

**Independent Auditors' Report  
and Related Financial Statements**

**For the Year Ended September 30, 2011**

**COUNCIL ON AGING, INC.**

**Teed & Associates, PLLC  
3624 MacCorkle Avenue SE  
Charleston, West Virginia 25304  
304-925-8752**

# COUNCIL ON AGING, INC.

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# Teed & Associates, PLLC

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## Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants

Member, West Virginia Society of Certified Public Accountants

Member, Tennessee Society of Certified Public Accountants

James L. Teed, CPA

james\_teed2000@yahoo.com

Roy A. Smith, CPA

roy@teedandassociates.com

Madeleine Vescovacci, CPA

maddy@teedandassociates.com

Jennifer S. Priddy, CPA

jennifer@teedandassociates.com

## Independent Auditors' Report

To the Board of Directors  
Council on Aging, Inc.  
Itmann, West Virginia

We have audited the accompanying statement of financial position of the Council on Aging, Inc. (a nonprofit organization) as of September 30, 2011, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our 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 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.

As explained in Note 2 to the financial statements, property and equipment of the Council on Aging, Inc. are expensed rather than capitalized and depreciated in the financial statements. Accounting principles generally accepted in the United States require that property and equipment be recorded at cost or fair value at date of purchase or receipt. It was not practicable to determine the effects of the unrecorded property and equipment on the financial statements.

In our opinion, except for the effects of not capitalizing and depreciating property and equipment as explained in paragraph three, the financial statements referred to above present fairly, in all material respects, the financial position of the Council on Aging, Inc.

To The Board of Directors  
Council on Aging, Inc.  
Itmann, West Virginia  
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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.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2012, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 performed for the purpose of forming an opinion on the basic financial statements of the Council on Aging, Inc. taken as a whole. The accompanying schedule of program expenses is presented for purposes of additional analysis as required by the West Virginia Bureau of Senior Citizens and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Seed & Associates, PLLC*

Charleston, West Virginia  
April 27, 2012

# COUNCIL ON AGING, INC.

## Statement of Financial Position

September 30, 2011

### ASSETS:

#### Current assets:

Cash and cash equivalents	\$ 655,667
Receivables:	
Medicaid, net of allowance for doubtful accounts	186,039
Grants	122,695
Related party	26,474
Prepaid expenses	<u>39,506</u>

Total current assets 1,030,381

Capital assets--nondepreciable 54,000

TOTAL ASSETS \$ 1,084,381

### LIABILITIES AND NET ASSETS:

#### Current liabilities

Accounts payable	\$ 24,611
Accrued salaries and wages	141,544
Accrued compensated absences	52,247
Retirement plan contributions	11,123
Accrued payroll liabilities	<u>65,015</u>

Total current liabilities 294,540

TOTAL LIABILITIES 294,540

#### Net assets:

Investment in capital assets	54,000
Unrestricted net assets	<u>735,841</u>

TOTAL NET ASSETS 789,841

TOTAL LIABILITIES AND NET ASSETS \$ 1,084,381

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

# COUNCIL ON AGING, INC.

## Statement of Activities

For the Year Ended September 30, 2011

	Unrestricted Revenue	Restricted Revenue	Total
<b>REVENUES AND OTHER SUPPORT:</b>			
Medicaid	\$ 4,147,366	\$ -	\$ 4,147,366
Federal grants	-	161,869	161,869
State grants	-	525,586	525,586
Project income	-	15,486	15,486
Bus fare and trip ticket revenue	-	644	644
Non-medicaid	60,877	-	60,877
Inter-Project Match Revenue	41,391	-	41,391
Net assets released from restrictions	703,585	(703,585)	-
	<u>4,953,219</u>	<u>-</u>	<u>4,953,219</u>
<b>TOTAL REVENUES AND OTHER SUPPORT</b>			
<b>OPERATING EXPENSES:</b>			
Personal care	1,817,420	-	1,817,420
Title 19 (Homemaker)	2,382,949	-	2,382,949
Medical Transport (formerly Sect.18)	6,013	-	6,013
Title III-B	139,757	-	139,757
Title III-D	2,453	-	2,453
Title III-C-1	23,933	-	23,933
Title III-C-2	149,429	-	149,429
Title III-E	14,558	-	14,558
Insurance Benefits Counseling	11,494	-	11,494
Community Partnership (State Budget Digest)	22,778	-	22,778
LIFE	161,596	-	161,596
Lighthouse	115,615	-	115,615
Fair	32,045	-	32,045
	<u>4,880,040</u>	<u>-</u>	<u>4,880,040</u>
<b>TOTAL OPERATING EXPENSES</b>			
OPERATING INCOME	<u>73,179</u>	<u>-</u>	<u>73,179</u>
<b>NONOPERATING INCOME (EXPENSES):</b>			
Interest income	355	-	355
	<u>355</u>	<u>-</u>	<u>355</u>
<b>TOTAL NONOPERATING INCOME</b>			
CHANGE IN NET ASSETS	<u>\$ 73,534</u>	<u>\$ -</u>	<u>\$ 73,534</u>

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

# COUNCIL ON AGING, INC.

## Statement of Changes in Net Assets

For the Year Ended September 30, 2011

	<u>Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
NET ASSETS AT OCTOBER 1, 2010	\$ 54,000	\$ 662,307	\$ 716,307
INCREASE (DECREASE) IN NET ASSETS	<u>-</u>	<u>73,534</u>	<u>73,534</u>
NET ASSETS AT SEPTEMBER 30, 2011	<u>\$ 54,000</u>	<u>\$ 735,841</u>	<u>\$ 789,841</u>

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

# COUNCIL ON AGING, INC.

## Statement of Cash Flows

For the Year Ended September 30, 2011

### CASH FLOWS FROM OPERATING ACTIVITIES:

Continuing operations	
Change in net assets	\$ 73,534
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	
(Increase) decrease in Medicaid accounts receivable	129,015
(Increase) decrease in grants receivable	(57,697)
(Increase) decrease in prepaid assets and deposits	28,618
Increase (decrease) in accounts payable	(2,190)
Increase (decrease) in accrued salaries and wages	(84,863)
Increase (decrease) in accrued compensated absences	5,913
Increase (decrease) in retirement plan contributions	11,073
Increase (decrease) in accrued payroll liabilities	<u>29,334</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>132,737</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	132,737
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>522,930</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 655,667</u>

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



# **COUNCIL ON AGING, INC.**

## **Notes to the Financial Statements**

**For the Year Ended September 30, 2011**

### **NOTE 1. NATURE OF OPERATIONS**

The Council on Aging, Inc. (The "Council") is a 501(c) 3 non-profit organization.

The Council operates Medicaid Reimbursement In-Home Care Programs and Federal and State Grants primarily with the U.S. Department of Health and Human Services and State of West Virginia Bureau of Senior Services federal and state grants passed through to the Council from the Appalachian Area Agency on Aging (the "Agency").

The overall objective of the Title III grant program 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 grant program is to provide the elderly with social, outreach, transportation, information and referral services, and nutritional education.

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 home delivered meals to the homebound.

Title III D, the Disease Prevention and Health Promotion Services Section of the Older Americans Act, encompasses twelve (12) broad categories of disease prevention and health promotion services.

Title III E, also known as respite, provides information and assistance, and in-home relief to caregivers.

The Division of Public Transit of the West Virginia Department of Transportation provides funding from the State of West Virginia for the Council to provide rural public transportation.

The Council also receives state funds through the Agency in connection with a Health Benefit Information, Counseling and Assistant Grant (SHIP), the purpose of which is to

help older individuals understand their rights under the Social Security Act, Medicaid Programs, supplemental social security programs and general insurance policies. This information is provided to seniors by a counselor who has general knowledge of these areas.

The Medicaid Reimbursement In-Home Care Program is a state funded program to allow eligible seniors to receive the assistance necessary to allow them to remain in their homes with minimal outside supervision. These services include housekeeping, personal care, or other related matters.

The Lighthouse program is a state funded program to provide in-home assistance for seniors who do not qualify for other programs.

The FAIR program is a state funded program to provide relief to care givers who care for individuals with Dementia and Alzheimer's disease.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

The Council on Aging, Inc. prepares and maintains their financial statements and accounts on the accrual basis of accounting.

### **Financial Statement Presentation**

The Council on Aging, Inc. has implemented the financial statement presentation required by the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, it is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted. The Council had no temporarily or permanently restricted net assets as of September 30, 2011.

### **Cash Concentrations**

The Council on Aging, Inc. maintains cash with a federally insured bank. At times, the balance in these accounts may be in excess of insured limits. In order to provide additional insurance for excess amounts the People's Bank of Mullins has pledged a \$500,000 depository bond with a maturity date of May 1, 2012.

### **Allowance for Doubtful Accounts**

Management has taken a bad debt expense for doubtful accounts, primarily amounts billed to Medicaid for reimbursement but not collected due to rejected claims. Therefore, management believes that the receivables presented on the balance sheet are fully collectible.

### **Property and Equipment**

Property and equipment are expensed at the time of the purchase rather than being capitalized and depreciated over its estimated economic useful life. This is not in accordance with accounting principles generally accepted in the United States. Accordingly, no depreciation has been recorded.

### **Revenue Recognition**

Amounts received from funding agencies under cost-reimbursable grants are recognized as support only to the extent that related expenses have been incurred.

### **Donated Goods**

Donated noncash assets, such as food items and medical supplies are recorded at their fair value in the period received and used as other revenue with a corresponding expense.

### **Income Tax Status**

Under provisions of the Internal Revenue Code, Section 501(c) 3, and the applicable income tax regulations of the State of West Virginia, the Council on Aging, Inc. is exempt from taxes on income other than unrelated business income. Since the Council on Aging, Inc. had no net unrelated business income during the year ended September 30, 2011, no provision for income taxes has been made.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **NOTE 3. RISK CONCENTRATIONS**

Substantially all of the Council on Aging, Inc.'s support and revenues are derived from its Medicaid services and from federal and state grants, the loss of which would have a materially adverse effect on the Council on Aging, Inc. During the year ended September 30, 2011, Medicaid revenues, federal and state grants, and other income accounted for approximately eight-four percent (84%), fourteen percent (14%) and two percent (2%), respectively, of total support and revenue.

### **NOTE 4. EMPLOYEE BENEFIT PLAN**

Effective January 1, 2008, the Council established a 401(k) retirement and savings plan for its employees. The Council ceased making matching contributions of up to 100% of the first 2% of eligible contributions for the fourth quarter of 2010, at which time matching contributions ceased for the remaining three quarters of fiscal year 2011. The Board of Directors also declared \$28,521 in profit sharing for year ended September 30, 2011. Total contributions by the Council to the plan for year ended September 30, 2011, amounted to \$23,849.

### **NOTE 5. RELATED PARTY TRANSACTIONS**

The Council on Aging, Inc. is related to All Care Home and Community Services, Inc. ("All Care") through a common Board of Directors. During the year ended September 30, 2011, the Council paid the monthly health insurance premiums, life, eye and dental insurance premiums, and 401(k) employee deferrals, company match and profit share for All Care. All Care owes the Council approximately \$9,935 for these remittances.

The Council has agreed to pay or advance for most of the overhead of All Care because reduced funding has brought them to an unprofitable level. The Council took this action because the services provided to the community by All Care helped fulfill the mission of the Council and referrals from All Care helped support the Council. At September 30, 2011 All Care's estimated associated overhead cost advanced by the Council was approximately \$16,539.

### **NOTE 6. DISCLOSURE OF INTER-PROGRAM TRANSFERS**

In order to match appropriate program revenues with program expenses, inter-program entries were recorded to accurately reflect operating results of the programs. For year ending September 30, 2011, the Life program received \$41,391 in revenues for expenses associated with other programs. The inter-program entries to record these matching revenues/expenses per program were as follows: IIB \$15,983; C-2 \$11,368; Lighthouse \$14,040.

## **NOTE 7. CONTINGENCIES**

Certain of the Council's programs are primarily funded through federal and state grants. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits 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 ultimately be disallowed by grantor agencies, cannot be determined at this time, although Council management believes such amounts, if any, to be immaterial.

## **NOTE 8. LEASE AND RENTAL AGREEMENTS**

The Council rents its primary facility in Itmann, West Virginia from the Pocahontas Land Company for \$1,260 per year. This facility also houses the administrative activities for All Care Home and Community Services. It is a standard operating practice in the area for the coal and land holding companies to rent excess facilities to community service organizations at modest lease prices. This lease is on a ten-year lease. The Council leases a second facility in Welch, West Virginia for \$500 per month under a cancelable operating term of one year, a third facility in Charleston, West Virginia for \$1,437 per month under a noncancelable operating term five-years, a fourth facility in Princeton, West Virginia for \$625 per month under a noncancelable operating term five-years and a fifth facility in Oceana, West Virginia for \$400 per month noncancelable operating term of two-years.

## **NOTE 9. FUNCTIONAL EXPENSES**

Expenses by function for the year ended September 30, 2011, were as follows:

**NOTE 10. FUNCTIONAL EXPENSES (continued)**

	<u>Personal Care</u>	<u>Title - 19 Homemaker</u>	<u>Medical Transportation</u>
Salaries and wages	\$ 1,258,137	\$ 1,673,692	\$ 2,577
Payroll taxes	112,546	154,062	205
Fringe benefits	146,671	162,447	96
Training and travel	15,858	15,816	1,926
Legal and accounting	7,582	7,552	-
Food expense	2,014	2,113	-
Utilities	14,494	14,578	-
Printing and supplies	21,228	22,219	167
Licenses and taxes	13	33	49
Membership dues	985	982	-
Contracted services	31,828	31,701	-
Insurance expense	-	-	-
Mileage expense	8,375	107,092	-
Advertising	24,391	24,393	-
Matching expense -- general	-	-	-
Maintenance	1,294	1,289	-
Rent	17,970	17,898	-
Postage	541	530	2
Miscellaneous	11,382	11,398	-
Medical supplies	57	57	-
Bad debt expense	6,106	5,145	-
Equipment	638	635	-
Indirect costs	<u>135,310</u>	<u>129,317</u>	<u>991</u>
<b>Total functional expenses</b>	<b><u>\$ 1,817,420</u></b>	<b><u>\$ 2,382,949</u></b>	<b><u>\$ 6,013</u></b>

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

**NOTE 10. FUNCTIONAL EXPENSES (continued)**

	<u>III-B</u>	<u>III-D</u>	<u>III-C-1</u>
Salaries and wages	\$ 45,746	\$ 2,024	\$ 6,271
Payroll taxes	4,228	181	598
Fringe benefits	7,784	80	239
Training and travel	14,416	-	133
Legal and accounting	-	-	-
Food expense	-	-	12,114
Utilities	-	-	206
Printing and supplies	2,292	-	658
Licenses and taxes	31	-	20
Membership dues	-	-	30
Contracted services	-	-	-
Insurance expense	21,561	23	-
Mileage expense	-	-	119
Advertising	-	-	-
Matching expense -- general	-	-	-
Maintenance	-	-	277
Rent	-	-	-
Postage	8	1	4
Miscellaneous	513	-	-
Medical supplies	-	-	-
Bad debt expense	-	-	-
Equipment	39,037	-	479
Indirect costs	<u>4,141</u>	<u>144</u>	<u>2,785</u>
 Total functional expenses	 <u>\$ 139,757</u>	 <u>\$ 2,453</u>	 <u>\$ 23,933</u>

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

**NOTE 10. FUNCTIONAL EXPENSES (continued)**

	<u>III-C-2</u>	<u>Benefit Counseling</u>	<u>Community Partnership</u>	<u>Life</u>
Salaries and wages	\$ 47,841	\$ 7,796	\$ -	\$ 56,145
Payroll taxes	4,490	623	-	4,916
Fringe benefits	1,769	300	-	8,030
Training and travel	13,131	46	-	6,780
Legal and accounting		-	-	-
Food expense	67,128	-	-	14
Utilities	826	-	-	-
Printing and supplies	6,009	2,578	-	13,685
Licenses and taxes	80	-	-	-
Membership dues	120	-	-	-
Contracted services		-	-	-
Insurance expense		-	-	16,645
Mileage expense	477	151	-	-
Advertising		-	-	-
Matching expense -- general		-	-	41,391
Maintenance	1,108	-	18,532	-
Rent		-	-	-
Postage	10	-	-	9
Miscellaneous		-	-	414
Medical supplies		-	-	-
Bad debt expense		-	-	-
Equipment	1,915	-	4,246	9,439
Indirect costs	<u>4,525</u>	<u>-</u>	<u>-</u>	<u>4,128</u>
<b>Total functional expenses</b>	<b><u>\$ 149,429</u></b>	<b><u>\$ 11,494</u></b>	<b><u>\$ 22,778</u></b>	<b><u>\$ 161,596</u></b>

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



**NOTE 10. FUNCTIONAL EXPENSES (continued)**

	<u>III-E</u>	<u>Lighthouse</u>	<u>Fair</u>	<u>Total</u>
Salaries and wages	\$ 11,969	\$ 94,422	\$ 26,535	\$ 3,233,155
Payroll taxes	1,097	8,895	2,479	294,320
Fringe benefits	637	4,060	1,160	333,273
Training and travel	12	103	36	68,257
Legal and accounting	-	-	-	15,134
Food expense	-	-	-	83,383
Utilities	-	-	-	30,104
Printing and supplies	14	2	38	68,890
Licenses and taxes	-	-	-	226
Membership dues	-	-	-	2,117
Contracted services	-	-	-	63,529
Insurance expense	-	-	-	38,229
Mileage expense	56	2,944	23	119,237
Advertising	-	-	-	48,784
Matching expense -- general	-	-	-	41,391
Maintenance	-	-	-	22,500
Rent	-	-	-	35,868
Postage	2	16	4	1,127
Miscellaneous	1	113	2	23,823
Medical supplies	-	-	-	114
Bad debt expense	-	-	-	11,251
Equipment	-	-	-	56,389
Indirect costs	<u>770</u>	<u>5,060</u>	<u>1,768</u>	<u>288,939</u>
<b>Total functional expenses</b>	<b><u>\$ 14,558</u></b>	<b><u>\$ 115,615</u></b>	<b><u>\$ 32,045</u></b>	<b><u>\$ 4,880,040</u></b>

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

**SCHEDULE OF PROGRAM EXPENDITURES  
WEST VIRGINIA BUREAU OF SENIOR CITIZENS**

# COUNCIL ON AGING, INC.

## Schedule of Program Expenditures – West Virginia Bureau of Senior Citizens

For the Year Ended September 30, 2011

<u>Program</u>	<u>Program Year</u>	<u>Expenditures</u>	<u>Revenues</u>
Lighthouse	July 1, 2010 to June 30, 2011	<u>\$ 117,250</u>	<u>\$ 163,785</u>
LIFE	July 1, 2010 to June 30, 2011	<u>\$ 202,080</u>	<u>\$ 185,758</u>
Community Partner	July 1, 2010 to June 30, 2011	<u>\$ 42,051</u>	<u>\$ 44,999</u>
FAIR	July 1, 2010 to June 30, 2011	<u>\$ 28,631</u>	<u>\$ 44,982</u>

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

# **COUNCIL ON AGING, INC.**

## **Notes to Schedule of Program Expenditures**

**For the Year Ended September 30, 2011**

### **BASIS OF PRESENTATION**

The accompanying schedules of program expenses of the State Budget Digest, Lighthouse, Fair and LIFE programs includes the grant activity of the Council on Aging, Inc. that the West Virginia Bureau of Senior Citizens oversees, and is presented on the accrual basis of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE**

# Teed & Associates, PLLC

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## Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants

Member, West Virginia Society of Certified Public Accountants

Member, Tennessee Society of Certified Public Accountants

James L. Teed, CPA

james\_teed2000@yahoo.com

Roy A. Smith, CPA

roy@teedandassociates.com

Madeleine Vescovacci, CPA

maddy@teedandassociates.com

Jennifer S. Priddy, CPA

jennifer@teedandassociates.com

## INDEPENDENT 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

To The Board of Directors  
Council on Aging, Inc.  
Itmann, West Virginia

We have audited the financial statements of Council on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2011,, and have issued our report thereon dated April 29, 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 the Council'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 the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council'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 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.

To The Board of Directors  
Council on Aging, Inc.  
Itmann, West Virginia  
Page 2

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 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 the Council'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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Council management, and other federal and state oversight agencies and is not intended to be used and should not be used by anyone other than these specified parties. However, in accordance with *West Virginia Code 6-9-9a*, this report is a matter of public record and its distribution is not limited.

*Seed & Associates, PLLC*

Charleston, West Virginia  
April 27, 2012