

**WETZEL COUNTY COMMITTEE ON AGING
NEW MARTINSVILLE, WEST VIRGINIA**

**AUDIT REPORT
SEPTEMBER 30, 2011**

**Wetzel County Committee on Aging
FISCAL YEAR ENDING SEPTEMBER 30, 2011**

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 11
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	12 - 13
Schedule of Federal Awards, State Awards, and Other Assistance	14

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wetzel County Committee on Aging
New Martinsville, WV 26155

We have audited the accompanying statement of financial position of Wetzel County Committee on Aging (a nonprofit organization) as of September 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Committee'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 consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control over financial reporting. Accordingly, we express no such opinion. 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.

As explained in Note 1 to the financial statements, because of the Committee's reporting requirements, capital asset expenditures are charged to expense when the assets are purchased and depreciation charges are not recognized as an operational expense. This differs from accounting principles generally accepted in the United States of America, which require fixed assets to be capitalized on the statement of financial position and systematic depreciation charges be made to operations over the estimated lives of the assets. It was not practicable to determine the effect of the unrecorded fixed assets and depreciation on the financial statements. In addition, the Committee did not present a statement of functional expenses for the year ended September 30, 2011. Presentation of such a statement summarizing the Committee's functional expenses is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of not capitalizing fixed assets and recording systematic depreciation charges and not reporting expenses based upon functional classification as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Wetzel County Committee on Aging as of September 30, 2011, 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 May 25, 2012, on our consideration of Wetzel County Committee on Aging'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 Wetzel County Committee on Aging taken as a whole. The accompanying schedule of federal awards, state awards, and other assistance is presented for the purpose of additional analysis and is not a required part of the basic 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.



Wheeling, West Virginia
May 25, 2012

**Wetzel County Committee on Aging
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2011**

ASSETS

Cash and cash equivalents	\$ 279,840
Certificates of deposit	111,589
Accounts receivable - grants and contracts	83,099
Accounts receivable - other	3,415
Prepaid expense	8,764

TOTAL ASSETS

\$ 486,707

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 12,709
Accrued wages, benefits, and taxes	18,835
Deferred revenue	4,283

TOTAL LIABILITIES

35,827

NET ASSETS - UNRESTRICTED

450,880

TOTAL LIABILITIES AND NET ASSETS

\$ 486,707

The accompanying notes are an integral part of the financial statements.

**Wetzel County Committee on Aging
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT	
Federal funds	\$ 56,223
State funds	429,272
Medicaid	91,923
Waiver funds	76,147
Client fees and donations	32,373
Project income and rents	17,352
City and county local funds	2,674
Interest income	1,858
Miscellaneous income	3,782
Total revenues and other support	711,604
 EXPENSES	
Salaries	514,037
Taxes and employee benefits	84,329
Travel and transportation costs	14,118
Rent	7,193
Repairs and maintenance	35,980
Supplies	14,420
Communications and utilities	15,221
Insurance	12,800
Other	25,295
Total expenses	723,393
 CHANGE IN NET ASSETS	 (11,789)
 NET ASSETS, BEGINNING OF YEAR	 462,669
 NET ASSETS, END OF YEAR	 \$ 450,880

The accompanying notes are an integral part of the financial statements.

**Wetzel County Committee on Aging
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (11,789)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Interest capitalized to certificates of deposit	(657)
Accounts receivable - grants and contracts	(26,694)
Accounts receivable - other	1,772
Prepaid expense	(4,267)
Accounts payable	(5,113)
Accrued wages, benefits, and taxes	(290)
Deferred revenue	(505)
Net cash used in operating activities	<u>(47,543)</u>
Decrease in cash and cash equivalents	(47,543)

CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2010

327,383

CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2011

\$ 279,840

The accompanying notes are an integral part of the financial statements.

**Wetzel County Committee on Aging
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The Wetzel County Committee on Aging (the "Committee") (a nonprofit organization) is funded primarily by grants awarded under Title III of the Older American's Act and state grant funds through the West Virginia Bureau of Senior Services, as administered by the Northwestern Area Agency on Aging, and through third party reimbursements, specifically the State of West Virginia Medicaid and Waiver Program. The grants awarded and contracts performed for the enclosed financial statements cover the period beginning October 1, 2010, and ending September 30, 2011.

The Committee provides social, in-home, and community services to residents of Wetzel County who meet the applicable program eligibility requirements. The purpose of these programs is to assist in meeting the needs of older Americans.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, except for not recording property and equipment assets and depreciating them over their estimated useful lives. In accordance with grant award budgets, property and equipment are charged to expense in the periods during which they are purchased instead of being recognized as assets and depreciated over their useful lives. As a result, the expenditures reflected in the statement of activities include the cost of the property and equipment purchased during the year rather than a provision for depreciation. This method differs from accounting principles generally accepted in the United States of America, which require property and equipment assets to be capitalized on the statement of financial position and systematic depreciation charges to be made to operations over the estimated lives of the assets. The effect on the financial statements of that departure from U. S. generally accepted accounting principles is not readily determinable.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Committee 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. As of September 30, 2011, the Committee had no temporarily or permanently restricted net assets. In addition, the Committee is required to present a statement of cash flows.

The Committee does not report expenses by their functional classification: program expenses, management and general, and fund raising. In accordance with accounting principles generally accepted in the United States of America, nonprofit organizations are required to present expenses on a functional basis, either in the statement of activities or in the notes to the financial statements. The effect on the financial statements of that departure from U. S. generally accepted accounting principals is not reasonably determinable.

**Wetzel County Committee on Aging
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 (CONTINUED)**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment Purchases

The equipment acquired is owned by the Wetzel County Committee on Aging while used in the program for which it was purchased or in other future authorized programs. However, for equipment purchased with Federal Title III funds, the grantor maintains a reversionary interest; therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations. Certain equipment purchased with state funds remains the property of the State of West Virginia for a period of not less than 5 years. The Bureau of Senior Services provides disposal requirements prior to the 5 year anniversary, if needed.

Income Tax

The Committee is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

Contributed Services and Facilities

During the year ended September 30, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

The New Martinsville Senior Center and Hundred Senior Center are currently leased to the Wetzel County Committee on Aging through an agreement with the Wetzel County Commission. Lease costs for each facility are \$1.00 per year. The use of the facilities is currently not recognized in the financial statements as in-kind revenue and expense because the amount is not determinable under the requirements of accounting principles generally accepted in the United States of America. Management has estimated the value of the New Martinsville building used for senior center activity to be approximately \$23,775. Of that amount, approximately \$9,524 (see Note 3) is claimed as local match for Title III federal programs. The Centers are available to the Committee as long as the buildings are used as Senior Centers. If the Committee fails to do so, the lease is terminated and the Committee will be required to vacate the buildings.

Estimates

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

Cost Allocation

The Committee uses a cost allocation program where all costs that cannot be directly charged to a specific grant or contract are allocated based upon a percentage of direct salary costs, per program, to total direct salaries. Costs that cannot be directly charged or allocated to programs based on direct salaries and management expenses are accumulated as management and general expenses. These expenses include costs incurred under specific grants for Senior Center renovations and equipment purchases. These cost allocations are adjusted to accommodate budget limitations and management's estimate of program and management share of the costs.

**Wetzel County Committee on Aging
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 (CONTINUED)**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses on Leased Facilities

Operating expenses for portions of the Senior Center that are rented/leased to other agencies are allocated based upon square footage allocations. These costs are not netted from rental income on the financial statements due to reporting requirements for project income. This had no effect on the net assets of the Committee. Total costs associated with rented space were \$8,183 for the year ended September 30, 2011. Total rents collected are shown in project income and rents under Title III-B and totaled \$14,190 for the year ended September 30, 2011.

NOTE 2 - GRANT AND THIRD PARTY COMMITMENTS AND CONTINGENCIES

The Committee receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Committee's activities.

Additionally, under the terms of federal and state contracts and grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursement to the grantor agency. Management believes disallowances, if any, will be immaterial.

NOTE 3 - FEDERAL MATCHING

Wetzel County Committee on Aging allocated the following funds as match monies required by Title III awards:

<u>Program</u>	<u>Amount</u>	<u>Source of Funds</u>
Title III-B Social Services	\$ 13,128	State funds
Title III-B Social Services	5,206	In-kind (see Note 1)
Title III-D Health Services	1,087	In-kind (see Note 1)
Title III-D Health Services	230	State funds
Title III-E Caregiver Services	<u>3,231</u>	In-kind (see Note 1)
Total match amounts	<u>\$ 22,882</u>	

In addition, project income funds included in the notification of grant award were used to cover expenses of the Title III program, but are not considered as matching funds.

NOTE 4 - CASH AND CASH EQUIVALENTS

For the purpose of the cash flows statement, the Committee includes cash in banks and on hand and certificates of deposit with original maturities of 90 days or less as cash and cash equivalents. The Committee paid no interest expense or corporate income taxes in fiscal year 2011.

Wetzel County Committee on Aging
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 (CONTINUED)

NOTE 5 - RENOVATION FUNDS

In fiscal year 2001, approximately \$42,730 was awarded and expended for renovations in the Pine Grove, Folsom, and New Martinsville Centers. In accordance with these grants, the State of West Virginia is entitled to recapture a portion of these state-appropriated funds from the Committee, the subgrantee (Senior Center), or owner of the facility, if within 10 years after the renovation, the Committee or subgrantee ceases to be a public or non-profit agency, or the facility is no longer used for multi-purpose Senior Center activities. The amount that would be due to the State would be prorated based on current values of the building and costs contributed by the State. There was no change in the operation of these facilities through September 30, 2011. The restriction has expired as of September 30, 2011.

NOTE 6 - PLEDGED OR RESTRICTED EQUIPMENT

The Committee has title to a van that is used to transport elderly and disabled persons. This van was purchased in fiscal year 2005 with a grant received from the West Virginia Department of Transportation. Under this grant, 80 percent of the purchase price of the van was funded through the grant and 20 percent through local monies of the Committee. The West Virginia Department of Transportation remains the first lien holder on the title to the van.

NOTE 7 - DEFERRED REVENUE

Deferred revenue balances include grant funds received and not expended by fiscal year end. As of September 30, 2011, deferred revenue included on the statement of financial position of \$4,283 is comprised of Health Benefits/SHIP funds.

NOTE 8 - SUBSEQUENT EVENTS

Wetzel County Committee on Aging assessed events occurring subsequent to September 30, 2011, through May 25, 2012, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were available to be issued May 25, 2012.

INDEPENDENT AUDITOR'S 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

Board of Directors
Wetzel County Committee on Aging
New Martinsville, WV 26155

We have audited the financial statements of Wetzel County Committee on Aging (the "Committee") (a nonprofit organization), as of and for the year ended September 30, 2011, and have issued our report thereon dated May 25, 2012. Our report on the financial statements was qualified due to effects of the Committee not capitalizing fixed assets and recording systematic depreciation charges and for not reporting expenses on a functional basis as described in Note 1 to the financial statements. 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

Management of the Committee is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Committee'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 the Committee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Committee'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 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 the Committee'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 matters that we reported to management of Wetzel County Committee on Aging in a separate letter dated May 25, 2012.

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



Wheeling, West Virginia
May 25, 2012

**Wetzel County Committee on Aging
SCHEDULE OF FEDERAL AWARDS, STATE AWARDS,
AND OTHER ASSISTANCE
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011**

<u>Federal Awards Pass-through Grantor</u>	<u>CFDA/ Award/Grant No.</u>	<u>Financial Awards Recognized</u>
U. S. Department of Health and Human Services passed through the West Virginia Bureau of Senior Services and Bel-O-Mar Regional Council:		
Disease Prevention and Health Promotion Services - Title III-D	93.043	\$ 1,321
Grants for Supportive Services and Senior Centers - Title III-B	93.044	29,517
National Family Caregiver Support - Title III-E	93.052	9,694
Centers for Medicare and Medicaid Services Research, Demonstrations, and Evaluations	93.779	10,005
Low Income Home Energy Assistance	93.568	286
 U. S. Department of Veterans Affairs passed through Department of Veterans Affairs - Clarksburg, WV:		
Homemaker Home Health Care	64-Unknown	<u>5,400</u>
Total federal awards		<u><u>\$ 56,223</u></u>
 <u>State Awards and Other Assistance</u> <u>State Grantor/Pass-through Grantor</u>		
West Virginia Bureau of Senior Services:		
State Senior Center/Program Funds	SC21124	\$ 24,500
 West Virginia Bureau of Senior Services passed through the Bel-O-Mar Regional Council:		
State Discretionary Grant - Lighthouse	21149	88,787
State Discretionary Grant - Lighthouse	21249	34,608
State Alzheimer's Respite/FAIR	21149	35,807
State Alzheimer's Respite/FAIR	21249	17,183
State matching funds	21135	13,358
State Legislative Initiatives for the Elderly (L.I.F.E)	21102	146,992
State Legislative Initiatives for the Elderly (L.I.F.E)	21202	68,037
Total state awards		<u><u>429,272</u></u>
 <u>Other Assistance</u>		
U. S. Department of Health & Human Services passed through West Virginia Department of Health and Human Resources Program:		
Medicaid	N/A	91,923
Medicaid waiver	N/A	<u>76,147</u>
Total other assistance		<u>168,070</u>
Total state awards and other assistance		<u><u>\$ 597,342</u></u>