

**Raleigh County
Commission on Aging, Inc.**

**Independent Auditors' Report
and
Financial Statements**

September 30, 2008

Raleigh County Commission on Aging, Inc.

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Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report

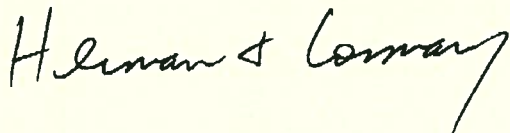
To the Board of Directors
Raleigh County Commission on Aging, Inc.
Beckley, West Virginia

We have audited the accompanying statement of financial position of Raleigh County Commission on Aging, Inc. (a nonprofit organization) as of September 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated July 23, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Raleigh County Commission on Aging, Inc. as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2009 on our consideration of Raleigh County Commission 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 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 important for assessing the results of our audit.



Charleston, WV
June 19, 2009

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Raleigh County Commission on Aging, Inc.

Statement of Financial Position

**September 30, 2008, with Comparative Totals
as of September 30, 2007**

	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$ 865,185	\$ 302,908
Grants and accounts receivable	361,296	376,167
Property and equipment	<u>2,570,028</u>	<u>2,903,846</u>
Total Assets	<u>\$3,796,509</u>	<u>\$3,582,921</u>
Liabilities and Net Assets		
Accounts payable	\$ 54,248	\$ 45,663
Accrued salaries and annual leave	109,660	70,517
Accrued taxes and withholdings	24,146	3,485
Notes payable	<u>948,649</u>	<u>977,183</u>
Total Liabilities	<u>1,136,703</u>	<u>1,096,848</u>
Net Assets		
Temporarily restricted	70,617	80,685
Unrestricted	<u>2,589,189</u>	<u>2,405,388</u>
Total Net Assets	<u>2,659,806</u>	<u>2,486,073</u>
Total Liabilities and Net Assets	<u>\$3,796,509</u>	<u>\$3,582,921</u>

See independent auditors' report and notes to financial statements.

Raleigh County Commission on Aging, Inc.

Statement of Activities

For the Year Ended September 30, 2008, with Comparative Totals for the
Year Ended September 30, 2007

	2008			2007 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues, Gains and Other Support				
Grants				
Appalachian Area Agency on Aging				
Title IIIB	\$ -0-	\$ 129,015	\$ 129,015	\$ 115,628
Title IIIC	-0-	266,657	266,657	321,330
Title IIID	-0-	9,201	9,201	9,392
Life	-0-	219,040	219,040	119,555
Title IIIE	-0-	50,586	50,586	67,248
Alzheimers' Respite	-0-	-0-	-0-	25,785
Elder Abuse	-0-	2,024	2,024	2,027
Emergency Food and Shelter Program	-0-	15,200	15,200	4,670
WV Bureau for Senior Services	-0-	679,196	679,196	299,084
USDA food reimbursements	61,705	-0-	61,705	51,817
Medicaid service revenues	1,324,431	-0-	1,324,431	1,271,731
Program services revenue	125,978	-0-	125,978	143,608
United Way allocation	8,082	-0-	8,082	8,218
Contributions and other income	188,022	-0-	188,022	58,235
Interest	5,849	-0-	5,849	2,714
Net assets released from restrictions:				
Satisfaction of grant and program activities	<u>1,380,987</u>	<u>(1,380,987)</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues, Gains, and Other Support	<u>\$3,095,054</u>	<u>\$ (10,068)</u>	<u>\$3,084,986</u>	<u>2,501,042</u>

See independent auditors' report and notes to financial statements.

Raleigh County Commission on Aging, Inc.

Statement of Activities (Continued)

**For the Year Ended September 30, 2008, with Comparative Totals for the
Year Ended September 30, 2007**

	<u>2008</u>			<u>2007</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Expenses and Losses				
Grants				
Appalachian Area Agency on Aging				
Title IIIB	\$ 129,015	\$ -0-	\$ 129,015	\$ 115,628
Title IIIC	266,657	-0-	266,657	321,330
Title IIID	10,107	-0-	10,107	9,249
Life	224,519	-0-	224,519	52,881
Title IIIE	54,269	-0-	54,269	51,459
Alzheimers' Respite	-0-	-0-	-0-	25,785
Elder Abuse	2,024	-0-	2,024	2,027
Emergency Food and Shelter Program	15,200	-0-	15,200	4,670
WV Bureau for Senior Services	679,196	-0-	679,196	220,005
Medicaid and other program expenses	<u>1,530,266</u>	<u>-0-</u>	<u>1,530,266</u>	<u>1,362,438</u>
Total Expenses and Losses	<u>2,911,253</u>	<u>-0-</u>	<u>2,911,253</u>	<u>2,165,472</u>
Change in Net Assets	183,801	(10,068)	173,733	335,570
Net Assets, Beginning of Year	<u>2,405,388</u>	<u>80,685</u>	<u>2,486,073</u>	<u>2,150,503</u>
Net Assets, End of Year	<u>\$2,589,189</u>	<u>\$ 70,617</u>	<u>\$2,659,806</u>	<u>\$2,486,073</u>

See independent auditors' report and notes to financial statements.

Raleigh County Commission on Aging, Inc.

Statement of Cash Flows

**For the Year Ended September 30, 2008, with Comparative Totals
for the Year Ended September 30, 2007**

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 173,733	\$ 335,570
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	118,655	103,074
Loss on disposal of building	189,462	-0-
Decrease (increase) in grants and accounts receivable	14,871	(164,753)
Increase in accounts payable	8,585	26,187
Increase in accrued salaries and annual leave	39,143	17,888
Increase (decrease) in accrued taxes and withholdings	<u>20,661</u>	<u>(2,314)</u>
Net Cash Provided By Operating Activities	<u>565,110</u>	<u>315,652</u>
Cash Flows From Investing Activities		
Proceeds from sale of building	155,001	-0-
Additions to building and equipment purchases	<u>(129,300)</u>	<u>(440,697)</u>
Net Cash Provided By (Used In) Investing Activities	<u>25,701</u>	<u>(440,697)</u>
Cash Flows From Financing Activities		
Payments on long-term debt	<u>(28,534)</u>	<u>(27,029)</u>
Net Cash Used in Financing Activities	<u>(28,534)</u>	<u>(27,029)</u>
Net Increase (Decrease) in Cash	562,277	(152,074)
Cash, Beginning of Year	<u>302,908</u>	<u>454,982</u>
Cash, End of Year	<u>\$ 865,185</u>	<u>\$ 302,908</u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	<u>\$ 57,366</u>	<u>\$ 58,845</u>

See independent auditors' report and notes to financial statements.

Raleigh County Commission on Aging, Inc.

Notes to Financial Statements

September 30, 2008, with Comparative Totals
as of September 30, 2007

Note A - Summary of Significant Accounting Policies

Organization - The Raleigh County Commission on Aging, Inc. was created by an act of the Raleigh County Commission on October 1, 1980. The organization was formed to provide a governing and managing body for a senior citizens program in Raleigh County, West Virginia, and to set up the necessary organizations, committees, and functions to further all possible interest and participation in benefits and programs for the senior population in Raleigh County. Funding for the Organization consists of Medicaid revenues received for services performed and federal and state grant programs which are utilized to enhance the mission of the Organization.

Basis of Accounting - The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consists principally of demand deposits with high credit quality financial institutions. At times, the balances with such institutions may exceed amounts covered by FDIC insurance.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Support - The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

Comparative Totals - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2007, from which the summarized information was derived.

Raleigh County Commission on Aging, Inc.

Notes to Financial Statements (Continued)

**September 30, 2008, with Comparative Totals
as of September 30, 2007**

Note A - Summary of Significant Accounting Policies (Continued)

Basis of Presentation – Financial statement presentation follows the recommendations of 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, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Grants and Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts by netting the uncollectible amounts against amounts billed. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to reduce the balance in accounts receivable when management determines the receivable will not be collected.

Property and Equipment – Property and equipment items are recorded at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended September 30, 2008 and 2007 was \$118,655 and \$103,074, respectively. The classification of these capitalized items are classified in the accompanying financial statements as follows:

	<u>2008</u>	<u>2007</u>
Buildings and improvements	\$2,559,221	\$2,987,491
Office furniture and equipment	185,124	175,765
Kitchen equipment	31,198	26,116
Vehicles	<u>304,468</u>	<u>304,469</u>
	3,080,011	3,493,841
Less accumulated depreciation	<u>604,983</u>	<u>684,995</u>
	2,475,028	2,808,846
Land	<u>95,000</u>	<u>95,000</u>
	<u>\$2,570,028</u>	<u>\$2,903,846</u>

Reclassifications – Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Raleigh County Commission on Aging, Inc.

Notes to Financial Statements (Continued)

**September 30, 2008, with Comparative Totals
as of September 30, 2007**

Note B – Tax Deferred Annuity Plan

The Organization has a defined contribution retirement plan for its employees which is authorized under Internal Revenue Code Section 403(b). Employees are eligible to participate once they are 18 years old and have been employed for six months. The Organization makes contributions to the plan at an amount equal to 8% of the contributions made by each eligible employee. The Organization's expense related to this plan for the years ended September 30, 2008 and 2007 was \$2,589 and \$1,504, respectively.

Note C – Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2008 and 2007 are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Grant programs		
Title IIID	\$ 5,477	\$ 6,383
Life	65,140	70,619
Title IIIE	-0-	3,683
	<u>\$70,617</u>	<u>\$80,685</u>

Note D – Net Assets Released From Restrictions

Net assets were released from grant restrictions by incurring expenses satisfying the restricted purpose for the years ended September 30, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Purpose restriction accomplished		
Grants		
Title IIIB	\$ 129,015	\$115,628
Title IIIC	266,657	321,330
Title IIID	10,107	10,651
Life	224,519	80,561
Title IIIE	54,269	63,565
WV Bureau for Senior Services	679,196	299,084
Emergency Food and Shelter Program	15,200	4,670
Alzheimers' Respite	-0-	25,785
Elder Abuse	2,024	2,027
	<u>\$1,380,987</u>	<u>\$923,301</u>

Raleigh County Commission on Aging, Inc.

Notes to Financial Statements (Continued)

**September 30, 2008, with Comparative Totals
as of September 30, 2007**

Note E – Program and Other Expenditures

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General operating expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Expenditures for the year ended September 30, 2008, with comparative totals as of September 30, 2007, were as follows:

	Medicaid Programs	Grants and Other Programs	Total	2007 Total
Salaries	\$ 905,832	\$ 690,591	\$1,596,423	\$1,209,937
Payroll taxes	104,941	83,267	188,208	146,308
Employee benefits	21,509	51,865	73,374	45,466
Medical supplies	4,307	1,018	5,325	4,037
Training and travel	2,666	10,131	12,797	26,579
Telephone and utilities	11,976	38,572	50,548	59,586
Equipment rental and maintenance	4,072	10,623	14,695	46,755
Vehicle expense	32,726	49,813	82,539	19,651
Professional fees	5,576	21,271	26,847	19,242
Office expenses	8,231	18,109	26,340	19,124
Building maintenance	4,500	13,675	18,175	20,693
Insurance	9,834	31,295	41,129	48,967
Food	-0-	312,683	312,683	262,645
Disposables	-0-	26,359	26,359	23,830
Depreciation	-0-	118,655	118,655	103,074
Interest	-0-	57,366	57,366	58,845
Advertising and other	39,957	30,371	70,328	50,733
Loss on disposal of building	-0-	189,462	189,462	-0-
	<u>\$1,156,127</u>	<u>\$1,755,126</u>	<u>\$2,911,253</u>	<u>\$2,165,472</u>

Note F – Concentration of Funds

The Organization receives a significant portion of its revenues from governmental services and federal grant programs. A material reduction in the level of support would have a significant impact on the Organization's programs and activities, and its ability to continue as a going concern.

Raleigh County Commission on Aging, Inc.

Notes to Financial Statements (Continued)

**September 30, 2008, with Comparative Totals
as of September 30, 2007**

Note G – Note Payable

The Organization's obligation under notes payable at September 30, 2008, with comparative totals as of September 30, 2007 consists of the following:

	<u>2008</u>	<u>2007</u>
Note payable to a bank, bearing interest at 5.85% and due in monthly installments of \$7,156, including interest, through October 2, 2011, when balance of the note is due; secured by a Deed of Trust on the land and buildings.	<u>\$948,649</u>	<u>\$977,183</u>

The future scheduled maturities of long-term debt are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2009	\$ 31,163
2010	33,036
2011	35,021
2012	849,429
2013	-0-
Thereafter	-0-
	<u>\$948,649</u>

Note H – Advertising

The Organization uses advertising to promote its programs for the clients it serves. During the years ended September 30, 2008 and 2007, advertising expense was \$15,905 and \$7,075, respectively.

Supplementary Information

Herman & Cormany

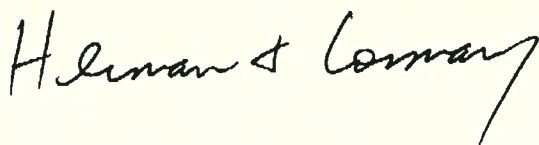
Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report on Supplementary Information

To the Board of Directors
Raleigh County Commission on Aging, Inc.
Beckley, West Virginia

Our report on our audit of the basic financial statements of Raleigh County Commission on Aging, Inc. for the year ended September 30, 2008 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.



Charleston, West Virginia
June 19, 2009

Raleigh County Commission on Aging, Inc.
Schedule of Support and Expenditures by Program
For the Year Ended September 30, 2008

	<u>Total</u>	<u>Medicaid and Home Services</u>	<u>Title IIIB</u>	<u>Life and Title IIIC</u>
Total Funding and Revenues	<u>\$3,084,986</u>	<u>\$1,356,782</u>	<u>\$166,426</u>	<u>\$677,663</u>
Expenditures				
Salaries	1,596,423	905,832	70,733	175,238
Payroll taxes	188,208	104,941	8,481	20,038
Employee benefits	73,374	21,509	11,360	26,587
Medical supplies	5,325	4,307	-0-	-0-
Training and travel	12,797	2,666	1,030	1,714
Telephone and utilities	50,548	11,976	11,924	22,054
Equipment rental and maintenance	14,695	4,072	2,687	6,680
Vehicle expense	82,539	32,726	24,705	13,364
Professional and accounting fees	26,847	5,576	4,550	8,967
Office expenses	26,340	8,231	4,984	10,047
Building maintenance	18,175	4,500	4,059	7,994
Insurance	41,129	9,834	9,386	18,496
Food	312,683	-0-	-0-	311,969
Disposables	26,359	-0-	-0-	26,109
Depreciation	118,655	-0-	-0-	-0-
Interest	57,366	-0-	-0-	-0-
Advertising and other	70,328	39,957	2,110	7,383
Total Expenditures	<u>2,721,791</u>	<u>1,156,127</u>	<u>156,009</u>	<u>656,640</u>
Purchase of Land and Equipment	129,300	2,504	674	9,686
Loss on Disposal of Building	<u>189,462</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures and Purchase of Equipment	<u>\$3,040,553</u>	<u>\$1,158,631</u>	<u>\$156,683</u>	<u>\$666,326</u>

NOTE: The Medicaid program supports the other grants and programs that have a deficit for the year.

See independent auditors' report on supplementary information.

<u>Title IIID</u>	<u>Alzheimers' Grant and Title IIIE</u>	<u>Other Programs And Administrative</u>	<u>WV Bureau for Senior Services</u>
<u>\$11,486</u>	<u>\$67,398</u>	<u>\$124,309</u>	<u>\$680,922</u>
-0-	66,543	63,256	314,821
454	7,559	11,500	35,235
-0-	2,999	1,226	9,693
1,018	-0-	-0-	-0-
29	185	555	6,618
453	2,873	1,001	267
177	908	171	-0-
2	15	5,395	6,332
6,285	-0-	295	1,174
203	1,748	322	805
165	1,197	260	-0-
382	2,422	609	-0-
-0-	-0-	714	-0-
-0-	-0-	250	-0-
-0-	-0-	-0-	118,655
-0-	-0-	-0-	57,366
<u>939</u>	<u>6,679</u>	<u>2,255</u>	<u>11,005</u>
10,107	93,128	87,809	561,971
30	1,222	1,600	113,584
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>189,462</u>
<u>\$10,137</u>	<u>\$94,350</u>	<u>\$89,409</u>	<u>\$865,017</u>

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

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
Raleigh County Commission on Aging, Inc.
Charleston, West Virginia

We have audited the financial statements of Raleigh County Commission on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2008, and have issued our report thereon dated June 19, 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 Raleigh County Commission on Aging, Inc.'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 Organization's internal control over financial reporting.

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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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

To the Board of Directors
Raleigh County Commission on Aging, Inc.
Page two

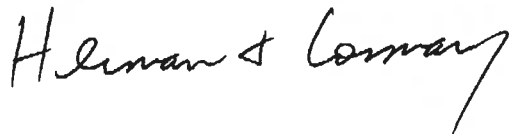
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Raleigh County Commission on Aging, Inc. in a separate letter dated June 19, 2009.

This report is intended solely for the information and use of the board of directors, management, and various federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Charleston, West Virginia
June 19, 2009