

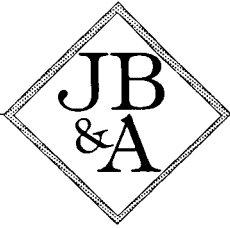
MCDOWELL COUNTY COMMISSION ON AGING, INC.

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

SEPTEMBER 30, 2012

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JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

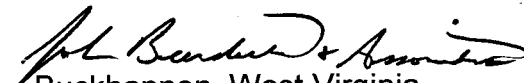
To the Board of Directors
McDowell County Commission on Aging, Inc.
Welch, West Virginia

We have audited the accompanying statements of financial position of McDowell County Commission on Aging, Inc. (a nonprofit organization) as of September 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McDowell County Commission on Aging, Inc. as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2013, on our consideration of McDowell County Commission on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


Buckhannon, West Virginia
June 20, 2013

MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$ 67,418
Accounts receivable, net	76,213
Grants receivable	90,236
Prepaid expenses	<u>6,375</u>

Total current assets 240,242

Property and equipment, net 238,830

TOTAL ASSETS \$ 479,072

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 11,810
Accrued compensation	49,043
Accrued payroll taxes	<u>3,369</u>

Total current liabilities 64,222

Net Assets

Unrestricted	391,018
Temporarily restricted	<u>23,832</u>

Total net assets 414,850

TOTAL LIABILITIES AND NET ASSETS \$ 479,072

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

MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2012

	Unrestricted	Restricted	Total
REVENUE AND SUPPORT			
Federal financial assistance	\$ 279,049	\$ 37,630	\$ 316,679
State grant allocations	477,862		477,862
Donations	30,503		30,503
Medicaid fees	872,492		872,492
Project income	58,046		58,046
Interest income	4		4
Other	18,690		18,690
Net assets released from restrictions:			
Restrictions released with time	13,798	(13,798)	
Total Revenue and Support	1,750,444	23,832	1,774,276
EXPENSES			
Program Services			
Title III-B	92,092		92,092
Title III-D	6,004		6,004
Title III-C - congregate	88,670		88,670
Title III-C - home delivered	177,936		177,936
Title III-E	64,289		64,289
Insurance Benefits	1,551		1,551
LIFE	85,568		85,568
Personal Care	1,124,279		1,124,279
Management & general	138,954		138,954
Total Expenses	1,779,343		1,779,343
Change in Net Assets	(28,899)	23,832	(5,067)
NET ASSETS AT BEGINNING, RESTATED	419,917		419,917
NET ASSETS AT END OF YEAR	\$ 391,018	\$ 23,832	\$ 414,850

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

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

	Title III-B	Title III-D	Title III-C		Title III-E	Insurance Benefits	LIFE	Personal Care	Management and General	Totals (Memorandum Only)
			Congregate	Home Delivered						
Salaries and wages	\$ 60,139	\$ 269	\$ 40,225	\$ 86,313	\$ 45,793	\$ 1,427	\$ 34,202	\$ 863,965	\$ 11,788	\$ 1,144,121
Fringe benefits	7,855	38	5,201	11,250	5,818	124	4,398	112,621	1,347	148,652
Travel			99	64	57		36	34,064		34,320
Printing and supplies	903		815	849			19,311	5,392	3,600	30,870
Repairs and maintenance	591		1,766	2,256			27,506	1,790	8,913	42,822
Communications and utilities	3,819		7,855	7,285			45	10,434	13,884	43,322
Other	215	5,697	2,759	6,851	12,621			8,274	1,872	38,289
Rawfood			21,038	49,079						70,117
Disposables	433		3,712	8,566				3,819	2,690	19,220
Transportation/Trip	10,843		807	807			70	11,907	15,596	40,030
Professional services	340		340	340				36,895	170	38,085
Insurance	6,954		4,053	4,276				34,966	10,000	60,249
Depreciation									69,094	69,094
Interest								152		152
	<u>\$ 92,092</u>	<u>\$ 6,004</u>	<u>\$ 88,670</u>	<u>\$ 177,936</u>	<u>\$ 64,289</u>	<u>\$ 1,551</u>	<u>\$ 85,568</u>	<u>\$ 1,124,279</u>	<u>\$ 138,954</u>	<u>\$ 1,779,343</u>

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

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

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (5,067)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	69,094
(Increase) decrease in operating assets:	
Accounts and grants receivable	26,795
Prepaid expenses	2,299
Increase (decrease) in operating liabilities:	
Accounts payable	(45,359)
Accrued wages and taxes payable	(925)
Due to grantor	<u>(7,284)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>39,553</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Property and equipment	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES	<u> </u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of short-term debt	<u>(11,161)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(11,161)</u>

Increase in cash and cash equivalents	28,392
CASH AND CASH EQUIVALENTS, beginning of year	<u>39,026</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 67,418</u></u>

Supplemental Disclosure:	
Interest Paid	<u><u>\$ 152</u></u>

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

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

Note 1. Summary of Significant Accounting Policies

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

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

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

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

Allowance for Doubtful Accounts

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

Inventories

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 5,000 capitalization policy whereby all property and equipment over \$ 5,000 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

Restricted and Unrestricted Revenue and Support

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

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

Federal Grants

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

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

Total federal and state grant revenues for the year ended September 30, 2012, was \$ 794,541.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

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

Income Taxes

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

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

Note 2. Grants Receivable

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

IIID		\$ 4,995
IIIC		38,614
LIFE		17,069
Lighthouse		15,330
FAIR		14,228

Total		\$ 90,236
		=====

Note 3. Property and Equipment

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

Land and building		\$ 185,657
Vehicles		375,838
Equipment		58,462

		619,957
Less accumulated depreciation		381,127

Total		\$ 238,830
		=====

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

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

Note 4. Concentration

The Organization receives about 44 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 49 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

Note 5. Contingent Liabilities

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

Note 6. Net Assets

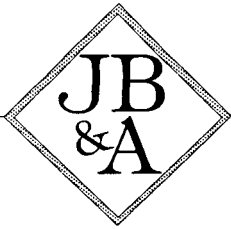
Temporarily restricted net assets at September 30, 2012 of \$ 23,832, consisted of assets in which federal and/or state funding agencies have a reversionary interest.

Note 7. Subsequent Events

Management has evaluated subsequent events through June 20, 2013, the date which the financial statements were available to be issued.

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

SUPPLEMENTAL INFORMATION



JOHN BURDETTE & ASSOCIATES

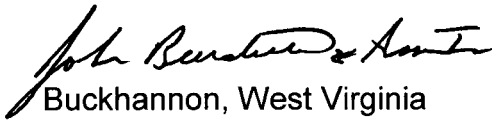
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

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

Our report on our audit of the basic financial statements of the McDowell County Commission on Aging, Inc. for the year ended September 30, 2012 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States for the purpose of forming an opinion of the basic financial statements taken as a whole. The schedule of revenues is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Buckhannon, West Virginia
June 20, 2013

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

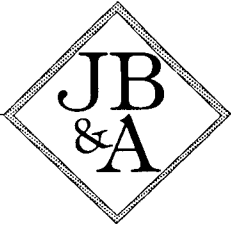
	Title III-B	Title III-D	Title III-C		Title III-E	Personal Care	Other Programs	LIFE	Totals (Memorandum Only)
			Congregate	Home Delivered					
Federal financial assistance	\$ 44,857	\$ 5,104	\$ 70,518	\$ 161,322	\$ 34,878	\$	\$	\$	\$ 316,679
State grant allocations	32,324	900						195,101	228,325
State LIFE allocated				20,000	11,626	86,422	9,968	(128,016)	56,791
State grant Fair						56,791			56,791
State grant Lighthouse						137,306			137,306
State grant Data Entry							367		367
State grant Community Partnership							54,850		54,850
State grant Food Supplement							223		223
Donations					12,688		17,815		30,503
Contractual revenues						872,492			872,492
Project income	762		16,698	13,277		27,309			58,046
Interest income							4		4
Other Income							18,690		18,690
Total	\$ 77,943	\$ 6,004	\$ 87,216	\$ 194,599	\$ 59,192	\$ 1,180,320	\$ 101,917	\$ 67,085	\$ 1,774,276

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

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

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Community Partnership Grants	June 30, 2012	SC21084	\$ 33,250
Community Partnership Grants	June 30, 2012	SC21229	3,600
Community Partnership Grants	June 30, 2012	SC21229A	<u>10,000</u>
Total Direct Programs			<u>46,850</u>
Pass through Awards			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2012	21238	32,324
IIID	June 30, 2012	21238	900
LIFE	June 30, 2012	21205	170,609
LIFE	June 30, 2013	21305	24,492
Lighthouse	June 30, 2012	21252	107,052
Lighthouse	June 30, 2013	21352	30,254
FAIR	June 30, 2012	21252	35,507
FAIR	June 30, 2013	21352	21,284
Data Entry	June 30, 2013	21352	367
State Emergency	June 30, 2012	21291	8,000
State Federal Supplement	June 30, 2012	21252	<u>223</u>
Total pass-through awards			<u>431,012</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 477,862</u></u>

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



JOHN BURDETTE & ASSOCIATES

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

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

We have audited the financial statements of McDowell County Commission on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2012, and have issued our report thereon dated June 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered McDowell County Commission on Aging, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of McDowell 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 designated to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

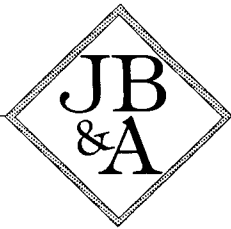
We noted certain other matters that we reported to management of McDowell County Commission on Aging, Inc. in a separate letter dated June 20, 2013.

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



Buckhannon, West Virginia

June 20, 2013



JOHN BURDETTE & ASSOCIATES

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of McDowell County Commission on Aging, Inc. for the year ended September 30, 2012, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 20, 2013, on the financial statements of McDowell County Commission on Aging, Inc.

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

Segregation of Duties

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

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

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

Buckhannon, West Virginia

June 20, 2013