

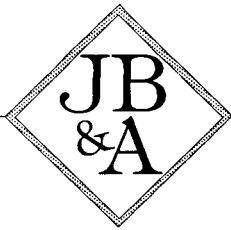
SUMMERS COUNTY COUNCIL ON AGING, INC.

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

SEPTEMBER 30, 2012

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JOHN BURDETTE & ASSOCIATES

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INDEPENDENT AUDITORS' REPORT

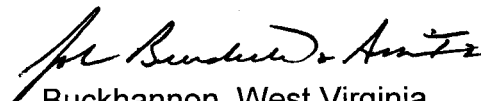
To the Board of Directors
Summers County Council on Aging, Inc.
Hinton, West Virginia

We have audited the accompanying statements of financial position of Summers County Council on Aging, Inc. (a nonprofit organization) as of September 30, 2012, and the related statements 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 audits.

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 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 Summers County Council on Aging, Inc. as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2013, on our consideration of Summers County Council 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 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 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 read in conjunction with this report in considering the results of our audit.


Buckhannon, West Virginia
June 26, 2013

SUMMERS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$ 725,993
Accounts receivable, net	70,344
Grants receivable	68,205
Prepaid Expenses	<u>1,550</u>

Total current assets 866,092

Property and Equipment, net 869,171

TOTAL ASSETS \$ 1,735,263

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 4,962
Accrued wages payable	46,921
Accrued payroll taxes	<u>6,268</u>

Total current liabilities 58,151

Net Assets

Unrestricted 1,677,112

Temporarily restricted

Total net assets 1,677,112

TOTAL LIABILITIES AND NET ASSETS \$ 1,735,263

The accompanying notes are an integral part of this statement.

**SUMMERS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Federal financial assistance	\$ 184,038	\$	\$ 184,038
State grant allocations	437,017		437,017
Other grants	20,000		20,000
Donations	3,302		3,302
Medicaid	414,117		414,117
Waiver	613,997		613,997
Project income	44,106		44,106
Interest income	10,429		10,429
Bingo/Raffle	30,594		30,594
Other	10,092		10,092
Net assets released from restrictions:			
Restrictions released with time	<u> </u>	<u> </u>	<u> </u>
Total Revenue and Support	<u>1,767,692</u>	<u> </u>	<u>1,767,692</u>
EXPENSES			
Program Services			
Title III-B	143,092		143,092
Title III-D	3,267		3,267
Title III-E	22,403		22,403
Title III-C - congregate	97,705		97,705
Title III-C - home delivered	154,416		154,416
LIFE	149,278		149,278
Medicaid/waiver	910,998		910,998
Fair	37,477		37,477
Lighthouse	109,766		109,766
LIEAP	4,870		4,870
Bingo/raffle	13,480		13,480
Management and general	<u>130,313</u>	<u> </u>	<u>130,313</u>
Total Expenses	<u>1,777,065</u>	<u> </u>	<u>1,777,065</u>
Change in Net Assets	(9,373)		(9,373)
NET ASSETS AT BEGINNING OF YEAR	<u>1,686,485</u>	<u> </u>	<u>1,686,485</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,677,112</u>	<u>\$</u>	<u>\$ 1,677,112</u>

The accompanying notes are an integral part of this statement.

**SUMMERS COUNTY COMMISSION ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Title III-B	Title III-D	Title III-E	Title III-C			Medicaid Waiver
				Congregate	Home Delivered	LIFE	
Salaries and wages	\$ 76,954	\$	\$20,573	\$ 49,516	\$ 81,246	\$ 93,714	698,239
Fringe benefits	23,913		1,722	18,658	29,378	28,799	146,156
Travel	727		108	16	25	2,265	16,497
Printing and supplies	917			725	1,128	7,598	7,267
Fuel, repairs and maintenance	36,583	844		1,074	1,665	6,752	25,741
Communications and utilities	2,114			1,729	2,690	2,668	10,182
Insurance	1,440			1,113	1,719	2,524	6,463
Professional services						4,000	
Rawfood				19,978	29,294		
Disposables				4,835	7,189		
Depreciation							
Other	444	2,423		61	82	958	453
Total Functional Expenses	\$143,092	\$ 3,267	\$22,403	\$ 97,705	\$ 154,416	\$149,278	\$ 910,998

**SUMMERS COUNTY COMMISSION ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Fair</u>	<u>Lighthouse</u>	<u>SAMS</u>	<u>Bingo Raffle</u>	<u>Admin General</u>	<u>Totals (Memorandum Only)</u>
Salaries and wages	\$34,458	\$101,070	\$ 4,496	\$ 7,778	\$ 3,821	\$ 1,171,865
Fringe benefits	2,927	8,696	374		2,677	263,300
Travel						19,638
Printing and supplies				5,602	535	23,772
Fuel, repairs and maintenance					562	73,221
Communications and utilities						19,383
Insurance						13,259
Professional services					4,500	8,500
Rawfood						49,272
Disposables						12,024
Depreciation					81,558	81,558
Other	<u>92</u>			<u>100</u>	<u>36,660</u>	<u>41,273</u>
Total Functional Expenses	<u>\$37,477</u>	<u>\$109,766</u>	<u>\$ 4,870</u>	<u>\$13,480</u>	<u>\$ 130,313</u>	<u>\$ 1,777,065</u>

The accompanying notes are an integral part of this statement.

**SUMMERS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (9,373)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	81,558
(Increase) decrease in operating assets:	
Accounts and grants receivable	60,273
Prepaid expenses	7,508
Increase (decrease) in operating liabilities:	
Accounts payable	(3,611)
Accrued wages payable	(6,383)
Accrued payroll taxes	(1,501)
Deferred revenue	<u>(411)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>128,060</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed asset additions	<u>(46,669)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(46,669)</u>

Increase in cash and cash equivalents	81,391
CASH AND CASH EQUIVALENTS, beginning of year	<u>644,602</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 725,993</u></u>

The accompanying notes are an integral part of this statement.

**SUMMERS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The Summers County Council on Aging, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Summers County, West Virginia. The purpose of the Organization is to study and document 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 Summers County Council 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 Summers County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards. 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 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 and deemed immaterial and are accordingly expensed as purchased.

**SUMMERS COUNTY COUNCIL 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 \$ 5,000 capitalization policy whereby all property and equipment over \$ 5,000 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 restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted 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 and State Grant Revenues

Grants Monies are received on a reimbursement basis; this is utilized for Title III-B, Title III-D, Title III-E, Title VII, and LIFE grants. Upon completion of a grant year, any unexpended grants have to be approved for carryover to the next grant year.

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, 2012, were \$ 621,055.

Donated Services

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in relation to such volunteer services.

**SUMMERS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Expense Allocation

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

Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect 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.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Note 2. Grants Receivable

Grants receivable at September 30, 2012, consisted of the following:

LIFE Program	\$ 24,135
Fair	6,703
Lighthouse	27,296
III-C	7,971
III-E	1,292
SAMS	808

Total	\$ 68,205
	=====

**SUMMERS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30, 2012:

Land and building	\$ 1,068,159
Vehicles	322,571
Equipment, furniture and fixtures	125,177

	1,515,907
Less accumulated depreciation	646,736

Total	\$ 869,171
	=====

Note 4. Restrictions on Net Assets

There were no restricted assets at September 30, 2012.

Note 5. 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 58 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.

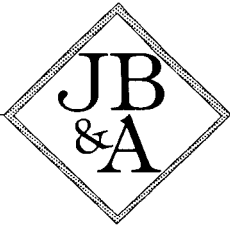
Note 6. Contingent Liabilities

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 7. Subsequent Events

Management has evaluated subsequent events through June 26, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



JOHN BURDETTE & ASSOCIATES

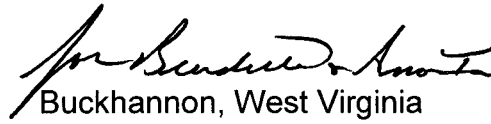
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Summers County Council on Aging, Inc.
Hinton, West Virginia

Our report on our audit of the basic financial statements of the Summers County Council on Aging, Inc. for the year ended September 30, 2012 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 of the purpose of forming an opinion of the basic financial statements taken as a whole. The schedule of revenues and support, is presented for 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 26, 2013

**SUMMERS COUNTY COMMISSION ON AGING, INC.
SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE
				Congregate	Home Delivered	
Federal financial assistance	\$ 40,178	\$ 2,039	\$ 9,564	\$ 44,079	\$ 73,681	\$
State grant	30,673		3,347			193,941
State LIFE allocated	3,332	360	210			(3,902)
Other grants						
Donations						
Medicaid						
Waiver						
Project income	5,747		809	11,863	11,447	
Interest income						
Bingo/Raffle						
Other						
Total Revenue and Support	79,930	2,399	13,930	55,942	85,128	190,039

**SUMMERS COUNTY COMMISSION ON AGING, INC.
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

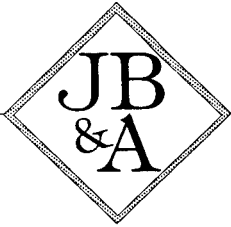
<u>Medicaid Waiver</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>SAMS</u>	<u>SHIP</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
\$	\$	\$	\$	\$ 7,000	\$ 7,497	\$ 184,038
	34,888	134,876	4,958		34,334	437,017
					20,000	20,000
					3,302	3,302
414,117						414,117
613,997						613,997
	2,636	9,865			1,739	44,106
					10,429	10,429
					30,594	30,594
					10,092	10,092
<u>1,028,114</u>	<u>37,524</u>	<u>144,741</u>	<u>4,958</u>	<u>7,000</u>	<u>117,987</u>	<u>1,767,692</u>

The independent auditors' report on supplemental information is an integral part of this schedule.

**SUMMERS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Grant Period</u>	<u>Grant Identificaion Number</u>		<u>State Expenditures</u>
Direct Programs:				
WV Bureau of Senior Services				
Community Partnership Grants				<u>\$ 31,834</u>
Total Direct Programs				<u>31,834</u>
Pass through Awards				
Appalachian Area Agency on Aging				
III E State	June 30, 2012	21238		3,347
III B State	June 30, 2012	21238		30,673
LIFE	June 30, 2012	21204		156,361
LIFE	June 30, 2013	21304		37,580
Lighthouse	June 30, 2012	21205		94,392
Lighthouse	June 30, 2013	21305		40,484
FAIR	June 30, 2012	21205		24,773
FAIR	June 30, 2013	21305		10,115
SAMS	June 30, 2012	21205		3,745
SAMS	June 30, 2013	21305		1,213
Food Supplement	June 30, 2012			<u>2,500</u>
Total pass-through awards				<u>405,183</u>
TOTAL EXPENDITURES OF STATE AWARDS				<u><u>\$ 437,017</u></u>

The independent auditors' report on supplemental information is an integral part of this schedule.



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
Summers County Council on Aging, Inc.
Hinton, West Virginia

We have audited the financial statements of Summers County Council on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2012, and have issued our report thereon dated June 26, 2013. 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 Summers County Council 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 Summers County Council on Aging, 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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designated 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.

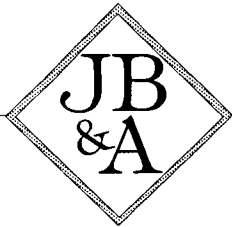
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Summers County Council 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 Summers County Council on Aging, Inc. in a separate letter dated June 26, 2013.

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


Buckhannon, West Virginia
June 26, 2013



JOHN BURDETTE & ASSOCIATES

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MANAGEMENT LETTER

To the Senior Management and
The Board of Directors
Summers County Council on Aging, Inc.
Hinton, West Virginia

In planning and performing our audit of the financial statements of Summers County Council on Aging, Inc., for the year ended September 30, 2012 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 the 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 26, 2013, on the financial statements of Summers County Council on Aging, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendation, 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 as follows:

Segregation of Duties

We noted that two employees are responsible for most accounting and financial duties. As a result, many aspects of the internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing in Summers County Council on Aging, Inc. We recognize that the Organization has segregated financial duties as much as possible among its present staff and 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 his 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 with the Organization.

Buckhannon, West Virginia
June 26, 2013