-mail: cpa@skmcpa.com

[www.skmcpa.com](http://www.skmcpa.com)

**Ohio Office**  
46210 Country Lake Drive  
St. Clairsville, OH 43950

## **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 of  
Brooke County Committee on Aging

We have audited the financial statements of Brooke County Committee on Aging (a nonprofit organization) as of and for the fiscal year ended September 30, 2008 and have issued our report thereon dated June 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered Brooke County Committee on Aging's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Committee's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.



A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Committee's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Committee's financial statements that is more than inconsequential will not be prevented or detected by the Committee's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. See Findings 08-1 and 08-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Committee's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Findings 08-1 and 08-2 to be material weaknesses.

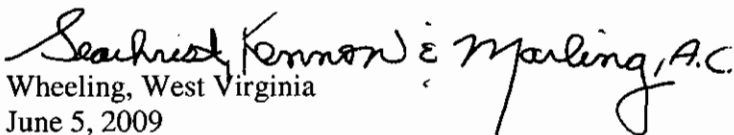
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brooke County Committee on Aging'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 statements 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.

Brooke County Committee on Aging's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Brooke County Committee on Aging's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to the management of Brooke County Committee on Aging in a separate letter dated June 5, 2009.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Wheeling, West Virginia  
June 5, 2009

**BROOKE COUNTY COMMITTEE ON AGING  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Finding 08-1 - Financial Statement Preparation:**

Condition: The Committee currently requires assistance from the auditors to prepare its financial statements, complete with required footnote disclosures, in conformity with U.S. generally accepted accounting principles (GAAP). Certain material adjustments were required to be made to the accounting records.

Criteria: Management is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial position, results of operations, cash flows and disclosures in the financial statements, in conformity with GAAP. The adjustment of all account balances to reflect appropriate year-end balances is a necessary step to ensure the financial statements are fairly presented.

Effect: A likelihood that is more than remote exists that the Committee may issue financial statements and related footnotes that contain a material misstatement that will not be prevented or detected by the organization's internal control.

Recommendation: We recommend that the Committee designate an employee with the required expertise to prepare, or oversee the preparation of, fairly presented financial statements, including required footnote disclosures, in conformity with GAAP.

Response: Management acknowledges that it does not have a CPA staff member to oversee or prepare financial statements and related footnotes, and due to the resources required, it would not be cost effective to hire someone for this purpose.

**Finding 08-2: Segregation of Duties:**

Condition: The small size of the Committee currently precludes certain internal controls that would be preferred to ensure optimum segregation of duties in the areas of payroll and cash receipts and disbursements.

Criteria: Effective internal control over financial reporting necessitates segregation of duties among unrelated employees of the Committee, or direct involvement of the Board of Directors or other supervisory committee, in order to minimize the risk of financial statement misstatements caused by error or fraud.

Effect: A likelihood that is more than remote exists that the Committee may issue financial statements and related footnotes that contain misstatements caused by error or fraud due to lack of segregation of duties.

**BROOKE COUNTY COMMITTEE ON AGING  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

Finding 08-2: Segregation of Duties - (continued):

Recommendation: For the area of payroll we recommend all payroll changes be approved by the Executive Director prior to being submitted to the third party payroll provider. For the area of cash receipts we recommend someone other than the Fiscal Officer perform daily cash register closing functions if the Fiscal Officer has operated the cash register that day. For the area of cash disbursements we recommend not using a signature stamp to sign checks.

Response: In order to have better internal control over fiscal operations, management agrees that segregation of duties is important. Management intends to implement policies and procedures to improve segregation of duties over fiscal operations.