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July 7, 2009

Board of Directors
Wabash County Council on Aging, Inc.
239 Bond St., P.O. Box 447
Wabash, IN 46992

We have reviewed the audit report prepared by Rea Logan & Co., Inc., Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. 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 Wabash County Council on Aging, Inc., as of December 31, 2007, 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

WABASH COUNTY COUNCIL ON AGING INC.
WABASH, INDIANA

FINANCIAL STATEMENTS

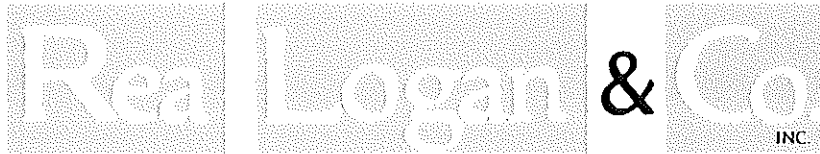
DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Directors
Wabash County Council on Aging, Inc.
Wabash, Indiana

We have audited the accompanying statements of financial position of Wabash County Council on Aging, Inc. (a nonprofit corporation), as of December 31, 2007 and 2006, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wabash County Council on Aging, Inc., as of December 31, 2007 and 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of Wabash County Council on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Rea Logan & Co., Inc.
Certified Public Accountants

Wabash, Indiana
June 30, 2008

WABASH COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS:		
Cash	\$ 95,090	\$ 90,807
Accounts receivable	16,683	14,597
Prepaid expenses	<u>8,226</u>	<u>6,914</u>
Total Current Assets	<u>119,999</u>	<u>112,318</u>
FIXED ASSETS:		
Office equipment	3,381	1,354
Transportation vehicles	<u>79,279</u>	<u>51,253</u>
	82,660	52,607
Less: Accumulated depreciation	<u>46,877</u>	<u>41,669</u>
Net Fixed Assets	<u>35,783</u>	<u>10,938</u>
TOTAL ASSETS	<u><u>\$155,782</u></u>	<u><u>\$123,256</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 11,583	\$ 9,405
Accrued payroll and payroll taxes	10,953	10,748
Unearned grant revenue	<u>-</u>	<u>7,273</u>
TOTAL LIABILITIES	<u>22,536</u>	<u>27,426</u>
NET ASSETS:		
Unrestricted	126,791	91,405
Temporarily restricted	<u>6,455</u>	<u>4,425</u>
Total Net Assets	<u>133,246</u>	<u>95,830</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$155,782</u></u>	<u><u>\$123,256</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

WABASH COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER SUPPORT:				
Grants	\$ 7,273	\$ 9,394	\$250,707	\$202,111
Government allocation	59,925	57,425	5,000	5,000
Medicaid reimbursement	41,406	30,283	-	-
United Fund of Wabash County	22,003	18,012	-	-
Program income	60,048	57,025	-	-
Donations	63,785	18,472	-	-
In kind donations	23,333	27,551	-	-
Rental income	4,656	5,028	-	-
Gain on sale of fixed assets	750	2,511	-	-
Interest	6,488	853	-	-
Net assets released from restrictions; satisfaction of program requirements	<u>253,677</u>	<u>202,686</u>	<u>(253,677)</u>	<u>(202,686)</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>543,344</u>	<u>429,240</u>	<u>2,030</u>	<u>4,425</u>
EXPENSES:				
Transportation	349,041	313,332	-	-
Senior Center	154,916	143,336	-	-
Fund raising	<u>4,001</u>	<u>4,616</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>507,958</u>	<u>461,284</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	35,386	(32,044)	2,030	4,425
NET ASSETS - beginning of year	<u>91,405</u>	<u>123,449</u>	<u>4,425</u>	<u>-</u>
NET ASSETS - end of year	<u>\$126,791</u>	<u>\$ 91,405</u>	<u>\$ 6,455</u>	<u>\$ 4,425</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

<u>Totals</u>	
<u>2007</u>	<u>2006</u>
\$257,980	\$211,505
64,925	62,425
41,406	30,283
22,003	18,012
60,048	57,025
63,785	18,472
23,333	27,551
4,656	5,028
750	2,511
6,488	853
-	-
545,374	433,665
349,041	313,332
154,916	143,336
4,001	4,616
507,958	461,284
37,416	(27,619)
95,830	123,449
\$133,246	\$ 95,830

WABASH COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>Transportation</u>		<u>Senior Center</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Salaries and wages	\$183,107	\$166,753	\$ 64,583	\$ 63,452
Payroll taxes & fringe benefits	17,169	20,458	6,827	7,628
Travel and meetings	784	652	4,326	4,344
Program expenses	61,624	45,109	17,830	12,877
Supplies	234	501	1,580	1,180
Postage	492	459	556	849
Promotional	369	823	717	1,195
Professional fees	29,332	22,017	2,673	9,286
Training	426	65	216	940
Telephone	2,072	2,065	1,718	1,858
Insurance	27,283	30,430	6,582	2,352
Utilities	2,853	4,889	10,004	7,172
Repairs and maintenance	1,011	506	6,882	4,864
Food pantry	-	-	26,924	21,349
Depreciation expense	8,503	4,636	372	271
Miscellaneous	2	-	284	1,052
Membership fee	112	301	430	255
Inkind rent	13,668	13,668	2,412	2,412
TOTAL EXPENSES	<u>\$349,041</u>	<u>\$313,332</u>	<u>\$154,916</u>	<u>\$143,336</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

Fund Raising		Totals	
2007	2006	2007	2006
\$ 2,881	\$ 2,452	\$250,571	\$232,657
-	-	23,996	28,086
-	-	5,110	4,996
-	-	79,454	57,986
425	1,747	2,239	3,428
624	417	1,672	1,725
47	-	1,133	2,018
-	-	32,005	31,303
24	-	666	1,005
-	-	3,790	3,923
-	-	33,865	32,782
-	-	12,857	12,061
-	-	7,893	5,370
-	-	26,924	21,349
-	-	8,875	4,907
-	-	286	1,052
-	-	542	556
-	-	16,080	16,080
<u>\$ 4,001</u>	<u>\$ 4,616</u>	<u>\$507,958</u>	<u>\$461,284</u>

WABASH COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from contributions, grants, programs, and miscellaneous	\$536,050	\$411,781
Cash paid to suppliers and employees	(505,285)	(418,547)
Interest income	<u>6,488</u>	<u>853</u>
Net Cash Provided (Used) by Operating Activities	<u>37,253</u>	<u>(5,913)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(33,720)	-
Proceeds from sale of fixed assets	<u>750</u>	<u>2,511</u>
Net Cash Provided (Used) by Investing Activities	<u>(32,970)</u>	<u>2,511</u>
INCREASE (DECREASE) IN CASH	4,283	(3,402)
CASH AT BEGINNING OF YEAR	<u>90,807</u>	<u>94,209</u>
CASH AT END OF YEAR	<u>\$ 95,090</u>	<u>\$ 90,807</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (decrease) in net assets	<u>\$ 37,416</u>	<u>(\$ 27,619)</u>
Adjustments to reconciled change in net cash provided by operating activities:		
Depreciation	8,875	4,907
Gain on sale of fixed assets	(750)	(2,511)
Decrease (increase) in accounts receivable	(2,086)	5,914
Decrease (increase) in prepaid expenses	(1,312)	937
Increase in accounts payable	2,178	9,082
Increase in accrued payroll	205	2,771
Increase in unearned grant revenue	<u>(7,273)</u>	<u>606</u>
Total Adjustments	<u>(163)</u>	<u>21,706</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 37,253</u>	<u>(\$ 5,913)</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

WABASH COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Note 1 - Accounting Policies:

The Wabash County Council on Aging, Inc. exists to assist the citizens of Wabash County in meeting their social, physical, economic, and mobility needs with an emphasis on persons age 60 and over. The Organization is supported by Government allocations, services, grants, and donations.

The significant accounting policies followed by Wabash County Council on Aging, Inc. are:

(a) Basis of Accounting - The financial statements of Wabash County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

(b) Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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. The Organization has no permanently restricted net assets. Temporarily restricted net assets are \$6,455 and \$4,425 for December 31, 2007 and 2006, respectively.

(c) Use of 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 effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents - For purposes of the statement of cash flows, The Wabash County Council on Aging, Inc. considers all highly liquid investments to be cash equivalents. The term *highly liquid* refers to investments with a maturity of three months or less when purchased to be cash equivalents.

(e) Accounts Receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. A provision for doubtful accounts has not been established as management considers all accounts to be collectable based on a favorable history over a substantial period of time.

(f) In kind Contributions - In kind contributions are recorded at fair market value and recognized in the accounting period when they are received.

(g) Donated Services - Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The value of this contribute volunteers' time does not meet the criteria for recognition.

See Independent Auditor's Report.

WABASH COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Note 1 - Accounting Policies (continued):

(h) Restricted and Unrestricted Revenue and Support - 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 restrictions.

(i) Fixed Assets - Purchases of property and equipment in excess of \$1,000 are recorded at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets: 5 years for office and equipment, and 100,000 miles which approximates 5 years for vehicles. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred.

(j) Income Taxes - Wabash County Council on Aging, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year. The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll, and payments to independent contractors.

(k) Compensated Absences - Employees of the Organization are entitled to paid vacation and sick days depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

(l) Advertising Costs - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the year ended December 31, 2007 and 2006 was \$1,133 and \$2,018, respectively.

Note 2 - Rental Lease:

The Organization has a building lease agreement with the City of Wabash. The lease agreement became effective July 1, 1999 for a ten year term. The terms of the agreement are for \$1.00 per year. However, the fair market value rental value of the property is \$16,080 which is recorded as an In kind donation for 2007 and 2006.

WABASH COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Note 3 - Operating Lease:

The Organization has a noncancellable operating lease of a copier that expires March 2010. The Organization is required to pay all executory costs such as maintenance and insurance. Rental expense for the years ended December 31, 2007 and 2006 was \$2,899 and \$2,899, respectively.

Total lease payments required in the next five years is as follows under the above agreement: 2008, \$2,899; 2009, \$2,899; 2010, \$725 and none in 2011 and 2012.

Note 4 - Government Contributions:

Wabash County Council on Aging, Inc. received government contributions from the following entities:

	<u>2007</u>	<u>2006</u>
Federal III B	\$ 25,296	\$ 25,296
Federal - Section 5311	149,621	106,093
State - Section 5311	53,329	56,159
City of Wabash	35,000	35,000
Town of North Manchester	16,500	16,500
Wabash County Council	<u>13,425</u>	<u>10,925</u>
	<u>\$293,171</u>	<u>\$249,973</u>

Note 5 - Concentrations of Credit Risk:

The Organization maintains a cash balance at Frances Slocum Bank. This institution is covered by Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per customer. As of December 31, 2007 and 2006, the Organization had no uninsured balances.

Note 6 - Donated Services:

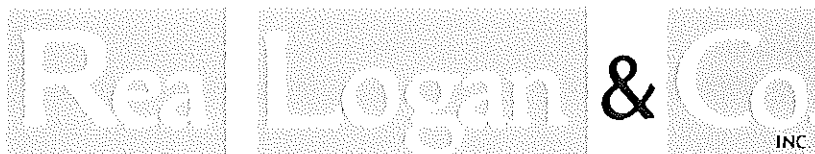
The value of donated services included as In kind contributions in the financial statements and expenses for the years ended 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Wages	\$ 1,424	\$ 8,452
Accounting services	3,700	1,700
Professional services	2,129	1,253
Meals	<u>-</u>	<u>66</u>
Total	<u>\$ 7,253</u>	<u>\$ 11,471</u>

Note 7 - Tax Deferred Annuity Plan:

The Organization has a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization provided no matching contribution.

See Independent Auditor's Report.



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

TO THE OFFICERS AND BOARD OF DIRECTORS
WABASH COUNTY COUNCIL ON AGING, INC.
Wabash, Indiana

We have audited the financial statements of Wabash County Council on Aging, Inc. (a nonprofit organization) as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Wabash County Council 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 the Organization's internal control over financial reporting.

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 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.

A material weakness is a significant deficiency, or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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 (CONT'D)

Compliance and Other Matters

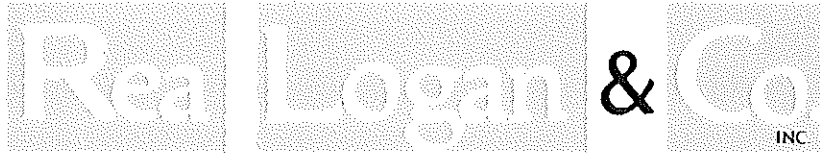
As part of obtaining reasonable assurance about whether Wabash County Council on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 matters that we reported to management of Wabash County Council on Aging, Inc. in a separate letter dated June 30, 2008.

This report is intended solely for the information and use of management, the Board of Directors, federal awarding agencies and the Indiana State Board of Accounts and is not intended to be and should not be used by anyone other than these specified parties.

Rea Logan & Co., Inc.
Certified Public Accountants

Wabash, Indiana
June 30, 2008



Member of American Institute and Indiana CPA Society

June 30, 2008

To the Board of Directors
Wabash County Council on Aging, Inc.
239 Bond St
Wabash, IN 46992

In planning and performing our audit of the financial statements of Wabash County Council on Aging, Inc. as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Wabash County Council on Aging, Inc.'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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following matters summarize our comments and suggestions concerning those matters.

Wabash County Council on Aging, Inc.

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June 30, 2008

Insurance Cards

We noted that the Company did not have the correct insurance cards in each corresponding vehicle. We recommend that upon renewal of vehicle insurance that all vehicles are checked to have the correct insurance cards with each vehicle.

Van Spreadsheets

In reviewing the spreadsheets for the vans, we noted that the actual quarterly report to the State is reviewed by the Executive Director however the Executive Director is not recomputing the quarterly totals to verify the numbers on the report. We recommend that all quarterly reports be traced back to the supporting data for each quarter.

This communication is intended solely for the information and use of management, 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.

Rea Logan & Co., Inc.

Wabash, Indiana

June 30, 2008