

**APPALACHIAN AREA AGENCY ON AGING, INC.**

**INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018**

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# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Appalachian Area Agency on Aging, Inc.  
Princeton, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Appalachian Area Agency on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

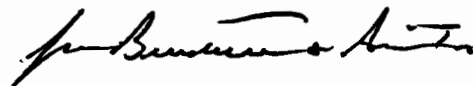
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Appalachian Area Agency on Aging, Inc. as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of Appalachian Area Agency 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Appalachian Area Agency on Aging, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia  
June 24, 2019

**APPALACHIAN AREA AGENCY ON AGING, INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2018**

**ASSETS**

**Current Assets**

Cash	\$	663,710
Grants receivable		294,889
		958,599

Total current assets

Property and Equipment, net

**TOTAL ASSETS**

**\$ 958,599**

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$	2,267
Due to sub-recipients		690,497
Accrued compensation		60,548
Deferred revenue		53,954
		807,266

Total current liabilities

**NET ASSETS**

Unrestricted 151,333

Temporarily restricted

Total net assets 151,333

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 958,599**

The accompanying notes are an integral part of this financial statement.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Unrestricted</b>	<b>Temporarily Unrestricted</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 2,561,756	\$	\$ 2,561,756
State grant awards	4,352,296		4,352,296
Other grant awards	1,127		1,127
Other income	1,457		1,457
Net assets released from restrictions:			
Restrictions satisfied with payments			
Total Revenue Support	6,916,636		6,916,636
<b>EXPENSES</b>			
Program Services	6,907,446		6,907,446
Change in Net Assets	9,190		9,190
<b>NET ASSETS AT BEGINNING OF YEAR</b>	142,143		142,143
<b>NET ASSETS AT END OF YEAR</b>	\$ 151,333	\$	\$ 151,333

The accompanying notes are an integral part of this statement.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Title III-B	Title III-C		Title III-E	Title III-D	MIPPA	LIFE
		C-1	C-2				
<b>FUNCTIONAL EXPENSES</b>							
Personnel/manpower	\$ 223,513	\$	\$	\$	\$	\$ 21,943	\$ 24,203
Travel	15,865						
Printing and supplies	7,475					2,281	
Space	6,900					1,650	
Contract services	677					5,700	
Communications and utilities	6,755					2,763	
Other	1,153						
Insurance	1,248					452	
Passed-thru to sub-recipients:							
Federal awards	544,608	534,460	942,583	225,377	32,956		
State awards	<u>284,224</u>	<u>287,411</u>	<u>989,624</u>	<u>65,600</u>	<u>6,109</u>		<u>2,501,175</u>
Total Expenses	<u>\$ 1,092,418</u>	<u>\$ 821,871</u>	<u>\$ 1,932,207</u>	<u>\$ 290,977</u>	<u>\$ 39,065</u>	<u>\$ 34,789</u>	<u>\$ 2,525,378</u>

**APPALACHIAN AREA AGENCY ON AGING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>FUNCTIONAL EXPENSES</b>	Senior Medicare Patrol	Elder Abuse	ADRC	LIEAP	SHIP	Other	Total
Personnel/manpower	\$ 2,626	\$	\$ 60,599	\$ 10,265	\$ 44,795		\$ 387,944
Travel	1,957		174		2,456	2,554	23,006
Printing and supplies	5,063		7,629		946	2,048	25,442
Space	850		7,100		1,700	100	18,300
Contract services			323				6,700
Communications and utilities	1,100		7,443				18,061
Other			49			175	1,377
Insurance			359		250	373	2,682
Passed-thru to sub-recipients:							
Federal awards		2,700		7,107			2,289,791
State awards							4,134,143
<b>Total Expenses</b>	<b><u>\$ 11,596</u></b>	<b><u>\$ 2,700</u></b>	<b><u>\$ 83,676</u></b>	<b><u>\$ 17,372</u></b>	<b><u>\$ 50,147</u></b>	<b><u>\$ 5,250</u></b>	<b><u>\$ 6,907,446</u></b>

The accompanying notes are an integral part of this statement.



**APPALACHIAN AREA AGENCY ON AGING, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 9,190
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts and grants receivable	309,086
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	822
Accrued compensation	13,072
Due to sub-recipients	(61,279)
Deferred revenue	(22,992)
	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>247,899</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>415,811</b>
	<hr/>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 663,710</b>
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS**

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

Organization - Appalachian Area Agency on Aging, Inc. is a nonstock corporation organized under the laws of the State of West Virginia and has been determined by the Internal Revenue Service to be a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3).

The Agency's purpose is to improve the quality of life for senior citizens in Southeastern West Virginia by studying and documenting their needs; encouraging, promoting and aiding in the establishment of programs for these seniors; conducting programs of public education on the problems on aging; utilizing opportunities to establish demonstration programs; and implementing and administering federal, state and local programs for the aging that no other agency is implementing.

**Basis of Accounting**

The financial statements of Appalachian Area Agency 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 Board. 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.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. 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.

**Income Taxes**

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501 (c)(3).

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.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**Restricted and Unrestricted Revenue and Support**

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are 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.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2. Property and Equipment**

Property and equipment consisted of the following at September 30, 2018:

Equipment, furniture and fixtures	\$ 19,352
Accumulated depreciation	19,352
	-----
Net property and equipment	\$ -0-
	=====

**Note 3. Restrictions on Net Assets**

There are no restricted net assets at September 30, 2018.

**APPALACHIAN AREA AGENCY ON AGING, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 4. Retirement Program**

All full-time employees are eligible to be included in the Organization's retirement program. The employee contributes 4.5% of his/her gross salary, which is combined with 14% match contributed by the Organization.

The covered employees are eligible to draw benefits upon retirement. The Organization contributions to the retirement program of \$ 34,326 are included in personnel costs on the statement of functional expenses.

**Note 5. Leases and Rents**

The Organization leases office space for \$1,425 per month. The lease renewed on July 1, 2014 and will remain in effect unless changes are to be made by either party and agreed upon by both parties and will require 30 day written notice.

The Organization also rents parking space on a month to month basis for \$100 per month.

**Note 6. Cash Deposited**

The Organization routinely at various times during the course of the year will have more than the FDIC insured limit of \$ 250,000 in the bank on any given day. The bank in which all monies are deposited has pledged a \$ 1,000,000 security to the Organization in order to maintain insurance on all of the Organization's deposits.

**Note 7. Risk Management**

The Organization is exposed to various risks of loss related to trots; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries umbrella (general liability) insurance for these various risks. The Organization pays worker's compensation insurance premiums based on salaries and wages. The rate is calculated based on accident history and administrative costs to provide coverage to employee for job-related injuries.

**Note 8. Subsequent Events**

Management has evaluated subsequent events through June 24, 2019, the date which the financial statements were available to be issued.

**ADDITIONAL INFORMATION**

**APPALACHIAN AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Pass-thru Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b>U. S. Department of Health and Human Services</b>				
Low Income Energy Assistance Program		93.568	\$ 17,372	\$ 7,107
 Pass-through from West Virginia Bureau of Senior Services				
Special Programs for the Aging - Aging Cluster				
Title III, Part B	21838	93.044	686,608	544,608
Title III, Part C	21638	93.045	70,834	70,834
Title III, Part C	21838	93.045	1,039,906	1,039,906
NSIP	21838	93.053	<u>431,078</u>	<u>431,078</u>
Total Aging Cluster			<u>2,228,426</u>	<u>2,086,426</u>
Title III, Part D	21838	93.043	32,956	32,956
Title III, Part E	21838	93.052	225,377	225,377
Title VII Elder Abuse	21882	93.041	2,700	2,700
Health Benefits/SHIP	1844	93.779	<u>54,925</u>	
Total			<u>\$ 2,561,756</u>	<u>\$ 2,354,566</u>

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Appalachian Area Agency on Aging, Inc. under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Appalachian Area Agency on Aging, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Appalachian Area Agency on Aging, Inc.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Appalachian Area Agency on Aging, Inc. elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

The accompanying independent auditor's report and notes are integral parts of this schedule.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services:			
IIIB State	June 30, 2018	21838	\$ 364,224
IIIC-1	June 30, 2018	21838	287,411
IIIC-2	June 30, 2018	21838	989,624
IIID	June 30, 2018	21838	6,109
IIIE	June 30, 2018	21838	65,600
LIFE	June 30, 2019	21905	575,667
LIFE	June 30, 2018	21805	1,943,661
ADRC	June 30, 2018	21868	60,000
MIPPA	September 30, 2018	MIPPA1858	40,000
SMP	May 31, 2018	SMP1844	<u>20,000</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 4,352,296</u></u>

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

**APPALACHIAN AREA AGENCY ON AGING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**SECTION I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes \_\_\_\_\_ X no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ X none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ X no

**Federal Awards**

Internal control over major programs?

Material weakness identified? \_\_\_\_\_ yes \_\_\_\_\_ X no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_ X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program Cluster</u>
93.044, 93.045, 93.053	Aging Cluster (Title III, Part B) (Title III, Part C) (NSIP)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X yes \_\_\_\_\_ no

**Section II - Financial Statements Findings**

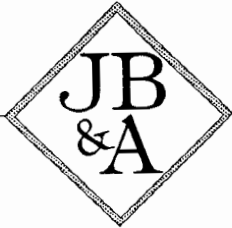
None

**Section III - Federal Award Findings and Questions Costs**

None

The accompanying notes are an integral part of this schedule.





# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S 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  
Appalachian Area Agency on Aging, Inc.  
Princeton, West Virginia

We have audited, in accordance with the 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, the financial statements of Appalachian Area Agency on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Appalachian Area Agency on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Appalachian Area Agency on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

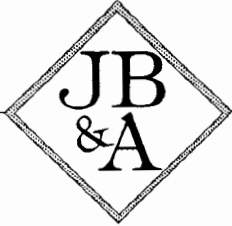
As part of obtaining reasonable assurance about whether Appalachian Area Agency on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "P. Buchanan & Associates".

Buckhannon, West Virginia  
June 24, 2019



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Appalachian Area Agency on Aging, Inc.  
Princeton, West Virginia

### Report on Compliance for Each Major Federal Program

We have audited Appalachian Area Agency on Aging, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Appalachian Area Agency on Aging, Inc.'s major federal programs for the year ended September 30, 2018. Appalachian Area Agency on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Appalachian Area Agency on Aging, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Appalachian Area Agency on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Appalachian Area Agency on Aging, Inc.'s compliance.

## Opinion on Each Major Federal Program

In our opinion, Appalachian Area Agency on Aging, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

## Report on Internal Control Over Compliance

Management of Appalachian Area Agency on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Appalachian Area Agency on Aging, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Appalachian Area Agency on Aging, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Buckhannon, West Virginia  
June 24, 2019