

**PUTNAM COUNTY AGING PROGRAM, INC.
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

YEAR ENDED SEPTEMBER 30, 2010

WITH INDEPENDENT AUDITORS' REPORT

**PUTNAM COUNTY AGING PROGRAM, INC.
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Putnam County Aging Program, Inc.
St. Albans, West Virginia**

We have audited the accompanying statement of financial position of Putnam County Aging Program, Inc. (a non-profit organization), as of September 30, 2010, and the related statements of activities 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 audit.

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. 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 Putnam County Aging Program, Inc. as of September 30, 2010, and the changes in its net assets and 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 also issued reports dated September 15, 2011, on our consideration of Putnam County Aging Program, Inc.'s internal control over financial reporting and on 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 the 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 considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Putnam County Aging Program, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying schedule of State Revenue and Expenses is presented for purposes of additional analysis, as required by the State of West Virginia, and is not a required part of the basic 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 basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, WVSC Metro Area Agency on Aging, Inc., Appalachian Area Agency on Aging, Inc., the West Virginia Bureau of Senior Services and other funding sources and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Franer, Wright & Patern".

Huntington, West Virginia
September 15, 2011

**PUTNAM COUNTY AGING PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010**

ASSETS

CURRENT ASSETS	
Cash	\$ 3,024,437
Accounts receivable	904,517
Prepaid expenses	18,993
Workers compensation deposit	<u>17,331</u>
TOTAL CURRENT ASSETS	<u>3,965,278</u>
PROPERTY AND EQUIPMENT	
Central office building	150,000
Vehicles and equipment	<u>468,683</u>
	618,683
Less: Accumulated depreciation	<u>(186,015)</u>
PROPERTY AND EQUIPMENT, NET	<u>432,668</u>
TOTAL ASSETS	<u><u>\$ 4,397,946</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable - trade	\$ 208,809
Accounts payable - other	102,022
Accrued payroll and vacation	165,756
Other accrued expenses	286,182
Medicaid payable	<u>1,121,962</u>
TOTAL LIABILITIES	<u>1,884,731</u>
NET ASSETS	
Unrestricted:	
Designated for daily program operations	1,894,532
Investment in property and equipment	<u>618,683</u>
TOTAL NET ASSETS	<u>2,513,215</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,397,946</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**PUTNAM COUNTY AGING PROGRAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

CHANGES IN UNRESTRICTED NET ASSETS:

Revenues:	
Program income	\$ 397,200
Total unrestricted revenues	<u>397,200</u>
Net assets released from restrictions:	
Satisfaction of program restrictions	<u>4,316,781</u>
Total net assets released from restrictions	<u>4,316,781</u>
Total unrestricted revenues and other support	<u>4,713,981</u>
Expenses:	
Title III-B Senior Citizens	195,619
Title III-C Nutrition	1,875,823
Title III-D In-Home Services	7,836
Direct Services Award - LIFE	22,000
Health Benefits/SHIP	4,136
Title III-E Family Caregiver	75,952
Alzheimers Respite	79,668
Loved Ones	295,275
Budget Digest	28,603
Golden Heart	1,142,642
Medicaid	1,440,977
Elder Abuse	732
In-Home Transportation	<u>27,938</u>
Total Program Expenses	5,197,200
Property and equipment	94,592
Corporate	(6,136)
General and Administration	<u>328,246</u>
Total expenses	<u>5,613,902</u>
Decrease in unrestricted net assets	(899,921)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:	
Temporarily restricted grant monies	4,316,781
Net assets released from restrictions	<u>(4,316,781)</u>
Decrease in temporarily restricted net assets	<u>- 0 -</u>
Decrease in net assets	(899,921)
NET ASSETS AT BEGINNING OF YEAR	<u>3,413,136</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,513,215</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**PUTNAM COUNTY AGING PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

INCREASE (DECREASE) IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (899,921)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	74,157
Decrease (increase) in accounts receivable	231,061
Decrease (increase) in prepaid expenses	2,523
(Increase) decrease in workers compensation deposit	(14,121)
(Decrease) increase in accounts payable	(340,723)
Increase (decrease) in accrued payroll	20,735
Increase (decrease) in other accrued expenses	185,978
Increase (decrease) in medicaid payable	<u>1,121,962</u>
	<u>381,651</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(172,526)</u>
	<u>(172,526)</u>
NET INCREASE IN CASH	209,125
CASH AT BEGINNING OF YEAR	<u>2,815,312</u>
CASH AT END OF YEAR	<u><u>\$3,024,437</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**PUTNAM COUNTY AGING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Putnam County Aging Program, Inc., a non-profit organization, is located in St. Albans, West Virginia and operates Title III-B, Title III-C, Title III-D, Title III-E, HBC, Elder Abuse, Medicaid Reimbursement, LIFE, and Alzheimer's programs for Putnam County, the Title III-C program in Kanawha and Clay counties, and Title III-B, Title III-C, Title III-D, Title III-E, Life, HBC, and Alzheimer's programs in Fayette County.

Funds to operate these programs are received primarily from the Department of Health and Human Services and the Bureau of Senior Services with the funds passed through the regional Area Agency on Aging office, as well as project income.

The overall objective of the Title III Programs is to develop a system of coordinated and comprehensive services for older persons - services which will secure and maintain maximum independence and dignity in a home environment for older persons capable of self-care and also remove individual and social barriers to economic and personal independence for older persons.

The objective of the Title III-B program is to provide the elderly with social, outreach, transportation, information and referral services, and health, welfare and nutrition education and counseling.

Title III-C is a nutrition program designed to provide older persons with low cost nutritious meals served primarily in a congregate setting. The Title III-C program also furnishes delivered meals to the homebound.

Title III-D is a program designed to provide health prevention to the elderly for their prescribed medications.

The Title III-E and the Elder Abuse is a program designed to provide financial aid and educational resources to family caregivers of the elderly.

The LIFE program is a state-funded program designed to provide additional outreach services to elderly citizens.

The Medicaid Reimbursement program provides in-home custodial care for eligible persons, usually elderly, who would be unable to maintain themselves in their homes without such aid.

**PUTNAM COUNTY AGING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Costs that are not reimbursed by other programs are paid for by project income that is not designated for a federal program and other sources of funding.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in which expenditures are recognized when incurred and revenue is recognized when earned, generally when allowable expenditures are made. The revenue from fee for service contracts is recognized in the accompanying financial statements when the services have been performed.

Property and Equipment

Property and equipment with a cost in excess of \$5,000 and a useful life in excess of one year are capitalized at cost. Those items with a cost less than \$5,000 are expensed in the year of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life of the assets.

The property and equipment acquired is owned by Putnam County Aging Program, Inc. while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds thereof is subject to funding source regulations.

To provide a means of accountability over certain property and equipment purchases, Putnam County Aging Program, Inc. also records the cost of certain items as an asset with an offset to investment in property and equipment, unrestricted net assets.

Accounts Receivable and Concentration of Credit Risk

The Organization provides various services to the elderly and low income individuals on a third-party reimbursement basis. The Organization bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Accounts and grants receivable have been adjusted for all known uncollectible accounts. An allowance for bad debts has not been set up as the amount is not considered material.

Inventory

In accordance with grant award budgets approved by funding sources, inventory is charged to expense in the period during which it is purchased instead of being recognized as an asset and expended as it is used.

Compensated Absences

The Organization is accounting for compensated absences in the period earned rather than in the period used (See Note 9).

PUTNAM COUNTY AGING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily Restricted Net Assets

The Organization reports grants and other assets as 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 net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Allocated Costs

The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated according to their natural expense classification.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Costs are allocated between management and general or the appropriate program based on evaluations of the related benefits. 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.

Income Taxes

Putnam County Aging Program, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified by the Internal Revenue Service as an other than a private foundation.

Donated Services and Other

Donated hourly services are valued at the federally established minimum wage. Donated other is valued at the estimated fair market value at the date of receipt. The Organization does not record donated services and other in excess of the amount required to meet grant matching requirements.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205-05, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-05, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. At September 30, 2010, the Organization had only unrestricted net assets and did not have any temporarily or permanently restricted net assets.

PUTNAM COUNTY AGING PROGRAM, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows the Organization considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of September 30, 2010.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - GRANT RECEIVABLES

Grant receivables at September 30, 2010, consisted of amounts due under the following:

Title III-B	\$ 91,543
Title III-C	75,796
Title III-D	6,931
Title III-E	27,621
Elder Abuse	596
Medicaid	155,486
Medicaid Waiver	168,222
LIFE	108,548
Alzheimers Respite	32,102
Loved Ones	237,672
TOTAL	\$ 904,517

NOTE 3 - RETIREMENT PLAN

The Organization sponsored a 403(b) Thrift Plan. Employees are eligible to participate upon employment but do not vest in employer contributions until after one (1) year of service. Employees can defer up to the maximum amount allowable by law, while the Organization's matching contribution is equal to the lesser of 50% of their salary reduction contributions during the year or 3% of the compensation received during the year once service requirements are met. Total employer contributions to the plan for 2010 totaled \$5,325.

PUTNAM COUNTY AGING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 4 - OPERATING LEASES

The Organization leases facilities for senior citizens centers under operating leases on various terms. For the year ended September 30, 2010, total rental costs amounted to \$4,800 as recorded in the accompanying financial statements in accordance with grant budgets.

NOTE 5 - LINE OF CREDIT

The Organization had previously established a \$100,000 business revolving line of credit with Putnam County Bank. This account bore interest at prime plus 0.250%, payable monthly with expiration on November 13, 2010. At September 30, 2010, the Organization's balance on the line of credit was \$-0-. Borrowings on the line of credit for the year ended September 30, 2010 amounted to \$-0-. Principal payments for 2010 totaled \$-0-. The credit line was secured by a deed of trust on the central office building.

NOTE 6 - CONCENTRATION OF CREDIT RISK

Cash

The Organization maintains cash balances in checking and savings accounts at various banks throughout the four county region in which it operates. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2010, the carrying amount of the Organization's deposits at their main financial institution, Putnam County Bank of Hurricane, was \$778,987. The bank balance was \$743,072. The difference between the carrying amount and the bank balance is due to deposits in transit and outstanding checks. Of the bank balances, \$250,000 was covered by FDIC insurance with the remaining balance of \$493,072 secured by a collateral bond in the amount of \$2,045,000.

Operations

Most of the Organization's revenues are in the form of grants from federal and state sources. The Organization's ability to continue operations if the grant programs were lost or canceled are unknown.

NOTE 7 - INDIRECT COST ALLOCATION PLAN

The Organization has adopted an indirect cost allocation plan whereby each program is charged its fair share of the general administration costs incurred by the Organization. General administration costs are those costs incurred for the common purpose benefiting and supporting all or a few of the Organization's programs and activities and are not readily assignable on a direct method. The Organization has developed the indirect cost allocation plan in accordance with the requirements of OMB Circular A-122 and has obtained a certification of the plan from an independent certified public accounting firm.

**PUTNAM COUNTY AGING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE 8 - CONTINGENT LIABILITIES

The Organization's programs are generally funded from federal, state, and local sources, principal of which are programs of the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time although management believes such amounts, if any, to be immaterial.

NOTE 9 - COMPENSATED ABSENCES

Annual Leave

All full time salaried employees shall accrue leave at a rate of a days' equivalency of hours for each calendar month of service. After five years of service, 2 additional hours per month from base hours and each subsequent five years of continuation of service these employees earn an additional 2.5 hours each calendar month.

All part-time employees who work 25 to 34 hours per week are eligible to earn one week of annual leave per year.

Sick Leave

All full time salaried employees shall accrue leave at a rate of a days' equivalency of hours for each calendar month of service.

All part-time employees who work 25 to 34 hours per week are eligible to earn one week of sick leave per year.

The Organization determines the liability for compensated absences when the following conditions are met:

1. The Organization's obligation relating to employees' rights to receive compensation for future absences is attributable to employee services already rendered.
2. The obligation relates to the rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria, the Organization has accrued a liability of \$81,550 for annual leave as of September 30, 2010, but has not accrued a liability for sick leave which has been earned, but not taken, by Organization employees.

PUTNAM COUNTY AGING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Organization manages these risks of loss through the purchase of various insurance policies.

NOTE 11 – BUREAU FOR MEDICAL SERVICES SETTLEMENT

From in or about July of 2006, through in or about April of 2010, the Organization contracted with Golden Heart In Home Care Services (Golden Heart) to provide in home care services to eligible Medicaid recipients. Under the contract, Golden Heart agreed, among other things, to provide qualified direct service providers (homemakers) who were adequately trained and screened for prior criminal conduct. Unbeknownst to the Organization, Golden Heart utilized unqualified homemakers who were not adequately trained and who had not been screened for prior criminal conduct, some of whom were convicted felons. The Organization submitted claims to and received payment from West Virginia Medicaid for the services rendered by the Golden Heart homemakers. As a result of these claims, the Organization received a total of \$3,530,870 for services provided by Golden Heart. As a result of Golden Hearts failures, the Bureau for Medical Services denied the claims and sought recovery of the monies paid. On March 15, 2011, the Organization entered into a settlement agreement with the Bureau for Medical Services, on behalf of the West Virginia Medicaid Program. The Organization agreed to pay \$1,121,962 in full settlement of all claims. The accompanying financial statements at September 30, 2010 include the effects of the settlement.

Also, in a decision dated April 1, 2010, the Bureau for Medical Services upheld an audit report recommending disallowance, and recovery of, prior payments to Putnam County Aging Program, Inc. for Medicaid services relating to the Loved Ones program in the amount of \$286,566, with interest. The Organization paid a total of \$287,398 during the year ended September 30, 2010.

ADDITIONAL INFORMATION

**PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-Through WVSC Metro Area Agency on Aging			
Title III, Part B - Senior Citizens	93.044	N/A	\$ 39,665
Title III, Part C - Nutrition	93.045	N/A	532,993
Title III, Part D - Medication Management	93.042	N/A	2,185
Title III, Part E - Family Caregiver	93.052	N/A	14,983
Title VII - Chapter 3 - Program for Prevention of Elder Abuse, Neglect and Exploitation	93.041	N/A	596
Pass-Through Appalachian Area Agency on Aging			
Title III, Part B - Senior Citizens	93.044	N/A	59,684
Title III, Part C - Nutrition	93.045	N/A	138,852
Title III, Part D - Medication Management	93.042	N/A	5,404
Title III, Part E - Family Caregiver	93.052	N/A	34,497
Total - U.S. Department of Health and Human Services			828,859
U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services:			
Pass-Through West Virginia Bureau of Senior Services			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	93.779	N/A	10,000
Total - U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services			10,000
U.S. Department of Agriculture:			
Pass-Through West Virginia Bureau of Senior Services			
Nutrition Program for the Elderly (Commodities) NSIP	93.053	N/A	215,502
Total - U.S. Department of Agriculture			215,502

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Putnam County Aging Program, Inc., and is presented on the basis of accounting practices prescribed by the Bureau of Senior Services. These practices differ in some respects from generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF STATE REVENUE AND EXPENSES - LIFE PUTNAM
FOR THE GRANT AWARD YEAR ENDED JUNE 30, 2010**

Revenue

Grant FY 09/10	\$ <u>189,406</u>
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Expenses

Transfers to other programs	<u>189,406</u>
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Total Expenses	<u>189,406</u>
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Excess (deficit) of revenue over expenses	\$ <u><u>- 0 -</u></u>
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**PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF STATE REVENUE AND EXPENSES - LIFE FAYETTE
FOR THE GRANT AWARD YEAR ENDED JUNE 30, 2010**

Revenue

Grant FY 09/10	\$ <u>174,380</u>
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Expenses

Transfers to other programs	<u>174,380</u>
Total Expenses	<u>174,380</u>

Excess (deficit) of revenue over expenses	\$ <u><u>- 0 -</u></u>
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**PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF STATE REVENUE AND EXPENSES - BUDGET DIGEST FAYETTE
FOR THE GRANT AWARD YEAR ENDED JUNE 30, 2010**

Revenue

Grant FY 09/10	\$ <u>103,892</u>
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Expenses

Other costs	<u>103,892</u>
Total Expenses	<u>103,892</u>

Excess (deficit) of revenue over expenses	\$ <u><u>- 0 -</u></u>
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PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF STATE REVENUE AND EXPENSES - BUDGET DIGEST KANAWHA
FOR THE GRANT AWARD YEAR ENDED JUNE 30, 2010

Revenue

Grant FY 09/10	\$ <u>38,446</u>
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Expenses

Other costs	<u>38,446</u>
Total Expenses	<u>38,446</u>

Excess (deficit) of revenue over expenses	\$ <u><u>- 0 -</u></u>
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PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF STATE REVENUE AND EXPENSES - BUDGET DIGEST PUTNAM
FOR THE GRANT AWARD YEAR ENDED JUNE 30, 2010

Revenue

Grant FY 09/10	\$ <u>64,422</u>
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Expenses

Other costs	<u>64,422</u>
Total Expenses	<u>64,422</u>

Excess (deficit) of revenue over expenses	\$ <u><u>- 0 -</u></u>
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PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF STATE REVENUE AND EXPENSES - BUDGET DIGEST CLAY
FOR THE GRANT AWARD YEAR ENDED JUNE 30, 2010

Revenue

Grant FY 09/10	\$ <u>6,500</u>
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Expenses

Other costs	<u>6,500</u>
Total Expenses	<u>6,500</u>

Excess (deficit) of revenue over expenses	\$ <u><u>- 0 -</u></u>
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**INDEPENDENT AUDITORS' REPORTS ON COMPLIANCE AND INTERNAL CONTROL
AUDITORS' 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***

**Board of Directors
Putnam County Aging Program, Inc.
St. Albans, West Virginia**

We have audited the financial statements of Putnam County Aging Program, Inc. (a nonprofit Organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated September 15, 2011. 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 Putnam County Aging Program, 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 Putnam County Aging Program, 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed 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 Putnam County Aging Program, 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*.

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

A handwritten signature in cursive script that reads "Francis Wright Paterno".

Huntington, West Virginia
September 15, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors

**Putnam County Aging Program, Inc.
St. Albans, West Virginia**

Compliance

We have audited Putnam County Aging Program, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Putnam County Aging Program, Inc.'s major federal programs for the year ended September 30, 2010. Putnam County Aging Program, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Putnam County Aging Program, Inc.'s management. Our responsibility is to express an opinion on Putnam County Aging Program, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Putnam County Aging Program, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Putnam County Aging Program, Inc.'s compliance with those requirements.

In our opinion, Putnam County Aging Program, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of Putnam County Aging Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Putnam County Aging Program, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Putnam County Aging Program, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance 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.

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



Huntington, West Virginia
September 15, 2011

AUDIT FINDINGS

**PUTNAM COUNTY AGING PROGRAM, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

B. FINDINGS – FINANCIAL STATEMENT AND PROGRAM FINDING

SIGNIFICANT DEFICIENCY

2009-1 Accounting System Transactions

Condition: It was determined through the audit process that the Organization did not record transactions in their accounting system in such a way to reflect federal funds received and expended by program, separate from state funds received and expended by program.

Criteria: Circular A-133 subpart C §.300 Auditee Responsibilities states the following:

The auditee shall:

(a) Identify, in its accounts, all federal awards received and expended and the Federal programs under which they were received....

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Circular A-133 defines internal control in subpart A §.105 as follows:

Internal control pertaining to the compliance requirements for federal programs (Internal control over federal programs) means a process--affected by an entity's management and other personnel--designed to provide reasonable assurance regarding the achievement of the following objectives for federal programs:

(1) Transactions are properly recorded and accounted for to:

(i) Permit the preparation of reliable financial statements and federal reports;

Cause: The organization failed to maintain accounts and record transactions separately relating to federal funds received and expended.

Effect: By not maintain separate accounts and recording transactions properly the Organization's accounting system could not produce financial statements and/or reports that would properly reflect federal monies received and expended.

**PUTNAM COUNTY AGING PROGRAM, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

B. FINDINGS – FINANCIAL STATEMENT AND PROGRAM FINDING (CONTINUED)

Recommendation: **The Organization should maintain separate federal and state accounts within its accounting system for each program the Organization administers and monies received and expended should be recorded accordingly.**

Response: **In years past, the Organization has always properly tracked and recorded federal and state funds in their accounting system. However, during the period covered by this report, the Organization’s cognizant agency, the WV Bureau of Senior Services, changed the drawdown process no longer requiring separate requests for federal and state funds. As such, the Organization failed to record separately in their accounting system federal and state funds received and expended.**

The Organization accepts the recommendation of the auditor and will properly record federal and state funds going forward.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Putnam County Aging Program, Inc., prepared in conformity with the accounting principles generally accepted in the United States of America.
2. No deficiencies relating to the audit of the financial statements is reported in the "Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of Putnam County Aging Program, Inc. were disclosed during the audit.
4. No deficiencies relating to the audit of the major federal award programs are reported in the "Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over compliance in Accordance with OMB Circular A-133."
5. The auditors' report on compliance for the major federal award programs for Putnam County Aging Program, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Putnam County Aging Program Inc., are reported in Part C of this Schedule.
7. The programs tested as major programs include:

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>
U.S. Department of Health and Human Services		
Pass-through from Bureau of Senior Services		
Title III-B: Senior Citizens	93.044	N/A
Title III-C: Nutrition	93.045	N/A
Nutrition Program for the Elderly (Commodities) NSIP	93.053	N/A

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Putnam County Aging Program, Inc. qualified as a high-risk auditee due to the requirements within OMB Circular A-133 and the Organization having audit findings within the last two fiscal years.

**PUTNAM COUNTY AGING PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

B. FINANCIAL STATEMENT AND PROGRAM FINDINGS

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None