

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B35312

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December 10, 2009

Board of Directors
Wells County Council
on Aging, Inc.
225 W. Water St.
Bluffton, IN 46714

We have reviewed the audit report prepared by David Culp & Co., LLP, 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 Wells 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

WELLS COUNTY COUNCIL ON AGING, INC.

AUDIT REPORT

DECEMBER 31, 2007

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To the Board of Directors
Wells County Council on Aging, Inc.
Bluffton, Indiana

Independent Auditor's Report


We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Wells County Council on Aging, Inc. (a nonprofit organization) as of December 31, 2007, and the related statement of support, revenues, expenses and change in net assets - modified cash basis, statement of functional expenses - modified cash basis, and statement of cash flows - modified cash basis 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

As described in Note 1, Wells County Council on Aging, Inc. prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wells County Council on Aging, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with the basis of accounting described in Note 1.

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 - modified cash basis is presented for purposes of additional analysis and is not a required part of the 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.


David Culp & Co. LLP
Certified Public Accountants

Huntington, Indiana
February 8, 2008

WELLS COUNTY COUNCIL ON AGING, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -

MODIFIED CASH BASIS

DECEMBER 31, 2007

ASSETS

Cash and cash equivalents - Notes 1 and 2	\$174,047
Accounts receivable	4,853
Investments - Notes 1 and 3	<u>27,434</u>

Total assets	\$206,334 =====
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LIABILITIES AND NET ASSETS

<u>Liabilities:</u>	
Withheld payroll taxes	<u>\$ 27</u>

<u>Net Assets:</u>	
Unrestricted	<u>206,307</u>

Total net assets	<u>206,307</u>
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Total liabilities and net assets	<u>\$206,334</u> =====
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The accompanying notes are an integral part of these financial statements.

WELLS COUNTY COUNCIL ON AGING, INC.

STATEMENT OF SUPPORT, REVENUES, EXPENSES AND CHANGE

IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Changes in unrestricted net assets -</u>	
Support and revenues -	
Contributions -	
United Way	\$ 39,250
Foundations	1,500
Other	1,808
In kind - Note 4	13,500
Grants -	
Government - Note 5	155,224
Other	48,519
Medicaid income	38,734
Program service fees	62,363
Special events -	
Income	27,430
Less: Direct benefits to donors	(5,550)
Interest income	5,823
	<hr/>
Total support and revenues	388,601
	<hr/>
<u>Expenses -</u>	
Program services	317,108
Management and general	40,607
Fundraising	2,367
	<hr/>
Total expenses	360,082
	<hr/>
Change in net assets	28,519
	<hr/>
<u>Net assets, beginning of year</u>	177,788
	<hr/>
<u>Net assets, end of year</u>	\$206,307
	=====

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

WELLS COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program</u>	<u>Manage- ment And General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$186,298	\$ 30,684	\$ 2,192	\$219,174
Payroll taxes	14,297	2,355	168	16,820
Unemployment benefits	<u>627</u>	<u>103</u>	<u>7</u>	<u>737</u>
 Total salaries and related expenses	 201,222	 33,142	 2,367	 236,731
 Advertising	 -	 331	 -	 331
Education and training	1,572	-	-	1,572
Equipment	4,577	90	-	4,667
Insurance	26,926	-	-	26,926
Landscaping	3,720	-	-	3,720
Legal and professional	-	3,092	-	3,092
Miscellaneous	277	31	-	308
Postage	699	78	-	777
Printing	277	31	-	308
Rent	12,150	1,350	-	13,500
Repairs and maintenance	746	1,326	-	2,072
Supplies	1,928	214	-	2,142
Telephone	2,842	316	-	3,158
Travel and entertainment	1,615	-	-	1,615
Utilities	5,454	606	-	6,060
Vehicle expense	<u>53,103</u>	<u>-</u>	<u>-</u>	<u>53,103</u>
 Total expenses	 \$317,108 =====	 \$ 40,607 =====	 \$ 2,367 =====	 \$360,082 =====

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

WELLS COUNTY COUNCIL ON AGING, INC.

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

DECEMBER 31, 2007

<u>Cash flows from operating activities:</u>	
Change in net assets	\$ 28,519
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Realized gain from investment transactions	(812)
(Increase) in -	
Accounts receivable	(1,340)
Increase in -	
Withheld payroll taxes	<u>27</u>
 Net cash provided by operating activities	 <u>26,394</u>
 <u>Net increase in cash and cash equivalents</u>	 26,394
 <u>Cash and cash equivalents at beginning of year</u>	 <u>147,653</u>
 <u>Cash and cash equivalents at end of year</u>	 \$174,047 =====

The accompanying notes are integral part of these financial statements.

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

WELLS COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Note 1: Organization and summary of significant accounting policies -

Organization - Wells County Council on Aging, Inc. is an Indiana non-profit organization organized on December 3, 1975. Its purpose is to help assure that the major needs of older adults in Wells County are being met through appropriate programs and services and to serve as a clearinghouse for opportunities and problems of senior residents of Wells County.

The Organization receives funding from various state and local governmental agencies. The Organization requests reimbursement of qualified expenses and receives grants for programs as detailed on the schedule of program expenses. The Organization also receives support from donations.

Basis of accounting - The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to this basis are the recognition of accounts receivable and recording investments at fair value. Also under this basis, equipment purchased through grant awards is charged to expense in the period during which it is approved by funding sources and purchased. The equipment acquired is owned by the Organization while used in current or other future authorized programs. The funding sources have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition as well as the ownership of any sale proceeds, is subject to funding source regulations.

In the accompanying statement of assets, liabilities and net assets - modified cash basis the 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.

WELLS COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007

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

Basis of accounting (Continued) -

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.

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 statement of support, revenues, expenses and change in net assets - modified cash basis 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 statement of support, revenues, expenses and change in net assets - modified cash basis.

Pledges 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.

Investments - Investments are carried at fair value. Substantially all investments have readily determinable values.

WELLS COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 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 estimated.

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 upon historical collection experience with these agencies, no allowance for doubtful accounts is deemed necessary.

Advertising - Advertising costs are charged to operations as incurred.

Note 2: Credit risk and concentrations - The Organization maintains its cash accounts at local banks. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per institution. At December 31, 2007, deposits in excess of the insured amount totaled \$74,983.

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

WELLS COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007

Note 3: Investments - The Organization's investments at December 31, 2007 are summarized as follows:

Certificates of Deposit	\$23,434
	=====
H H Series United States Treasury Bonds maturing in 2018	\$ 4,000
	=====

Note 4: In-kind contributions - Operating facilities for the Organization are provided by Wells County, Indiana at a charge of \$1 per year. The fair rental value of the facility, in the amount of \$13,500, is included in in-kind contributions for 2007.

Note 5: Funds received from government funding -

<u>Wells County</u> -	
Senior transportation	\$ 18,000
Title III	1,350
WOW	31,689
Handyman	1,225
Choice Homemaker	736
	<u>53,000</u>
 <u>INDOT</u> -	
WOW	83,483
Senior transportation	<u>18,741</u>
	<u>102,224</u>
 Total government funding	 \$155,224 =====

WELLS COUNTY COUNCIL ON AGING, INC.

STATEMENT OF PROGRAM EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2007

	Title III Trans- portation	Locally- Funded Homemaker	SSBG Homemaker	Choice Homemaker	Private Pay Homemaker	Other Trans- portation	Handyman	Total
Salaries	\$ 103,172	\$ 3,130	\$ 2,198	\$ 1,248	\$ 1,863	\$ 73,439	\$ 1,248	\$186,298
Payroll taxes	7,917	240	169	96	143	5,636	96	14,297
Unemployment benefits	348	11	7	4	6	247	4	627
Education and training	869	26	19	11	16	620	11	1,572
Equipment	2,534	77	54	31	46	1,804	31	4,577
Insurance	14,913	452	318	180	269	10,614	180	26,926
Landscaping	2,060	63	44	25	37	1,466	25	3,720
Miscellaneous	153	5	3	2	3	109	2	277
Postage	386	12	8	5	7	276	5	699
Printing	153	5	3	2	3	109	2	277
Rent	6,729	204	143	81	122	4,790	81	12,150
Repairs and maintenance	413	13	9	5	7	294	5	746
Supplies	1,068	32	23	13	19	760	13	1,928
Telephone	1,574	48	34	19	28	1,120	19	2,842
Travel and entertainment	894	27	19	11	16	637	11	1,615
Utilities	3,019	92	64	37	55	2,150	37	5,454
Vehicle expense	29,408	892	627	356	531	20,933	356	53,103
Total	\$ 175,610	\$ 5,329	\$ 3,742	\$ 2,126	\$ 3,171	\$ 125,004	\$ 2,126	\$317,108

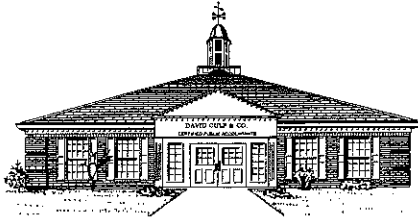
Total

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

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

DAVID CULP & CO. LLP

Certified Public Accountants



Partners:

Daniel L. Boyle, CPA
Michael R. Hatton, CPA
Drew E. Sell, CPA
William E. Miller, CPA
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February 8, 2008

Board of Directors
Wells County Council on Aging, Inc.
225 West Water Street
Bluffton, Indiana 46714

We have completed our audit of the financial statements – modified cash basis of Wells County Council on Aging, Inc. (the Organization) as of December 31, 2007, and the related statement of support, revenues, expenses and change in net assets – modified cash basis, statement of functional expenses – modified cash basis, and statement of cash flows – modified cash basis for the year then ended. Our opinion on the financial statements, which was unqualified, is included in the bound copies of the financial statements. The purpose of this report is to provide you with required communications regarding the conduct of our audit as well as our recommendations and other information noted during the performance of our audit engagement.

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

COMMUNICATION WITH THE BOARD OF DIRECTORS

U.S. Generally Accepted Auditing Standards (GAAS) require that certain matters relating to the conduct of our audit be communicated to you and to those who have responsibility of the financial reporting process. The matters to be communicated to you are as follows:

Auditors' Responsibility Under GAAS -

Management is responsible for the establishment and maintenance of adequate records and effective internal controls over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management is also responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

We conducted our audit in accordance with GAAS, which requires that we plan and perform the audit to obtain reasonable, rather than absolute, 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.

Significant Accounting Policies, Management's Judgements And Accounting Estimates -

The significant accounting policies adopted by management and the use of significant estimates in the preparation of the financial statements are disclosed in the notes to the financial statements. As part of our audit, we reviewed and concur with the Organization's selection of accounting policies and its use of accounting estimates.

Significant Audit Adjustments -

There were no adjusting entries during the course of our audit. Any differences noted below \$500 were considered immaterial, individually and in the aggregate, to the financial statements taken as a whole, and have not been recorded unless otherwise requested.

Disagreements With Management -

Management and other personnel were well prepared, cooperative and provided our representatives with all information requested during our audit. Our representatives were provided access to all employees and information requested was provided on a timely basis. There were no differences or disagreements with management or difficulties encountered in the performance of our audit.

Fraud Prevention -

During the current year audit, we performed additional procedures relating to the detection of fraud as required by Statement on Auditing Standards No. 99 (Consideration of Fraud in a Financial Statement Audit).

Internal Controls -

In planning and performing our audit of the financial statements of the Organization for the year ended December 31, 2007, we considered its internal control in order to determine our auditing procedures solely for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. Our findings on significant deficiencies or other deficiencies we consider to be material weaknesses are presented in a separate report.

RECOMMENDATIONS AND OTHER INFORMATION

We have no recommendations or other information to report.

We would like to express our appreciation to you and your personnel for providing us the opportunity to serve a well-managed and successful organization like Wells County Council on Aging, Inc. We want to assure you that you have access to our personnel at any time to discuss any matters relating to the conduct of our audit or any other matters. Please feel free to contact the undersigned at any time.

Yours very truly,

DAVID CULP & CO. LLP

A handwritten signature in black ink, appearing to read "Daniel L. Boyle". The signature is fluid and cursive, with a long horizontal stroke at the end.

Daniel L. Boyle, CPA

DLB/kp

DAVID CULP & CO. LLP

Certified Public Accountants



Partners:

Daniel L. Boyle, CPA
Michael R. Hatton, CPA
Drew E. Sell, CPA
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February 8, 2008

Board of Directors
Wells County Council on Aging, Inc.
225 West Water Street
Bluffton, Indiana 46714

In planning and performing our audit of the financial statements – modified cash basis of Wells County Council on Aging, Inc. (the Organization) 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 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 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. We consider the following deficiency to be a significant deficiency in internal control.

1. An inadequate segregation of duties exists with respect to cash transactions that results in inadequate control over cash receipts. The Executive Director prepares the deposit, records the deposit and reconciles the bank account. We recommend that a second person be involved with the preparation of the deposit.

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. We believe that the following deficiency constitutes a material weakness:

1. The Organization's personnel do not have the expertise to draft the financial statements and footnotes at year-end in accordance with auditing standards generally accepted in the United States of America. We recommend that if an accountant is hired, consideration should be given to the financial statement and footnote preparation ability of the individual.

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