

CASE - COMMISSION ON AGING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Year Ended September 30, 2008

NOTE H - EQUITY CLASSIFICATIONS

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt -- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets -- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets -- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

NOTE I - BUSINESS AND CREDIT CONCENTRATION

The organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Pursuant to Section 31A-4-31 of the West Virginia Code, the bank is required to pledge as collateral depositary bonds sufficient to secure the excess deposits.

The categories listed below describe how Case - Commission on Aging's deposits are protected.

Category 1 - insured by FDIC

Category 2 - insured by FDIC up to the prevailing limit and by securities held by the pledging financial institution's trust department in CoA's name.

Category 3 - unsecured.

	<u>Category</u>			
	1	2	3	Totals
Checking	\$ 82,778			\$ 82,778
Other cash and cash items			553	\$ 553
	\$ 82,778	\$ -	\$ 553	\$ 83,331

CASE - COMMISSION ON AGING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Year Ended September 30, 2008

NOTE I - BUSINESS AND CREDIT CONCENTRATION (CONTINUED)

Case - Commission on Aging relies mainly on Governmental Grants, such as those provided by Appalachian Area Agency on Aging and the West Virginia Bureau of Senior Services, for their income. For the year ended September 30, 2008, these sources accounted for 595,255 (92%) of total support and revenue. No services are rendered, thus no service fees are collected. Case - Commission on Aging generally receives less than 10% of total support and revenue from private donations.

NOTE J - COMMISSIONERS

Commissioners of Case - Commission on Aging are nominated by individual board members, if the nomination is accepted their name is placed on the ballot where the entire board can vote. Officers are selected based on a majority vote. Special consideration is given to persons of retirement age. The Commissioners of Case - Commission on Aging at September 30, 2008 were:

Jerry Berry	President
Larry Meador	Vice President
Margurite Fullen	Secretary

NOTE K - COMPARATIVE STATEMENTS

Certain items on the 2007 statements have been reclassified to make those statements comparable to the 2008 statements.

NOTE L - RELATED PARTY TRANSACTIONS

Currently Case - Commission on Aging has an agreement with West Virginia Department of Highways (WVDOT) to purchase tax free gas. This program is offered to state associated facilities. The gas is purchased via a WVDOT access card (similar to a credit card) and monthly statements are sent out to customers. The only employees that have access to these WVDOT cards are transportation employees. Card balances are reconciled monthly. It is strictly against company policy for anyone to use these cards for personal use.

NOTE M - PRIOR PERIOD ADJUSTMENT

After reviewing the Business Loans currently held by Case -Commission on Aging, issued by BB&T, it was noted that the business loan that was obtained on July 10, 2007 was not disclosed in the FY07 statements prepared by Davis and Davis. The FY07 financials did disclose a business loan payable; however it was a previous agreement signed in 2003. The July 10, 2007 loan was redone on September 26, 2008 so in order to correct the financial statements a prior period adjustment was made. The business loan amount was adjusted for 2007 by crediting the business loan account for 64,666 dollars and debiting the unrestricted retained earnings for the same amount.

Jeffery S. Hollifield, CPA

-----CERTIFIED PUBLIC ACCOUNTANT-----

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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

June 12, 2009
Board of Directors
Case – Commission on Aging
Bluefield, WV 24701

We have audited the financial statements of the business-type activities and each major fund of Case – Commission on Aging, Inc. (CoA) as of and for the year ended September 30, 2008, which collectively comprise Case – Commission on Aging, Inc's basic financial statements and have issued our report thereon dated June 12, 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 Case – Commission on Aging, Inc's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Case – Commission on Aging, Inc's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Case – Commission on Aging, Inc's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by Case – Commission on Aging, Inc's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. See Schedule of Findings and Responses 08-01 and 08-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Case – Commission on Aging, Inc's internal control.

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. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Case – 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*.

Case – Commission on Aging, Inc's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Case – Commission on Aging, Inc's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors of Case – Commission on Aging, BB&T Bank, others within the entity, and federal/state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jeffery S. Hollifield, CPA

CASE – COMMISSION ON AGING
Schedule of Findings and Responses
For the Year Ended September 30, 2008

08-01

RENT POLICIES AND PROCEDURES

Condition:

Upon review of the accounting documentations it has been determined that there are no formal policies in regards to rental contracts or rental payment processing.

Criteria:

An internal control system where rental contracts are given to and signed by all persons renting space, regardless to length of contract. Also, an internal control system where all rental payments are processed by invoices or payment slips that are keep on file along with proof of deposit.

Cause:

The organization has no formal policies in regard to this need.

Effect:

Currently the CoA has several rooms on the second floor of its building, located at 600 Trent Street, that are allotted for renters, the CoA also has a large conference room that is rented out for meetings, church services, and special occasions. CoA has a form that is filled out by anyone interested in renting a room for a specific event; however there is no form/policy for individuals that rent on a weekly/monthly/yearly basis. Also when payments are received from the renters they are usually in cash. A receipt is given to the individual; however there is no invoice given and the rental form and receipts are not kept together with a copy of the check and a deposit slip. Due to this internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation:

A policy needs to be implemented where all renters are required to sign a formal rental contract stipulating the length, terms, and amounts of the rental agreement. Forms should be updated periodically and files should be maintained on each rental contract. Each file should contain a rental contract, a copy of any checks received, invoices, and deposit slips showing when it was deposited in the bank.

Response of Officials:

Sandra Wolfe stated that she and the Board would discuss this need and implement a new policy in regards to our recommendation.

CASE – COMMISSION ON AGING
Schedule of Findings and Responses (Continued)
For the Year Ended September 30, 2008

08-02

IRS FORM 941 ERROR

Condition:

Upon review of Case – Commission on Aging’s payroll function it has been discovered that IRS Form 941-Employer’s Quarterly Federal Tax Return gross wage amounts were overstated.

Criteria:

An accounting system where payroll amounts are recorded and tracked throughout the year making information for the preparation of the 941 readily available.

Cause:

Management issues at the Commission on Aging.

Effect:

It was found that Mercer County Commission on Aging was having difficulty maintaining an accurate General Ledger. In December 08 several employees walked out of the CoA because of disagreements in regards to management decisions and company economic issues. It was discovered after they left that several company passwords had been changed, against company policy. An external accountant was hired to access the accounting system and fix the General Ledger problems. Shortly after this incident, April 1st, Bureau of Senior Services took over management control in a means to save the center from closing. The external accountant continued to work on the books; however the Bureau of Senior Services continued to find problems with the information that was given to the external accountant. Case of WV assumed management control on May 1st per an agreement with Bureau of Senior Services. Case of WV has worked hard to implement a proper accounting system, however while auditing the payroll functions errors were found in IRS Form 941 from the time period when all of the management issues arose.

Recommendation:

IRS Forms 941 need to be reviewed and corrected.

Response of Officials:

Sandy Wolfe was already aware of the 941 issues. The 941’s were corrected and re-filed.