

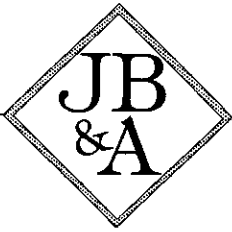
**SUMMERS COUNTY COUNCIL ON AGING, INC.**

**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  
Summers County Council on Aging, Inc.  
Hinton, West Virginia

We have audited the accompanying statements of financial position of Summers County Council 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 Summers County Council 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 30, 2011, on our consideration of Summers County Council 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 30, 2011

**SUMMERS COUNTY COUNCIL ON AGING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2010**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 598,621
Accounts receivable, net	76,500
Grants receivable	37,347
Prepaid Expenses	<u>6,403</u>

Total current assets 718,871

**Property and Equipment, net** 928,406

**TOTAL ASSETS** \$ 1,647,277

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 4,079
Accrued wages payable	53,636
Accrued payroll taxes	<u>4,896</u>

Total current liabilities 62,611

**Net Assets**

Unrestricted 1,584,666

Temporarily restricted                     

Total net assets 1,584,666

**TOTAL LIABILITIES AND NET ASSETS** \$ 1,647,277

The accompanying notes are an integral part of this statement.

**SUMMERS COUNTY COUNCIL ON AGING, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 199,167	\$	\$ 199,167
State grant allocations	391,104		391,104
Donations	2,034		2,034
Medicaid	246,400		246,400
Waiver	504,769		504,769
Project income	49,871		49,871
Interest income	18,709		18,709
Bingo/Raffle	47,439		47,439
Other	11,068		11,068
Net assets released from restrictions: Restrictions released with time	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenue and Support	<u>1,470,561</u>	<u>                    </u>	<u>1,470,561</u>
<b>EXPENSES</b>			
Program Services			
Title III-B	116,918		116,918
Title III-D	2,148		2,148
Title III-E	21,587		21,587
Title III-C - congregate	105,247		105,247
Title III-C - home delivered	170,715		170,715
LIFE	130,168		130,168
Medicaid/waiver	990,856		990,856
Fair	34,258		34,258
Lighthouse	63,376		63,376
LIEAP	1,907		1,907
Bingo/raffle	20,836		20,836
Management and general	86,934		86,934
Total Expenses	<u>1,744,950</u>	<u>                    </u>	<u>1,744,950</u>
Change in Net Assets	(274,389)		(274,389)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,859,055</u>	<u>                    </u>	<u>1,859,055</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,584,666</u>	<u>\$</u>	<u>\$ 1,584,666</u>

The accompanying notes are an integral part of this statement.

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

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE	Medicaid Waiver
				Congregate	Home Delivered		
Salaries and wages	\$ 58,336	\$	\$ 19,240	\$ 61,421	\$ 103,340	\$ 74,502	780,901
Fringe benefits	20,616		1,623	17,988	28,603	25,825	151,429
Travel	2,124		724	84	131	2,660	13,845
Printing and supplies	1,690			959	1,415	8,498	7,740
Fuel, repairs and maintenance	28,256			612	946	8,083	3,152
Communications and utilities	2,682			2,181	3,430	3,740	12,897
Insurance	2,700			2,209	3,436	3,190	13,007
Professional services						3,600	
Rawfood				14,473	21,709		
Disposables				4,704	7,043		
Depreciation							
Other	514	2,148		616	662	70	7,885
<b>Total Functional Expenses</b>	<b>\$ 116,918</b>	<b>\$ 2,148</b>	<b>\$ 21,587</b>	<b>\$ 105,247</b>	<b>\$ 170,715</b>	<b>\$ 130,168</b>	<b>\$ 990,856</b>

**SUMMERS COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Fair</u>	<u>Lighthouse</u>	<u>LIEAP</u>	<u>Bingo Raffle</u>	<u>Admin General</u>	<u>Totals (Memorandum Only)</u>
Salaries and wages	\$ 31,475	\$ 57,579	\$	\$ 9,278	\$ 4,576	\$ 1,200,648
Fringe benefits	2,639	4,928			1,272	254,923
Travel	144	869				20,581
Printing and supplies				11,558	199	32,059
Fuel, repairs and maintenance					630	41,679
Communications and utilities						24,930
Insurance						24,542
Professional services					7,000	10,600
Rawfood						36,182
Disposables						11,747
Depreciation					67,765	67,765
Other			1,907		5,492	19,294
<b>Total Functional Expenses</b>	<u><u>\$ 34,258</u></u>	<u><u>\$ 63,376</u></u>	<u><u>\$ 1,907</u></u>	<u><u>\$ 20,836</u></u>	<u><u>\$ 86,934</u></u>	<u><u>\$ 1,744,950</u></u>

The accompanying notes are an integral part of this statement.

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (274,389)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	67,765
(Increase) decrease in operating assets:	
Accounts and grants receivable	40,499
Prepaid expenses	3,370
Increase (decrease) in operating liabilities:	
Accounts payable	(13,212)
Accrued wages payable	2,798
Accrued payroll taxes	<u>(2,628)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(175,797)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed asset additions	<u>(97,295)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(97,295)</u>

Decrease in cash and cash equivalents	(273,092)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>871,713</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 598,621</u></u>

The accompanying notes are an integral part of this statement.



**SUMMERS COUNTY COUNCIL ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS**

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

The Summers County Council on Aging, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Summers County, West Virginia. The purpose of the Organization is to study and document 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 Summers County Council 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 Summers County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards. 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 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 and deemed immaterial and are accordingly expensed as purchased.

**SUMMERS COUNTY COUNCIL 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 restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are 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, were \$ 590,271.

**Donated Services**

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in relation to such volunteer services.

**SUMMERS COUNTY COUNCIL ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**Expense Allocation**

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general 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.

**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.

**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:

III-B	\$ 2,657
LIFE Program	8,061
Fair	4,029
Lighthouse	8,940
III-C	12,568
III-E	1,092
	-----
Total	\$ 37,347
	=====

**Note 3. Property and Equipment**

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

Land and building	\$ 1,052,325
Vehicles	271,833
Equipment, furniture and fixtures	94,342
	-----
	1,418,500
Less accumulated depreciation	490,094
	-----
Total	\$ 928,406
	=====

**SUMMERS COUNTY COUNCIL ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 4. Restrictions on Net Assets**

There were no restricted assets at September 30, 2010.

**Note 5. Concentration**

The Organization receives about 40 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 51 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.

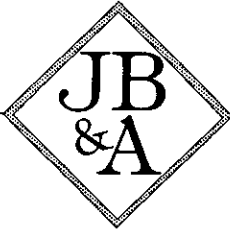
**Note 6. Contingent Liabilities**

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. Subsequent Events**

Management has evaluated subsequent events through June 30, 2011, the date which the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**



# JOHN BURDETTE & ASSOCIATES

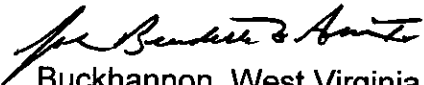
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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors  
Summers County Council on Aging, Inc.  
Hinton, West Virginia

Our report on our audit of the basic financial statements of the Summers County Council 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 of the purpose of forming an opinion of the basic financial statements taken as a whole. The schedule of revenues and support, is presented for 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 30, 2011

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

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE
				Congregate	Home Delivered	
Federal financial assistance	\$ 40,178	\$ 1,614	\$ 10,986	\$ 59,891	\$ 73,591	\$
State grant	34,020					175,356
State LIFE allocated	14,148	295	3,508			(17,951)
State budget digest						
Donations			154			
Medicaid						
Waiver						
Project income	12,331		948	12,882	11,036	773
Interest income						
Bingo/Raffle						
Other						
<b>Total Revenue and Support</b>	<b>100,677</b>	<b>1,909</b>	<b>15,596</b>	<b>72,773</b>	<b>84,627</b>	<b>158,178</b>

**SUMMERS COUNTY COMMISSION ON AGING, INC.  
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<u>Medicaid Waiver</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>Transportation</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
\$	\$	\$	\$	\$ 12,907	\$ 199,167
	50,939	106,467	9,650		376,432
				14,672	14,672
				1,880	2,034
246,400					246,400
504,769					504,769
	2,367	8,801		733	49,871
				18,709	18,709
				47,439	47,439
				11,068	11,068
<u>751,169</u>	<u>53,306</u>	<u>115,268</u>	<u>9,650</u>	<u>107,408</u>	<u>1,470,561</u>

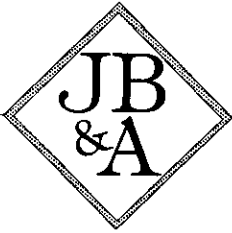
The independent auditors' report on supplemental information is an integral part of this schedule.



**SUMMERS COUNTY COUNCIL 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				<u>\$    14,672</u>
Total Direct Programs				<u>14,672</u>
Pass through Awards				
Appalachian Area Agency on Aging				
IIIB State	June 30, 2010	2937		34,020
LIFE	June 30, 2010	21004		149,353
LIFE	June 30, 2011	21104		26,003
Lighthouse	June 30, 2010	21005		81,659
Lighthouse	June 30, 2011	21105		24,808
FAIR	June 30, 2010	21005		37,516
FAIR	June 30, 2011	21105		13,423
Transportation	June 30, 2011	21005		<u>9,650</u>
Total pass-through awards				<u>376,432</u>
TOTAL EXPENDITURES OF STATE AWARDS				<u><u>\$    391,104</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  
Summers County Council on Aging, Inc.  
Hinton, West Virginia

We have audited the financial statements of Summers County Council on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated June 30, 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 Summers County Council 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 Summers County Council 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.

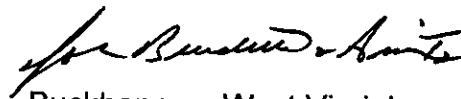
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designated to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material 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**

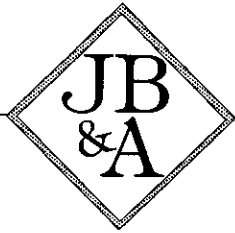
As part of obtaining reasonable assurance about whether Summers County Council on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 Summers County Council on Aging, Inc. in a separate letter dated June 30, 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.



Buckhannon, West Virginia  
June 30, 2011



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## MANAGEMENT LETTER

To the Senior Management and  
The Board of Directors  
Summers County Council on Aging, Inc.  
Hinton, West Virginia

In planning and performing our audit of the financial statements of Summers County Council 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 the 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 30, 2011, on the financial statements of Summers County Council on Aging, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendation, 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 as follows:

### Segregation of Duties

We noted that two employees are responsible for most accounting and financial duties. As a result, many aspects of the internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing in Summers County Council on Aging, Inc. We recognize that the Organization has segregated financial duties as much as possible among its present staff and 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 his 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 with the Organization.

  
Buckhannon, West Virginia

June 30, 2011