

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2011

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC

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R. Thomas CPA & Associates

Rosalie E. Thomas, CPA

401 Maple Avenue
P.O. Box 655
Moorefield, WV 26836
Phone: (304) 530-2035
Fax: (304) 530-7367

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
ROMNEY, WEST VIRGINIA

We have audited the accompanying combined statement of financial position of Hampshire County Committee on Aging, Inc. (a nonprofit organization) as of September 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Committee on Aging'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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hampshire County Committee on Aging, Inc. as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012, on our consideration of Hampshire County Committee on Aging's internal control over financial reporting and on our tests of its compliance with 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Hampshire County Committee on Aging, Inc. taken as a whole. The accompanying schedule of revenues, schedule of findings and responses, and the schedules of grant activity are presented for the purposes of additional analysis and are not a required part of the financial statements of the Hampshire County Committee on Aging, Inc. Such information is the responsibility of management and was derived from and related 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.

R. THOMAS CPA & ASSOCIATES
R. Thomas CPA & Associates

June 18, 2012

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2011

ASSETS

| | |
|-----------------------------|--------------------------------|
| Current Assets | |
| Cash | \$ 81,163 |
| Accounts Receivable | 131,518 |
| Grants Receivable | 99,568 |
| Prepaid Expenses | 15,841 |
| Inventory | 5,630 |
| Total Current Assets | <u>\$ 333,720</u> |
| Property and Equipment | |
| Property and Equipment, Net | <u>\$ 1,098,535</u> |
| Total Property & Equipment | <u>\$ 1,098,535</u> |
| TOTAL ASSETS | <u><u>\$ 1,432,255</u></u> |

LIABILITIES & NET ASSETS

| | |
|--|-------------------|
| Current Liabilities | |
| Accounts Payable | \$ 18,472 |
| Accrued Payroll Expenses | 66,715 |
| Accrued Compensated Absences | 27,852 |
| Current Portion of LT Debt | 8,052 |
| Total Current Liabilities | <u>\$ 121,091</u> |
| Long-Term Liabilities | |
| Long-Term Debt, Net of Current Portion | \$ 345,471 |
| OPEB Plan Liabilities | \$ 210,841 |
| Total Long-Term Liabilities | <u>\$ 556,312</u> |
| TOTAL LIABILITIES | <u>\$ 677,403</u> |

NET ASSETS

| | |
|--------------------------------------|--------------------------------|
| Net Assets, Unrestricted | <u>\$ 754,852</u> |
| TOTAL NET ASSETS | <u>\$ 754,852</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 1,432,255</u></u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

UNRESTRICTED REVENUE & SUPPORT

| | | |
|----------------------|--|--------------|
| Grants | | |
| Federal | | \$ 50,041 |
| State | | 427,020 |
| Nutrition | | 112,701 |
| Program Service Fees | | 1,274,892 |
| Program Income | | 76,251 |
| Contributions | | 7,942 |
| Interest Income | | 720 |
| Other Income | | <u>3,503</u> |
| TOTAL SUPPORT | | \$ 1,953,070 |

UNRESTRICTED EXPENSES

| | | |
|------------------------|--|---------------------|
| Program Services | | \$ 1,671,470 |
| Management and General | | <u>381,331</u> |
| TOTAL EXPENSES | | <u>\$ 2,052,801</u> |

| | |
|--|--------------------------|
| DECREASE IN UNRESTRICTED NET ASSETS | \$ (99,731) |
| UNRESTRICTED NET ASSETS, BEGINNING OF YEAR | <u>854,583</u> |
| UNRESTRICTED NET ASSETS, END OF YEAR | <u><u>\$ 754,852</u></u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | PROGRAM | | SERVICES | | | | | LOCAL FUNDS | PROGRAM SERVICES TOTAL | MANAGEMENT AND GENERAL |
|--------------------------|------------------|-------------------|-----------------|------------------|---------------|-----------------|-------------------|---------------------|------------------------|------------------------|
| | III B | III C | III D | III E | ELDER ABUSE | SHIP | LJFF | | | |
| Personnel | \$ 38,436 | \$ 127,257 | | \$ 11,243 | | \$ 7,058 | \$ 65,091 | \$ 1,058,899 | \$ 1,307,984 | \$ 209,072 |
| Travel | 20,068 | 8,139 | | 1,819 | | 283 | | 150,825 | 181,134 | 4,898 |
| Printing/Supplies | | | | | | 114 | | | 114 | 3,796 |
| Communications/Utilities | | | | | | | | | | 42,310 |
| Office Expense | | | | | | | | | - | 10,001 |
| Professional Fees | | 2,050 | | | | | | | 2,050 | 10,624 |
| Raw Food | | 78,873 | | | | | | | 78,873 | |
| Maintenance | 2,703 | 13,675 | | | | 110 | | | 16,488 | 9,004 |
| Disposables | | 15,939 | | | | | | | 15,939 | |
| Interest | | | | | | | | | | 17,764 |
| Insurance | | | | | | | | | | 11,892 |
| Other | | 5,898 | \$ 1,525 | | \$ 363 | | | 61,102 | 68,888 | 12,730 |
| Depreciation Expense | | | | | | | | | | 49,240 |
| Program Services | \$ 61,207 | \$ 251,851 | \$ 1,525 | \$ 13,062 | \$ 363 | \$ 7,565 | \$ 65,091 | \$ 1,270,826 | \$ 1,671,470 | |
| Management & General | - | 65,508 | 0 | 0 | 0 | 0 | 66,474 | 249,349 | | \$ 381,331 |
| Total Functional Expense | <u>\$ 61,207</u> | <u>\$ 317,339</u> | <u>\$ 1,525</u> | <u>\$ 13,062</u> | <u>\$ 363</u> | <u>\$ 7,565</u> | <u>\$ 131,565</u> | <u>\$ 1,520,175</u> | <u>\$ 1,671,470</u> | <u>\$ 381,331</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Cash Flows From Operating Activities:

| | |
|--|-----------------------------|
| Decrease in net assets | \$ (99,731) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | |
| Depreciation | 49,240 |
| Gain on Insurance Proceeds | (3,503) |
| (Increase) decrease in operating assets | |
| Accounts Receivable | (14,839) |
| Grant Receivable | (49,425) |
| Inventory | 108 |
| Prepaid Expenses | 5,083 |
| Increase (decrease) in operating liabilities | |
| Accounts Payable | (8,248) |
| Accrued Annual Leave | 2,552 |
| Accrued Payroll/Travel | 5,557 |
| OPEB Liability | <u>85,351</u> |
| Net Cash Used In Operating Activities | \$ (27,855) |
| Cash Flows from Investing Activities | |
| Purchases of Property/Equipment | \$ (41,078) |
| Proceeds from Insurance - Wrecked Truck | <u>32,499</u> |
| Net Cash Used in Investing Activities | \$ (8,579) |
| Cash Flows from Financing Activities | |
| Payment of Long-Term Debt | <u>\$ (27,357)</u> |
| Net Cash Used In Financing Activities | \$ (27,357) |
| Net Decrease in Cash and Cash Equivalents | \$ (63,791) |
| Cash and Cash Equivalents, Beginning of Year | <u>144,954</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 81,163</u></u> |

Supplemental Disclosures of Cash Flows:

| | |
|----------------------|-----------|
| Interest Capitalized | - |
| Interest Expense | \$ 17,764 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**NOTES TO FINANCIAL STATEMENTS
HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SEPTEMBER 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Hampshire County Committee on Aging, Inc. is presented to assist in understanding the Agency's financial statements. The financial statements and notes are the representation of the management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Activities

The Hampshire County Committee on Aging, Inc. is a nonprofit organization formed to improve the quality of life for senior citizens in Hampshire County, WV. The Committee on Aging qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and, accordingly, is not subject to federal tax. The Agency is supported by various federal and state grant programs as well as program service fees for providing in-home care services funded through the WV Department of Health and Human Services.

B. Basis of Accounting

The accompanying financial statements are prepared on the accrual basis in conformity with generally accepted accounting principles, and accordingly reflect all significant receivables and payables and other liabilities.

C. Accounts Receivable

Accounts receivable consist mainly of amounts due from WV Department of Health & Human Resources, the Veterans Administration and private pay clients, for in-home care services provided to clients. No allowance for uncollectible accounts has been established. Uncollectible accounts are written off in the period management determines that collection is not probable. Management believes all receivables will be collected in full.

D. Property and Equipment

Equipment is recorded at cost and depreciated on the straight-line basis over their estimated useful life. Donations of property and equipment are recorded at their estimated fair value. The Agency capitalizes all expenditures for property, furniture, and equipment in excess of \$1,000. All equipment purchased with grant funds must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

E. Inventory

The inventory of raw food on hand at September 30, 2011 at the various nutrition sites has been recorded at cost, as determined by the last purchase price, on a first-in first-out basis (FIFO).

F. Revenue Recognition

Contributions and grants with donor imposed conditions are reported as revenue when qualifying expenses have been incurred or other conditions have been met. Contributions that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restrictions expire in the year that the contributions are recognized. There are no temporarily or permanently restricted net assets as of or for the year ended September 30, 2011.

G. Cash and Cash Equivalents

With regard to the statement of cash flows, Hampshire County Committee on Aging, Inc. considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SEPTEMBER 30, 2011

H. Basis of Presentation

The accompanying financial statements are presented in conformity with *FASB ASC 958, Not-for-Profit Entities*. Accordingly, the Agency reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

I. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The Committee on Aging has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets. Funds received by the Committee on Aging, consist mainly of grant monies awarded from federal and state government programs and program service fees. These funds are viewed as exchange transactions and not contributions.

J. Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

K. Advertising Costs

It is the policy of the Agency to expense advertising costs as incurred.

L. Fair Value of Financial Instruments

The following methods and assumptions were used by the Agency in estimating the fair value disclosures for financial instruments:

Cash and cash equivalents – The carrying amounts reported in the statements of assets, liabilities and net assets approximate fair value because of the short maturities of those instruments.

NOTE 2 – CASH DEPOSITS

Cash consists of interest and non-interest bearing checking accounts, savings accounts, and certificates of deposits on deposit in institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. All the carrying values are the same as market value. At year-end all deposits were fully insured by FDIC.

NOTE 3 – DONATED SERVICES

A number of volunteers have donated time and services to the Agency in carrying out its programs and activities. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

NOTE 4 – RETIREMENT PLAN

The Agency sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. Full-time employees are eligible to participate in the plan; employee contributions are voluntary and are made on a pretax basis. Currently, employer contributions are 9 ½% of the employee's earnings; the employer's share of retirement payments for the current year was \$33,390 and is included in personnel costs on the respective statement of functional expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SEPTEMBER 30, 2011

NOTE 5 – ACCOUNTS RECEIVABLE

The accounts receivable amounts consist of the following:

| | | |
|---------------|--|-------------------|
| General Funds | Outstanding Homemaker and Continuum Care Billing | \$ 120,672 |
| | Private Pay Clients/Vet. Admin. | <u>10,846</u> |
| | | <u>\$ 131,518</u> |

NOTE 6 – GRANT MONIES

Grant monies are received as follows:

1. On a cost reimbursement basis for monies already spent. This is used for the LIFE program grant.
2. On an as needed basis. The Agency requests monies that it will need in the immediate future. This method applied to Title III B, Title III D, Title III E and SHIP grants. Once a grant period has been completed, any unexpended money must be approved for carryover into the following year or reimbursed to the grantor.
3. Title III C monies are received on a meal reimbursement basis. The amount reimbursed for meals cannot exceed the total grant award. Any unexpended funds at the end of the year are restricted to future III C program expenditures.

Total government grant revenues for the year ended September 30, 2011, were \$589,762. Federal and state grant expenditures are subject to audit by the grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

The grants receivable amounts consist of the following:

| | |
|----------------------|------------------|
| Title IIIC/Nutrition | \$ 4,199 |
| LIFE Grant | 43,027 |
| In-Home Services | <u>52,342</u> |
| | <u>\$ 99,568</u> |

NOTE 7 – PROPERTY AND EQUIPMENT

The major classes of property are as follows:

| | Cost | Acc. Dep. 9/30/11 | Net | Method of Dep. |
|-------------------|---------------|----------------------|-------------|---------------------|
| Land | \$ 214,587 | | \$ 214,587 | |
| Building | 1,015,968 | \$ 240,598 | 775,370 | S/L 25– 40 years |
| Equipment | 486,839 | 378,261 | 108,578 | S/L – 5 to 10 years |
| Land Improvements | <u>42,889</u> | <u>42,889</u> | <u>-0-</u> | S/L – 5 to 10 years |
| | \$ 1,760,283 | \$ 661,748 | \$1,098,535 | |

Depreciation expense for the year ended September 30, 2011 was \$49,240.

NOTE 8 – PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS PLANS (OPEB)

Plan Description: The Agency contributes to the West Virginia Retiree Health Care Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit post employment healthcare plan

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SEPTEMBER 30, 2011

administered by the West Virginia Public Employees Insurance Agency (PEIA). The Trust provides medical benefits to retired employees. Article 16D, of the Statutes of the State of West Virginia assigns PEIA with the administration of the WV OPEB plan. PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report may be obtained by writing to Public Employees Insurance Agency, 1900 Kanawha Blvd., East, Charleston, WV 25305.

Funding Policy: WV Code 5-16D-6 requires PEIA to bill the entire annual required contribution (ARC) beginning July 1, 2007 to employers. PEIA is only required to collect the minimum annual employer payment (MAEP), which is only a component of the ARC. Employers are required to record OPEB expense equal to the billed ARC and reflect a liability in their financial statements for any unpaid portion of the ARC.

The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Agency's net OPEB obligations.

| | |
|--|-----------------|
| Annual required contributions | \$ 99,645 |
| Adjustments | <u>0</u> |
| Annual OPEB cost | \$ 99,645 |
| Contributions made | <u>(14,294)</u> |
| Increase in OPEB obligations | 85,351 |
| Net OPEB obligation, beginning of year | <u>125,490</u> |
| Net OPEB obligation, end of year | \$210,841 |

NOTE 10 – COMPENSATED ABSENCES

Amounts owed to employees for earned but unused vacation time are accrued as a liability in the statement of financial position. As of September 30, 2011 the Agency has \$27,852 in accrued compensated absences.

NOTE 11 – NOTES PAYABLE

Notes payable consists of a loan from the Bank of Romney with an original principal of \$380,879 due in monthly installments of \$2,105.94 which began in October 19, 2010, bearing on interest rate of 4.92%, and secured by deed of trust on 8.111 acres, more or less, and building and UCC on equipment and furnishings.

Future scheduled maturities:

| | |
|----------------------------|----------------|
| Years ending September 30: | |
| 2012 | \$8,052 |
| 2013 | 8,457 |
| 2014 | 8,883 |
| 2015 | 9,330 |
| 2016 | 9,799 |
| Thereafter | <u>309,002</u> |
| | \$353,523 |

NOTE 12 – SUPPORT CONCENTRATION

The Hampshire County Committee on Aging, Inc. receives a significant portion of its support from the West Virginia Department of Health and Human Services for providing services to the community under the Medicaid Waiver (Title XIX) and Community Care programs. Any significant reduction in the level of support received from these programs could have a material effect on the Committee on Aging's programs and activities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SEPTEMBER 30, 2011

NOTE 13 – CONTINGENCIES

The Agency receives grant funding from federal and state agencies. The grant programs are subject to audit by the granting authority and are conducted to ensure compliance with conditions of the grant award. Any potential adjustments, which may arise as a result of these audits, are believed to be immaterial.

The Agency is at risk of loss from various torts and suits and mitigates this risk by maintaining insurance with the West Virginia Board of Risk.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 18, 2012, the date on which the financial statements were available to be issued.

NOTE 15 – FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and activities, have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 16 – TOTAL COLUMNS

The accompanying financial statements reflect totals of all net assets and activities. The totals are shown for memorandum purposes only and do not reflect the elimination of interagency activities using principles of consolidation. Memorandum total columns are not required components of the financial statements and are presented for analytical purposes only.

R. Thomas CPA & Associates

Rosalie E. Thomas, CPA

401 Maple Avenue
P.O. Box 655
Moorefield, WV 26836
Phone: (304) 530-2035
Fax: (304) 530-7367

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

TO THE BOARD OF DIRECTORS
HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
ROMNEY, WEST VIRGINIA

We have audited the financial statements of Hampshire County Committee on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Hampshire County Committee on Aging, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Hampshire 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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. They are Finding 2011-01 and Finding 2011-02. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hampshire 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 grants, 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 that are required to be reported under *Government Auditing Standards*.

Hampshire 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 the Agency's response, and accordingly, we express no opinion on it.

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

RTHOMAS CPA & ASSOCIATES
R. Thomas CPA & Associates

June 18, 2012

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
 SCHEDULE OF REVENUES
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | <u>III B</u> | <u>III C</u> | <u>III D</u> | <u>III E</u> | <u>ELDER ABUSE</u> | <u>SHIP</u> | <u>IN-HOME SERVICES</u> | <u>LIFE</u> | <u>LOCAL</u> | <u>TOTAL ALL ACCOUNTS (MEMORANDUM ONLY)</u> |
|--|-------------------------|--------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------------------|---|
| GRANT REVENUES | | | | | | | | | | |
| Federal Grants | \$ 29,328 | | \$ 1,477 | \$ 9,388 | \$ 348 | \$ 9,500 | | | | \$ 50,041 |
| Nutrition Grants | | \$ 112,701 | | | | | | | | 112,701 |
| State Monies Through Area Agency on Aging | 19,139 | | | | | | \$ 190,624 | | | 209,763 |
| LIFE Grants | | 55,004 | | | | | | \$ 135,353 | | 190,357 |
| Other State Grants | | | | | | | | | \$ 26,900 | 26,900 |
| Total Grant Revenues | <u>\$ 48,467</u> | <u>\$ 167,705</u> | <u>\$ 1,477</u> | <u>\$ 9,388</u> | <u>\$ 348</u> | <u>\$ 9,500</u> | <u>\$ 190,624</u> | <u>\$ 135,353</u> | <u>\$ 26,900</u> | <u>\$ 589,762</u> |
| OTHER REVENUES | | | | | | | | | | |
| Program Income | \$ 7,027 | \$ 69,096 | | | | | | | \$ 128 | \$ 76,251 |
| Program Service Fees | | | | | | | | | 1,274,892 | 1,274,892 |
| Contributions | | | | | | | | | 7,942 | 7,942 |
| Interest | | | | | | | | | 720 | 720 |
| Misc./Other | | | | | | | | | 3,503 | 3,503 |
| Total Other Revenues | <u>\$ 7,027</u> | <u>\$ 69,096</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,287,185</u> | <u>\$ 1,363,308</u> |
| Total Revenues | <u><u>\$ 55,494</u></u> | <u><u>\$ 236,801</u></u> | <u><u>\$ 1,477</u></u> | <u><u>\$ 9,388</u></u> | <u><u>\$ 348</u></u> | <u><u>\$ 9,500</u></u> | <u><u>\$ 190,624</u></u> | <u><u>\$ 135,353</u></u> | <u><u>\$ 1,314,085</u></u> | <u><u>\$ 1,953,070</u></u> |

SEE INDEPENDENT AUDITOR'S REPORT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SCHEDULE OF REVENUES, SUPPORT AND EXPENSES - GRANT BASIS
FOR TITLE IIIB, IIID, and IIIE PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2011

REVENUES:

| | |
|--------------------|----------------------|
| Federal Grants | \$ 40,193 |
| State Grants | 19,139 |
| Program Income | 7,027 |
| Local Funds | <u>9,436</u> |
| Total Revenues | <u>\$ 75,795</u> |

EXPENSES:

| | |
|--------------------------------|----------------------------|
| Personnel | \$ 49,679 |
| Travel | 21,886 |
| Other | <u>4,230</u> |
| Total Expenses | <u>\$ 75,795</u> |
| Net Revenue (Expenses) | <u><u>\$ -</u></u> |

SEE INDEPENDENT AUDITOR'S REPORT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
 STATEMENT OF SUPPORT, REVENUES, AND EXPENSES - GRANT BASIS
 FOR TITLE IIIC PROGRAM
 FOR THE GRANT YEAR ENDED SEPTEMBER 30, 2011

| | <u>CONGREGATE</u> | <u>HOME DELIVERED</u> | <u>TOTAL</u> |
|-----------------------------|------------------------|---------------------------|------------------------|
| REVENUES: | | | |
| Nutrition Award | \$ 58,633 | \$ 54,069 | \$ 112,702 |
| Project Income | 43,887 | 25,208 | 69,095 |
| LIFE Funds | 25,001 | 30,003 | 55,004 |
| Local Funds | <u>50,175</u> | <u>30,363</u> | <u>80,538</u> |
| Total Revenues | <u>\$ 177,696</u> | <u>\$ 139,643</u> | <u>\$ 317,339</u> |
| EXPENSES: | | | |
| Personnel | \$ 83,481 | \$ 75,575 | \$ 159,056 |
| Raw Food | 46,418 | 32,455 | 78,873 |
| Disposables | 9,115 | 6,824 | 15,939 |
| Transportation | 1,026 | 7,113 | 8,139 |
| Other | <u>37,656</u> | <u>17,676</u> | <u>55,332</u> |
| Total Expenses | <u>\$ 177,696</u> | <u>\$ 139,643</u> | <u>\$ 317,339</u> |
| NET REVENUES (EXPENSES) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

SEE INDEPENDENT AUDITOR'S REPORT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
ELDER ABUSE
SCHEDULE OF REVENUE, SUPPORT AND EXPENSES - GRANT BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

REVENUES:

| | |
|----------------|---------------|
| Federal Grants | \$ 348 |
| Local Funds | <u>15</u> |
| Total Revenues | <u>\$ 363</u> |

EXPENSES:

| | |
|-------------------------|--------------------|
| Other | <u>\$ 363</u> |
| Total Expenses | <u>\$ 363</u> |
| Net Revenues (Expenses) | <u><u>\$ -</u></u> |

SEE INDEPENDENT AUDITOR'S REPORT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SHIP
SCHEDULE OF REVENUES, SUPPORT AND EXPENSES - GRANT BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

REVENUE:

| | |
|---------------------|----------|
| Federal Grant Funds | \$ 9,500 |
|---------------------|----------|

EXPENSES:

| | |
|-------------------|-----------------|
| Personnel | \$ 7,058 |
| Travel | 98 |
| Printing Supplies | 114 |
| Other | 294 |
| Total Expenses | <u>\$ 7,564</u> |

| | |
|-------------------------|-----------------|
| NET REVENUES (EXPENSES) | <u>\$ 1,936</u> |
|-------------------------|-----------------|

Grant period ended March 31, 2011.

Grant period ended March 31, 2012.

SEE INDEPENDENT AUDITOR'S REPORT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
DIRECT LIFE - FY 10/11
SCHEDULE OF REVENUES, SUPPORT AND EXPENSES - GRANT BASIS
FOR THE PERIOD JULY 1, 2010 TO JUNE 30, 2011

| | <u>ACTUAL</u> <u>7/1/2010</u> <u>TO</u> <u>9/30/2010</u> | <u>ACTUAL</u> <u>10/1/2010</u> <u>TO</u> <u>6/30/2011</u> | <u>TOTAL</u> <u>ACTUAL</u> |
|-------------------------|---|--|-------------------------------|
| REVENUE: | | | |
| State Funds | \$ 66,293 | \$ 76,468 | \$ 142,761 |
| Local | - | 1,610 | 1,610 |
| Total Revenues | <u>\$ 66,293</u> | <u>\$ 78,078</u> | <u>\$ 144,371</u> |
| EXPENSES: | | | |
| Personnel | \$ 61,127 | \$ 71,897 | \$ 133,024 |
| Other | 5,816 | 1,157 | 6,973 |
| Printing/Supplies | 994 | 3,380 | 4,374 |
| Total Expenses | <u>\$ 67,937</u> | <u>\$ 76,434</u> | <u>\$ 144,371</u> |
| | | | |
| NET REVENUES (EXPENSES) | <u>\$ (1,644)</u> | <u>\$ 1,644</u> | <u>\$ -</u> |

Grant period is July 01, 2010 to June 30, 2011.

SEE INDEPENDENT AUDITOR'S REPORT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
DIRECT LIFE - FY 11/12
SCHEDULE OF REVENUES, SUPPORT AND EXPENSES - GRANT BASIS
FOR THE PERIOD JULY 1, 2011 TO SEPTEMBER 30, 2011

REVENUE:

| | |
|----------------|------------------|
| State Funds | \$ 58,885 |
| Total Revenues | <u>\$ 58,885</u> |

EXPENSES:

| | |
|----------------|------------------|
| Personnel | \$ 52,330 |
| Other | 2,644 |
| Print/Supplies | <u>157</u> |
| Total Expenses | <u>\$ 55,131</u> |

| | |
|-------------------------|------------------------|
| NET REVENUES (EXPENSES) | <u><u>\$ 3,754</u></u> |
|-------------------------|------------------------|

Grant period is July 01, 2011 to June 30, 2012.

SEE INDEPENDENT AUDITOR'S REPORT.

HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
STATEMENT OF SUPPORT, REVENUES AND EXPENSES - GRANT BASIS
SPECIAL GRANTS - WEST VIRGINIA BUREAU OF SENIOR SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | GRANT #SC21185 | GRANT #SC21135 |
|--------------------------------|-------------------|-------------------|
| REVENUES: | | |
| State Grant Funds | \$ 5,900 | \$ 21,000 |
| EXPENSES: | | |
| Equipment & Operating Expenses | \$ 5,900 | \$ 21,000 |
| NET REVENUES (EXPENSES) | \$ - | \$ - |

SEE INDEPENDENT AUDITOR'S REPORT.

**HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SUMMARY OF FINDINGS & RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

2011-01 Segregation of Duties

Condition: We noted during our audit that the Hampshire County Committee on Aging, Inc. did not have a complete segregation of duties in the financial and accounting office.

Criteria: During our analysis of internal control, we noted that duties related to the custody of assets, authorization of transactions, accounting function, and the record keeping responsibility are not completely segregated.

Cause: The small size of the accounting staff precludes certain internal controls necessary to provide optimum segregation of duties.

Effect: Because of the failure to segregate duties, internal accounting control does not reduce to a relatively low level of risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Corrective Action: Responsibilities of accounting and financial duties should be distributed among office staff to the best degree possible to assure proper segregation of duties. However, we recognize the Agency is not large enough to obtain complete segregation of duties from a financial standpoint. Management will continue to strive for separation of duties as much as possible.

2011-02 Drafting of Financial Statements

Condition: Hampshire County Committee on Aging, Inc. does not prepare financial statements in accordance with generally accepted accounting principles. In order to satisfy GAAP, the year-end financial statements are required to include extensive notes and disclosures in the financial statements.

Criteria: Statement of Auditing Standard #112 defines a significant deficiency as a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles.

Cause: Small accounting staff and limited resources.

Effect: Unknown

Corrective Action: It is not cost efficient for the Hampshire County Committee on Aging, Inc. to prepare its own financial statements. The Agency has engaged external auditors to ensure that the year-end financial statements are in compliance with GAAP.

SEE INDEPENDENT AUDITORS' REPORT

**HAMPSHIRE COUNTY COMMITTEE ON AGING, INC.
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | | |
|-------------------------------------|---------|---------------------|
| SEGREGATION OF DUTIES: | 2010-01 | Repeated as 2011-01 |
| DRAFTING OF FINANCIAL STATEMENTS | 2010-02 | Repeated as 2011-02 |

SEE INDEPENDENT AUDITOR'S REPORT.