

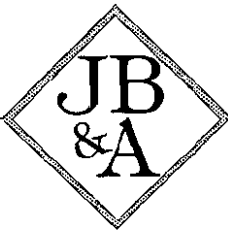
**MCDOWELL COUNTY COMMISSION ON AGING, INC.**

**INDEPENDENT AUDITORS' REPORT AND  
RELATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2008**

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# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
McDowell County Commission on Aging, Inc.  
Welch, West Virginia

We have audited the accompanying statements of financial position of McDowell County Commission on Aging, Inc. (a nonprofit organization) as of September 30, 2008, and the related statements of activities, functional expenses and cash flows, for the year 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 audits 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 audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 McDowell County Commission on Aging, Inc. as of September 30, 2008, 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 our report dated June 2, 2009, on our consideration of McDowell County Commission on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 audits.

Buckhannon, West Virginia  
June 2, 2009

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2008**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 91,162
Accounts receivable, net	110,969
Grants receivable	15,713
Prepaid expense	<u>11,393</u>
Total current assets	<u>229,237</u>

Property and equipment, net	<u>280,140</u>
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<b>TOTAL ASSETS</b>	<b><u>\$ 509,377</u></b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 8,880
Accrued compensation	48,028
Prepaid payroll taxes	<u>1,756</u>
Total current liabilities	<u>58,664</u>

**Net Assets**

Unrestricted	450,713
Temporarily restricted	<u>          </u>
Total net assets	<u>450,713</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 509,377</u></b>
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The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 223,047	\$	\$ 223,047
State grant allocations	577,678		577,678
Donations	37,374		37,374
Medicaid fees	901,534		901,534
Project income	48,930		48,930
Interest income	1,290		1,290
Other	3,353		3,353
Net assets released from restrictions:			
Restrictions released with time			
Total Revenue and Support	1,793,206		1,793,206
 <b>EXPENSES</b>			
Program Services			
Title III-B	115,121		115,121
Title III-D	5,408		5,408
Title III-C - congregate	132,503		132,503
Title III-C - home delivered	169,070		169,070
Title III-E	66,627		66,627
Insurance benefits	1,601		1,601
LIFE	102,515		102,515
Personal Care	1,117,140		1,117,140
Management & general	51,315		51,315
Total Expenses	1,761,300		1,761,300
Change in Net Assets	31,906		31,906
<b>NET ASSETS AT BEGINNING, RESTATED</b>	418,807		418,807
<b>NET ASSETS AT END OF YEAR</b>	\$ 450,713	\$	\$ 450,713

The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Title III-B	Title III-D	Title III-C		Title III-E	Insurance Benefits	LIFE	Personal Care	Management and General	Totals (Memorandum Only)
			Congregate	Home Delivered						
Salaries and wages	\$ 61,478	\$ 262	\$ 51,011	\$ 82,035	\$ 49,236	\$ 1,433	\$ 47,828	\$ 831,569	\$ 1,864	\$ 1,126,716
Fringe benefits	9,080	6	6,034	9,743	5,920	131	5,620	129,655	235	166,424
Travel								32,804		32,804
Printing and supplies	2,123		1,414	2,082		37	1,524	8,800	28	16,008
Repairs and maintenance	9,645		4,399	4,027			22,011	7,215	8,987	56,284
Communications and utilities	3,354		10,122	10,048				14,205	56	37,785
Other		5,140	10,429	12,302	11,471			17,029	218	56,589
Equipment	122		1,596	1,968			2,797			6,483
Rawfood			36,565	36,670						73,235
Disposables	321		6,457	6,460				5,533	2	18,773
Transportation/Trip	25,906							36,882	405	63,193
Professional services	340		1,198	340				4,863		6,741
Insurance	2,752		3,278	3,395			22735	28,585	173	60,918
Depreciation									39,347	39,347
	<u>\$ 115,121</u>	<u>\$ 5,408</u>	<u>\$ 132,503</u>	<u>\$ 169,070</u>	<u>\$ 66,627</u>	<u>\$ 1,601</u>	<u>\$ 102,515</u>	<u>\$ 1,117,140</u>	<u>\$ 51,315</u>	<u>\$ 1,761,300</u>

The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 31,906
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	39,347
(Increase) decrease in operating assets:	
Accounts and grants receivable	43,850
Prepaid expenses	(6,261)
Increase (decrease) in operating liabilities:	
Accounts payable	(9,570)
Accrued wages and taxes payable	<u>3,417</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>102,689</b></u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Property and equipment	<u>(83,198)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u><b>(83,198)</b></u>

Increase in cash and cash equivalents	19,491
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>71,671</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u><b>\$ 91,162</b></u></u>

The accompanying notes and auditors' report are integral parts of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

The McDowell County Commission on Aging, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in McDowell County, West Virginia. The purpose of the Organization is to study the needs of the seniors, to encourage, promote and aid in the establishment of programs for the seniors, to conduct programs of public education in the problems of aging, to utilize opportunities to establish demonstration programs, and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the McDowell County Commission on Aging, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity.

**Basis of Accounting**

The financial statements of McDowell County Commission on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payable and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Allowance for Doubtful Accounts**

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

**Inventories**

Inventories of raw food, materials and supplies are deemed immaterial and are accordingly expensed as purchased.

The accompanying independent auditors' report is an integral part of these notes.



**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 1,000 capitalization policy whereby all property and equipment over \$ 1,000 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

**Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

**Federal Grants**

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

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any expended monies are restricted for future Title III-C program operating expenses.

Total federal and state grant revenues for the year ended September 30, 2008, was \$ 800,725.

The accompanying independent auditors' report is an integral part of these notes.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that effect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

**Note 2. Grants Receivable**

Grants receivable at September 30, 2008, consisted of the following:

Nutrition		\$ 4,257
LIFE		11,456
		-----
Total		\$ 15,713
		=====

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30, 2008:

Land and building		\$ 199,257
Vehicles		226,509
		-----
		425,766
Less accumulated depreciation		145,626
		-----
Total		\$ 280,140
		=====

The accompanying independent auditors' report is an integral part of these notes.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 4. Concentration**

The Organization receives about 35 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 50 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

**Note 5. Contingent Liabilities**

In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Note 6. Net Assets**

There are no restrictions on net assets at September 30, 2008.

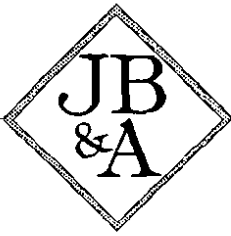
**Note 7. Grant Revenues**

The following grants have years ending other than September 30. Revenues were recognized as follows for fiscal year ended September 30, 2008.

<b>Grant</b>	<b>Grant Period</b>	<b>Recognized FYE 9/30/08</b>
LIFE	7/1/07 – 6/30/08	\$ 184,657
LIFE	7/1/08 – 6/30/09	36,484
	Total	----- \$ 221,141 =====
Lighthouse	7/1/07 – 6/30/08	\$ 86,355
Lighthouse	7/1/08 – 6/30/09	33,547
	Total	----- \$ 119,902 =====

The accompanying independent auditors' report is an integral part of these notes.

## **SUPPLEMENTAL INFORMATION**



# JOHN BURDETTE & ASSOCIATES

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors  
McDowell County Commission on Aging, Inc.  
Welch, West Virginia

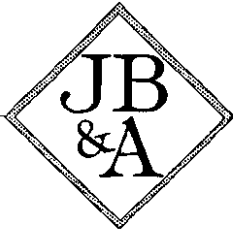
Our report on our audit of the basic financial statements of the McDowell County Commission on Aging, Inc. for the year ended September 30, 2008 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States for the purpose of forming an opinion of the basic financial statements taken as a whole. The schedule of revenues is presented for the purpose of additional analysis 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 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Buckhannon, West Virginia  
June 2, 2009

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF REVENUES AND SUPPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Title III-B	Title III-D	Title III-C		Title III-E	Ins Bene	Personal Care	Other Programs	LIFE	Totals (Memorandum Only)
			Congregate	Home Delivered						
Federal financial assistance	\$ 44,645	\$ 5,239	\$ 55,432	\$ 51,820	\$ 34,413	\$	\$	\$	\$	\$ 191,549
NSIP			15,749	15,749						31,498
State grant allocations	32,283	924	8,800	10,116					221,141	273,264
State grant LIFE allocated			6,336	45,689	11,471				(63,496)	-
State Nutrition Enhancement				18,546						18,546
State Supplement			8,798	8,798						17,596
State grant Fair							30,800			30,800
State grant Lighthouse							119,902			119,902
Sate grant Budget Digest								59,422		59,422
State grant Hot/Cold truck								30,000		30,000
State grant fuel supplement	8,186									8,186
State grant food supplement			10,086	2,744						12,830
State grant transportation	7,132									7,132
Donations	36,718							656		37,374
Contractual revenues							901,534			901,534
Project income	7,248		26,993	14,681			8			48,930
Interest income								1,290		1,290
Other Income			309					3,044		3,353
<b>Total</b>	<b>\$136,212</b>	<b>\$ 6,163</b>	<b>\$132,503</b>	<b>\$168,143</b>	<b>\$ 45,884</b>	<b>\$ -</b>	<b>\$ 1,052,244</b>	<b>\$ 94,412</b>	<b>\$157,645</b>	<b>\$ 1,793,206</b>

The accompanying notes and auditors' report are integral parts of this statement.



# JOHN BURDETTE & ASSOCIATES

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
McDowell County Commission on Aging, Inc.  
Welch, West Virginia

We have audited the financial statements of McDowell County Commission on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2008, and have issued our report thereon dated June 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United State 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 McDowell County Commission on Aging, 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 the McDowell County Commission on Aging, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the McDowell County Commission on Aging, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether McDowell County Commission on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of McDowell County Commission on Aging, Inc. in a separate letter dated June 2, 2009.

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

  
Buckhannon, West Virginia  
June 2, 2009





# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## MANAGEMENT LETTER

To the Senior Management and  
The Board of Directors of  
McDowell County Commission on Aging, Inc.  
Welch, West Virginia

In planning and performing our audit of the financial statements of McDowell County Commission on Aging, Inc. for the year ended September 30, 2008, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 2, 2009, on the financial statements of McDowell County Commission on Aging, Inc.

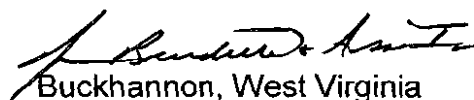
We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### Segregation of Duties

We noted that two employees are responsible for the accounting and financial duties. As a result, many aspects of the internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in McDowell County Commission on Aging, Inc. We recognize that the Organization is not large enough to make the employment of additional people for the purpose of segregating duties practicable from a financial standpoint, but we are required, under our professional responsibilities to describe the situation.

We wish to thank the Director and her staff for their support and assistance during our audit.

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

  
Buckhannon, West Virginia

June 2, 2009