

JEFFERSON COUNTY COUNCIL ON AGING

Jefferson County, West Virginia

Regular Audit

For The Year Ended September 30, 2009

Fiscal Year Audited Under GAGAS: 2009

CAUDILL & ASSOCIATES, CPA'S

725 5TH Street
Portsmouth, OH 45662

JEFFERSON COUNTY COUNCIL ON AGING

Jefferson County, West Virginia
For the Year Ended September 30, 2009

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Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors of
Jefferson County Council on Aging

We have audited the accompanying statement of financial position of Jefferson County Council on Aging (a nonprofit organization) as of September 30, 2009, and the related statements of activities, cash flows, functional expenses and the schedule of revenues and support for the year then ended. These financial statements are the responsibility of the Jefferson County Council on Aging's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 Jefferson County Council on Aging as of September 30, 2009, 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 issued our report dated November 30, 2009 on our consideration of Jefferson County Council on Aging'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Caudill & Associates, CPA's

November 30, 2009

JEFFERSON COUNTY COUNCIL ON AGING
Jefferson County, West Virginia

Statement of Financial Position
As of September 30, 2009

Assets	
Current Assets:	
Cash	\$ 643,692
Accounts Receivable	201,699
Inventory	847
Prepaid Expenses	<u>51,296</u>
Total Current Assets	<u>897,534</u>
Long-term Assets:	
Net, Property, Plant and Equipment	<u>1,057,503</u>
Total Assets	<u><u>\$ 1,955,037</u></u>
Liabilities and Net Assets	
Current Liabilities:	
Accounts Payable	\$ 28,390
Accrued Wages and Taxes	<u>110,526</u>
Total Current Liabilities	<u>138,916</u>
Net Assets	
Unrestricted	<u>1,816,121</u>
Total Liabilities and Net Assets	<u><u>\$ 1,955,037</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

JEFFERSON COUNTY COUNCIL ON AGING
Jefferson County, West Virginia

Statement of Activities
For the Year Ended September 30, 2009

Changes in Unrestricted Net Assets

Unrestricted Revenue:	
Federal Financial Assistance	\$ 203,083
State Grant Allocations	495,189
Donations	6,832
Contractual Revenues	976,823
Project Income	89,823
Interest Income	2,749
Facilities Rental	575
In-kind Donations	89,154
Total Unrestricted Revenue	<u>1,864,228</u>
Expenses:	
Title III-B	69,696
Title III-C Congregate	156,724
Title III-C Home Delivered	101,273
Title III-D	3,614
Title III-E	24,457
Personal Care	1,020,903
Life	128,396
Administrative and General	312,887
Total Expenses	<u>1,817,950</u>
Increase in Unrestricted Net Assets	<u>46,278</u>
Net Assets, Beginning of Year	
Unrestricted	<u>1,769,843</u>
Net Assets, End of Year	
Unrestricted	<u><u>\$ 1,816,121</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

JEFFERSON COUNTY COUNCIL ON AGING
Jefferson County, West Virginia

Statement of Cash Flows
For the Year Ended September 30, 2009

Cash Flows from Operating Activities:	
Change in net assets	\$ 46,278
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	59,214
(Increase) Decrease in:	
Accounts Receivable	54,137
Prepaid Expenses	(46,893)
Increase (Decrease) in:	
Accounts Payable	17,097
Accrued Wages and Taxes	<u>39,759</u>
Net cash provided by operating activities	<u>169,592</u>
Cash Flows from Investing Activities	
Purchase of plant, property and equipment	<u>(158,379)</u>
Net cash used in investing activities	<u>(158,379)</u>
Net increase in cash and cash equivalents	11,213
Cash and Cash Equivalents at October 1, 2008	<u>632,479</u>
Cash and Cash Equivalents at September 30, 2009	<u><u>\$ 643,692</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

JEFFERSON COUNTY COUNCIL ON AGING
Jefferson County, West Virginia

Statement of Functional Expenses
For the Year Ended September 30, 2009

	Title III-C			Title III-D	Title III-E	Personal		Administrative and General	Total Expenses
	Title III-B	Congregate (C/1 - III-C)	Home Delivered (C/2 - III-C)			Care	Life		
Salaries and Wages	\$ 56,657	\$ 70,045	\$ 27,292	\$ 3,143	\$ 21,273	\$ 819,474	\$ 24,707	\$ 91,770	\$1,114,361
Fringe Benefits	3,699	10,485	4,085	471	3,184	76,125	2,424	67,992	168,465
Travel Reimb	-	800	-	-	-	39,089	3,327	-	43,216
Travel Others	-	-	-	-	-	-	3,240	7,117	10,357
Printing & Supplies	10	-	-	-	-	-	30,154	283	30,447
Repairs and Maintenance	5,276	3,752	1,363	-	-	195	2,041	19,004	31,631
Communications and Utilities	389	1,929	-	-	-	-	13,975	20,387	36,680
Other	3,665	31,871	56,394	-	-	19,223	24,155	27,471	162,779
Depreciation	-	-	-	-	-	-	-	59,124	59,124
Raw Food	-	33,022	11,008	-	-	-	-	-	44,030
Disposables	-	4,820	1,131	-	-	-	-	-	5,951
Insurance	-	-	-	-	-	-	6,501	19,739	26,240
Bad Debts	-	-	-	-	-	66,797	17,872	-	84,669
Total	\$ 69,696	\$ 156,724	\$ 101,273	\$ 3,614	\$ 24,457	\$1,020,903	\$ 128,396	\$ 312,887	\$1,817,950

The accompanying notes to the financial statements are an integral part of this statement.

JEFFERSON COUNTY COUNCIL ON AGING
Jefferson County, West Virginia

Schedule of Revenues and Support
For the Year Ended September 30, 2009

	Title III-C			Title III-D	Title III-E	Personal			Total Revenues
	Title III-B	Congregate (C/1 - III-C)	Home Delivered (C/2 - III-C)			Care	Life	Other	
Federal Financial Assistance	\$ 38,748	\$ 110,059	\$ 28,117	\$ 4,082	\$ 21,382	\$ -	\$ -	\$ 695	\$ 203,083
State Grant Allocations	24,114	-	-	872	-	-	157,383	312,820	495,189
Donations	-	-	-	-	-	-	-	6,832	6,832
Contractual Revenues	-	-	-	-	-	976,823	-	-	976,823
Project Income	4,031	39,298	9,430	-	-	18,917	-	18,147	89,823
Interest Income	-	-	-	-	-	-	-	2,749	2,749
Facilities Rental	-	-	-	-	-	-	-	575	575
In-kind Donations	-	11,100	56,394	-	-	-	-	21,660	89,154
Total	\$ 66,893	\$ 160,457	\$ 93,941	\$ 4,954	\$ 21,382	\$ 995,740	\$ 157,383	\$ 363,478	\$1,864,228

The accompanying notes to the financial statements are an integral part of this statement.

JEFFERSON COUNTY COUNCIL ON AGING

Jefferson County, West Virginia

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 1 – Summary of Significant Accounting Policies

A. Description of the Entity

The Jefferson County Council on Aging (the Organization), is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Jefferson County, West Virginia. The Organization studies and documents the needs of seniors citizens, to encourage, promote and aid in the establishment of programs for senior citizens, 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 Jefferson County on Aging 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.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements of Jefferson County Council on Aging have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. Financial Statement Presentation

The Jefferson County Council on Aging has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting of Contributions Received and Made*, and SFAS No. 117, *Financial Statement for Not-Profit Organizations*. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received and for each net asset category in accordance with donor imposed restrictions. A description of the three net asset categories follows:

Permanently Restricted Net Assets – The Jefferson County Council on Aging reports gifts of cash and other assets as permanently restricted support if they are received with donor stipulations that limit the use of the donated assets in perpetuity.

Temporarily Restricted Net Assets – The Jefferson County on Aging reports gifts of cash, grants and other assets as temporarily 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 nets assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

JEFFERSON COUNTY COUNCIL ON AGING

Jefferson County, West Virginia

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Financial Statement Presentation (Continued)

Unrestricted Net Assets – The Jefferson County Council on Aging reports gifts of cash, land, buildings and equipment as unrestricted unless explicit donor stipulations specify how the donated assets must be used.

D. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

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.

E. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting 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.

F. Property, Plant and Equipment

Property, plant 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, plant and equipment over \$1,000 is depreciated using the straight line method over its estimated useful life. In addition, all property, plant 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.

G. Income Taxes

The Organization is exempt from United States Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes.

JEFFERSON COUNTY COUNCIL ON AGING

Jefferson County, West Virginia

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Revenues

Revenues are recognized in the accompanying financial statements as follows:

1. 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 that 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.

2. Federal Grants

Grant monies are received on an as need basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized from Title III-B, Title III-D, Title III-E, Title III-F, and Title VII grants. Upon completion of a grant year, any unexpected money has to be approved for carryover to the next grant year, but if approval is denied, the money must be returned to the grantor.

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.

The funds from various funding sources under reimbursement contracts are recognized as revenue in the accounting period in which the grant is earned.

3. Interest Income

Interest income is recognized in the accounting period when it is earned. The Organization maintains funds received from various sources in interest bearing certificates of deposits and savings accounts.

4. Donations

Donations are recognized as unrestricted, restricted or temporarily restricted according to their designation in the period in which they are received.

JEFFERSON COUNTY COUNCIL ON AGING

Jefferson County, West Virginia

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Revenues (Continued)

5. Rental Income

Rental income received from non-related organizations is recognized as revenue in the accounting period in which it is earned.

I. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers cash in operating bank accounts and certificates of deposit with an original maturity date of three months or less as cash.

J. Cost Allocation

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expense include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note 2 – Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

Protection of Jefferson County Council on Aging's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

Deposits – At year end, the carrying amount of Jefferson County Council on Aging deposits was \$643,692 and the bank balance was \$691,610. Of the bank balance, \$481,395 was FDIC insured.

Note 3 – Grants Receivable

Grants receivable is considered collectible in one year. At year end, the Organization had \$49,718 in grants receivable.

Note 4 – Property, Plant and Equipment

The balance of property, plant and equipment at year end consisted of the following:

Land and Buildings	\$1,193,189
Vehicles	235,843
Equipment, Furniture and Fixtures	<u>67,643</u>
Total	1,496,675
Accumulated Depreciation	<u>(439,172)</u>
Net Property, Plant and Equipment	<u>\$1,057,503</u>

JEFFERSON COUNTY COUNCIL ON AGING

Jefferson County, West Virginia

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 5 – Capital Lease

Equipment under capital lease is the copier with capitalized cost of \$15,676. Accumulated depreciation in the statement of financial position included \$3,135 relating to the leased copier. Depreciation expense reported in the statement of activities includes \$3,135 for the equipment under capital lease. The lease term is 60 month. Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2011	\$ 3,135
2012	3,135
2013	3,135
2014	<u>3,135</u>
	<u>\$ 12,540</u>

The imputed interest necessary to reduce the net minimum lease payments to present value is considered immaterial.

Note 6 – Retirement Program

The Organization has a defined contribution pension plan covering substantially all regular employees as of October 1, 1996. The employees must contribute a minimum of 4.00% of their gross wages and the Organization contributes 8.00% of eligible employee's gross wages. Pension expense at year end was \$4,698.

Note 7 – Concentrations

The Organization depends on grants from the federal, state and local sources for its continued existence.

Note 8 – 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 9 – Related Party Transaction

The Organization contracted services from a company that is owned by a maintenance employee of the Organization. The contract for services was obtained through a competitive award process and, in the opinion of management the contract awarded was the most favorable to the Organization. During the fiscal year ended September 30, 2009, the Organization paid the company \$23,722 for services rendered.

Caudill & Associates, CPA's

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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*

To the Board of Directors of
Jefferson County Council on Aging

We have audited the financial statements of Jefferson County Council on Aging (a nonprofit organization) as of and for the year ended September 30, 2009, and have issued our report thereon dated November 30, 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 Jefferson County Council on Aging'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 Jefferson County Council on Aging's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jefferson County Council on Aging'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 reliable 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 results 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.

Our consideration of 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 internal control that might be 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.

To the Board of Directors of
Jefferson County Council on Aging

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*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County Council on Aging'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 Jefferson County Council on Aging in a separate letter dated November 30, 2009.

This report is intended solely for the information and use of management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Candill & Associates, CPAs

November 30, 2009

JEFFERSON COUNTY COUNCIL ON AGING

Jefferson County, West Virginia

Schedule of Prior Audit Findings
For the Year Ended September 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-001	Material Weakness – Bank reconciliations performed incorrectly	Yes.	No longer valid.
2008-002	Material Weakness – Failure to record fixed assets and depreciation expense	Yes.	No longer valid.
2008-003	Material Weakness – Fixed asset policy	Yes.	No longer valid.
2008-004	Material Weakness – Accounts payable	No. See management letter comment.	Partially corrected.
2008-005	Material Weakness – Classification of grant monies	Yes.	No longer valid.
2008-006	Material Weakness – Procurement process	Yes.	No longer valid.
2008-007	Material Weakness – Accrued wages	Yes.	No longer valid.