

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
AUDITED FINANCIAL STATEMENTS  
For Year Ended September 30, 2010

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**AUDITED FINANCIAL STATEMENTS**  
For Year Ended September 30, 2010

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# Hollifield & Associates

-----CERTIFIED PUBLIC ACCOUNTANTS-----

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June 6, 2011

Board of Directors  
Raleigh County Commission on Aging, Inc.  
Beckley, WV 25801

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Raleigh County Commission on Aging, Inc. (a nonprofit organization) as of September 30, 2010, 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 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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Raleigh County Commission on Aging, Inc. as of September 30, 2010, 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 6, 2011, on our consideration of Raleigh County Commission on Aging, Inc.'s internal control over financial reporting and on 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 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 conducted for the purpose of forming an opinion on the basic financial statements of Raleigh County Commission on Aging, Inc. taken as a whole.



Jeffery S. Hollifield, CPA

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
September 30, 2010 and 2009

| <b>ASSETS</b>                           | <b>2010</b>         | <b>2009</b>         |
|---|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                   |                     |                     |
| Cash and cash equivalents               | \$ 763,783          | \$ 810,310          |
| Accounts receivable, net                | 377,545             | 364,649             |
| Grants receivable                       | 197,430             | 143,903             |
| Prepaid expenses                        | 66,362              | 9,825               |
| Total Current Assets                    | 1,405,120           | 1,328,687           |
| <b>NONCURRENT ASSETS</b>                |                     |                     |
| Land                                    | 175,515             | 95,000              |
| Buildings                               | 2,613,386           | 2,600,975           |
| Furniture, Fixtures, and Equipment      | 161,722             | 131,715             |
| Vehicles                                | 409,849             | 337,357             |
|   | 3,360,473           | 3,165,048           |
| Less accumulated depreciation           | (737,399)           | (608,665)           |
| Total Capital Assets                    | 2,623,074           | 2,556,383           |
| <b>TOTAL ASSETS</b>                     | <b>\$ 4,028,194</b> | <b>\$ 3,885,070</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                     |                     |
| <b>CURRENT LIABILITIES</b>              |                     |                     |
| Accounts payable                        | \$ 45,138           | \$ 8,443            |
| Accrued wages payable                   | 160,246             | 98,807              |
| Accrued payroll taxes                   | -                   | 11,132              |
| Current portion of long-term debt       | 517,478             | 42,251              |
| Total Current Liabilities               | 722,862             | 160,633             |
| <b>LONG TERM DEBT</b>                   | -                   | 722,580             |
| <b>TOTAL LIABILITIES</b>                | 722,862             | 883,213             |
| <b>NET ASSETS</b>                       |                     |                     |
| Unrestricted                            | 3,305,332           | 3,001,857           |
| Total Net Assets                        | 3,305,332           | 3,001,857           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 4,028,194</b> | <b>\$ 3,885,070</b> |

The notes to financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF ACTIVITIES**  
For Year Ended September 30, 2010 and 2009

|  | <b>2010</b>  | <b>2009</b>  |
|--|--------------|--------------|
| <b>REVENUE AND SUPPORT</b>               |              |              |
| Federal financial assistance             | \$ 315,368   | \$ 330,774   |
| State grant allocations                  | 1,295,077    | 963,738      |
| Donations                                | 11,011       | 59,949       |
| Medicaid/waiver                          | 1,314,581    | 1,150,632    |
| Program Income                           | 770,635      | 728,161      |
| Interest Income                          | 1,576        | 4,616        |
| Other                                    | 185,597      | 133,694      |
| Total Revenue and Support                | 3,893,845    | 3,371,564    |
| <b>EXPENSES</b>                          |              |              |
| Program Services:                        |              |              |
| Title III-B                              | 203,181      | 168,893      |
| Title III-D                              | 33,182       | 31,692       |
| Title III-E                              | 116,392      | 93,741       |
| Title III-C - congregate                 | 327,716      | 314,808      |
| Title III-C - home delivered             | 361,740      | 320,751      |
| LIFE                                     | 21,375       | 40,744       |
| Personal Care / Waiver                   | 1,594,012    | 1,435,258    |
| Transportation                           | 55,726       | 29,990       |
| Fair                                     | 79,250       | 69,958       |
| Lighthouse                               | 436,707      | 241,081      |
| Elder Abuse                              | 4,514        | 2,425        |
| Management and general                   | 356,576      | 280,172      |
| Total Expenses                           | 3,590,371    | 3,029,513    |
| <b>INCREASE (DECREASE) IN NET ASSETS</b> | 303,475      | 342,051      |
| Net Assets at beginning of year          | 3,001,857    | 2,659,806    |
| <b>NET ASSETS AT END OF YEAR</b>         | \$ 3,305,332 | \$ 3,001,857 |

The notes to financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For Year Ended September 30, 2010

|                                | Title IIIB        | Title IIID       | Title IIIE        | Title IIIC        |                   |
|--------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|
|                                |                   |                  |                   | Congregate        | Home Delivered    |
| Expenses:                      |                   |                  |                   |                   |                   |
| Salaries and wages             | \$ 94,754         | \$ 9,056         | \$ 89,681         | \$ 82,956         | \$ 114,947        |
| Employee Benefits              | 28,099            | 1,930            | 14,977            | 35,321            | 31,293            |
| Contract Services              | 578               | 230              | 134               | 1,003             | 151               |
| Mileage                        | -                 | -                | -                 | -                 | -                 |
| Travel & Training              | 1,440             | 277              | 360               | 2,166             | 1,169             |
| Raw Food                       | (178)             | -                | -                 | 122,078           | 156,355           |
| Medical Supplies               | -                 | -                | 161               | -                 | -                 |
| Disposables                    | -                 | 18               | -                 | 11,010            | 15,879            |
| Gas & Oil                      | 13,554            | -                | -                 | -                 | 7,921             |
| Repairs & Maintenance (Vans)   | 7,748             | 0                | 1                 | 4                 | 4,573             |
| Insurance                      | 4,989             | 1,956            | 82                | 8,518             | 1,286             |
| Maintenance Contract           | 1,738             | 79               | 432               | 1,715             | 1,347             |
| Office Supplies                | 5,147             | 2,417            | 1,472             | 5,787             | 4,788             |
| Postage Expenses               | 1,117             | 51               | 278               | 1,203             | 944               |
| Equipment Rental & Repair      | 353               | 194              | 313               | 381               | 299               |
| Equipment                      | 984               | 71               | 382               | 2,249             | 1,525             |
| Building Repair & Maintenance  | 6,422             | 2,511            | 1,169             | 12,927            | 4,932             |
| Utilities                      | 11,640            | 4,268            | 2,417             | 18,601            | 3,379             |
| Parking Rent                   | 366               | 20               | 106               | 460               | 361               |
| Advertising                    | 1,810             | 560              | 687               | 2,522             | 1,980             |
| Taxes & Licenses               | 23                | 1                | 7                 | 210               | 294               |
| Professional Services          | 2,088             | 7,415            | 554               | 2,892             | 1,449             |
| Activities                     | -                 | -                | -                 | 282               | -                 |
| Bank Charges                   | -                 | -                | -                 | -                 | -                 |
| Other                          | 10,487            | 1,687            | 391               | 4,448             | 416               |
| Building Space                 | 10,023            | 440              | 2,787             | 12,522            | 8,760             |
| Interest Expense               | -                 | -                | -                 | -                 | -                 |
| Depreciation Expense           | -                 | -                | -                 | -                 | -                 |
| Expenses Capitalized to Assets | -                 | -                | -                 | (1,538)           | (2,307)           |
| <b>Total Expenses</b>          | <b>\$ 203,181</b> | <b>\$ 33,182</b> | <b>\$ 116,392</b> | <b>\$ 327,716</b> | <b>\$ 361,740</b> |

The notes to financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
For Year Ended September 30, 2010

|                                | Elder<br>Abuse  | Community<br>Partnership | Personal<br>Care  | Transportation   | Life             |
|--------------------------------|-----------------|--------------------------|-------------------|------------------|------------------|
| Expenses:                      |                 |                          |                   |                  |                  |
| Salaries and wages             | \$ 2,544        | \$ -                     | \$ 419,601        | \$ 39,406        | \$ 19,897        |
| Employee Benefits              | 263             | -                        | 59,785            | 4,576            | 3,551            |
| Contract Services              | 850             | 1,200                    | 107               | -                | 80               |
| Mileage                        | -               | -                        | -                 | -                | -                |
| Travel & Training              | -               | -                        | 646               | -                | 216              |
| Raw Food                       | 401             | -                        | -                 | -                | -                |
| Medical Supplies               | -               | -                        | 1,866             | -                | -                |
| Disposables                    | 199             | -                        | 2                 | -                | -                |
| Gas & Oil                      | -               | -                        | -                 | 7,023            | -                |
| Repairs & Maintenance (Vans)   | -               | -                        | 2                 | 4,207            | 0                |
| Insurance                      | -               | -                        | 886               | -                | 2,139            |
| Maintenance Contract           | -               | -                        | 1,002             | -                | 105              |
| Office Supplies                | 200             | -                        | 5,397             | 8                | 21,079           |
| Postage Expenses               | -               | -                        | 644               | -                | 68               |
| Equipment Rental & Repair      | -               | -                        | 204               | -                | 21               |
| Equipment                      | -               | 10,985                   | 1,158             | -                | 38,975           |
| Building Repair & Maintenance  | 58              | 8,566                    | 1,232             | -                | 1,740            |
| Utilities                      | -               | -                        | 2,242             | 506              | 1,429            |
| Parking Rent                   | -               | -                        | 246               | -                | 26               |
| Advertising                    | -               | -                        | 2,939             | -                | 136              |
| Taxes & Licenses               | -               | -                        | 15                | -                | 2                |
| Professional Services          | -               | -                        | 1,130             | -                | 50,192           |
| Activities                     | -               | -                        | -                 | -                | -                |
| Bank Charges                   | -               | -                        | -                 | -                | -                |
| Other                          | -               | 30,515                   | 3,797             | -                | 24               |
| Building Space                 | -               | -                        | 6,304             | -                | 776              |
| Interest Expense               | -               | -                        | -                 | -                | -                |
| Depreciation Expense           | -               | -                        | -                 | -                | -                |
| Expenses Capitalized to Assets | -               | (41,500)                 | -                 | -                | (119,082)        |
| <b>Total Expenses</b>          | <b>\$ 4,514</b> | <b>\$ 9,766</b>          | <b>\$ 509,203</b> | <b>\$ 55,726</b> | <b>\$ 21,375</b> |

The notes to financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
For Year Ended September 30, 2010

|                                | Lighthouse        | Fair             | Waiver              | Admn &<br>General | Totals              |
|--------------------------------|-------------------|------------------|---------------------|-------------------|---------------------|
| Expenses:                      |                   |                  |                     |                   |                     |
| Salaries and wages             | \$ 378,043        | \$ 63,833        | \$ 860,590          | \$ 103,170        | \$ 2,278,478        |
| Employee Benefits              | 43,568            | 7,385            | 106,077             | 22,714            | 359,537             |
| Contract Services              | 47                | 206              | 140                 | 1,690             | 6,416               |
| Mileage                        | -                 | -                | 54,230              | 966               | 55,195              |
| Travel & Training              | 282               | 269              | 680                 | 3,422             | 10,925              |
| Raw Food                       | -                 | -                | -                   | 5,438             | 284,094             |
| Medical Supplies               | 1,140             | 225              | 2,286               | -                 | 5,678               |
| Disposables                    | -                 | 3                | 2                   | 3                 | 27,115              |
| Gas & Oil                      | -                 | -                | -                   | -                 | 28,497              |
| Repairs & Maintenance (Vans)   | 163               | 0                | 2                   | 242               | 16,941              |
| Insurance                      | 4,811             | 83               | 1,184               | 4,369             | 30,304              |
| Maintenance Contract           | 429               | 106              | 751                 | 147               | 7,853               |
| Office Supplies                | 2,221             | 502              | 4,261               | 521               | 53,801              |
| Postage Expenses               | 276               | 68               | 483                 | 86                | 5,217               |
| Equipment Rental & Repair      | 15                | 22               | 153                 | 103               | 2,057               |
| Equipment                      | 497               | 115              | 893                 | 37,822            | 95,655              |
| Building Repair & Maintenance  | 636               | 1,728            | 1,491               | 3,273             | 46,685              |
| Utilities                      | 941               | 3,701            | 3,594               | 3,885             | 56,603              |
| Parking Rent                   | 106               | 26               | 185                 | 97                | 2,000               |
| Advertising                    | 1,344             | 280              | 2,369               | 459               | 15,085              |
| Taxes & Licenses               | 7                 | 2                | 12                  | 6                 | 577                 |
| Professional Services          | 491               | 369              | 936                 | 2,541             | 70,056              |
| Activities                     | -                 | -                | -                   | 2,188             | 2,470               |
| Bank Charges                   | -                 | -                | -                   | 2,958             | 2,958               |
| Other                          | 1,691             | 326              | 39,480              | 10,795            | 104,059             |
| Building Space                 | -                 | -                | 5,012               | 700               | 47,325              |
| Interest Expense               | -                 | -                | -                   | 38,520            | 38,520              |
| Depreciation Expense           | -                 | -                | -                   | 136,941           | 136,941             |
| Expenses Capitalized to Assets | -                 | -                | -                   | (36,246)          | (200,672)           |
| <b>Total Expenses</b>          | <b>\$ 436,707</b> | <b>\$ 79,250</b> | <b>\$ 1,084,809</b> | <b>\$ 346,810</b> | <b>\$ 3,590,371</b> |

The notes to financial statements are an integral part of this statement.



**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF CASH FLOWS**  
For Year Ended September 30, 2010 and 2009

|  | <b>2010</b>       | <b>2009</b>       |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                   |                   |
| Net Increase (Decrease) in Net Assets  | \$ 303,475        | \$ 342,051        |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: |                   |                   |
| Depreciation   | 136,941           | 121,046           |
| Loss on disposal of assets   | 555               | 28,621            |
| (Increase) decrease in operating assets:   |                   |                   |
| Accounts and grants receivable   | (66,423)          | (147,256)         |
| Prepaid expenses   | (56,537)          | (9,825)           |
| Increase (decrease) in operating liabilities:  |                   |                   |
| Accounts payable   | 36,695            | (45,805)          |
| Accrued wage payable   | 61,439            | (10,853)          |
| Accrued payroll taxes  | (11,132)          | (13,013)          |
| Net Cash Provided by Operating Activities  | 405,013           | 264,966           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                   |                   |
| Increase (Decrease) in Notes Payable   | (247,353)         | (183,818)         |
| Net Cash Provided by Financing Activities  | (247,353)         | (183,818)         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                   |                   |
| Net (Increase) Decrease in Fixed Asset   | (204,188)         | (136,023)         |
| Net Cash Provided by Investing Activities  | (204,188)         | (136,023)         |
| Net increase (decrease) in cash and cash equivalents                                       | (46,527)          | (54,875)          |
| Cash and Cash Equivalents at Beginning of Year   | 810,310           | 865,185           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <b>\$ 763,783</b> | <b>\$ 810,310</b> |

The notes to financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Year Ended September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities - The Raleigh County Commission on Aging, Inc, is a nonprofit corporation, created by an act of the Raleigh County Commission on October 1, 1980. The organization was formed to provide a governing and managing body for a senior citizens program in Raleigh County, WV, and to set up the necessary organizations, committees, and functions to further all possible interest and participation in benefits and programs for the senior population in Raleigh County. Funding for the Organization consists of Medicaid revenues received for services performed and federal and state grant programs which are utilized to enhance the mission on the Organization.

Basis of Accounting and Financial Statement Presentation - The financial statements of Raleigh County Commission on Aging, Inc. are prepared in accordance with generally accepted accounting principles (GAAP); using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized when grantor eligibility requirements are met.

Source of Revenue - Raleigh County Commission on Aging, Inc. receives revenues in the form of grants from Title IIIB, Title IIID, Title IIIE, Title IIIC, Title VII (Elder Abuse), the Life Plan Grant, the Lighthouse Grant, the Fair Grant, the Healthy Benefit/SHIP Grant, a Community Partnership Grant, a Transportation Grant, and other various grants from organizations when approved. Grants are recognized when grantor eligibility requirements are met. Raleigh County Commission on Aging, Inc. also receives revenue from personal care services, services billed through the Medicaid/Waiver program, case management services, private pay services, day care services, catering services, rents paid on short term rentals of conference rooms and dining facilities, transportation services, and donations.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, and then the unrestricted resources as needed. See Note D for information describing restricted assets.

Expense Allocation - Expenses are charged to programs and supporting services based on grant stipulations. 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.

Income Taxes - Raleigh County Commission on Aging, Inc. been granted an exemption from income taxes under Section 501-c-3 of the Internal Revenue Code and is not considered a private foundation.

Cash Equivalents - The organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization considers checking and savings accounts as cash on the statement of cash flows.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Year Ended September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash - Cash is on deposit with one F.D.I.C insured institution. During the year the Organization had amounts over F.D.I.C. coverage. This amount was adequately covered with pledged assets. The cash and cash equivalents consist of the following for purposes of the cash flows statement.

All of the carrying values are the same as market value.

|                               | Type     | 09/30/10<br>Amount | 09/30/10<br>Interest Rate |
|-------------------------------|----------|--------------------|---------------------------|
| Program Revenue               | Checking | 109,413.19         | 0.15%                     |
| Payroll                       | Checking | 136,800.41         | 0.15%                     |
| Disbursement                  | Checking | 35,347.17          | 0.15%                     |
| Savings                       | Savings  | <u>482,222.41</u>  | 0.25%                     |
| Total Cash & Cash Equivalents |          | <u>763,783.18</u>  |                           |

Property and Equipment and Depreciation - Property and equipment are stated at cost or, if donated, at fair market value at date of donation less accumulated depreciation. Depreciation is computed using the straight line method over the estimated useful lives of the assets. The Commission's policy is to capitalize assets costing greater than \$1,000. 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.

Major classifications of capital assets of Raleigh County Commission on Aging, Inc. along with their respective useful lives at September 30,2010 are summarized below:

| <u>Classification</u>            | <u>Useful Lives</u> |
|----------------------------------|---------------------|
| Building                         | 5-30 years          |
| Furniture, Fixtures, & Equipment | 3-5 years           |
| Vehicles                         | 5 years             |

Use of Estimates - Raleigh County Commission on Aging, Inc, as do all entities, relies on management's estimates in the preparation of their financial statements. Actual results could differ from those estimates.

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

Accounts / Grants Receivable - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts by netting the uncollectible amounts against the amounts billed. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. In accordance with the direct write-off method the Organization reduces the balance in receivables when management determines the receivable will not be collected. In FY10 approximately \$34,345 was written off as uncollectible.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Year Ended September 30, 2010

**NOTE B - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2010, was as follows:

|                                  | Balance at<br>October 1, 2009 | Additions  | Retirements &<br>Reclassifications | Balance at<br>Sept. 30, 2010 |
|----------------------------------|-------------------------------|------------|------------------------------------|------------------------------|
| Land                             | 95,000                        | 80,515     | -                                  | 175,515                      |
| Building                         | 2,600,975                     | 12,411     | -                                  | 2,613,386                    |
| Furniture, Fixtures, & Equipment | 131,715                       | 38,770     | (8,763)                            | 161,722                      |
| Vehicles                         | 337,357                       | 72,492     | -                                  | 409,849                      |
| Total capital assets             | \$ 3,165,048                  | \$ 123,673 | \$ (8,763)                         | \$ 3,360,473                 |
| Less accumulated depreciation:   |                               |            |                                    |                              |
| Land                             | -                             | -          | -                                  | -                            |
| Building                         | 251,996                       | 97,609     | -                                  | 349,606                      |
| Furniture, Fixtures, & Equipment | 94,179                        | 16,667     | (8,208)                            | 102,639                      |
| Vehicles                         | 262,489                       | 22,665     | -                                  | 285,154                      |
| Total accumulated depreciation   | \$ 608,665                    | \$ 136,941 | \$ (8,208)                         | \$ 737,399                   |

Capital assets activity for the year ended September 30, 2009, was as follows:

|                                  | Balance at<br>October 1, 2008 | Additions  | Retirements &<br>Reclassifications | Balance at<br>Sept. 30, 2009 |
|----------------------------------|-------------------------------|------------|------------------------------------|------------------------------|
| Land                             | 95,000                        | -          | -                                  | 95,000                       |
| Building                         | 2,564,303                     | 36,672     | -                                  | 2,600,975                    |
| Furniture, Fixtures, & Equipment | 123,055                       | 8,661      | -                                  | 131,715                      |
| Vehicles                         | 275,818                       | 61,539     | -                                  | 337,357                      |
| Total capital assets             | \$ 3,058,176                  | \$ 106,872 | \$ -                               | \$ 3,165,048                 |
| Less accumulated depreciation:   |                               |            |                                    |                              |
| Land                             | -                             | -          | -                                  | -                            |
| Building                         | 155,426                       | 96,571     | -                                  | 251,996                      |
| Furniture, Fixtures, & Equipment | 79,752                        | 14,427     | -                                  | 94,179                       |
| Vehicles                         | 252,441                       | 10,048     | -                                  | 262,489                      |
| Total accumulated depreciation   | \$ 487,619                    | \$ 121,046 | \$ -                               | \$ 608,665                   |

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Year Ended September 30, 2010

**NOTE C - NOTES PAYABLE**

Commercial Loan payable to Chase Bank to construct the primary operating location of the Raleigh County Commission on Aging. Loan is at an annual interest rate of 5.85%; payable in monthly installments of \$7,156, including principle and interest, through October 2011. This loan is secured by the property located at 1614 South Kanawha Street, Beckley, WV. Per Management, Raleigh County Commission on Aging, Inc. plans to pay this loan in full in October 2011 and thus is classified as current debt. Current Debt is defined as any liability which is expected to draw on current funds.

| Balance<br>9-30-08 | Principal<br>Payments | Annual<br>Interest | Balance<br>9-30-09 |
|--------------------|-----------------------|--------------------|--------------------|
| \$ 948,649         | \$ 183,818            | \$ 52,076          | \$ 764,831         |
| <hr/>              |                       |                    |                    |
| Balance<br>9-30-09 | Principal<br>Payments | Annual<br>Interest | Balance<br>9-30-10 |
| \$ 764,831         | \$ 247,352            | \$ 38,520          | \$ 517,478         |
| <hr/>              |                       |                    |                    |

The principal maturities of the mortgage and related annual interest are as follows:

| Year | Principal     | Interest | Total           |
|------|---------------|----------|-----------------|
| 2009 | 183,818       | 52,076   | 235,894         |
| 2010 | 247,352       | 38,520   | 285,872         |
| 2011 | 55,435        | 30,437   | 85,872          |
| 2012 | 462,043       | -        | 462,043         |
|      | <hr/> 948,649 | 121,033  | <hr/> 1,069,682 |

**NOTE D - RESTRICTED ASSETS**

Grants - As Noted in the Grant Agreements, for the grants listed in Note A, all monies are to be used for the Operating Activities of the Grant in question. Federal/State grant monies are received on a reimbursement basis and all grant expenses are required to be tracked in order to show areas of support aided. Any unexpended grant monies have to be approved for carryover to the next year or are lost. Raleigh County Commission on Aging, Inc. is currently in compliance with all grants tested.

Donations - Donations are usually unrestricted; however if a restriction is placed on a donation by the donor the donation is placed in a restricted asset category until the funds are expended and the restriction is released.

Service Revenue - There are currently no restrictions on Service Revenue.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Year Ended September 30, 2010

**NOTE E - DEPOSITS**

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, Raleigh County Commission on Aging's deposits may not be returned to it. The organization limits its exposure to custodial credit risk by requiring deposits to be collateralized. The non-pooled deposits are categorized to give an indication of the level of risk assumed by Raleigh County Commission on Aging, Inc. at fiscal year end.

Raleigh County Commission on Aging has no policy for interest rate risk.

| 9/30/2010    |              |              |
|--------------|--------------|--------------|
| Deposit Type | Book Balance | Bank Balance |
| Insured      | 763,783      | 683,767      |
| 9/30/2009    |              |              |
| Deposit Type | Book Balance | Bank Balance |
| Insured      | 810,311      | 863,382      |

**NOTE F - RISK MANAGEMENT**

Raleigh County Commission on Aging is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets, errors and omissions; and natural disasters for which Raleigh County Commission on Aging, Inc. carries general liability insurance for these various risks. Amounts of settlements have not exceeded insurance coverage in the past three years.

**NOTE G - TAX DEFERRED ANNUITY PLAN**

The Organization has a defined contribution retirement plan for its employees which is authorized under Internal Revenue Code Section 403(b). Employees are eligible to participate once they are 18 years old and have been employed for six months. The Organization makes contributions to the plan at an amount equal to 8% of the contributions made by each eligible employee. The Organization's expense related to this plan for the year ended September 30, 2010 was \$2,189.

**NOTE H - COMPARATIVE STATEMENTS**

Certain items on the 2009 statements have been reclassified to make those statements comparable to the 2010 statements.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Year Ended September 30, 2010

**NOTE I - EQUITY CLASSIFICATIONS**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt -- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets -- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets -- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**NOTE J - BUSINESS AND CREDIT CONCENTRATION**

The organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Pursuant to grant requirements and West Virginia Code, the bank is required to pledge as collateral depository bonds sufficient to secure the excess deposits.

The categories listed below describe how Raleigh County Commission on Aging's deposits are protected.

Category 1 - insured by FDIC

Category 2 - insured by FDIC up to the prevailing limit and by securities held by the pledging financial institution's trust department in CoA's name.

Category 3 - unsecured.

|          | <u>Category</u> |            |      | Totals     |
|----------|-----------------|------------|------|------------|
|          | 1               | 2          | 3    |            |
| Checking | \$ 201,545      |            |      | \$ 201,545 |
| Savings  | 48,455          | 433,767    |      | 482,222    |
|          | \$ 250,000      | \$ 433,767 | \$ - | \$ 683,767 |

Raleigh County Commission on Aging, Inc. relies heavily on Governmental Grants, such as those provided by Appalachian Area Agency on Aging and the West Virginia Bureau of Senior Services, for their income. For the year ended September 30, 2010, these sources accounted for \$1,722,138 (44%) of total support and revenue. Medicaid/Waiver revenue accounted for \$1,314,581 (34%) of total revenue and support. The remaining 22% consisted of personal care services, rents, and donations.

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Year Ended September 30, 2010

**NOTE K - COMMISSIONERS**

Commissioners of Raleigh County Commission on Aging, Inc. are nominated by individual board members, if the nomination is accepted their name is placed on the ballot where the entire board can vote. Officers are selected based on a majority vote. The Commissioners of Raleigh County Commission on Aging, Inc. at September 30, 2010 were:

|              |                      |
|--------------|----------------------|
| Tammy Trent  | President            |
| Jack Roop    | Vice President       |
| Jim Matthews | Treasurer /Secretary |

**NOTE L - DONATED SERVICES**

The value of donated volunteer services is not reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers, including the Board of Directors (who receive no fees for performing their duties as members, officers, or special committee members) have donated time to help Raleigh County Commission on Aging, Inc. become a successful organization.

**NOTE M - 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 agent 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 N - SUBSEQUENT EVENTS**

Subsequent events were reviewed up to the financial statement date of 6-6-11. Nothing that would have a material affect on the September 30, 2010 financial statements was noted.



**SUPPLEMENTAL INFORMATION**

# Hollifield & Associates

-----CERTIFIED PUBLIC ACCOUNTANTS-----

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June 6, 2011

Board of Directors  
Raleigh County Commission on Aging, Inc.  
Beckley, WV 25801

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Our report on our audit of the basic financial statements of Raleigh County Commission on Aging, Inc. for the year ended September 30, 2010 appears on page 1. 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 for the purpose of forming an opinion of the basic financial statements taken as a whole. The Schedule of Revenues and Support and the Schedule of Expenditures of State Awards, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information's 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.



Jeffery S. Hollifield, CPA

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**STATEMENT OF REVENUE AND SUPPORT**  
For Year Ended September 30, 2010

|                              | Title IIIC        |                  |                  |                   |                   |
|------------------------------|-------------------|------------------|------------------|-------------------|-------------------|
|                              | Title IIIB        | Title IIID       | Title IIIE       | Congregate        | Home Delivered    |
| Revenue:                     |                   |                  |                  |                   |                   |
| Federal Monies               | \$ 69,212         | \$ 7,509         | \$ 57,084        | \$ 72,644         | \$ 106,896        |
| State Monies                 | 34,857            | 3,781            | 21,157           | 88,784            | 130,605           |
| Donations                    | -                 | 1,088            | -                | -                 | -                 |
| Personal Care Services       | -                 | -                | -                | -                 | -                 |
| Program Income               | 310               | 1,819            | -                | 71,040            | 18,306            |
| Private Pay In Home Services | -                 | -                | -                | -                 | -                 |
| Building Space Revenue       | -                 | -                | -                | -                 | -                 |
| Miscellaneous Revenue        | -                 | 1,000            | -                | -                 | 11,601            |
| Total Revenue                | <u>\$ 104,379</u> | <u>\$ 15,196</u> | <u>\$ 78,241</u> | <u>\$ 232,468</u> | <u>\$ 267,409</u> |

|                              | Elder Abuse     | Community Partnership | Personal Care     | Transportation   | Life              |
|------------------------------|-----------------|-----------------------|-------------------|------------------|-------------------|
|                              | Revenue:        |                       |                   |                  |                   |
| Federal Monies               | \$ 2,024        | \$ -                  | \$ -              | \$ -             | \$ -              |
| State Monies                 | -               | 70,000                | -                 | 31,802           | 169,361           |
| Donations                    | -               | -                     | -                 | -                | -                 |
| Personal Care Services       | -               | -                     | 519,455           | -                | -                 |
| Program Income               | -               | -                     | -                 | -                | -                 |
| Private Pay In Home Services | -               | -                     | -                 | -                | -                 |
| Building Space Revenue       | -               | -                     | -                 | -                | -                 |
| Miscellaneous Revenue        | 450             | -                     | -                 | 4,068            | -                 |
| Total Revenue                | <u>\$ 2,474</u> | <u>\$ 70,000</u>      | <u>\$ 519,455</u> | <u>\$ 35,870</u> | <u>\$ 169,361</u> |

|                              | Lighthouse        | Fair             | Waiver              | Admn & General    | Totals              |
|------------------------------|-------------------|------------------|---------------------|-------------------|---------------------|
|                              | Revenue:          |                  |                     |                   |                     |
| Federal Monies               | \$ -              | \$ -             | \$ -                | \$ -              | \$ 315,368          |
| State Monies                 | 624,023           | 71,696           | -                   | 49,012            | 1,295,077           |
| Donations                    | -                 | -                | -                   | 9,923             | 11,011              |
| Personal Care Services       | -                 | -                | 1,314,581           | 108,682           | 1,942,718           |
| Program Income               | -                 | -                | -                   | -                 | 91,476              |
| Private Pay In Home Services | 43,237            | 7,786            | -                   | -                 | 51,023              |
| Building Space Revenue       | -                 | -                | -                   | 64,837            | 64,837              |
| Miscellaneous Revenue        | -                 | -                | 42,421              | 62,796            | 122,336             |
| Total Revenue                | <u>\$ 667,260</u> | <u>\$ 79,482</u> | <u>\$ 1,357,002</u> | <u>\$ 295,250</u> | <u>\$ 3,893,845</u> |

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

**RALEIGH COUNTY COMMISSION ON AGING, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For Year Ended September 30, 2010

|   | Grant<br>Period | State<br>Expenditure |
|---|-----------------|----------------------|
| Direct Programs:                          |                 |                      |
| WV Bureau of Senior Services              |                 |                      |
| Community Partnership Grants              | June 30, 2010   | \$ 70,000            |
| Total Direct Programs                     |                 | 70,000               |
| Pass through Awards                       |                 |                      |
| Appalachian Area Agency on Aging          |                 |                      |
| IIIB State                                | June 30, 2010   | 34,857               |
| IIIC-1                                    | June 30, 2010   | 88,784               |
| IIIC-2                                    | June 30, 2010   | 130,605              |
| IIID                                      | June 30, 2010   | 3,781                |
| IIIE                                      | June 30, 2010   | 21,157               |
| LIFE                                      | June 30, 2010   | 151,668              |
| LIFE                                      | June 30, 2011   | 17,693               |
| Lighthouse                                | June 30, 2010   | 477,895              |
| Lighthouse                                | June 30, 2011   | 146,128              |
| FAIR                                      | June 30, 2010   | 47,784               |
| FAIR                                      | June 30, 2011   | 23,913               |
| Transportation                            | June 30, 2010   | 31,802               |
| Total pass-through awards                 |                 | 1,176,065            |
| <b>TOTAL EXPENDITURES OF STATE AWARDS</b> |                 | <b>\$ 1,246,065</b>  |

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

# Hollifield & Associates

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## **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***

June 6, 2011

Board of Directors  
Raleigh County Commission on Aging, Inc.  
Beckley, WV 25801

We have audited the financial statements of Raleigh County Commission on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated June 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Raleigh 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 Raleigh County Commission 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 designed 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 Raleigh 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*.

This report is intended solely for the information and use of management, the Board of Directors of Raleigh County Commission on Aging, Inc., Chase Bank, others within the entity, and federal/state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Jeffery S. Hollifield, CPA