

CENTRAL OREGON COUNCIL ON AGING, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010



Serving Seniors in Crook, Deschutes and Jefferson Counties

CENTRAL OREGON COUNCIL ON AGING, INC.

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Serving Seniors in Crook, Deschutes and Jefferson Counties

KERKOCCH KATTER & NELSON, LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Central Oregon Council on Aging, Inc.
Redmond, Oregon

We have audited the accompanying statement of financial position of the Central Oregon Council on Aging, Inc., as of June 30, 2010, and the related statements of activities and net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Oregon Council on Aging, Inc., as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2010 on our consideration of the Central Oregon Council on Aging, Inc.'s internal control over financial reporting and 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 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Central Oregon Council on Aging, Inc. taken as a whole. The supplemental information, as listed in the table of contents, 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 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and 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.

Kerkoch Katter & Nelson, LLP
Certified Public Accountants



By: Stuart D. Katter – a partner

October 15, 2010

FINANCIAL STATEMENTS



Serving Seniors in Crook, Deschutes and Jefferson Counties

CENTRAL OREGON COUNCIL ON AGING, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009

ASSETS	<i>Unrestricted</i>	<i>Temporarily</i>	<i>Totals</i>	
	<i>Funds</i>	<i>Restricted</i>	<i>2010</i>	<i>2009</i>
<i>Current assets</i>				
Cash and cash equivalents	\$ 81,796	\$ 128,110	\$ 209,906	\$ 140,475
Grants receivable (no allowance for doubtful accounts considered necessary)	315,714		315,714	180,503
Prepaid expenses	18,689		18,689	16,818
Inventory		17,178	17,178	24,579
<i>Total current assets</i>	416,199	145,288	561,487	362,375
Investments		459,278	459,278	431,385
Equipment, net	141,009		141,009	169,094
<i>Total assets</i>	<u>\$ 557,208</u>	<u>\$ 604,566</u>	<u>\$ 1,161,774</u>	<u>\$ 962,854</u>
LIABILITIES AND NET ASSETS				
<i>Current liabilities</i>				
Accounts payable	\$ 44,400	\$	\$ 44,400	\$ 45,672
Accrued expenses	79,223		79,223	74,505
<i>Total current liabilities</i>	123,623		123,623	120,177
<i>Net assets</i>				
Unrestricted				
Operations	292,576		292,576	37,116
Fixed assets	141,009		141,009	169,094
Temporarily restricted		604,566	604,566	636,467
<i>Total net assets</i>	433,585	604,566	1,038,151	842,677
<i>Total liabilities and net assets</i>	<u>\$ 557,208</u>	<u>\$ 604,566</u>	<u>\$ 1,161,774</u>	<u>\$ 962,854</u>

The accompanying notes are an integral part
of these financial statements

CENTRAL OREGON COUNCIL ON AGING, INC.

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	<i>Unrestricted</i>	<i>Temporarily</i>	<i>Totals</i>	
	<i>Funds</i>	<i>Restricted</i>	<i>2010</i>	<i>2009</i>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
SUPPORT AND REVENUE				
<i>Support</i>				
Federal grants	\$	\$ 1,098,314	\$ 1,098,314	\$ 897,430
State and local grants		278,581	278,581	278,636
Fundraising - net of related expenses of \$11,578.	54,167		54,167	84,802
Contributions	<u>89,198</u>		<u>89,198</u>	<u>146,719</u>
<i>Total support</i>	<u>143,365</u>	<u>1,376,895</u>	<u>1,520,260</u>	<u>1,407,587</u>
<i>Revenue</i>				
Program income		178,159	178,159	194,761
Earnings (Loss) on investments		25,554	25,554	(80,663)
Other program revenue		<u>4,407</u>	<u>4,407</u>	<u>5,253</u>
<i>Total revenue</i>		<u>208,120</u>	<u>208,120</u>	<u>119,351</u>
<i>Net assets released from restrictions</i>	<u>1,616,916</u>	<u>(1,616,916)</u>		
<i>Total support and revenue</i>	<u>1,760,281</u>	<u>(31,901)</u>	<u>1,728,380</u>	<u>1,526,938</u>
EXPENSES				
<i>Program services</i>				
Health and welfare	1,311,344		1,311,344	1,289,903
<i>Support services</i>				
General and administrative	<u>221,562</u>		<u>221,562</u>	<u>239,695</u>
<i>Total expenses</i>	<u>1,532,906</u>		<u>1,532,906</u>	<u>1,529,598</u>
CHANGE IN NET ASSETS	227,375	(31,901)	195,474	(2,660)
NET ASSETS, beginning of year	<u>206,210</u>	<u>636,467</u>	<u>842,677</u>	<u>845,337</u>
NET ASSETS, end of year	<u>\$ 433,585</u>	<u>\$ 604,566</u>	<u>\$ 1,038,151</u>	<u>\$ 842,677</u>

The accompanying notes are an integral part
of these financial statements

CENTRAL OREGON COUNCIL ON AGING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Totals</u>	
	<u>Health and Welfare</u>	<u>Management and General</u>	<u>2010</u>	<u>2009</u>
Salaries and wages	\$ 488,420	\$ 73,040	\$ 561,460	\$ 521,715
Payroll taxes and benefits	<u>127,950</u>	<u>17,693</u>	<u>145,643</u>	<u>126,378</u>
<i>Total personnel</i>	<u>616,370</u>	<u>90,733</u>	<u>707,103</u>	<u>648,093</u>
Raw food and other supplies	273,984	2,780	276,764	206,047
Office expenses	2,759	6,388	9,147	9,886
Professional fees		15,466	15,466	17,193
Insurance		20,182	20,182	22,783
Outside services	352,478		352,478	473,014
Transportation	29,015	2,556	31,571	27,251
Occupancy	33,457	42,503	75,960	83,230
Advertising	1,248	1,588	2,836	1,871
Dues and training	<u>2,033</u>	<u>9,577</u>	<u>11,610</u>	<u>10,519</u>
<i>Total materials and services</i>	<u>694,974</u>	<u>101,040</u>	<u>796,014</u>	<u>851,794</u>
<i>Total expenses before depreciation</i>	1,311,344	191,773	1,503,117	1,499,887
Depreciation		<u>29,789</u>	<u>29,789</u>	<u>29,711</u>
<i>Total expenses</i>	<u>\$ 1,311,344</u>	<u>\$ 221,562</u>	<u>\$ 1,532,906</u>	<u>\$ 1,529,598</u>

The accompanying notes are an integral part
of these financial statements

CENTRAL OREGON COUNCIL ON AGING, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	<i>Unrestricted Funds</i>	<i>Temporarily Restricted Funds</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 227,375	\$ (31,901)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	29,789	
Unrealized (gain) loss on investments		(27,893)
(Increase) decrease in grants receivable	(315,714)	180,503
(Increase) decrease in prepaid expenses	(1,871)	
(Increase) decrease in inventory		7,401
Increase (decrease) in accounts payable	(1,272)	
Increase (decrease) in accrued expenses	4,718	
	<hr/>	<hr/>
<i>Net cash provided by (used in) operating activities</i>	(56,975)	128,110
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from (acquisition of) investments		
Acquisition of equipment	(1,704)	
	<hr/>	<hr/>
<i>Net cash provided by (used in) investing activities</i>	(1,704)	
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,679)	128,110
CASH AND CASH EQUIVALENTS, beginning of year	140,475	
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, end of year	\$ 81,796	\$ 128,110
	<hr/>	<hr/>

<i>Totals</i>	
<u>2010</u>	<u>2009</u>
\$ 195,474	\$ (2,660)
29,789	29,711
(27,893)	55,911
(135,211)	(64,558)
(1,871)	2,140
7,401	8,075
(1,272)	(37,364)
<u>4,718</u>	<u>(11,466)</u>
<u>71,135</u>	<u>(20,211)</u>
	105,629
<u>(1,704)</u>	<u>(11,655)</u>
<u>(1,704)</u>	<u>93,974</u>
69,431	73,763
<u>140,475</u>	<u>66,712</u>
<u>\$ 209,906</u>	<u>\$ 140,475</u>

The accompanying notes are an integral part
of these financial statements

CENTRAL OREGON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Central Oregon Council on Aging, Inc. (the Council) is responsible for planning, coordinating and implementing the administration of federal, state and local grants designed to meet the health and welfare needs of the elderly in the Deschutes, Jefferson and Crook Counties of Central Oregon.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Income Taxes

The financial statements do not reflect the effects of income taxes. The Council is a not-for-profit corporation which has been granted tax exempt status under code section 501(c)(3). In addition, the Council has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions in satisfaction of program restrictions. Releases aggregated \$1,616,916 and \$1,284,529 for the years ended June 30, 2010 and 2009, respectively. The majority of temporary restrictions are related to the Council's meals on wheels program. As actual funds are expended for the program, contributions are released from temporary restrictions.

Endowment contributions and investments that are permanently restricted by donor are recorded as permanently restricted assets. Investment earnings available for distribution are recorded as unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by the donation, are recorded at their fair values in the period received.

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.

CENTRAL OREGON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

Cash equivalents are stated at cost which approximates market value. For purposes of the statement of cash flows, Central Oregon Council on Aging, Inc., considers all cash investments with maturities of three months or less to be cash and cash equivalents.

Fair Values of Financial Instruments

The following methods and assumptions were used by the Council in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of short term maturities of those instruments.

Investments

Investments are composed of money markets, certificates of deposits, bonds, and mutual funds. Bonds and mutual funds invest in debt and equity securities and are carried at fair market value. Investment income is recorded as earned. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. At June 30, 2010, aggregate market value and related cost of investments was \$459,278 and \$493,474, respectively. At June 30, 2009, aggregate market value and related cost of investments was \$431,385 and \$487,125, respectively.

Inventory

Inventory consists of food and supplies and is carried at the lower of cost or market using the first-in, first-out method.

Equipment

Equipment acquired by the Council is considered to be owned by the Council. However, State funding sources may maintain an equitable interest in the equipment purchased with grant monies as well as the right to determine the use of any proceeds from the sale of such assets. Equipment is stated at cost if purchased or fair value if contributed. Equipment is being depreciated over an estimated useful life of three to fifteen years using the straight-line method of depreciation. Depreciation expense amounted to \$29,789 and \$29,711 for the years ended June 30, 2010 and 2009, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

CENTRAL OREGON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The financial statements and notes to the financial statements contain certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Reclassifications

Certain amounts in the year ended June 30, 2009 financial statements have been reclassified to conform with the year ended June 30, 2010 financial statements.

Subsequent Events

Subsequent events have been evaluated through October 15, 2010, which is the date the financial statements were issued.

NOTE 2 - FUND STRUCTURE

A brief description of the various funds used by the Council in accounting for their activities is as follows:

Unrestricted Funds

These funds account for unrestricted contributions and provide for administration and operation of the Council. Equipment acquisitions, including the recording of their cost and depreciation are also included in the unrestricted funds.

Temporarily Restricted Funds

These funds are used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. At June 30, 2010 and 2009, these funds consisted of temporarily restricted net assets in the amount of \$604,566 and \$636,467, respectively, restricted for specific purposes under grants as well as individual donor contributions. The majority of temporary restrictions are related to the Council's meals on wheel program.

Permanently Restricted Funds

These funds account for the collection and disbursement of restricted contributions of which the income portion is, if not specifically required to be added to the capital, transferred to the temporarily restricted or unrestricted funds.

CENTRAL OREGON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 3 - SUMMARY OF CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Petty cash	\$ 475	\$ 475
U.S. Bank checking	<u>209,431</u>	<u>140,000</u>
	<u>\$ 209,906</u>	<u>\$ 140,475</u>

NOTE 4 - EQUIPMENT

The following is a summary of equipment as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Equipment	\$ 430,772	\$ 429,068
Less accumulated depreciation	<u>(289,763)</u>	<u>(259,974)</u>
<i>Net equipment</i>	<u>\$ 141,009</u>	<u>\$ 169,094</u>

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of accounts receivable. Accounts receivable amounted to \$315,714 at June 30, 2010.

NOTE 6 - CONTINGENCY

Grant Audit

The Council receives grants from various federal, state, and local agencies that are subject to review and audit by these agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Council's management, such disallowances, if any, will not be significant.

NOTE 7 - LEASE OBLIGATIONS

The Council leases all of the facilities used to provide community service programs on a one fiscal year basis.

CENTRAL OREGON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 8 - RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLE BASIS TO BUDGETARY BASIS

The combining individual program statements presented as supplemental information have been prepared using the Council's budgetary basis which differs from generally accepted accounting principles. The following is a reconciliation of the change in net assets to the excess of revenues and other financing sources over (under) expenditures and other financing uses:

Change in net assets	\$	195,474
Depreciation		29,789
Change in accrued vacation		3,842
Capital outlay		(1,704)
Change in inventory		<u>7,401</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$	<u>234,802</u>

NOTE 9 - EMPLOYEE RETIREMENT PROGRAM

The Council offers an employee retirement program under internal revenue code section 403(b) which is available to all employees after a minimum employment period. Employees may contribute a portion of their qualified wages subject to a ceiling prescribed by law. The Council matches the employee's contribution at a fixed amount as determined by management.

SUPPLEMENTAL INFORMATION

CENTRAL OREGON COUNCIL ON AGING, INC.

COMBINING SCHEDULES OF FINANCIAL POSITION - BUDGETARY BASIS

JUNE 30, 2010

WITH COMPARATIVE TOTALS JUNE 30, 2009

	<u>Title III B</u>	<u>Title III C-1</u>	<u>Title III C-2</u>	<u>Oregon Project Independence</u>	<u>Title III D</u>
ASSETS					
Cash	\$	\$	\$	\$	\$
Grant funds receivable					
Investments	79,058	157,263		20,412	
Prepaid expenses					
<i>Total assets</i>	<u>\$ 79,058</u>	<u>\$ 157,263</u>	<u>\$ -</u>	<u>\$ 20,412</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$	\$	\$	\$	\$
Accrued expense					
<i>Total liabilities</i>					
FUND BALANCES					
Fund balances	<u>79,058</u>	<u>157,263</u>		<u>20,412</u>	
<i>Total liabilities and fund balances</i>	<u>\$ 79,058</u>	<u>\$ 157,263</u>	<u>\$ -</u>	<u>\$ 20,412</u>	<u>\$ -</u>

<u>Title III E</u>	<u>Title VII B</u>	<u>Other State Funds</u>	<u>RSVP</u>	<u>Redmond Senior Center</u>	<u>Other Reserves</u>	<u>2010</u>	<u>2009</u>
\$	\$	\$	\$	\$	\$ 209,906	\$ 209,906	\$ 140,475
					315,714	315,714	180,503
100				26,713	175,732	459,278	431,385
					18,689	18,689	16,818
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,713</u>	<u>\$ 720,041</u>	<u>\$ 1,003,587</u>	<u>\$ 769,181</u>
\$	\$	\$	\$	\$	\$ 44,400	\$ 44,400	\$ 45,672
					51,619	51,619	50,743
					96,019	96,019	96,415
100				26,713	624,022	907,568	672,766
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,713</u>	<u>\$ 720,041</u>	<u>\$ 1,003,587</u>	<u>\$ 769,181</u>

CENTRAL OREGON COUNCIL ON AGING, INC.

**COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	<i>Title III B</i>	<i>Title III C-1</i>	<i>Title III C-2</i>	<i>Oregon Project Independence</i>	<i>Title III D</i>	<i>Title III E</i>	<i>Title VII B</i>
REVENUE							
Federal and state grant funds	\$ 307,522	\$ 306,998	\$ 158,723	\$ 238,009	\$ 10,336	\$ 96,949	\$ 2,737
NSIP		42,754	42,754				
Special transportation funds							
United Way	8,920	48,178					
County contributions	22,500						
MOW contracts		3,572					
Program income		57,760	81,888	160			
Title XIX contract	2,500		65,597				
Special grants/bequests	32,100						
Fundraising	35,110	22,036					
Earnings on investments							
Other revenue	1,580	2,592					
<i>Total revenue</i>	<u>410,232</u>	<u>483,890</u>	<u>348,962</u>	<u>238,169</u>	<u>10,336</u>	<u>96,949</u>	<u>2,737</u>
EXPENDITURES							
Administration	38,628			25,129		12,862	
Advocacy	77,965						
LTC Ombudsman							2,737
Information and referral	52,946						
Outreach	19,812						
Transportation	97,444						
Legal assistance	20,121						
Congregate meals		327,227					
Health					10,336		
Home delivered meals			399,944				
Home repair	7,424						
Case management	17,049			120,493			
In-home volunteers							
Home care				69,357			
Personal care				3,255			
Family caregiver support						84,087	
RSVP/FGP							
Respite care							
Senior center assistance							
Supplemental services							
<i>Total expenditures</i>	<u>331,389</u>	<u>327,227</u>	<u>399,944</u>	<u>218,234</u>	<u>10,336</u>	<u>96,949</u>	<u>2,737</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	78,843	156,663	(50,982)	19,935			
TRANSFERS			49,956				
FUND BALANCE, beginning of year	<u>215</u>	<u>600</u>	<u>1,026</u>	<u>477</u>		<u>100</u>	
FUND BALANCE, end of year	<u>\$ 79,058</u>	<u>\$ 157,263</u>	<u>\$ -</u>	<u>\$ 20,412</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>

<i>Other Fed & State</i>	<i>RSVP</i>	<i>Redmond Senior Center</i>	<i>Other Reserves</i>	<i>2010</i>	<i>2009</i>
\$ 17,422	\$ 46,022		\$	\$ 1,184,718	\$ 1,023,431
				85,508	75,061
			2,500	2,500	3,032
				57,098	73,154
		10,000		32,500	32,500
				3,572	4,289
		38,351		178,159	194,761
				68,097	37,753
				32,100	73,565
	8,599			65,745	100,151
			25,554	25,554	(80,663)
	235			4,407	5,253
<u>17,422</u>	<u>54,856</u>	<u>48,351</u>	<u>28,054</u>	<u>1,739,958</u>	<u>1,542,287</u>
2,000				78,619	73,977
				77,965	134,221
				2,737	3,152
				52,946	52,849
				19,812	42,546
				97,444	131,162
				20,121	5,656
				327,227	369,270
				10,336	7,023
				399,944	290,141
				7,424	3,280
				137,542	131,014
					3,000
				69,357	60,176
				3,255	6,597
				84,087	45,866
17,453	67,056			84,509	66,543
					50,822
		31,831		31,831	48,461
					714
<u>19,453</u>	<u>67,056</u>	<u>31,831</u>		<u>1,505,156</u>	<u>1,526,470</u>
(2,031)	(12,200)	16,520	28,054	234,802	15,817
2,031	158		(52,145)		
	12,042	10,193	648,113	672,766	656,949
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,713</u>	<u>\$ 624,022</u>	<u>\$ 907,568</u>	<u>\$ 672,766</u>



Central Oregon Council On Aging

Serving Seniors in Crook, Deschutes and Jefferson Counties

SINGLE AUDIT COMPLIANCE



Central Oregon Council On Aging

Serving Seniors in Crook, Deschutes and Jefferson Counties

KERKCOCH KATTER & NELSON, LLP

Certified Public Accountants

45 Hawthorne Avenue • Bend, Oregon 97701 • Phone (541) 382-3468 • Fax (541) 382-0533

INDEPENDENT AUDITORS' 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 Officials
Central Oregon Council on Aging, Inc.

We have audited the financial statements of Central Oregon Council on Aging, Inc. as of and for the year ended June 30, 2010, which collectively comprise Central Oregon Council on Aging, Inc.'s basic financial statements and have issued our report thereon dated October 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Central Oregon Council on Aging, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central Oregon Council on Aging, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Oregon Council on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of their 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.

**INDEPENDENT AUDITORS' 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 (CONTINUED)**

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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, the board of directors and others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Kerkoch Katter & Nelson, LLP
Certified Public Accountants



By: Stuart D. Katter – a partner

October 15, 2010

KERKCOCH KATTER & NELOS, LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Central Oregon Council on Aging, Inc.
Redmond, Oregon

Compliance

We have audited the compliance of Central Oregon Council on Aging, Inc. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Central Oregon Council on Aging, Inc.'s major federal programs are identified in the Summary of Audit Results. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Central Oregon Council on Aging, Inc.'s management. Our responsibility is to express an opinion on the Central Oregon Council on Aging, 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 occurred. An audit includes examining, on a test basis, evidence about Central Oregon Council on Aging, 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 on Central Oregon Council on Aging, Inc.'s compliance with those requirements.

In our opinion, the Central Oregon Council on Aging, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Central Oregon Council on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Central Oregon Council on Aging, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major program 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 Central Oregon Council on Aging, Inc.'s internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)**

Internal Control Over Compliance (Continued)

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 Oregon Council on Aging, Inc.'s ability administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Central Oregon Council on Aging, Inc.'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 Oregon Council on Aging Inc.'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 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.

This report is intended solely for the information and use of the management, the board of directors and others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Kerkoch Katter & Nelson, LLP
Certified Public Accountants



By: Stuart D. Katter – a partner

October 15, 2010

CENTRAL OREGON COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Central Oregon Council on Aging, Inc. (the Council).
2. No reportable conditions relating to the audit of the basic financial statements are reported in this Schedule.
3. No instances of noncompliance material to the basic financial statements of the Council were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the report on compliance.
5. The auditors' report on compliance for the major federal award programs for the Council expresses and unqualified opinion on the major federal award programs.
6. No audit findings relative to the major federal award programs for the Council are reported in this Schedule.
7. The programs tested as major programs were the U.S. Department of Health and Human Services, Special Programs for Aging Title III-C, CFDA #93.045, #ARRA 93.707 and #ARRA 93.705.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Council was determined to be a low-risk auditee.
10. There were no findings or questioned costs in the year ended June 30, 2009 Single Audit.

Findings - Financial Statements Audit

None

Findings and Questioned Costs - Major Federal Programs Audit

None

CENTRAL OREGON COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

<i>Federal Grantor/ Pass-through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor's Number</i>	<i>Federal Expenditures</i>
<i>Corporation for National and Community Service</i>			
Retired Senior Volunteer Program	94.002	N/A	\$ 46,022
Foster Grandparent Program	94.011	N/A	15,422
<i>U.S. Department of Transportation</i>			
Capital Assistance Program	20.513	N/A	21,395
<i>U.S. Department of Health and Human Services</i>			
Passed through the State of Oregon			
Human Resources:			
Special Programs for Aging:			
Title III-B	93.044	50713	286,127
Title III-C	93.045	50713	399,352
Title III-C ARRA	93.707	50713	44,474
Title III-C ARRA	93.705	50713	21,895
Title III-D	93.043	50713	10,336
Title III-E	93.052	50713	96,949
Title VII-B	93.041	50713	2,737
Title XIX	93.778	50713	68,097
Nutrition Services Incentive Program	93.053	50713	<u>85,508</u>
<i>Total</i>			<u>\$ 1,098,314</u>

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.



Serving Seniors in Crook, Deschutes and Jefferson Counties
