

COUNCIL ON AGING OF WEST FLORIDA, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2007

COUNCIL ON AGING OF WEST FLORIDA, INC.

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Council on Aging of West Florida, Inc.
Pensacola, Florida

We have audited the accompanying statement of financial position of the Council on Aging of West Florida, Inc., (a nonprofit organization), as of December 31, 2007, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Council on Aging of West Florida, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Council on Aging of West Florida, Inc.'s December 31, 2006 financial statements and in our report dated July 23, 2007, we expressed an unqualified opinion on those 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. 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.

The accompanying financial statements were prepared for the purposes of complying with federal and state grantor agency requirements, as described in Note 1, and are not intended to be a complete presentation of the Council on Aging of West Florida, Inc.'s assets, liabilities, revenues and expenses.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council on Aging of West Florida, Inc. as of December 31, 2007, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Council on Aging of West Florida, Inc.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2008, on our consideration of the Council on Aging of West Florida, 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 read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Council on Aging of West Florida, Inc. taken as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state projects on page 9 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and as required by Chapter 10.650, Rules of the Auditor General, and also is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Pensacola, Florida
April 28, 2008

COUNCIL ON AGING OF WEST FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007
With Comparative Totals for 2006

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 90,545	\$ 18,812	\$ 109,357	\$ 112,640
Investments	322,751	-	322,751	293,138
Promises to give	-	54,250	54,250	79,500
Grants and local support receivable	532,643	-	532,643	537,475
Prepaid expenses	10,114	-	10,114	12,780
Total current assets	<u>956,053</u>	<u>73,062</u>	<u>1,029,115</u>	<u>1,035,533</u>
Property and Equipment	908,236	-	908,236	966,839
Other Assets	<u>11,936</u>	<u>-</u>	<u>11,936</u>	<u>12,472</u>
Total Assets	<u>\$ 1,876,225</u>	<u>\$ 73,062</u>	<u>\$ 1,949,287</u>	<u>\$ 2,014,844</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Current portion of long-term debt	\$ 19,996	\$ -	\$ 19,996	\$ 18,936
Line of credit	183,372	-	183,372	-
Accounts payable	553,181	-	553,181	361,870
Accrued liabilities	217,802	-	217,802	150,540
Refundable advances	81,022	-	81,022	92,609
Deposits	19,834	-	19,834	16,668
Total current liabilities	<u>1,075,207</u>	<u>-</u>	<u>1,075,207</u>	<u>640,623</u>
Long-Term Debt	<u>365,252</u>	<u>-</u>	<u>365,252</u>	<u>384,738</u>
Total Liabilities	<u>1,440,459</u>	<u>-</u>	<u>1,440,459</u>	<u>1,025,361</u>
Net Assets	<u>435,766</u>	<u>73,062</u>	<u>508,828</u>	<u>989,483</u>
Total Liabilities and Net Assets	<u>\$ 1,876,225</u>	<u>\$ 73,062</u>	<u>\$ 1,949,287</u>	<u>\$ 2,014,844</u>

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

COUNCIL ON AGING OF WEST FLORIDA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2007
With Comparative Totals for Year Ended December 31, 2006

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
Public Support and Revenue:				
Public support:				
Grants	\$ 3,447,420	\$ -	\$ 3,447,420	3,930,843
Local support	52,095	114,750	166,845	244,312
In-kind	112,972	-	112,972	84,826
Total public support	<u>3,612,487</u>	<u>114,750</u>	<u>3,727,237</u>	<u>4,259,981</u>
Revenue:				
Project income	157,679	-	157,679	145,082
Investment income	14,464	-	14,464	32,977
Miscellaneous income	180,179	-	180,179	72,690
Total revenue	<u>352,322</u>	<u>-</u>	<u>352,322</u>	<u>250,749</u>
Net assets released from restrictions	<u>205,855</u>	<u>(205,855)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>4,170,664</u>	<u>(91,105)</u>	<u>4,079,559</u>	<u>4,510,730</u>
Expenses:				
Direct program services:				
Non-DOEA programs	879,553	-	879,553	1,120,860
Community service programs	1,629,327	-	1,629,327	1,530,591
Social services programs	585,485	-	585,485	673,379
Home service programs	912,972	-	912,972	1,187,401
Total direct program services	<u>4,007,337</u>	<u>-</u>	<u>4,007,337</u>	<u>4,512,231</u>
Support services:				
Management and general	<u>552,877</u>	<u>-</u>	<u>552,877</u>	<u>309,108</u>
Total expenses	<u>4,560,214</u>	<u>-</u>	<u>4,560,214</u>	<u>4,821,339</u>
Change in Net Assets	(389,550)	(91,105)	(480,655)	(310,609)
Net Assets:				
Beginning of year	<u>825,316</u>	<u>164,167</u>	<u>989,483</u>	<u>1,300,092</u>
End of year	<u>\$ 435,766</u>	<u>\$ 73,062</u>	<u>\$ 508,828</u>	<u>\$ 989,483</u>

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

COUNCIL ON AGING OF WEST FLORIDA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007
With Comparative Totals for Year Ended December 31, 2006

	2007	2006
Cash Flows From Operating Activities:		
Change in net assets	\$ (480,655)	\$ (310,609)
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities -		
Depreciation	66,316	66,036
Unrealized gain on investments	(14,124)	(25,278)
Changes in -		
Grants and local support receivable	30,082	32,088
Prepaid expenses	(3,175)	11,331
Other assets	6,377	536
Accounts payable	191,311	202,282
Accrued expenses	67,262	(112,286)
Refundable advances	(11,587)	(56,366)
Deposits	3,166	8,566
Net cash used in operating activities	(145,027)	(183,700)
Cash Flows From Investing Activities:		
Proceeds from sales and maturities of investments	93,000	258,000
Purchase of investments	(108,489)	(239,465)
Purchase of property and equipment	(7,713)	(213,385)
Net cash used in investing activities	(23,202)	(194,850)
Cash Flows From Financing Activities:		
Draws from construction loan	-	119,398
Principal payments on construction loan	(18,426)	(7,326)
Net borrowings under line of credit	183,372	-
Net cash provided by financing activities	164,946	112,072
Net Change in Cash	(3,283)	(266,478)
Cash at Beginning of Year	112,640	379,118
Cash at End of Year	\$ 109,357	\$ 112,640

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

The Council on Aging of West Florida, Inc., (the Council) was incorporated as a Florida not-for-profit corporation in 1972. The Corporation has no paid-in capital or shareholders and the affairs are conducted by the Board of Directors as elected by the general membership of the corporation.

The Council's primary purpose is to assist, encourage and promote the well-being of aging individuals in Escambia County. The Council is funded by grants and contracts with the Northwest Florida Area Agency of Aging, Inc., the State of Florida, Department of Elder Affairs, Department of Children and Families, the Corporation for National Community Service and United Way. The Council also receives local financial support from Escambia County, church groups, civic clubs, program participants, foundations and individuals.

Financially Interrelated Organizations:

Accounting principles generally accepted in the United States of America presume that combined financial statements for financially interrelated organizations are necessary for fair presentation. The Council and the Council on Aging Foundation of West Florida, Inc. (the Foundation) are financially interrelated organizations as defined by accounting principles generally accepted in the United States of America.

In order to comply with federal and state grantor agency reporting requirements, these financial statements present the financial position and the results of operations of the Council only, and do not include the financial position or results of operations of the Foundation.

Unaudited financial data for the Foundation for the year ended December 31, 2007 is summarized below:

Assets	\$	71,238
Liabilities	\$	-
Net Assets	\$	71,238
Revenues	\$	3,807
Expenses	\$	30,009

COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation:

The accompanying financial statements of the Council, which are presented on the accrual basis of accounting, have been prepared to focus on the Council as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Federal, state and local government grants are recorded as revenue when performance occurs under the terms of the grant agreements. Advances received from grantor agencies are recorded as refundable advances until public support revenue from local governments and government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered. Amounts received by the Council in advance of the incurrence of allowable costs or performance of services are recorded as refundable advances until such allowable costs are incurred or services are rendered.

Contributions are recognized when a donor makes an unconditional promise to give to the Council. Contributions that are restricted by a donor are reported as increases in temporarily restricted net assets or permanently restricted net assets depending on the nature of the restrictions. When a time restriction expires or a purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

Unrestricted net assets represent resources generated from operations, unrestricted donations, and lapse of temporary restrictions and are not subject to donor-imposed stipulations.

Use of Estimates:

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

Cash and Cash Equivalents:

Cash and cash equivalents include all highly-liquid investments purchased with an original maturity of ninety days or less.

Investments:

Authorized investments consist of long-term certificates of deposits and mutual funds. All investments are carried at fair value.

COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated market value on the date of contribution. Expenditures which equal or exceed \$500 that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred.

Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

Buildings and improvements	10 - 30 years
Furniture, fixtures and equipment	5 - 10 years
Vehicles	5 years

Public Support:

Public support revenue from local governments and government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered. Such revenue is subject to audit by the grantor, and if the examination results in a deficiency of allowable expenses, the Council will be required to refund any deficiencies.

Income Taxes:

The Council is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

In-Kind Support:

The Council records various types of in-kind support. Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if the services were not provided by donation. Contributions of tangible assets are recognized at fair market value when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor and are treated as in-kind support for purposes of meeting state matching requirements. The amounts reported in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

General and Administration Expense Allocation:

Management and general expenses are allocated to various programs based on each program's percentage of direct salaries and wages to total direct salaries and wages.

**COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Facilities Repair and Maintenance Expense Allocation:

Facilities repair and maintenance expenses are allocated to various programs based on each program's percentage of square footage occupied to total square footage of the facility.

Advertising Costs:

Advertising costs are expensed when incurred.

NOTE 2 - INVESTMENTS

Investments held at December 31, 2007 are listed below:

Investments held at December are listed below:

	Fair Value	Amortized Cost	Unrealized Gain
Investment:			
Certificates of deposit	\$ 49,989	\$ 100,000	\$ -
Mutual funds	272,762	208,627	14,124
Total	\$ 322,751	\$ 308,627	\$ 14,124

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give at December 31, 2007 consist of the following:

United Way	\$ 29,250
Escambia County	25,000
Total	\$ 54,250

Historically, differences between amounts recorded and collected from unconditional promises to give have been insignificant. Accordingly, no provision is made for uncollectible amounts.

COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2007 consist of the following:

Grants and local support	\$ 518,435
Other	<u>14,208</u>
Total	<u><u>\$ 532,643</u></u>

Historically, differences between amounts recorded and collected have been insignificant. Accordingly, no provision is made for uncollectible accounts.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	\$ 47,197
Buildings and improvements	960,000
Vehicles	35,579
Equipment - general	52,790
Equipment - computers	106,067
Furniture and fixtures	<u>47,735</u>
	1,249,368
Accumulated depreciation	<u>(341,132)</u>
Total	<u><u>\$ 908,236</u></u>

Depreciation expense was \$66,316 for the year ended December 31, 2007.

NOTE 6 - LINE OF CREDIT

The Council has a \$250,000 line of credit available with a financial institution which has no stated expiration date, carries an agreed interest rate of 1% over the financial institution's prime rate, and is secured by deposits held at the financial institution. As of December 31, 2007, the outstanding balance was \$183,372 on the line of credit.

**COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

Notes payable to bank, due in monthly installments, including interest from 5.25% to 6.5%, through July 2021, secured by property, building, furniture and equipment	\$ 385,248
Less current portion	<u>19,996</u>
	<u><u>\$ 365,252</u></u>

Interest expense for the year ended December 31, 2007 was \$22,224.

Scheduled maturities on long-term debt are as follows:

2007	\$ 19,996
2008	21,115
2009	22,298
2010	23,548
2011	24,868
Thereafter	<u>273,423</u>
	<u><u>\$ 385,248</u></u>

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2007 are available for the following purposes:

Purpose Restrictions:	
Escambia County Health Agency - MOW	\$ 25,062
Time Restrictions:	
For periods after December 31, 2007	<u>48,000</u>
Total	<u><u>\$ 73,062</u></u>

**COUNCIL ON AGING OF WEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Uninsured Cash Balances:

The Council's cash balances held by financial institutions are insured up to \$100,000 at each financial institution. At December 31, 2007, the Council had cash balances of \$40,931 held by financial institutions in excess of insured limits.

Dependency on Government Support:

The Council's services are funded primarily with grants from the United States Department of Health and Human Services and the State of Florida passed through the Florida Department of Elder Affairs and the Northwest Florida Area Agency on Aging. A reduction in the level of future support from these agencies could have a substantial effect on the Council's programs and activities. As of December 31, 2007, management is unaware of any such reduction in future support.

SUPPLEMENTARY INFORMATION

**COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007
With Comparative Totals for 2006**

	Program Expenses				Home Service Programs	Total Program Costs	Supporting Services	
	Non- DOEA Programs	Community Service Programs	Social Service Programs	Management and General			2007	
							2006	Total Expenses
Wages	\$ 174,313	\$ 432,688	\$ 369,511	\$ 51	\$ 976,564	\$ 395,950	\$ 1,372,514	\$ 1,225,773
Employee leasing and benefits	53,018	140,707	92,697	18	286,439	99,655	386,094	395,380
Travel	14,574	57,145	17,188	1	88,907	10,872	99,779	79,416
Education & Training	1,342	581	2,550	-	4,473	3,025	7,498	4,354
Communications/postage	5,909	16,198	10,430	17	32,554	17,415	49,969	37,209
Utilities	1,445	12,731	1,267	23	15,466	14,631	30,097	26,988
Printing/supplies	7,848	17,193	5,161	129	30,331	10,053	40,384	27,434
Advertising	3,664	4,317	4,354	10	12,345	4,583	16,928	22,093
Insurance	2,199	22,178	3,709	20	28,106	20,901	49,007	59,801
Maintenance and repair	1,254	12,661	1,242	15	15,172	9,764	24,936	28,441
Building costs	2,105	15,756	1,958	33	19,851	11,299	31,150	65,492
Purchased equipment	2,848	5,536	5,385	19	13,788	13,502	27,290	5,252
Professional, Legal & Accting	-	-	95	-	95	115,532	115,627	118,836
Volunteer expenses	402,592	177	(5)	-	402,764	75	402,839	435,092
Sub-contractors	88,578	646,118	-	886,523	1,621,219	3,219	1,624,438	1,942,771
Program supplies	17,281	24,709	-	-	41,990	25,918	67,908	19,324
Depreciation	-	-	-	-	-	66,316	66,316	66,036
Interest Expense	-	-	-	-	-	22,224	22,224	20,417
Other expenses	1,456	36,295	829	360	38,941	86,275	125,216	146,997
Disaster related expenses	-	-	-	-	-	-	-	94,233
Totals	780,425	1,444,989	516,371	887,220	3,629,005	931,209	4,560,214	4,821,339
Allocation of Management and General Expenses	99,128	184,338	69,114	25,752	378,331	(378,331)	-	-
Total Expenses	\$ 879,553	\$ 1,629,327	\$ 585,485	\$ 912,972	\$ 4,007,337	\$ 552,877	\$ 4,560,214	\$ 4,821,339

**COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

	Non-DOEA Programs									
	Foster Grandparents	Retired		Senior Companions		Senior Companions-Relief		Private Pay		Total
		Senior Volunteers	Senior Companions	Senior Companions-Companionship	Senior Companions-Relief	Home Delivered Meals	Adult Day Health Care			
Wages	\$ 31,072	\$ 50,170	\$ 32,409	\$ 2,344	\$ 5,752	\$ 22,288	\$ 30,277	\$ 174,313		
Employee leasing and benefits	5,833	19,261	9,798	643	1,518	6,199	9,766	53,018		
Travel	2,679	753	2,638	134	585	7,429	354	14,574		
Education & Training	565	425	295	-	-	10	47	1,342		
Communications/postage	1,144	2,308	1,175	-	34	433	815	5,909		
Utilities	198	467	199	-	46	29	505	1,445		
Printing/supplies	2,160	3,357	1,017	23	75	444	773	7,848		
Advertising	1,240	1,094	851	-	19	158	302	3,664		
Insurance	337	755	403	-	40	245	420	2,199		
Maintenance and repair	163	300	153	-	31	60	547	1,254		
Building costs	281	652	281	-	65	127	699	2,105		
Purchased equipment	593	901	507	-	41	228	578	2,848		
Professional, Legal & Accting	-	-	-	-	-	-	-	-		
Volunteer expenses	227,126	31,874	126,764	1,371	15,455	-	-	402,592		
Sub-contractors	54,585	-	28,830	-	-	-	5,163	88,578		
Program supplies	670	29	-	-	-	15,799	784	17,281		
Depreciation	-	-	-	-	-	-	-	-		
Interest Expense	-	-	-	-	-	-	-	-		
Other expenses	96	486	492	-	12	11	359	1,456		
Totals	328,742	112,831	205,813	4,515	23,675	53,462	51,387	780,425		
Allocation of Management and General Expenses	40,779	16,608	27,546	-	3,015	6,267	4,911	99,128		
Total Expenses	\$ 369,521	\$ 129,439	\$ 233,359	\$ 4,515	\$ 26,690	\$ 59,729	\$ 56,298	\$ 879,553		
Total Units	-	-	-	795	4,029	6,480	-	-		

**COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

	Community Service Programs							Total
	Congregate Meals	Home Delivered Meals	Nutrition Education	Outreach	Recreation	Transportation	Adult Daycare/ Adult Day Healthcare/ Facility-Based Respite	
Wages	\$ 144,268	\$ 132,464	\$ -	\$ 9,977	\$ 16,683	\$ 13,849	\$ 115,447	\$ 432,688
Employee leasing and benefits	37,845	43,809	8	2,244	8,016	4,588	44,196	140,707
Travel	6,162	48,753	-	237	1,515	48	430	57,145
Education & Training	76	183	-	6	10	10	297	581
Communications/postage	7,932	2,206	3	68	151	98	5,740	16,198
Utilities	9,475	306	1	34	24	25	2,865	12,731
Printing/supplies	5,189	5,363	10	59	569	115	5,889	17,193
Advertising	1,135	1,091	-	46	70	66	1,910	4,317
Insurance	10,326	1,510	-	76	152	7,344	2,769	22,178
Maintenance and repair	8,186	297	-	34	37	35	4,072	12,661
Building costs	9,976	1,651	14	49	50	64	3,951	15,756
Purchased equipment	1,053	1,337	2	76	116	108	2,844	5,536
Professional, Legal & Accting	-	-	-	-	-	-	-	-
Volunteer expenses	(2)	-	-	-	-	-	179	177
Sub-contractors	200,447	332,499	-	-	-	13,287	99,885	646,118
Program supplies	1,002	10,655	-	1	444	1	12,605	24,709
Depreciation	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-
Other expenses	5,467	328	-	10	6,150	21,388	2,954	36,295
Totals	448,538	582,452	37	12,917	33,988	61,026	306,031	1,444,989
Allocation of Management and General Expenses	55,165	76,491	767	1,454	4,001	6,839	39,620	184,338
Total Expenses	\$ 503,703	\$ 658,944	\$ 805	\$ 14,371	\$ 37,988	\$ 67,866	\$ 345,651	\$ 1,629,327
Total Units	77,997	85,899	12	766	39,268	11,682	27,630	

**COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

	Social Service Programs				Home Service Programs			
	Case Aid	Case Management	Screening and Assessment	Total	Chore	Companionship	Counseling	Emergency Alert Response
Wages	\$ 54,373	\$ 259,816	\$ 55,323	\$ 369,511	\$ -	\$ 51	\$ -	\$ -
Employee leasing and benefits	12,773	66,930	12,994	92,697	-	18	-	-
Travel	1,875	13,115	2,198	17,188	-	1	-	-
Education & Training	93	2,346	111	2,550	-	-	-	-
Communications/postage	718	8,414	1,298	10,430	-	17	-	-
Utilities	113	883	271	1,267	-	23	-	-
Printing/supplies	428	4,342	392	5,161	1	9	4	-
Advertising	297	3,536	521	4,354	-	10	-	-
Insurance	220	2,763	727	3,709	-	20	-	-
Maintenance and repair	115	912	215	1,242	-	15	-	-
Building costs	163	1,278	517	1,958	-	33	-	-
Purchased equipment	433	4,332	621	5,385	-	19	-	-
Professional, Legal & Accting	5	85	6	95	-	-	-	-
Volunteer expenses	-	(2)	(2)	(5)	-	-	-	-
Sub-contractors	-	-	-	-	715	153,451	405	19,387
Program supplies	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-
Other expenses	53	664	111	829	-	6	-	-
Totals	71,658	369,412	75,302	516,371	716	153,674	409	19,387
Allocation of Management and General Expenses	4,187	52,055	12,872	69,114	-	8,681	-	1,918
Total Expenses	\$ 75,845	\$ 421,466	\$ 88,174	\$ 585,485	\$ 716	\$ 162,355	\$ 409	\$ 21,305
Total Units	868	9,264	960	56	10,915	162	25,071	

**COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

	Home Service Programs						
	Frozen Home						
	Escort	Delivered Meals	Homemaker	Housing Improvement	In-Home Respite	Personal Care	
Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee leasing and benefits	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Education & Training	-	-	-	-	-	-	-
Communications/postage	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Printing/supplies	-	-	110	-	4	-	-
Advertising	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Maintenance and repair	-	-	-	-	-	-	-
Building costs	-	-	-	-	-	-	-
Purchased equipment	-	-	-	-	-	-	-
Professional, Legal & Accting	-	-	-	-	-	-	-
Volunteer expenses	-	-	-	-	-	-	-
Sub-contractors	179	13,017	184,321	-	352,945	-	96,380
Program supplies	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-
Other expenses	-	-	-	65	-	-	-
Totals	179	13,017	184,431	65	352,950	96,380	99,871
Allocation of Management and General Expenses	-	-	4,719	-	3,683	3,491	5,587
Total Expenses	\$ 179	\$ 13,017	\$ 189,149	\$ 65	\$ 356,632	\$ 99,871	\$ 99,871
Total Units	200	2,933	13,637	-	19,940	5,587	5,587

**COUNCIL ON AGING OF WEST FLORIDA, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

	Home Service Programs				Total Program Expenses
	Pest Control	Skilled Nursing	Equipment	Total	
Wages	\$ -	\$ -	\$ -	\$ 51	976,564
Employee leasing and benefits	-	-	-	18	286,439
Travel	-	-	-	1	88,907
Education & Training	-	-	-	-	4,473
Communications/postage	-	-	-	17	32,554
Utilities	-	-	-	23	15,466
Printing/supplies	-	-	-	129	30,331
Advertising	-	-	-	10	12,345
Insurance	-	-	-	20	28,106
Maintenance and repair	-	-	-	15	15,172
Building costs	-	-	-	33	19,851
Purchased equipment	-	-	-	19	13,788
Professional, Legal & Accting	-	-	-	-	95
Volunteer expenses	-	-	-	-	402,764
Sub-contractors	56	30	65,635	886,523	1,621,219
Program supplies	-	-	-	-	41,990
Depreciation	-	-	-	-	-
Interest Expense	-	-	-	-	-
Other expenses	-	-	289	360	38,941
Totals	56	30	65,924	887,220	3,629,005
Allocation of Management and General Expenses	-	-	3,261	25,752	378,331
Total Expenses	56	30	69,185	912,972	4,007,337
Total Units	1	1	1,303		

OTHER REPORTS AND SCHEDULES

**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
Council on Aging of West Florida, Inc.
Pensacola, Florida

We have audited the financial statements of Council on Aging of West Florida, Inc., (the Council) as of and for the year ended December 31, 2007, and have issued our report thereon dated April 28, 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 the Council'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 Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness the Council's internal control over financial reporting.

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

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 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 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. We noted one significant deficiency which is described as findings 07-1, in the Schedule of Findings and Questioned Costs on page 10.

Board of Directors
Council on Aging of West Florida, Inc.
Pensacola, Florida

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 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above as finding 07-1 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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*.

This report is intended solely for the information and use of the Board of Directors and management of the Council and applicable governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.



Pensacola, Florida
April 28, 2008

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Council on Aging of West Florida, Inc.
Pensacola, Florida

Compliance

We have audited the compliance of the Council on Aging of West Florida, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended December 31, 2007. Council on Aging of West Florida, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of Council on Aging of West Florida, Inc.'s management. Our responsibility is to express an opinion on Council on Aging of West Florida, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about Council on Aging of West Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Council on Aging of West Florida, Inc.'s compliance with those requirements.

Board of Directors
Council on Aging of West Florida, Inc.
Pensacola, Florida

In our opinion, Council on Aging of West Florida, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended December 31, 2007.

Internal Control Over Compliance

The management of Council on Aging of West Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Council on Aging of West Florida, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program and a state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council on Aging of West Florida, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We noted one significant deficiency which is described as findings 07-1 in the Schedule of Findings and Questioned Costs on page 10.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 considered the significant deficiency described as finding 07-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

Board of Directors
Council on Aging of West Florida, Inc.
Pensacola, Florida

This report is intended for the information and use of Council on Aging of West Florida, Inc., the State of Florida, and applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Saltmarsh Cleveland & Lund".

Pensacola, Florida
April 28, 2008

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2007**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of Florida Department of Elder Affairs: Child and Adult Care Food Program	10.558	N/A	\$ <u>12,335</u>
Passed through Northwest Florida Area Agency on Aging: Nutrition Services Incentive Program	10.570	AU007-E	<u>87,524</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Pensacola: Community Development Block Grant	14.218	N/A	75,646
Passed through Escambia County: Community Development Block Grant	14.218	N/A	<u>45,927</u> <u>121,573</u>
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	83.523	N/A	<u>10,000</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Florida Department of Elder Affairs/ Passed through Northwest Florida Area Agency on Aging: Special Programs for the Aging:			
Title III-B, Grants for Supportive Services and Senior Centers	93.044	AA007E	<u>345,471</u>
Title III-Part C, Nutrition Services	93.045	AA007E	<u>562,623</u>
National Family Caregiver Support	93.052	AA007E	<u>136,715</u>
<u>Corporation for National and Community Service</u>			
Retired and Senior Volunteer Program	94.002	06SRSFL012	75,827
Foster Grandparent Program	94.011	06SFSFL004	323,581
Senior Companion Program	94.016	06SCSFL002	<u>194,436</u> <u>593,844</u>
Total Federal Awards			<u>\$ 1,870,085</u>

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF STATE PROJECTS
YEAR ENDED DECEMBER 31, 2007**

<u>State Grantor/Pass-through Grantor/Project Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>Department of Children and Families</u>			
Community Care for Disabled Adults	65.008	RPQ000002	\$ <u>3,903</u>
<u>State Grants and Aids Appropriations</u>			
Tobacco Settlement Trust Funds:			
Community Care for the Elderly	65.010	AC007-E	459,653
Alzheimers Disease Initiative - Respite Services	65.004	AZ007-E	200,572
Relief	65.006	AR007-E	<u>28,597</u>
			<u>688,822</u>
<u>State Grants and Aids Appropriations</u>			
General Revenues:			
Home Care for the Elderly - Case Management	65.001	AH007-E	8,072
Home Care for the Elderly - Subsidies	65.001	AH007-E	<u>62,203</u>
			<u>70,275</u>
Total State Projects			<u>\$ 763,000</u>

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

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED DECEMBER 31, 2007**

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unqualified opinion on the financial statements of the Council on Aging of West Florida, Inc..
2. We noted one significant deficiency relating to the audit of the financial statements that is reported in the Independent Auditor's Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. This significant deficiency is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the Council on Aging of West Florida, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. We noted one significant deficiency relating to the audit of the major federal award programs and state projects that is reported in the Independent Auditor's Report on Compliance and Internal Control Over Compliance Applicable to each Major Federal Program and State Project. This significant deficiency is reported as a material weakness.
5. The auditor's report on compliance for major federal award programs and state projects for the Council on Aging of West Florida, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal programs and state projects for the Council on Aging of West Florida, Inc. are reported in Parts C and D of this schedule.
7. The programs tested as major programs/projects were:

Federal Program

Corporation for National and Community Service Cluster:

Foster Grandparent Program (CFDA No. 94.011).

Senior Companion Program (CFDA No. 94.016).

Aging Cluster: Special Programs for the Aging

Title III Part B - Grants for Supportive Services and Senior Centers (CFDA No. 93.044).

Title III Part C - Nutrition Services (CFDA No. 93.045).

State Project

Community Care for the Elderly (CSFA No. 65.010).

8. The threshold for distinguishing Type A and B programs was \$300,000 for major federal programs, and \$228,900 for major state projects.
9. Council on Aging of West Florida, Inc. was determined to be a high-risk auditee pursuant to OMB Circular A-133.

COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED DECEMBER 31, 2007
(Continued)

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Financial Reporting System

Finding: 07-1

We noted that the Council's financial reporting system was not operating effectively in the first eight months of fiscal year 2007. Specifically, the following conditions were noted:

- The Council did not have an individual on staff with the necessary expertise to prepare its financial statements in accordance with generally accepted accounting principles, or to prevent, detect and correct any material misstatements or missing disclosures therein. As a result, we have proposed audit adjustments and prepared the Council's financial statements in connection with our audit. Management has accepted our proposed audit adjustments and full responsibility for the financial statements. The most significant audit adjustments included a \$59,000 decrease in miscellaneous income, a \$45,000 decrease in accounts receivable, a \$50,000 adjustment to accrue salaries expense, a \$62,000 decrease in subcontractor services expense, and a \$73,000 decrease in beginning net assets to reverse certain clean up entries made during the current period.
- The ending balances in the old accounting system were not properly rolled forward into the new accounting system in fiscal year 2006 and the first eight months of fiscal year 2007. Accordingly, many transactions in fiscal year 2006 and the first eight months of fiscal year 2007 were coded to the wrong programs and interim financial reports were not prepared in an accurate or timely manner. Also, bank accounts were not being reconciled to a meaningful general ledger balance during fiscal year 2006 and the first eight months of fiscal year 2007.
- As a result of the preceding conditions, certain grant funds were already spent and not available in fiscal year 2007 as had been anticipated in the budget. This contributed to the \$480,655 decrease in net assets experienced by the Council for fiscal year 2007.

In August 2007, management made personnel changes in the accounting department to address these problems. Management also engaged a CPA firm to assist management in correcting the balances brought forward from the old accounting system. By November 2007, management began submitting monthly financial statements to the Board for review and had enhanced the monitoring of program spending through monthly comparisons of actual expenses to specific monthly goals. Although management is addressing these problems, an effective system of internal controls should include monitoring procedures that identify and prevent these problems before they occur. We recommend that the Council continue to review and enhance its procedures for monitoring the effectiveness of the financial reporting system.

COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED DECEMBER 31, 2007
(Continued)

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

Financial Reporting System

Finding: 07-1

Management Response:

Management did hire a staff member with the educational background and credentials to prepare financial statements; however, he was unable to adapt to the Council's complex systems and consequently unable to prepare reports within the system to meet the Council's needs and within the time frames required. Upon discovery of these deficiencies, the Council engaged a CPA firm to oversee the staff's activities as well as adjust the Council's financial statements to the correct balances. In addition, the Council made significant personnel changes and realigned the department. The staff member in the position of controller during time periods cited left the Council in July 2007.

The Executive Vice-President assumed the role of controller. With the assistance of the CPA firm, policies and procedures were written to adapt to the new accounting system and to prevent coding to the wrong programs. Financial statements are now prepared monthly by the Executive Vice-President and reviewed by the CPA firm. In addition, the Council has an assigned contact with the CPA firm who routinely monitors fiscal activities and is available for consultation when and as needed. All bank accounts are reconciled within the system monthly with documentation available in General Ledger binders maintained in the Executive Vice-President's office.

To clarify this finding, several of the Council's programs operate under funding sources that function on a July-June contract cycle. Therefore, the Council utilized funds too quickly at the first half of the contract in 2006 creating an overspending situation at the conclusion of the state General Revenue contracts for the period ending June 30, 2007. Consumers added to services in 2006 were reduced to correct this situation in 2007. Due to the nature of these programs as well as reductions of funding in other programs transfer options were limited. The Council could not reduce spending fast enough to remedy the situation by the end of the contract without sacrificing consumer service. To avoid this situation in the future, the Executive Vice-President and the Vice-President of Social and Community Services developed spending reports and other various interim tracking reports used monthly in coordination with the financial reports.

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED DECEMBER 31, 2007
(Continued)**

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

None

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

None

**COUNCIL ON AGING OF WEST FLORIDA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2007**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 06-1: Financial Reporting System

Condition: We noted that the Council's financial reporting system was not operating effectively in fiscal year 2005 or 2006. The general ledger was not updated in an accurate or timely manner and misreporting of expenses to the wrong programs was not corrected until the 2006 year-end and continued into the 2007 fiscal year. Consequently, this affected the accuracy of interim financial statement and routine financial monitoring procedures such as budgetary comparisons which were not effective or timely.

Recommendation: We recommended that the Council continue to review its procedures for monitoring the effectiveness of the financial reporting system. Persons with suitable skills and knowledge should be identified to monitor the various financial reports and requests for grant payments.

Current Status: Condition for a portion of the year still existed. See Finding 07-1 in Schedule of Findings and Questioned Costs.