

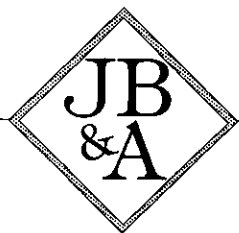
**MCDOWELL COUNTY COMMISSION ON AGING, INC.**

**INDEPENDENT AUDITORS' REPORT AND  
RELATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

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# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
McDowell County Commission on Aging, Inc.  
Welch, West Virginia

We have audited the accompanying statements of financial position of McDowell County Commission on Aging, Inc. (a nonprofit organization) as of September 30, 2010, and the related statements of activities, functional expenses, 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 audits.

We conducted our audits 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 audits 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 audits provide 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 McDowell County Commission on Aging, Inc. as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2011, on our consideration of McDowell County Commission on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Buckhannon, West Virginia  
June 29, 2011

**MCDOWELL COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2010**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 24,930
Accounts receivable, net	104,841
Grants receivable	65,049
Prepaid expenses	<u>11,296</u>

Total current assets 206,116

**Property and equipment, net** 272,257

**TOTAL ASSETS** \$ 478,373

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Note payable	\$ 34,755
Accounts payable	9,836
Accrued compensation	49,609
Prepaid payroll taxes	<u>3,912</u>

Total current liabilities 98,112

**Net Assets**

Unrestricted 380,261

Temporarily restricted           

Total net assets 380,261

**TOTAL LIABILITIES AND NET ASSETS** \$ 478,373

The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2010**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 323,805	\$	\$ 323,805
State grant allocations	482,532		482,532
Donations	36,346		36,346
Medicaid fees	924,545		924,545
Project income	53,586		53,586
Interest income	66		66
Other	21,876		21,876
Net assets released from restrictions:			
Restrictions released with time			
Total Revenue and Support	1,842,756		1,842,756
<b>EXPENSES</b>			
Program Services			
Title III-B	78,770		78,770
Title III-D	5,989		5,989
Title III-C - congregate	121,922		121,922
Title III-C - home delivered	198,401		198,401
Title III-E	57,289		57,289
Insurance benefits	4,671		4,671
LIFE	92,693		92,693
Personal Care	1,178,816		1,178,816
Management & general	106,494		106,494
Total Expenses	1,845,045		1,845,045
Change in Net Assets	(2,289)		(2,289)
<b>NET ASSETS AT BEGINNING, RESTATED</b>	382,550		382,550
<b>NET ASSETS AT END OF YEAR</b>	\$ 380,261	\$	\$ 380,261

The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Title III-C					LIFE	Personal Care	Management and General	Totals (Memorandum Only)
	Title III-B	Title III-D	Congregate	Home Delivered	Title III-E				
Salaries and wages	\$ 37,069	\$ 261	\$ 55,008	\$ 108,360	\$ 40,582	\$ 2,226	\$ 894,617	\$ 14,605	\$ 1,192,384
Fringe benefits	4,781	37	6,885	13,772	5,105	195	117,680	1,655	155,263
Travel				19			37,405		37,424
Printing and supplies	1,617		1,297	1,561		1,250	6,832	219	33,510
Repairs and maintenance	5,304		2,584	2,935			1,187	597	26,174
Communications and utilities	2,269		12,850	11,280			4,593	486	31,478
Other		5,691	6,926	9,385	11,602	1,000	60,317	28,497	123,418
Rawfood			27,017	40,176					67,193
Disposables	89		4,335	5,678			4,041	29	14,172
Transportation/Trip	15,310						8,153	1,450	24,913
Professional services	370		370	370			2,420	170	17,283
Insurance	11,961		4,650	4,865			41,571		63,047
Depreciation								56,987	56,987
Interest								1,799	1,799
	<u>\$ 78,770</u>	<u>\$ 5,989</u>	<u>\$ 121,922</u>	<u>\$ 198,401</u>	<u>\$ 57,289</u>	<u>\$ 4,671</u>	<u>\$ 1,178,816</u>	<u>\$ 106,494</u>	<u>\$ 1,845,045</u>

The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 32,466
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	56,987
(Increase) decrease in operating assets:	
Accounts and grants receivable	(3,299)
Prepaid expenses	(11,296)
Increase (decrease) in operating liabilities:	
Accounts payable	(63,548)
Accrued wages and taxes payable	3,713
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>15,023</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Property and equipment	<u>(36,370)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(36,370)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from short-term borrowing	50,000
Payment of short-term debt	<u>(15,244)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>34,756</u>

Decrease in cash and cash equivalents	(21,347)
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<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>46,277</u>
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<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 24,930</u></u>
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The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

The McDowell County Commission on Aging, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in McDowell County, West Virginia. The purpose of the Organization is to study the needs of the seniors, to encourage, promote and aid in the establishment of programs for the seniors, to conduct programs of public education in the problems of aging, to utilize opportunities to establish demonstration programs, and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the McDowell County Commission on Aging, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity.

**Basis of Accounting**

The financial statements of McDowell County Commission on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payable and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. 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.

**Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Allowance for Doubtful Accounts**

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

**Inventories**

Inventories of raw food, materials and supplies are deemed immaterial and are accordingly expensed as purchased.

The accompanying independent auditors' report is an integral part of these notes.



**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 1,000 capitalization policy whereby all property and equipment over \$ 1,000 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

**Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

**Federal Grants**

Grants Monies are received on a reimbursement basis; this is utilized for Title III-B, Title III-D, Title III-E, and Title VII grants. Upon completion of a grant year, any unexpended grants have to be approved for carryover to the next grant year.

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any expended monies are restricted for future Title III-C program operating expenses.

Total federal and state grant revenues for the year ended September 30, 2010, was \$ 806,337.

The accompanying independent auditors' report is an integral part of these notes.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that effect 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.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

**Note 2. Grants Receivable**

Grants receivable at September 30, 2010, consisted of the following:

IIIB		\$ 11,016
IIID		4,344
Nutrition		9,491
LIFE		19,272
Lighthouse		19,932
FAIR		994
		-----
Total		\$ 65,049
		=====

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30, 2010:

Land and building		\$ 230,764
Vehicles		296,670
		-----
		527,434
Less accumulated depreciation		255,177
		-----
Total		\$ 272,257
		=====

The accompanying independent auditors' report is an integral part of these notes.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 4. Notes Payable**

The Commission has a \$ 34,755 note payable with Pioneer Community Bank. The interest rate is 6% and the note is secured by real estate.

**Note 5. Concentration**

The Organization receives about 43 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 49 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

**Note 6. Contingent Liabilities**

In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Note 7. Net Assets**

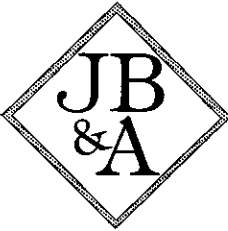
There are no restrictions on net assets at September 30, 2010.

**Note 8. Subsequent Events**

Management has evaluated subsequent events through June 29, 2011, the date which the financial statements were available to be issued.

The accompanying independent auditors' report is an integral part of these notes.

## **SUPPLEMENTAL INFORMATION**



# JOHN BURDETTE & ASSOCIATES

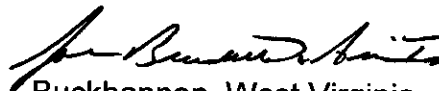
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors  
McDowell County Commission on Aging, Inc.  
Welch, West Virginia

Our report on our audit of the basic financial statements of the McDowell County Commission on Aging, Inc. for the year ended September 30, 2010 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States for the purpose of forming an opinion of the basic financial statements taken as a whole. The schedule of revenues is presented for the purpose 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.

  
Buckhannon, West Virginia  
June 29, 2011

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF REVENUES AND SUPPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

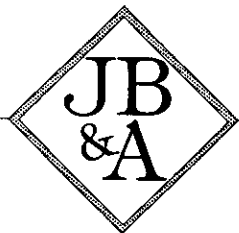
	Title III-B	Title III-D	Title III-C		Ins Bene	Personal Care	Other Programs	LIFE	Totals (Memorandum Only)
			Congregate	Home Delivered					
Federal financial assistance	\$ 44,857	\$ 5,069	\$ 66,729	\$ 165,019	\$ 6,000	\$	\$	\$	\$ 323,805
State grant allocations	32,330	894						190,749	230,128
State grant Fair						15,169			15,169
State grant Lighthouse						177,431			177,431
State grant Budget Digest	14,804						45,000		45,000
State grant transportation	36,346								14,804
Donations									47,948
Contractual revenues						924,545			924,545
Project income	7,689					4,721			40,782
Interest income									66
Other Income							73,078		73,078
<b>Total</b>	<b>\$ 136,026</b>	<b>\$ 5,963</b>	<b>\$ 83,371</b>	<b>\$ 176,749</b>	<b>\$ 6,000</b>	<b>\$ 1,121,866</b>	<b>\$ 118,144</b>	<b>\$ 190,749</b>	<b>\$ 1,892,756</b>

The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Community Partnership Grants		SC21055	<u>\$    45,000</u>
Total Direct Programs			<u>45,000</u>
Pass through Awards			
Upper Potomac Area Agency on Aging			
IIIE State	June 30, 2010	21038	6,155
IIIB State	June 30, 2010	21038	32,330
IIID	June 30, 2010	21038	894
LIFE	June 30, 2010	21004	163,970
LIFE	June 30, 2011	21104	26,779
Lighthouse	June 30, 2010	21005	124,895
Lighthouse	June 30, 2011	21105	52,536
FAIR	June 30, 2010	21005	11,910
FAIR	June 30, 2011	21105	3,259
Transportation	June 30, 2011	21005	<u>14,804</u>
Total pass-through awards			<u>437,532</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u><u>\$    482,532</u></u>

The independent auditors' report on supplemental information is an integral part of this schedule.



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
McDowell County Commission on Aging, Inc.  
Welch, West Virginia

We have audited the financial statements of McDowell County Commission on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated June 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United State 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 McDowell 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 McDowell County Commission on Aging, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designated 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.



## **Compliance and Other Matters**

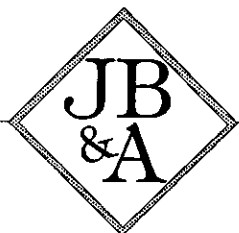
As part of obtaining reasonable assurance about whether McDowell County Commission on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could 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 other matters that we reported to management of McDowell County Commission on Aging, Inc. in a separate letter dated June 29, 2011.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-thru entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "John R. Smith", is positioned above the typed text.

Buckhannon, West Virginia  
June 29, 2011



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## MANAGEMENT LETTER

To the Senior Management and  
The Board of Directors of  
McDowell County Commission on Aging, Inc.  
Welch, West Virginia

In planning and performing our audit of the financial statements of McDowell County Commission on Aging, Inc. for the year ended September 30, 2010, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 29, 2011, on the financial statements of McDowell County Commission on Aging, Inc.

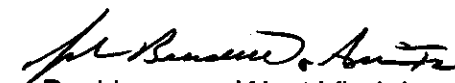
We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### **Segregation of Duties**

We noted that two employees are responsible for the accounting and financial duties. As a result, many aspects of the internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in McDowell County Commission on Aging, Inc. We recognize that the Organization is not large enough to make the employment of additional people for the purpose of segregating duties practicable from a financial standpoint, but we are required, under our professional responsibilities to describe the situation.

We wish to thank the Director and her staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

  
Buckhannon, West Virginia

June 29, 2011