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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

November 6, 2009

Board of Directors  
Huntington County Council  
on Aging and Aged, Inc.  
354 North Jefferson St.  
Huntington, IN 46750

We have reviewed the audit report prepared by David Culp & Co., LLP, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Huntington County Council on Aging and Aged, Inc., as of December 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the findings in the report. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

COMPARATIVE FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

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To the Board of Directors  
Huntington County Council on Aging and Aged, Inc.  
Huntington, Indiana

Independent Auditor's Report

We have audited the accompanying statements of financial position of Huntington County Council on Aging and Aged, Inc. (a non profit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years 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. 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 Huntington County Council on Aging and Aged, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Statement of Program Expenses and Schedule of Expenditures of Federal, State and Local Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit 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.

David Culp & Co. LLP  
Certified Public Accountants

Huntington, Indiana  
June 19, 2009

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

COMPARATIVE STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>Restated 2007</u>
<u>Current Assets:</u>		
Cash in bank - Note 1		
Unrestricted	\$144,513	\$115,862
Restricted	1,592	3,035
Accounts receivable - Note 1	9,310	10,077
Grants receivable - Note 1	<u>114,889</u>	<u>75,056</u>
Total current assets	<u>270,304</u>	<u>204,030</u>
<u>Fixed Assets - Note 1:</u>		
Equipment and furniture	354,446	318,929
Less: Accumulated depreciation	<u>248,490</u>	<u>206,356</u>
Total fixed assets	<u>105,956</u>	<u>112,573</u>
Total assets	\$376,260 =====	\$316,603 =====

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts payable	\$ 42,549	\$ 2,723
Accrued payroll and payroll taxes	20,500	17,886
Senior Friday agency account	2,541	3,035
Current maturity of capital lease obligations - Note 2	<u>4,457</u>	<u>4,198</u>
Total current liabilities	<u>70,047</u>	<u>27,842</u>
<u>Long-Term Liabilities:</u>		
Capital lease payable - Note 2	17,666	21,932
Less: Amount due within one year, included in current liabilities above	<u>4,457</u>	<u>4,198</u>
Total long-term liabilities	<u>13,209</u>	<u>17,734</u>
Total liabilities	<u>83,256</u>	<u>45,576</u>
<u>Net Assets:</u>		
Unrestricted - Note 1	211,611	187,407
Temporarily restricted - Note 1	<u>81,393</u>	<u>83,620</u>
Total net assets	<u>293,004</u>	<u>271,027</u>
Total liabilities and net assets	\$376,260 =====	\$316,603 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue, gains and other support -</u>			
Contributions -			
United Way	\$ 47,000	\$ -	\$ 47,000
Fundraising	34,697	-	34,697
Other	10,483	-	10,483
Grants -			
Government	376,535	32,080	408,615
Medicaid income	100,058	-	100,058
Program service fees	56,899	-	56,899
Special events -			
Proceeds	30,979	-	30,979
Less: Direct benefits to donors	(29,602)	-	(29,602)
Interest	<u>39</u>	<u>-</u>	<u>39</u>
Total revenues, gains and other support before net assets released from program restrictions	627,088	32,080	659,168
Net assets released from program restrictions	<u>34,307</u>	<u>(34,307)</u>	<u>-</u>
Total revenues, gains and other support	<u>661,395</u>	<u>( 2,227)</u>	<u>659,168</u>
<u>Expenses -</u>			
Program	501,908	-	501,908
Management and general	103,840	-	103,840
Fundraising	<u>31,443</u>	<u>-</u>	<u>31,443</u>
Total expenses	<u>637,191</u>	<u>-</u>	<u>637,191</u>
Change in net assets	24,204	( 2,227)	21,977
<u>Net assets, beginning of year</u>	<u>187,407</u>	<u>83,620</u>	<u>271,027</u>
<u>Net assets, end of year</u>	\$ 211,611 =====	\$ 81,393 =====	\$293,004 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007 (RESTATED)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue, gains and other support -</u>			
Contributions -			
United Way	\$ 48,500	\$ -	\$ 48,500
Fundraising	35,263	-	35,263
Foundations	12,657	-	12,657
Other	9,469	-	9,469
Grants -			
Government	345,398	63,076	408,474
Medicaid income	99,267	-	99,267
Program service fees	76,348	-	76,348
Special events -			
Proceeds	20,080	-	20,080
<u>Less: Direct benefits to donors</u>	(21,992)	-	(21,992)
Interest	<u>130</u>	<u>-</u>	<u>130</u>
Total revenues, gains and other support before net assets released from program restrictions	625,120	63,076	688,196
Net assets released from program restrictions	<u>40,365</u>	<u>(40,365)</u>	<u>-</u>
Total revenues, gains and other support	<u>665,485</u>	<u>22,711</u>	<u>688,196</u>
<u>Expenses -</u>			
Program	492,264	-	492,264
Management and general	70,006	-	70,006
Fundraising	<u>43,336</u>	<u>-</u>	<u>43,336</u>
Total expenses	<u>605,606</u>	<u>-</u>	<u>605,606</u>
Change in net assets	59,879	22,711	82,590
<u>Net assets, beginning of year</u>	<u>127,528</u>	<u>60,909</u>	<u>188,437</u>
<u>Net assets, end of year</u>	\$ 187,407 =====	\$ 83,620 =====	\$271,027 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Services</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries and related expenses -				
Salaries	\$286,226	\$ 76,268	\$14,500	\$376,994
Payroll taxes	24,628	6,562	1,248	32,438
Employee benefits - Note 3	<u>987</u>	<u>263</u>	<u>50</u>	<u>1,300</u>
Total salaries and related expenses	311,841	83,093	15,798	410,732
Bank charges	-	50	-	50
Dues and subscriptions	210	210	-	420
Education and training	1,621	405	-	2,026
Employee bonus	2,225	592	113	2,930
Equipment	634	211	-	845
Fundraising	-	-	15,532	15,532
Insurance	24,417	1,980	-	26,397
Interest	-	1,202	-	1,202
Legal and professional	6,034	-	-	6,034
Miscellaneous	480	480	-	960
Postage	2,132	1,744	-	3,876
Printing and supplies	5,466	1,633	-	7,099
Advertising - Note 1	1,740	519	-	2,259
Rent	8,400	3,600	-	12,000
Repairs and maintenance	536	28	-	564
Supplies	4,062	1,015	-	5,077
Telephone	2,608	1,118	-	3,726
Travel	5,428	-	-	5,428
Program operations	83,872	4,028	-	87,900
Depreciation - Note 1	<u>40,202</u>	<u>1,932</u>	<u>-</u>	<u>42,134</u>
Total expenses	\$501,908	\$103,840	\$31,443	\$637,191
	=====	=====	=====	=====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2007 (RESTATED)

	<u>Program Services</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries and related expenses -				
Salaries	\$287,166	\$ 38,225	\$17,126	\$342,517
Payroll taxes	23,370	3,111	1,394	27,875
Employee benefits - Note 3	<u>1,857</u>	<u>247</u>	<u>111</u>	<u>2,215</u>
Total salaries and related expenses	312,393	41,583	18,631	372,607
Bank charges	-	195	-	195
Bad debt	2,263	251	-	2,514
Dues and subscriptions	65	65	-	130
Education and training	2,164	928	-	3,092
Employee bonus	2,083	292	125	2,500
Equipment	1,426	476	-	1,902
Fundraising	-	-	24,580	24,580
Insurance	22,674	5,669	-	28,343
Interest	520	173	-	693
Legal and professional	2,855	-	-	2,855
Miscellaneous	702	702	-	1,404
Postage	1,080	884	-	1,964
Printing and supplies	4,051	3,028	-	7,079
Advertising - Note 1	1,571	-	-	1,571
Rent	4,800	7,200	-	12,000
Repairs and maintenance	1,009	336	-	1,345
Supplies	5,211	1,737	-	6,948
Telephone	2,248	1,839	-	4,087
Travel	4,360	-	-	4,360
Van operations	78,958	-	-	78,958
Depreciation - Note 1	<u>41,831</u>	<u>4,648</u>	<u>-</u>	<u>46,479</u>
 Total expenses	 \$492,264 =====	 \$ 70,006 =====	 \$43,336 =====	 \$605,606 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

COMPARATIVE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>Restated 2007</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 21,977	\$ 82,590
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	42,134	46,479
(Increase) decrease in -		
Accounts receivable	767	( 4,546)
Grants receivable	(39,833)	(16,488)
Increase in -		
Accounts payable	39,826	2,723
Accrued payroll and payroll taxes	<u>2,614</u>	<u>2,560</u>
Net cash provided by operating activities	<u>67,485</u>	<u>113,318</u>
 <u>Cash flows from investing activities:</u>		
Purchase of property and equipment	<u>(35,517)</u>	<u>(70,074)</u>
Net cash (used in) investing activities	<u>(35,517)</u>	<u>(70,074)</u>
 <u>Cash flows from financing activities:</u>		
Payments on capital lease	( 4,266)	( 2,457)
Increase (Decrease) in Senior Friday agency account	<u>( 494)</u>	<u>569</u>
Net cash (used in) financing activities	<u>( 4,760)</u>	<u>( 1,888)</u>
 <u>Net increase in cash and cash equivalents</u>	27,208	41,356
 <u>Cash and cash equivalents at beginning of year</u>	<u>118,897</u>	<u>77,541</u>
 <u>Cash and cash equivalents at end of year</u>	\$146,105	\$118,897
	=====	=====
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid during the year for -		
Interest	\$ 1,202	\$ 693
	=====	=====

The accompanying notes are integral part of these financial statements.

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies -

Organization - Huntington County Council on Aging and Aged, Inc. (the Organization) is an Indiana non-profit organization organized on December 27, 1973. Its purpose is to help assure that the major needs of older adults in Huntington County are being met through appropriate programs and services and to serve as a clearinghouse for opportunities and problems of senior residents of Huntington County.

The Organization received funding from various federal, state, and local governmental agencies. The Organization requests reimbursement of qualified expenses and receives grants for programs as detailed on the Statement of Program Expenses. The Organization also receives support from donations.

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Under this method, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

In the accompanying Statement of Financial Position, net assets that have similar characteristics are presented based on donor restrictions as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Donor-imposed stipulations are reported as unrestricted net assets so long as the Organization maintains variance power over the use of the assets.

Temporarily restricted - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by passage of time.

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies  
(Continued) -

Contributions - Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. If a donor restriction is satisfied in the period the gift is received, this support is reported as unrestricted revenue. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the Statements of Activities.

Grants and contributions - Unconditional promises to give are recorded as receivables and revenues at fair value in the period the promise is made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Cash and cash equivalents - For the purpose of reporting cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Equipment and furniture - Equipment and furniture are stated at cost. Donated equipment is recorded at its estimated fair value at the date of receipt. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Vehicles	5 years
Office furniture and fixtures	3-15 years

Depreciation expense totaled \$42,134 and \$46,479 for the years ended December 31, 2008 and 2007, respectively.

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies  
(Continued) -

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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses and changes in net assets during the reporting period. Actual results could differ from those estimates.

Federal income taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. In addition, the Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Donated services - A substantial number of volunteers donate significant amounts of time in providing the Organization's services. No amounts have been recognized in the financial statements for these services because the criteria for recognition of such volunteer effort as contributed services has not been satisfied.

Accounts receivable - Accounts receivable are due from government and other significant funding sources. Based on historical collection experience with these agencies, no allowance for doubtful accounts is deemed necessary.

Advertising - Advertising costs are charged to operations as incurred. Total advertising costs expensed during the years ended December 31, 2008 and 2007 was \$2,259 and \$1,571, respectively.

Note 2: Leases - On June 14, 2007, the Company signed a five year lease for a copier. Payments of \$450 are due monthly through the lease ending date of August, 2012. The lease was recorded as a capital lease. The gross amount of property and equipment recorded under the capital lease was \$24,389.

Depreciation of assets held under a capital lease is included with depreciation expense.

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 2: Leases (Continued) -

The future maturities of the capital lease is as follows:

Years ending December 31:

2009	\$ 4,457
2010	4,732
2011	5,024
2012	<u>3,453</u>
Total	\$17,666 =====

Note 3: Employee benefits - In December 2003, the Organization adopted a tax deferred annuity plan, under Internal Revenue Code Section 403(b). All salaried employees are eligible to contribute a portion of their eligible compensation to the Plan in accordance with plan provisions. The Plan requires the Organization to match dollar-for-dollar employee contributions of up to \$50 per pay period. Total contributions made to the Plan by the Organization totaled \$1,300 and \$1,160 for the years ended December 31, 2008 and 2007, respectively.

Note 4: Community Foundation funds - The Huntington County Community Foundation holds funds donated on behalf of Huntington County Council on Aging and Aged, Inc. totaling \$1,213 and \$1,635 at December 31, 2008 and 2007, respectively. This balance has not been recorded as an asset of the Organization because the Community Foundation has maintained variance power over these funds. A portion of the earnings from these funds is made available to the Organization each year. At December 31, 2008 and 2007, none and \$65 was available for distribution.

Note 5: Correction of errors - In 2007, the Organization did not record vans received as temporarily restricted grants. Each year the van is utilized by the Organization, a portion of the restriction is released to unrestricted activities. Corresponding depreciation expense equal to the released restrictions is recorded in the unrestricted program expenses. Vans received prior to January 1, 2007 were restated to the temporarily restricted net assets at their net book value of \$60,909. The 2007 statement of activities has been restated to include two vans received along with the depreciation.

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF PROGRAM EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Title III</u>	<u>Public</u>		<u>Private</u>	<u>Choice/</u>	<u>Total</u>	
	<u>Transpor-</u>	<u>Transpor-</u>	<u>Medicaid</u>	<u>Pay</u>	<u>SSBG</u>	<u>2008</u>	<u>2007</u>
	<u>tation</u>	<u>tation</u>		<u>Homemaker</u>	<u>Homemaker</u>		
Salaries	\$ 58,000	\$ 86,709	\$ 60,899	\$ 41,179	\$ 39,439	\$286,226	\$287,166
Payroll taxes	4,990	7,461	5,240	3,543	3,394	24,628	23,370
Employee benefits	200	299	210	142	136	987	1,857
Bad debt	-	-	-	-	-	-	2,263
Dues and subscriptions	-	210	-	-	-	210	65
Education and training	507	608	304	101	101	1,621	2,164
Employee bonus	451	674	473	320	307	2,225	2,083
Equipment	128	211	127	84	84	634	1,426
Insurance	7,918	9,899	3,960	1,320	1,320	24,417	22,674
Interest	-	-	-	-	-	-	520
Legal and professional	1,207	4,224	603	-	-	6,034	2,855
Miscellaneous	-	480	-	-	-	480	702
Postage	582	581	581	194	194	2,132	1,080
Printing and supplies	1,774	2,130	1,065	284	213	5,466	4,051
Advertising	565	678	339	90	68	1,740	1,571
Rent	2,400	3,000	1,800	600	600	8,400	4,800
Repairs and maintenance	175	254	85	11	11	536	1,009
Supplies	1,015	1,269	762	508	508	4,062	5,211
Telephone	746	931	559	186	186	2,608	2,248
Travel	1,900	2,714	814	-	-	5,428	4,360
Program operations	15,236	21,243	7,105	13,918	26,370	83,872	78,958
Depreciation	7,303	10,182	3,406	6,671	12,640	40,202	41,831
<b>Total</b>	<b>\$ 105,097</b>	<b>\$ 153,757</b>	<b>\$ 88,332</b>	<b>\$ 69,151</b>	<b>\$ 85,571</b>	<b>\$501,908</b>	<b>\$492,264</b>
	=====	=====	=====	=====	=====	=====	=====

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

HUNTINGTON COUNTY COUNCIL ON AGING AND AGED, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Or Pass-Through Number</u>	<u>Expendi- tures</u>
<u>Federal:</u>			
Department of Transporta- tion -			
Federal Transit Admin- istration	20.509	Public Mass Transportation	\$291,793
Federal Transit Admin- istration	20.513	Indiana Family & Social Services Administration	6,416
Federal Transit Admin- istration	20.513	Indiana Depart- ment of Trans- Portation	<u>32,080</u>
Total			330,289
U.S. Department of Health and Human Services -			
Older Americans	93.044	Aging and In- Home Services of Northeast Indiana, Inc.	<u>34,976</u>
Total federal assistance			<u>365,265</u>
<u>Local:</u>			
Huntington County			18,000
City of Huntington			<u>25,350</u>
Total local assistance			<u>43,350</u>
Total federal, state and local awards			\$408,615 =====

Board of Directors  
Huntington County Council on Aging and Aged, Inc.  
354 North Jefferson Street  
Huntington, Indiana 46750

In planning and performing our audit of the financial statements of Huntington County Council on Aging and Aged, Inc. (the Organization) as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Organization does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in organizations of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control. We believe that the following deficiency constitutes a material weakness:

1. During the audit, we identified and recommended several material adjusting entries to the financial statements that were not identified by the Organization's internal control. Substantially all of the entries were adjustments that should have been recorded throughout the year and prior to the audit. We believe that the Organization should review and evaluate transactions monthly or quarterly for proper reporting.

This communication is intended solely for the information and use of management, the board of directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

David Culp & Co. LLP  
Certified Public Accountants

June 19, 2009

June 19, 2009

To the Board of Directors  
Huntington County Council on Aging and Aged, Inc.  
354 North Jefferson St.  
Huntington, Indiana 46750

We have audited the financial statements of Huntington County Council on Aging and Aged, Inc. (the Organization) for the year ended December 31, 2008, and have issued our report thereon dated June 19, 2009. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated December 8, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. As part of our audit, we considered the internal control of Huntington County Council on Aging and Aged, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
3. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to the Executive Director in our meeting about planning matters on January 13, 2009.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Huntington County Council on Aging and Aged, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The correcting entries are attached.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 19, 2009

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

During our review of the computer control environment and financial reporting system, we noted the Organization's QuickBooks accounting software should be updated to the 2009 Edition for non-profit entities. The update will provide additional tools to manage the Organization including a vastly improved budgeting module.

In auditing contributions, we noted the deposit of the receipts was inconsistent. Some of the deposits went directly to the respective permanent fund account, while others were deposited to the checking account and then transferred. Some of the direct deposits were not recorded correctly in the accounting software. If the deposits continue to be directly deposited into the permanent funds, we recommend improved documentation in the individual investment statements.

To the Board of Directors  
Huntington County Council on Aging and Aged, Inc.  
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June 19, 2009

While confirming the permanent funds, we were unable to fully confirm two permanent funds. We were made aware that one of the permanent funds was separated into eleven accounts while the other permanent fund had five accounts. We believe that each fund should be in one account to improve the tracking of investments. Due to the possibility of significant amounts of time spent on tracking each permanent fund, the Organization should consider the pooling of accounts as in the past.

This information is intended solely for the use of the Board of Directors and management of Huntington County Council on Aging and Aged, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

David Culp & Co. LLP  
Certified Public Accountants

Enclosure