

**WIRT COUNTY COMMITTEE ON AGING, INC.**

**Financial Statements**

**September 30, 2011**

**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Financial Statements**  
**September 30, 2011**

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ALICE M. HARRIS, CPA, A.C.

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Board of Directors

Wirt County Committee on Aging, Inc.:

I have audited the accompanying statement of financial position of Wirt County Committee on Aging, Inc., (a West Virginia non-profit corporation) as of September 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. The financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As explained in the notes to the financial statements, the Organization expenses the cost of long-lived property and equipment acquired by purchase, donation or capital lease. In my opinion, accounting principles generally accepted in the United States of America require these assets to be capitalized and depreciated over the estimated useful lives of the assets. It was not practical to determine the effects of the unrecorded long-lived property and equipment and related capital lease debt on the financial statements.

In my opinion, except for the effects of not capitalizing and depreciating long-lived property and equipment, the financial statements referred to above present fairly, in all material respects, the financial position of Wirt County Committee on Aging, Inc., as of September 30, 2011, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Audit Standards*, I have also issued my report dated January 25, 2012 on my consideration of Wirt County Committee on Aging, Inc.'s internal control over financial reporting and on my 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 my testing of



Independent Auditor's Report, Continued

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 my audit.

My audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of support, revenue and expenses (Schedule 1 through Schedule 5) are presented for purposes of additional analysis and are 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 my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Alice M. Harris, CPA*

Alice M. Harris, CPA  
January 25, 2012

**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Statement of Financial Position**  
**September 30, 2010**

<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	52,912
Accounts and grants receivable		60,005
Other receivables		417
Prepaid insurance		6,095
<b>Total current assets</b>		<b>119,429</b>
Property and equipment:		
Vehicles		66,232
Building improvements		41,891
<b>Total property and equipment</b>		<b>108,123</b>
Less accumulated depreciation		(77,319)
<b>Net property and equipment</b>		<b>30,804</b>
<b>Total assets</b>		<b>150,233</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Line of credit	\$	35,821
Accounts payable		5,146
Accrued wages		20,760
Accrued vacation payable		6,518
Payroll taxes payable		3,063
<b>Total current liabilities</b>		<b>71,308</b>
<b>Total liabilities</b>		<b>71,308</b>
Net assets (deficit):		
Unrestricted		78,925
Temporarily restricted		-
Permanently restricted		-
<b>Total net assets</b>		<b>78,925</b>
<b>Total liabilities and net assets</b>		<b>\$ 150,233</b>

*See accompanying notes to financial statements.*

**WIRT COUNTY COMMITTEE ON AGING, INC.**

Statement of Activities

Year ended September 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support, Revenue and Reclassifications:</b>				
Federal grant awards	\$ 106,486	-	-	106,486
State grant awards	173,532	-	-	173,532
Project income	32,229	-	-	32,229
Medicaid	226,450	-	-	226,450
Community partnership grants	53,250	-	-	53,250
Legislative initiative/elderly	175,170	-	-	175,170
Other income	12,627	8,000	-	20,627
<b>Total support and revenue before reclassifications</b>	<b>779,744</b>	<b>8,000</b>	<b>-</b>	<b>787,744</b>
<b>Reclassifications:</b>				
Net assets released from restrictions	8,000	(8,000)	-	-
<b>Total support, revenue and reclassifications</b>	<b>787,744</b>	<b>-</b>	<b>-</b>	<b>787,744</b>
<b>Expenses:</b>				
<b>Program expenses:</b>				
Personal care	278,722	-	-	278,722
Nutrition	104,630	-	-	104,630
Transportation	1,793	-	-	1,793
Adult day care	29,461	-	-	29,461
Other programs	214,191	-	-	214,191
<b>Total program expenses</b>	<b>628,797</b>	<b>-</b>	<b>-</b>	<b>628,797</b>
<b>Supporting services:</b>				
Management and general	161,264	-	-	161,264
<b>Total expenses</b>	<b>790,061</b>	<b>-</b>	<b>-</b>	<b>790,061</b>
Change in net assets	(2,317)	-	-	(2,317)
Net assets, beginning of year	81,242	-	-	81,242
<b>Net assets, end of year</b>	<b>\$ 78,925</b>	<b>-</b>	<b>-</b>	<b>78,925</b>

*See accompanying notes to financial statements.*



**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Statement of Functional Expenses**  
**Year ended September 30, 2011**

		Personal care	Nutrition	Transportation	Day care	Other programs	Total program expenses	Management and general	Total expenses
Personnel	\$	234,837	41,943	638	24,267	88,972	390,657	87,407	478,064
Fringe benefits		34,154	6,100	93	3,529	28,497	72,373	14,014	86,387
Travel and training		5,660	118	176	-	-	5,954	2,039	7,993
Occupancy		2,333	5,644	-	-	2,690	10,667	24,671	35,338
Equipment		-	-	-	-	-	-	-	-
Food and disposable supplies		-	45,566	-	-	-	45,566	-	45,566
Fuel - automobiles		-	4,716	473	-	10,195	15,384	-	15,384
Insurance		-	-	-	575	-	575	639	1,214
Other program costs		1,485	543	-	-	83,837	85,865	9,340	95,205
Supplies		253	-	-	1,090	-	1,343	2,664	4,007
Auto parts & maintenance		-	-	413	-	-	413	-	413
Professional fees		-	-	-	-	-	-	4,018	4,018
Depreciation		-	-	-	-	-	-	16,472	16,472
<b>Total expenses</b>	<b>\$</b>	<b>278,722</b>	<b>104,630</b>	<b>1,793</b>	<b>29,461</b>	<b>214,191</b>	<b>628,797</b>	<b>161,264</b>	<b>790,061</b>

*See accompanying notes to financial statements.*

**WIRT COUNTY COMMITTEE ON AGING, INC.**

**Statement of Cash Flows**

**Year ended September 30, 2008**

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Cash flows from operating activities:		
Change in net assets	\$	(2,317)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		16,472
(Increase) decrease in:		
Accounts receivable		(683)
Other receivables		(1)
Prepaid insurance		(2,405)
Increase (decrease) in:		
Accounts payable		4,982
Accrued payroll		1,543
Accrued vacation payable		(2,188)
Payroll payable		(694)
Net cash provided by operating activities		14,709
<hr/>		
Cash flows from financing activities:		
Repayment of line of credit		(5,301)
Net cash used in financing activities		(5,301)
<hr/>		
Increase in cash and cash equivalents		9,408
Cash and cash equivalents, beginning of year		43,504
<hr/>		
<b>Cash and cash equivalents, end of year</b>	<b>\$</b>	<b>52,912</b>
<hr/>		
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	\$	-
Interest		2,334
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*See accompanying notes to financial statements.*



**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Notes to Financial Statements**

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**NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Nature of Activities** - The purpose of Wirt County Committee on Aging, Inc., (a not-for-profit organization) is to study the social service needs of Wirt County and its contiguous counties; and to unify senior citizens into an organization dedicated to working for a common goal of promoting life and health, honor and dignity to citizens 55 years of age and older in Wirt County, West Virginia.

**Basis of Accounting** - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America with the exception that the Organization does not capitalize and depreciate the cost of long-lived property and equipment.

**Basis of Presentation** - The Organization has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, an organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or passage of time.
- Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the organization. Generally, the donors of the assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

**Contributions** – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

**Contributed Property and Equipment** - Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**Cash and Cash Equivalents** - For purposes of the Statements of Cash Flows, Wirt County Committee on Aging, Inc., considers all highly-liquid investments purchased with maturities of three months or less to be cash and cash equivalents.

**Advertising** – It is the policy of Wirt County Committee on Aging, Inc. to expense all advertising costs as incurred.

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

**Inventory** – Inventory consists of raw food and supplies and are stated at the lower of cost or market determined by the first-in-first-out method.



**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Notes to Financial Statements, Continued**

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**NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED**

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**Income Tax Status** - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

In January 2006, the Financial Accounting Standards Board issued ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Agency adopted ASC 740-10 as of October 1, 2010. There was no impact to the Agency's financial statements as a result of the implementation of ASC 740-10

**Property and Equipment** - All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments are expensed during the year of purchase. This policy is not in accordance with accounting principles generally accepted in the United States of America which require that all acquisitions of property and equipment be capitalized and depreciated over the estimated useful life of the assets. The independent auditor's report has been qualified to reflect this departure from accounting principles generally accepted in the United States of America.

**Fair Value of Financial Instruments** – Wirt County Committee on Aging, Inc. has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at September 30, 2011 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value of all financial instruments has been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

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**USE OF ESTIMATES**

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



**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Notes to Financial Statements, Continued**

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**CONCENTRATIONS OF RISK DISCLOSURE**

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The Organization is economically dependent on grants from various federal, state and local governments for the operation of their programs. The Organization's ability to receive these grants is somewhat dependent on the national, state and local economy.

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**ACCOUNTS AND GRANTS RECEIVABLE**

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The Organization operates in the Wirt County, WV area and receives support from various sources, substantially all of whom are local individuals or government agencies.

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**LINE OF CREDIT**

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The Organization obtained a \$60,000 line of credit from Wesbanco Bank. The line of credit is due on demand with interest at Wall Street Prime plus 1% (6.0% at September 30, 2011) This line of credit is secured by accounts receivable. At September 30, 2011, the outstanding balance was \$35,821.

Interest expense paid during the year ended September 30, 2011 totaled \$2,334.

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**ACCRUED ANNUAL LEAVE**

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Accrued annual leave includes all obligations for vacation leave at the current rate of employee pay. Employees vest in earned but unused vacation leave up to a maximum of 120 hours. At September 30, 2011 the liability for accrued annual leave totaled \$6,518.

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**RETIREMENT PLAN**

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The Organization maintains a retirement plan under Internal Revenue Code Section 403(b). Under the plan employees are permitted to defer a portion of their salaries to be contributed to the retirement plan. Currently, there are no matching provisions for the Organization.

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**RISK MANAGEMENT**

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

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**EVALUATION OF SUBSEQUENT EVENTS**

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The Organization has evaluated subsequent events through January 25, 2012, the date which the financial statements were available to be issued.

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**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Schedule of Support, Revenue and Expenses - Personal Care**  
**Year ended September 30, 2011**

	Title III B	Title III D	Title III E	Medicaid	Waiver	Lighthouse	FAIR	VA Funds	Totals
<b>Support and revenue:</b>									
Federal grant awards	\$ 25,382	953	1,959	-	-	-	-	-	28,294
State grant awards	9,242	338	842	-	-	92,096	35,173	2,186	139,877
Project income	-	78	-	-	-	5,758	2,835	-	8,671
Medicaid	-	-	-	26,717	199,622	-	-	-	226,339
Medication management	-	-	-	111	-	-	-	-	111
Other income	-	-	-	-	-	-	-	-	-
<b>Total support &amp; revenue</b>	<b>34,624</b>	<b>1,369</b>	<b>2,801</b>	<b>26,828</b>	<b>199,622</b>	<b>97,854</b>	<b>38,008</b>	<b>2,186</b>	<b>403,292</b>
<b>Expenses:</b>									
Personnel	-	-	-	21,045	127,507	58,832	27,101	352	234,837
Fringe benefits	-	-	-	3,061	18,546	8,553	3,942	52	34,154
Travel and training	-	-	-	5,656	4	-	-	-	5,660
Occupancy	2,117	-	216	-	-	-	-	-	2,333
Equipment	-	-	-	-	-	-	-	-	-
Food and disposable supplies	-	-	-	-	-	-	-	-	-
Fuel - automobiles	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Other program costs	-	453	-	1,032	-	-	-	-	1,485
Supplies	-	-	-	253	-	-	-	-	253
Auto parts & maintenance	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
<b>Total direct expenses</b>	<b>2,117</b>	<b>453</b>	<b>216</b>	<b>31,047</b>	<b>146,057</b>	<b>67,385</b>	<b>31,043</b>	<b>404</b>	<b>278,722</b>
Indirect cost allocation	-	-	-	9,224	55,886	25,786	11,879	171	102,946
Matching funds, transfers (in)/out	28,768	-	1,646	-	-	-	-	-	30,414
<b>Total expenses</b>	<b>30,885</b>	<b>453</b>	<b>1,862</b>	<b>40,271</b>	<b>201,943</b>	<b>93,171</b>	<b>42,922</b>	<b>575</b>	<b>412,082</b>
<b>Net program income (loss)</b>	<b>3,739</b>	<b>916</b>	<b>939</b>	<b>(13,443)</b>	<b>(2,321)</b>	<b>4,683</b>	<b>(4,914)</b>	<b>1,611</b>	<b>(8,790)</b>

*See accompanying notes to financial statements*

**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Schedule of Support, Revenue and Expenses - Nutrition Programs**  
**Year ended September 30, 2011**

	Title III C-1	Title III C-2	Totals
<b>Support and revenue:</b>			
Federal grant awards	\$ 32,795	45,397	78,192
State grant awards	5,917	-	5,917
Overserving	1,846	1,252	3,098
Project income	10,792	7,816	18,608
Legislative initiative / elderly	-	19,217	19,217
Total support & revenue	51,350	73,682	125,032
<b>Expenses:</b>			
Personnel	12,396	29,547	41,943
Fringe benefits	1,803	4,297	6,100
Travel and training	58	60	118
Occupancy	4,853	791	5,644
Equipment	-	-	-
Food and disposable supplies	19,795	25,771	45,566
Fuel - automobiles	-	4,716	4,716
Insurance	-	-	-
Other program costs	395	148	543
Supplies	-	-	-
Auto parts & maintenance	-	-	-
Professional fees	-	-	-
Depreciation	-	-	-
Total direct expenses	39,300	65,330	104,630
Indirect cost allocation	5,433	12,950	18,383
Matching funds, transfers (in)/out	-	-	-
Total expenses	44,733	78,280	123,013
Net program income (loss)	6,617	(4,598)	2,019

*See accompanying notes to financial statements.*

**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Schedule of Support, Revenue and Expenses - Transportation Programs**  
**Year ended September 30, 2011**

	Transportation Programs	Totals
Support and revenue:		
Grant revenue	\$ -	-
Other revenues	4,950	4,950
<b>Total support &amp; revenue</b>	<b>4,950</b>	<b>4,950</b>
Expenses:		
Personnel	638	638
Fringe benefits	93	93
Travel and training	176	176
Occupancy	-	-
Equipment	-	-
Food and disposable supplies	-	-
Fuel - automobiles	473	473
Insurance	-	-
Other program costs	-	-
Supplies	-	-
Auto parts & maintenance	413	413
Professional fees	-	-
Depreciation	-	-
<b>Total direct expenses</b>	<b>1,793</b>	<b>1,793</b>
Indirect cost allocation	280	280
Matching funds transfers (in)/out	-	-
<b>Total expenses</b>	<b>2,073</b>	<b>2,073</b>
<b>Net program income (loss)</b>	<b>2,877</b>	<b>2,877</b>

*See accompanying notes to financial statements.*



**WIRT COUNTY COMMITTEE ON AGING, INC.**  
**Schedule of Support, Revenue and Expenses - Adult Day Care Programs**  
**Year ended September 30, 2011**

	Adult Day Care	Totals
Support and revenue:		
Adult day care revenue	\$ -	-
Donations	-	-
Total support & revenue	-	-
Expenses:		
Personnel	24,267	24,267
Fringe benefits	3,529	3,529
Travel and training	-	-
Occupancy	-	-
Equipment	-	-
Food and disposable supplies	-	-
Fuel - automobiles	-	-
Insurance	575	575
Other program costs	-	-
Supplies	1,090	1,090
Auto parts & maintenance	-	-
Professional fees	-	-
Depreciation	-	-
Total direct expenses	29,461	29,461
Indirect cost allocation	11,777	11,777
Matching funds transfers (in)/out	(37,490)	(37,490)
Total expenses	3,748	3,748
Net program income (loss)	(3,748)	(3,748)

*See accompanying notes to financial statements.*

**Schedule of Support, Revenue and Expenses - Other Programs**  
**Year ended September 30, 2011**

	General fund	SHIP	Life	Totals
<b>Support and revenue:</b>				
Federal grant awards	\$ -	-	-	-
State grant awards	17,640	7,000	-	24,640
Community partnership grants	53,250	-	-	53,250
Legislative initiative / elderly	-	-	155,953	155,953
Other revenues	20,627	-	-	20,627
<b>Total support &amp; revenue</b>	<b>91,517</b>	<b>7,000</b>	<b>155,953</b>	<b>254,470</b>
<b>Expenses:</b>				
Personnel	25,931	826	62,215	88,972
Fringe benefits	3,772	93	24,632	28,497
Travel and training	-	-	-	-
Occupancy	-	-	2,690	2,690
Equipment	-	-	-	-
Food and disposable supplies	-	-	-	-
Fuel - automobiles	-	-	10,195	10,195
Insurance	-	-	-	-
Other program costs	71,955	-	11,882	83,837
Supplies	-	-	-	-
Auto parts & maintenance	-	-	-	-
Professional fees	-	-	-	-
Depreciation	-	-	-	-
<b>Total direct expenses</b>	<b>101,658</b>	<b>919</b>	<b>111,614</b>	<b>214,191</b>
Indirect cost allocation	11,365	362	27,269	38,996
Matching funds transfers (in)/out	-	-	7,076	7,076
<b>Total expenses</b>	<b>113,023</b>	<b>1,281</b>	<b>145,959</b>	<b>260,263</b>
<b>Net program income (loss)</b>	<b>(21,506)</b>	<b>5,719</b>	<b>9,994</b>	<b>(5,793)</b>

*See accompanying notes to financial statements.*



**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 of  
Wirt County Committee on Aging, Inc.

I have audited the financial statements of Wirt County Committee on Aging, Inc., (a nonprofit organization) as of and for the year ended September 30, 2011, and have issued my report thereon dated January 25, 2012. I conducted my 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 my audit, I considered Wirt County Committee on Aging, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wirt County Committee on Aging, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization'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.

My consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I considered to be a material weakness as defined above.



**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, CONTINUED***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wirt County Committee on Aging, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Alice M. Harris, CPA*

Alice M. Harris, CPA  
January 25, 2012

**WIRT COUNTY COMMITTEE ON AGING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2011**

**STATUS OF PRIOR YEAR FINDINGS:**

**Finding Number 2011-001**

**Significant Deficiency (Repeat of Prior Year Finding 2010-001)**

**Capitalization of Assets Purchased with Grant Funds:**

For grant reporting purposes, the Organization has elected to expense all capital assets purchased with grant funds rather than recording them as an asset on the statement of financial position and depreciating them over their useful lives.

Managements Response: We have elected to expense property and equipment purchased with grant funds in order to more closely track expenditures made with grant funds. We recognize that this is not in accordance with generally accepted accounting principles. However, due to the reconciliation required to comply with GAAP and the fact that we have limited accounting resources, we do not feel it is economically feasible to change our process of expensing property and equipment when purchased. We accept the fact that our auditor has qualified our audit opinion due to this departure from generally accepted accounting principles and our funding sources understand the reasoning behind our decision not to capitalize these equipment purchases.