

**The Commission on Aging Family Services, Inc.**

**Audited Financial Statements**

**September 30, 2011**

*Audited by*

**Williams & Associates, AC  
204 Davis Avenue  
Post Office Box 2727  
Elkins, West Virginia 26241**

**The Commission on Aging Family Services, Inc.**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Commission on Aging Family Services, Inc.  
111 Virginia Avenue  
Petersburg, West Virginia 26847

We have audited the accompanying statement of financial position of The Commission on Aging Family Services, Inc. as of September 30, 2011 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the entity'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. 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 The Commission on Aging Family Services, 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 principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities by program is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2012 on our consideration of the Commission on Aging Family Services, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Williams & Associates, A.C.*

Williams & Associates, A.C.

May 16, 2012

**The Commission on Aging Family Services, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2011**

<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Equivalents	\$ 239,036	
Investments	333,689	
Accounts Receivable	38,957	
Grants Receivable	56,832	
Inventory	4,403	
Prepaid Expenses	6,897	
Total Current Assets	<u>\$ 679,814</u>	
<b>Fixed Assets</b>		
Buildings & Equipment	253,103	
Accumulated Depreciation	(140,763)	
Fixed Assets, net	<u>112,340</u>	
<b>TOTAL ASSETS</b>		<u><u>\$ 792,154</u></u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 5,346	
Payroll Tax Liabilities	18,649	
Accrued Wages	31,672	
Accrued Vacation	27,279	
Total Current Liabilities	<u>\$ 82,946</u>	
<b>Other Liabilities</b>		
OPEB Liability	170,686	
Total Other Liabilities	<u>170,686</u>	
Total Liabilities		253,632
<b>Net Assets</b>		
Net Assets, Unrestricted	520,754	
Unrealized Gain(Loss) on Investments	17,768	
Total Net Assets		<u>538,522</u>
<b>LIABILITIES &amp; NET ASSETS</b>		<u><u>\$ 792,154</u></u>

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

See Independent Auditor's Report.

**The Commission on Aging Family Services, Inc.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2011**

<b>REVENUE &amp; SUPPORT</b>	
Grant Revenues:	
Federal	\$ 93,830
State	248,522
LIFE	193,617
Program Services	663,879
Project Income	43,720
Interest & Dividends	-
In-Kind Contributions	6,990
Contributions	1,093
Other Income	<u>16,724</u>
<b>TOTAL REVENUE &amp; SUPPORT</b>	<b><u>\$ 1,268,375</u></b>
<b>EXPENSES</b>	
Program Service Expenses	855,235
Management & General	<u>398,051</u>
<b>TOTAL EXPENSES</b>	<b><u>1,253,286</u></b>
<b>INCREASE(DECREASE) IN NET ASSETS</b>	<b>15,089</b>
<b>UNREALIZED GAIN(LOSS) ON INVESTMENTS</b>	<b>17,768</b>
<b>NET ASSETS, 10/1/10</b>	<b><u>505,665</u></b>
<b>NET ASSETS, 9/30/11</b>	<b><u><u>\$ 538,522</u></u></b>

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

See Independent Auditor's Report.

**The Commission on Aging Family Services, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended September 30, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		\$ 15,089
Increase(Decrease) in Net Assets		
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	32,781	
(Increase)Decrease in Accounts Receivable	12,996	
(Increase)Decrease in Grants Receivable	(31,521)	
(Increase)Decrease in Inventory	(4,403)	
(Increase)Decrease in Prepaid Expenses	2,525	
Increase(Decrease) in Accounts Payable	(3,388)	
Increase(Decrease) in Payroll Tax Liabilities	8,410	
Increase(Decrease) in Accrued Wages	(5,339)	
Increase(Decrease) in Accrued Vacation	27,279	
Increase(Decrease) in Employee Benefits Payable	(138,405)	
Increase(Decrease) in OPEB Liability	<u>170,686</u>	
Net cash provided(used) by operating activities		\$ 86,710
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	<u>(16,420)</u>	
Net Cash provided(used) by investing activities		(16,420)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchases & Sales of Investments	<u>(92,709)</u>	
Net Cash provided(used) by financing activities		<u>(92,709)</u>
<b>Increase(Decrease) in Cash</b>		<b>(22,419)</b>
Change in Unrealized Gain(Loss) on Investments		17,768
<b>Cash Balance, 10/1/10</b>		<u>243,687</u>
<b>Cash Balance, 9/30/11</b>		<u><u>\$ 239,036</u></u>

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

See Independent Auditor's Report.

**The Commission on Aging Family Services, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2011**

	III-B	III-C	III-D/ MM	III-E	Elder Abuse	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs	Management & General	TOTAL
<b>Revenue &amp; Support</b>												
Federal Revenue	\$ 27,075	\$ 25,497	\$ 878	\$ 5,175	\$ 271	\$ -	\$ -		\$ 34,934	\$ 93,830	\$ -	\$ 93,830
LIFE Revenue (2010-11)							139,339			139,339		139,339
LIFE Revenue (2011-12)							54,278			54,278		54,278
State Revenue	15,251	64,228	59						19,640	99,178		99,178
Other State Revenue								119,607	29,737	149,344		149,344
Program Service Fees						663,879				663,879		663,879
Project Income	1,005	30,634						12,081		43,720		43,720
Contributions										-	1,093	1,093
In-Kind Revenue	4,775		171	2,044						6,990		6,990
Other Income	16,531		15					60		16,606	118	16,724
<b>Total Revenue &amp; Support</b>	<b>64,637</b>	<b>120,359</b>	<b>1,123</b>	<b>7,219</b>	<b>271</b>	<b>663,879</b>	<b>193,617</b>	<b>131,748</b>	<b>84,311</b>	<b>1,267,164</b>	<b>1,211</b>	<b>1,268,375</b>
<b>Expenses</b>												
Payroll & Benefits	28,685	45,366	865	3,760	176	420,006	78,133	97,411	24,274	698,676	318,855	1,017,531
Communications	1,208									1,208	12,592	13,800
Food & Disposables		57,379								57,379		57,379
Equipment & Repairs	16,101						288			16,389		16,389
Office Supplies			9	15	17		2,728			2,769	5,861	8,630
Travel & Training	82		41	316	16	20,044	6,657	4,447	896	32,499	2,313	34,812
Depreciation										-	32,781	32,781
Other Expenses		9,108		2		1,162	14,679	353	14,021	39,325	25,649	64,974
In-Kind Expenses	4,775		171	2,044						6,990		6,990
Direct Expenses		5,875	130	399	21		41,169		13,786	61,380	(61,380)	-
Indirect Expenses						226,429		51,730	58,512	336,671	(336,671)	-
<b>Total Expenses</b>	<b>50,851</b>	<b>117,728</b>	<b>1,216</b>	<b>6,536</b>	<b>230</b>	<b>667,641</b>	<b>143,654</b>	<b>153,941</b>	<b>111,489</b>	<b>1,253,286</b>	<b>-</b>	<b>1,253,286</b>
<b>Change in Net Assets</b>	<b>\$ 13,786</b>	<b>\$ 2,631</b>	<b>\$ (93)</b>	<b>\$ 683</b>	<b>\$ 41</b>	<b>\$ (3,762)</b>	<b>\$ 49,963</b>	<b>\$ (22,193)</b>	<b>\$ (27,178)</b>	<b>\$ 13,878</b>	<b>\$ 1,211</b>	<b>\$ 15,089</b>

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

THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Commission on Aging Family Services, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Grant County, West Virginia. The purpose of the Organization is to assist elderly persons and their families regardless of race, religion, creed or color, in finding and making use of their resources; to establish and maintain programs and services which are appropriate and realistic to elderly; to establish the value of human life, dignity, of self-worth, an atmosphere of respect, trust, and support; to make the elderly an integral part of the community allowing them to live with dignity and a purposeful life throughout their golden years and to help avoid institutionalization.

This summary of significant accounting policies of The Commission on Aging Family Services, 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. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Basis of Accounting**

The financial statements of The Commission on Aging Family Services, 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 Board in its Statements 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.

**Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures 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.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.



THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs. In addition, the Organization uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of September 30, 2011, all accounts receivable are deemed collectible.

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine collectibility of grants receivable. As of September 30, 2011, all grants receivable are deemed collectible.

Property and Equipment

Prior to October 1, 1990, the Organization expensed all property and equipment in the period of acquisition as directed by the grantor agencies. The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must have approval from the grantor agency to dispose of such equipment and the method of disposition. The Organization has adopted a capitalization policy in the amount of \$500.

Investments

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant. Because of the rapid inventory turnover as well as the immaterial amount kept on hand, these costs are expensed when incurred.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.
- 2 – On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, Title III-D/MM, and Elder Abuse grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year, but if approval is denied, the money has to be reimbursed to the grantor.

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

Operating expenditures made against federal and state grants 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.

Donated Facilities

The Commission on Aging Family Services, Inc.'s facilities are owned by the Grant County Commission. These facilities are leased to the Organization and are recorded as in-kind contributions and in-kind expenses in the financial statements.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the year ended September 30, 2011.

Note 2. Receivables

Grants receivable consisted of the following at September 30, 2011:

Federal	9,737
LIFE	20,944
FAIR	1,162
Lighthouse	8,760
WV BOSS	<u>16,229</u>
	<u>\$ 56,832</u>

Accounts receivable consisted of the following at September 30, 2011:

WV DHHR	\$ 38,957
	<u>                    </u>

THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 3. Investments

Investments are stated at fair value and consist of U.S. Government Agency Obligations and U.S. Treasury Bills. Fair values and appreciation (depreciation) at September 30, 2011 are summarized below:

	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Investments, unrestricted	\$ 315,921	\$ 333,689	\$ 17,768
	<u>                    </u>	<u>                    </u>	<u>                    </u>

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2011:

Vehicles	\$	114,143	
Kitchen Equipment		48,088	
Building Improvements		36,444	
Office Equipment		48,193	
Office Furniture		<u>6,235</u>	
Total Fixed Assets		253,103	
Less accumulated depreciation		<u>(140,763)</u>	
Net property and equipment	\$	<u>112,340</u>	

Note 5. Retirement Program

Certain employees are eligible to be included in the organization's retirement program. The employee contributes 4.5% of his/her gross wages which is combined with 9.5% contributed by The Commission on Aging Family Services, Inc. The covered employees are eligible to draw benefits upon retirement. Service contributions to the retirement program were \$24,095 for the year.

Note 6. Other Post-Employment Benefits (Defined Benefit OPEB Plan)

1

The Commission on Aging Family Services, Inc. participates in the West Virginia Public Employee Insurance Agency's health insurance plan. In order to comply with GASB Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective July 1, 2007 the Organization began recording annual required contributions (ARC) as a liability. The liability accrued for the year was \$49,478. The total of this liability was \$170,686 as of September 30, 2011.

THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 7. Support Concentration

The Commission on Aging Family Services, Inc., receives approximately 52% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

Note 8. Endowment Fund

The Commission on Aging Family Services, Inc. is the beneficiary of an endowment held by the Tucker Community Foundation and currently invested under a trust agreement with Citizens Bank of West Virginia. Fund distributions occur at the discretion of the Tucker Community Foundation. The balance of this fund at September 30, 2011 was \$10,500. The market value as of September 30, 2011 was \$9,313.

Note 9. Subsequent Events

Management of the Commission on Aging Family Services, Inc., has evaluated subsequent events through the date of the audit report.

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## INDEPENDENT AUDITOR'S 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

The Commission on Aging Family Services, Inc.

Petersburg, West Virginia 26847

We have audited the financial statements of The Commission on Aging Family Services, Inc., (a non-profit organization) as of and for the year ended September 30, 2011 and have issued our report thereon dated May 16, 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.

### Compliance

As part of obtaining reasonable assurance about whether The Commission on Aging Family Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, 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 is not an object 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*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of The Commission on Aging Family Services, Inc., in a separate letter dated May 16, 2012, and included in this audit report on page 14.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Commission on Aging Family Services, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in an amount 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. We noted no matters involving the internal control over financial reporting in its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of The Commission on Aging Family Services, Inc., in a separate letter dated May 16, 2012, and included in this audit report on page 14.

This report is intended solely for the information and use of the board of directors, management, and West Virginia Bureau of Senior Services and is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Associates, A.C.*

Elkins, West Virginia

May 16, 2012

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## REPORT ON SELECTED COMPLIANCE REQUIREMENTS OF THE WEST VIRGINIA BUREAU OF SENIOR SERVICES

To the Board of Directors

The Commission on Aging Family Services, Inc.

Petersburg, West Virginia 26847

We have audited the financial statements of The Commission on Aging Family Services, Inc. (a non-profit organization) as of and for the year ended September 30, 2011 and have issued our report thereon dated May 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether The Commission on Aging Family Services, Inc.'s financial statements are free of material misstatement, we performed tests of certain compliance requirements per the directive of the West Virginia Bureau of Senior Services. Providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. However, the results of our tests disclosed no instances of noncompliance that are required to be reported under the directive of the West Virginia Bureau of Senior Services.

This report is intended for the information of the Board of Directors, management and the granting agencies and it not intended to be and should not be used by anyone other than those specified parties.

*Williams & Associates, A.C.*

Williams & Associates, A.C.

May 16, 2012

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## MANAGEMENT LETTER

To the Board of Directors

The Commission on Aging Family Services, Inc.

Petersburg, West Virginia 26847

Our audit of the financial statements of the Commission on Aging Family Services, Inc., for the year ended September 30, 2011, highlighted areas where we would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since our audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

### Segregations of Duties

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

After you have had the opportunity to review these comments and recommendations, we would be pleased to discuss those points that you desire. We would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve the Commission on Aging Family Services, Inc.

*Williams & Associates, A.C.*

Elkins, West Virginia

May 16, 2012