

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

For the Year Ended September 30, 2009

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

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

Rick Barnett, CPA
rick@teedandassociates.com

Stephen P. Glaser, CPA, MBA
steve@teedandassociates.com

Roy A. Smith, CPA
roy@teedandassociates.com

Richard A. Tully, CPA
richard@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, 2009, 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, 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 also issued a report dated April 30, 2010, 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.

Teed & Associates, PLLC

Charleston, West Virginia
April 30, 2010

COUNCIL ON AGING, INC.

Statement of Financial Position

September 30, 2009

ASSETS:

Current assets:

Cash and cash equivalents	\$ 427,528
Receivables:	
Medicaid, net of allowance for doubtful accounts	330,430
Grants	103,046
Related party	16,319
Prepaid expenses	<u>61,798</u>
Total current assets	<u>939,121</u>
Capital assets--nondepreciable	<u>54,000</u>
Total assets	<u>\$ 993,121</u>

LIABILITIES AND NET ASSETS:

Current liabilities

Accounts payable	\$ 35,991
Accrued salaries and wages	250,834
Accrued compensated absences	43,167
Retirement plan contributions	6,295
Accrued payroll liabilities	<u>39,860</u>
Total current liabilities	<u>376,147</u>
Total liabilities	<u>376,147</u>

Net assets:

Investment in capital assets	54,000
Unrestricted net assets	<u>562,974</u>
Total net assets	<u>616,974</u>
Total liabilities and net assets	<u>\$ 993,121</u>

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

COUNCIL ON AGING, INC.

Statement of Activities

For the Year Ended September 30, 2009

	<u>Unrestricted Revenue</u>	<u>Restricted Revenue</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Medicaid	\$ 4,324,404	\$ -	\$ 4,324,404
Federal grants	-	340,434	340,434
State grants	-	326,768	326,768
Project income	-	14,372	14,372
Bus fare and trip ticket revenue	-	1,111	1,111
Non-medicaid	54,556	-	54,556
Inter-project match revenue	72,707	-	72,707
Net assets released from restrictions	<u>682,685</u>	<u>(682,685)</u>	<u>-</u>
Total support and revenues	<u>5,134,352</u>	<u>-</u>	<u>5,134,352</u>
OPERATING EXPENSES:			
Personal care	2,134,444	-	2,134,444
Title 19 (Homemaker)	2,113,065	-	2,113,065
Section 18	64,768	-	64,768
Title V	146,252	-	146,252
Title V ARRA	5,172	-	5,172
Title III-B	67,763	-	67,763
Title III-D	2,330	-	2,330
Title III-C-1	86,563	-	86,563
Title III-C-2	166,056	-	166,056
Title III-E	12,942	-	12,942
Insurance benefits counseling	1,382	-	1,382
State Budget Digest	25,261	-	25,261
LIFE	170,329	-	170,329
Lighthouse	66,996	-	66,996
Fair	<u>24,160</u>	<u>-</u>	<u>24,160</u>
Total operating expenses	<u>5,087,483</u>	<u>-</u>	<u>5,087,483</u>
Operating income	<u>46,869</u>	<u>-</u>	<u>46,869</u>
NONOPERATING INCOME (EXPENSES):			
Interest income	<u>315</u>	<u>-</u>	<u>315</u>
Total nonoperating income	<u>315</u>	<u>-</u>	<u>315</u>
Change in net assets	<u>\$ 47,184</u>	<u>\$ -</u>	<u>\$ 47,184</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, 2009

	<u>Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
Balance at October 1, 2008	\$ 54,000	\$ 515,790	\$ 569,790
Increase in net assets	<u>-</u>	<u>47,184</u>	<u>47,184</u>
Balance at September 30, 2009	<u>\$ 54,000</u>	<u>\$ 562,974</u>	<u>\$ 616,974</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, 2009

Cash flows from operating activities:	
Increase in net assets	\$ 47,184
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	
(Increase) decrease in Medicaid accounts receivable	(18,804)
(Increase) decrease in grants receivable	10,916
(Increase) decrease in prepaid assets and deposits	(61,798)
Increase (decrease) in accounts payable	(34,746)
Increase (decrease) in accrued salaries and wages	28,783
Increase (decrease) in accrued compensated absences	(2,593)
Increase (decrease) in retirement plan contributions	6,295
Increase (decrease) in accrued payroll liabilities	<u>20,276</u>
Net cash provided by operating activities	<u>(4,487)</u>
Net increase (decrease) in cash and equivalents	(4,487)
Cash and equivalents, beginning	<u>432,015</u>
Cash and equivalents, ending	<u>\$ 427,528</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, 2009

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 Title V and Title V ARRA Programs provide an opportunity for low income persons over 55 years of age to train for available positions. The funds are used to pay salaries of participants while employers provide training for a specified period of time.

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, 2009.

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, 2009, 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, 2009, Medicaid revenues, federal and state grants, and other income accounted for approximately eighty-four percent (84%), thirteen percent (13%) and three percent (3%), 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 made matching contributions of up to 100% of the first 2% of eligible contributions. The Board of Directors also declared \$28,099 in profit sharing for year ended September 30, 2009. Total contributions by the Council to the plan for year ended September 30, 2009, amounted to \$63,046.

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, 2009, 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 \$16,300 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, 2009 All Care's estimated associated overhead cost absorbed by the Council was approximately \$17,900.

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, 2009, the Life program received \$72,707 in revenues for expenses associated with other programs. The inter-program entries to record these matching revenues/expenses per program were as follows: C-1 \$8,965, C-2 \$18,202, Lighthouse \$15,399, Section 18 \$16,422.00 and Title V \$13,719.

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 rents a second facility in Welch, West Virginia for \$450 per month, a third facility in Charleston, West Virginia for \$1,388 per month, and a fourth facility in Princeton, West Virginia for \$625 per month. The Welch lease is on a month-to-month basis; the Charleston and Princeton lease are on a five-year lease.

NOTE 9. PENDING LITIGATION

The Council is involved in two legal proceedings and claims. While it is not possible to determine the ultimate outcome of any lawsuits with certainty, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the Council.

NOTE 10. FUNCTIONAL EXPENSES

Expenses by function for the year ended September 30, 2009, were as follows:

NOTE 10. FUNCTIONAL EXPENSES (continued)

	<u>Personal Care</u>	<u>Title - 19 Homemaker</u>	<u>Section 18</u>	<u>Title V</u>
Salaries and wages	\$ 1,338,760	\$ 1,377,386	\$ 10,816	\$ 106,827
Payroll taxes	124,924	134,990	899	8,302
Fringe benefits	110,385	133,285	599	2,374
Training and travel	2,896	9,409	532	1,926
Legal and accounting	25,460	28,167	-	-
Food expense	814	1,339	-	-
Utilities	8,473	10,864	-	-
Printing and supplies	17,457	24,142	629	3,041
Licenses and taxes	193	213	-	-
Membership dues	420	610	-	-
Contracted services	170,578	5,155	-	-
Insurance expense	830	1,413	22,791	651
Mileage expense	65,900	108,801	-	978
Advertising	37,924	43,415	-	3,957
Matching expense -- general	-	-	-	-
Maintenance	19,642	19,654	28,258	-
Rent	13,123	17,687	-	-
Postage	275	191	-	-
Miscellaneous	14,865	22,105	242	-
Medical supplies	5	5	-	-
Bad debt expense	4,429	3,074	-	-
Equipment	2,883	2,805	-	-
Indirect costs	<u>174,209</u>	<u>168,355</u>	<u>2</u>	<u>18,196</u>
Total functional expenses	<u>\$ 2,134,444</u>	<u>\$ 2,113,065</u>	<u>\$ 64,768</u>	<u>\$ 146,252</u>

NOTE 10. FUNCTIONAL EXPENSES (continued)

	<u>Title V ARRA</u>	<u>III-B</u>	<u>III-D</u>	<u>III-C-1</u>
Salaries and wages	\$ 4,263	\$ 49,770	\$ 1,733	\$ 30,959
Payroll taxes	176	4,188	78	2,779
Fringe benefits	83	2,120	14	1,447
Training and travel	-	-	-	142
Legal and accounting	-	-	-	-
Food expense	-	-	-	43,784
Utilities	-	-	-	699
Printing and supplies	500	-	87	2,488
Licenses and taxes	-	-	-	57
Membership dues	-	-	-	57
Contracted services	-	-	-	-
Insurance expense	-	5,813	-	-
Mileage expense	-	-	128	206
Advertising	150	-	-	-
Matching expense -- general	-	-	-	-
Maintenance	-	-	-	500
Rent	-	-	-	-
Postage	-	-	-	-
Miscellaneous	-	-	-	41
Medical supplies	-	-	-	-
Bad debt expense	-	-	-	-
Equipment	-	-	-	-
Indirect costs	-	5,872	290	3,404
Total functional expenses	<u>\$ 5,172</u>	<u>\$ 67,763</u>	<u>\$ 2,330</u>	<u>\$ 86,563</u>

NOTE 10. FUNCTIONAL EXPENSES (continued)

	<u>III-C-2</u>	<u>Insurance Benefit Counseling</u>	<u>State Budget Digest</u>	<u>Life</u>
Salaries and wages	\$ 50,245	\$ 966	\$ -	\$ 46,683
Payroll taxes	4,568	89	-	4,207
Fringe benefits	2,371	69	-	1,244
Training and travel	232	258	-	1,774
Legal and accounting	-	-	-	-
Food expense	93,794	-	-	381
Utilities	1,140	-	-	-
Printing and supplies	5,393	-	1,756	5,098
Licenses and taxes	93	-	-	-
Membership dues	93	-	-	-
Contracted services	343	-	-	-
Insurance expense	-	-	-	14,209
Mileage expense	337	-	-	85
Advertising	-	-	-	671
Matching expense -- general	-	-	-	72,707
Maintenance	815	-	8,705	150
Rent	-	-	-	-
Postage	-	-	-	-
Miscellaneous	1,114	-	-	7,547
Medical supplies	-	-	-	-
Bad debt expense	-	-	-	-
Equipment	-	-	14,800	8,065
Indirect costs	<u>5,518</u>	<u>-</u>	<u>-</u>	<u>7,508</u>
Total functional expenses	<u>\$ 166,056</u>	<u>\$ 1,382</u>	<u>\$ 25,261</u>	<u>\$ 170,329</u>

NOTE 10. FUNCTIONAL EXPENSES (continued)

	<u>III-E</u>	<u>Lighthouse</u>	<u>Fair</u>	<u>Total</u>
Salaries and wages	\$ 8,954	\$ 55,563	\$ 19,600	\$ 3,102,525
Payroll taxes	778	5,076	1,763	292,817
Fringe benefits	2	3,280	1,247	258,520
Training and travel	-	1	-	17,170
Legal and accounting	-	-	-	53,627
Food expense	-	-	-	140,112
Utilities	-	-	-	21,176
Printing and supplies	10	53	10	60,664
Licenses and taxes	-	-	-	556
Membership dues	-	-	-	1,180
Contracted services	-	-	-	176,076
Insurance expense	109	-	-	45,816
Mileage expense	-	2,398	9	178,842
Advertising	-	-	-	86,117
Matching expense -- general	-	-	-	72,707
Maintenance	-	-	-	77,724
Rent	-	-	-	30,810
Postage	-	-	-	467
Miscellaneous	1	4	1	45,919
Medical supplies	-	-	-	10
Bad debt expense	-	-	-	7,503
Equipment	-	-	-	28,553
Indirect costs	<u>3,088</u>	<u>621</u>	<u>1,530</u>	<u>388,593</u>
Total functional expenses	<u>\$ 12,942</u>	<u>\$ 66,996</u>	<u>\$ 24,160</u>	<u>\$ 5,087,483</u>

SCHEDULE OF PROGRAM EXPENDITURES

COUNCIL ON AGING, INC.

Schedule of Program Expenditures

For the Year Ended September 30, 2009

<u>Program</u>	<u>Program Year</u>	<u>Expenditures</u>	<u>Revenues</u>
Title V	July 1, 2008 to June 30, 2009	<u>\$ 155,891</u>	<u>\$ 137,836</u>
Title V ARRA	July 1, 2008 to June 30, 2009	<u>\$ -</u>	<u>\$ -</u>
Lighthouse	July 1, 2008 to June 30, 2009	<u>\$ 73,778</u>	<u>\$ 106,205</u>
LIFE	July 1, 2008 to June 30, 2009	<u>\$ 160,154</u>	<u>\$ 153,096</u>
State Budget Digest	July 1, 2008 to June 30, 2009	<u>\$ 11,166</u>	<u>\$ 5,344</u>
FAIR	July 1, 2008 to June 30, 2009	<u>\$ 20,441</u>	<u>\$ 29,093</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, 2009

BASIS OF PRESENTATION

The accompanying schedules of program expenses of the Title V, 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

Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants
Member, West Virginia Society of Certified Public Accountants
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James L. Teed, CPA
james_teed2000@yahoo.com

Rick Barnett, CPA
rick@teedandassociates.com

Stephen P. Glaser, CPA, MBA
steve@teedandassociates.com

Roy A. Smith, CPA
roy@teedandassociates.com

Richard A. Tully, CPA
richard@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, 2009, and have issued our report thereon dated April 30, 2010. 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 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, prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

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

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 Council'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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be 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 Board of Directors of Council on Aging, Inc. (a nonprofit organization), the West Virginia State Auditor's Office and other federal and state 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.

Teed & Associates, PLLC

Charleston, West Virginia
April 30, 2010