

AUDIT REPORT

**AREA AGENCY ON AGING REGION X
JOPLIN, MISSOURI**

FOR THE YEAR ENDED JUNE 30, 2008

AREA AGENCY ON AGING REGION X
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Section I: GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION		
Independent Auditors' Report		1
General Purpose Financial Statements		
Statement of Financial Position	A	3
Statement of Activities	B	4
Statement of Functional Expenses	C	5
Statement of Cash Flows	D	6
Notes to Financial Statements		7
Supplementary Information		
	<u>Schedule</u>	
Statement of Financial Position	1	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Statement of Activities	2	14
Combining Statement of Financial Positions, Assets, Liabilities and Fund Balance – All Special Revenue Funds	3	15
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – All Special Revenue Funds	4	16
Combining Statement of Revenues and Expenditures – Budget to Actual – By Program	5	17
Combining Statement of Expenditures – Budget to Actual – Supportive Services	6	21
Combining Statement of Expenditures – Budget and Actual – Health Promotion Disease Prevention	7	25
Combining Statement of Expenditures – Budget and Actual – Family Caregiver Support Program	8	26
Combining Statement of Expenditures – Budget and Actual – Special Programs	9	28
Schedule of Transportation Costs by Funding Source	10	30
Schedule of Monthly Expenditures Reimbursable by the SS	11	31

AREA AGENCY ON AGING REGION X
TABLE OF CONTENTS
(Continued)

Section II: FEDERAL FINANCIAL ASSISTANCE

Schedule of Expenditures of Federal and State Awards	12	32
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		34
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		36
Schedule of Findings and Questioned Costs		38
Schedule of Prior Year Findings and Questioned Costs		41
Attachment A January 6, 2004 Memorandum of Understanding		46
Attachment B June 23, 2009 Legal Letter of Demand		47
Regency X Response		49

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INDEPENDENT AUDITORS' REPORT

To the Missouri Department of Health
and Senior Services (the "SS") and
The Board of Directors of
Area Agency on Aging Region X

We have audited the accompanying statement of financial position of Area Agency on Aging Region X (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Agency'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*. We also conducted our audit in accordance with the Missouri Department of Health and Senior Services Mandated Audit Criteria. 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 Area Agency on Aging Region X as of June 30, 2008, 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 November 26, 2008, on our consideration of Area Agency on Aging Region X's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Area Agency on Aging Region X taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Additionally, the supplementary information, on pages 13 through 31, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

McBride, Lock & Associates

McBride, Lock & Associates
November 26, 2008

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION
 STATEMENT ON FINANCIAL POSITION
 FOR YEAR ENDED JUNE 30, 2008

ASSETS

Cash and cash equivalents	\$	332,976
Receivables:		
Missouri Department of Health and Senior Services		17,754
Missouri Division of Medical Services		55,411
Other		10,032
Prepaid expenses		8,777
Equipment, net of depreciation		52,532
TOTAL ASSETS	\$	477,482

LIABILITIES

DHSS funds held in trust	\$	23,140
Accounts payable		77,683
Accrued payroll and taxes		47,406
RSVP funds held in Trust		118
TOTAL LIABILITIES	\$	148,347

NET ASSETS

Investment of Equipment	\$	52,532
Temporarily Restricted		276,603
TOTAL NET ASSETS	\$	329,135
 TOTAL LIABILITIES AND NET ASSETS	 \$	 477,482

See the accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Unrestricted	Temporarily Restricted	Total
REVENUE:			
Missouri Depart. of Health and Senior Services	\$ 1,539,179	\$ -	\$ 1,539,179
Missouri Highway and Transportation Dept.	37,953	-	37,953
Missouri Division of Medical Services-HDM	141,923	-	141,923
Program Income	-	356,790	356,790
Other cash-DHSS match	-	228,880	228,880
Other cash-non DHSS match	-	63,594	63,594
FASB qualifying in-kind resources-DHSS match	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-
Net assets released from restrictions, restrictions satisfied by payments	648,212	(648,212)	-
Total Revenues	<u>\$ 2,367,267</u>	<u>\$ 1,052</u>	<u>\$ 2,368,319</u>
EXPENDITURES:			
Administration	\$ 179,180	\$ -	\$ 179,180
Supportive Services	321,962	-	321,962
Ombudsman	26,526	-	26,526
Congregate Program	668,019	-	668,019
Home Delivered Program	1,041,264	-	1,041,264
Disease Prevention & Health Promotion	3,798	-	3,798
Family Caregiver	120,151	-	120,151
Special Programs	6,367	-	6,367
Other funds	-	-	-
Total Expenditures	<u>\$ 2,367,267</u>	<u>\$ -</u>	<u>\$ 2,367,267</u>
CHANGE IN NET ASSETS	\$ -	\$ 1,052	\$ 1,052
NET ASSETS, July 1, 2007	-	328,083	328,083
NET ASSETS, June 30, 2008	<u>\$ -</u>	<u>\$ 329,135</u>	<u>\$ 329,135</u>

See accompanying notes to financial statements

AREA AGENCY ON AGING REGION X
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	Administration	Supportive Services	Ombudsman	Congregate Program	Home Delivered Program	Disease Prev. & Health Promotion	Family Caregiver	Special Projects	Total
Personnel/fringe	\$ 107,252	\$ 47,839	\$ 14,735	\$ 304,872	\$ 484,642	\$ -	\$ 61,414	\$ -	\$ 1,020,754
Travel (staff & volunteers)	9,735	7,369	4,063	4,240	6,035	-	3,396	462	35,300
Building/utilities/phone	15,054	7,494	3,070	33,283	47,112	-	16,872	-	122,885
Printing/supplies/office expense	19,767	12,902	3,998	14,717	20,887	3,798	6,262	5,905	88,236
Raw Food	-	-	-	257,415	357,642	-	-	-	615,057
Food Service Supplies	-	-	-	30,235	60,984	-	-	-	91,219
Home Delivered Costs	-	-	-	483	20,042	-	-	-	20,525
Training	425	1,553	221	207	286	-	384	-	3,076
Insurance	1,523	1,773	92	7,175	12,063	-	1,167	-	23,793
Repair/Mnt	1,975	1,680	347	10,508	16,883	-	1,882	-	33,275
Contractual	22,000	241,352	-	-	-	-	28,774	-	292,126
Depreciation	1,449	-	-	4,884	14,688	-	-	-	21,021
TOTAL EXPENDITURES	\$ 179,180	\$ 321,962	\$ 26,526	\$ 668,019	\$ 1,041,264	\$ 3,798	\$ 120,151	\$ 6,367	\$ 2,367,267

See accompanying notes to financial statements.

AREA AGENCY ON AGING REGION X
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from:	
Missouri Department of Health and Senior Services	\$ 1,559,439
Missouri Highway and Transportation Department	37,953
Missouri Division of Medical Services	110,805
Program income	356,790
Other cash-DHSS match	296,535
Other cash-non DHSS match	-
Cash disbursed to suppliers and employees	<u>(2,327,470)</u>
Net cash provided by (used for) operating activities	\$ 34,052

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on mortgage payable	-
Net cash provided by (used for) operating and financing activities	<u>\$ 34,052</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	<u>(8,915)</u>
Net decrease in cash and cash equivalents	\$ 25,137

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>307,839</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 332,976</u></u>
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RECONCILIATION OF CHANGE IN NET ASSETS
TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,052
Adjustments to reconcile change in net assets to net cash used by operating activities:	
(Increase) decrease in:	
Depreciation	21,021
Receivables:	
Missouri Department of Health and Senior Services	8,260
Missouri Highway and Transportation Department	-
Missouri Division of Medical Services	(31,119)
Other	4,061
Deferred expenses	146
(Increase) decrease in:	
DHSS funds held in trust	12,000
Accounts payable	4,105
Accrued expenses	<u>14,526</u>
Net cash provided by (used for) operating activities	<u><u>\$ 34,052</u></u>

AREA AGENCY ON AGING REGION X
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A cooperative agreement was entered into on January 30, 1979 by and between the counties of Jasper, Newton, Barton and McDonald, political subdivisions of the State of Missouri, to create a joint board to be known as the Area Agency on Aging Region X pursuant to the provisions of Sec. 70.210 to 70.325 RSMO, 1969, as amended. This agreement was entered into to assist older persons in these counties to maintain: an adequate standard of living; physical and mental health; suitable housing; restorative services for those requiring institutional care; opportunities for employment; pursuit of meaningful activity including civic, cultural, and recreational opportunities; community services including low-cost transportation; and freedom and independence in managing their own lives. The Agency shall receive funds under Title III and other Titles of the Older Americans Act, as amended, and such other sources as may become available. The level of services provided by the Agency is dependent upon the amount of funding provided under contract from its funding sources.

The Area Agency on Aging Region X received nonprofit status as a 501(c)(3) organization from the Internal Revenue Service effective August 27, 2004. Accordingly, the Area Agency on Aging Region X is operating as a nonprofit organization as authorized by the Internal Revenue Service.

The governing board is made up of one duly elected representative from each county as appointed by the respective county commissions. The agency provides information regarding the availability of services and participates in the development of resources to meet unmet needs of older Americans. These services are provided under the provisions of the Older Americans Act as amended.

This summary of significant accounting policies of the agency is presented to assist in understanding the accompanying financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America. The following is a summary of the more significant policies.

- a. Basis of presentation; financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, the agency is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Assets are sequenced according to their nearness of conversion to cash, and liabilities are sequenced according to the nearness of their maturity and resulting use of cash.

- b. Basis of Accounting; to facilitate observance of limitations and restrictions placed on the use of resources available to the Agency, the accounts of the Agency are maintained in accordance with the principles of fund accounting. Under fund accounting resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, for financial reporting purposes, the funds have been combined.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- c. Revenue Recognition: Governmental revenues are recognized when they are earned on a reimbursement basis. A cash request for reimbursement of eligible expenses is submitted to the Department of Health and Senior Services as the expenses are incurred. Program income is recognized when received. Other cash is recognized when earned consistent with the terms and conditions which govern the funding.

Unconditional promises to give are recognized in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

- d. Budgets and Budgetary Accounting: The Board of Directors adheres to these general procedures for budget development:
 - (1) Presiding County Commissioners in conjunction with management develop a proposed operating budget for the fiscal year commencing on July 1.
 - (2) The budget is adopted and approved by the Presiding County Commissioners.
 - (3) The adopted budget is presented to the funding Agency for final review and approval.
 - (4) A final budget is approved by the Funding Agency.
- e. Reporting Entity: In evaluating how to define the Agency, for reporting purposes, management considered all potential components units. The decision to include a potential component in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. In applying these criteria, included in the reporting entity are all accounts of the Agency. No other entities satisfied these criteria for inclusion in the recording entity.
- f. Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.
- g. Equipment: Grant award equipment-All equipment acquired with grant award funds is owned by the Agency while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition , as well as the ownership of any sale proceeds therefrom is subject to funding source regulations. Property and equipment, with a cost of \$2,500 or more are depreciated using the straight-line method over their estimated useful lives. In accordance with grant award budgets approved by funding sources, equipment is charged to expense in the period during which it was purchased.

Net Assets, Beginning of Year	\$ 64,638
Additions	8,915
Depreciation	<u>(21,021)</u>
Net Assets, Year End	<u>\$ 52,532</u>

- h. Cost Allocation: joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all Agency programs, but which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

Personnel and fringe: salaries and wages, leave and fringe benefits, are allocated to each grant or activity in accordance with job descriptions and time analysis for various functions.

Travel: Costs are billed directly to the applicable program.

Building space, utilities, monthly base rate on telephone, printing and supplies, equipment maintenance and copier rental: costs are allocated to each program based on square footage occupied.

Other: most costs are directly charged to the program. The remaining costs are allocated to administration.

- i. Contributions: All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Whenever a restriction expires (that is, when a stipulated time restriction ends or purpose of 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.
- j. Donated Facilities, Materials and Services: Significant services are donated by various individuals and organizations. The fair market value of donated services was \$399,487 for FY 2008. Donated services are not recognized in the financial statements because they did not meet the criteria for recognition under SFAS No. 116. Donated facilities, materials and services are used to meet non-Federal share matching requirements of the various programs.
- k. Compensated Absences: Vested or accumulated vacation leave that is expected to be liquidated within one year is reported as an expenditure and liability of the fund that will pay it. This liability amounts to \$7,408. Amounts of vested or accumulated vacation leave that are not expected to be liquidated within one year amount to \$45,392 and have not been recorded in the financial statements since it is less certain which fund will pay it.

NOTE 2 - CASH

Cash at the Agency at June 30, 2008 is as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Cash, Checking	\$ 332,976	\$ 335,394
Total	<u>\$ 332,976</u>	<u>\$ 335,394</u>

As required by statute, depository banks are to pledge securities in addition to FDIC insurance, at least equal to the maximum amount on deposit at all times. In addition to the \$100,000 FDIC coverage, one bank balance was in excess of \$100,000. Accordingly, an additional \$190,646.44 was covered by collateral, FNMAS valued at 90% of face value, held in the pledging bank's trust department or by its agent in the Agency's name when needed.

The Agency is not required to have a separate bank account for each program. Therefore, some programs may have a negative cash balance. All bank accounts are FDIC insured. The Agency considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

NOTE 3 - FIXED ASSETS

The following is a summary of changes in fixed assets during the fiscal year:

Equipment with a unit cost less than \$2,500 is not considered to be a fixed asset and is not included in additions.

<u>Beginning Balance 7/1/2007</u>	<u>Additions</u>	<u>Accumulated Depreciation</u>	<u>Ending Balance 06/30/2008</u>
\$ 64,638	\$ 8,915	\$ (21,021)	\$ 52,532

NOTE 4 - OPERATING LEASES

The Agency is committed under various leases for building and office space. The leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2008 amounted to \$28,410. Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2009	\$ 25,795
Total	<u>\$ 25,795</u>

NOTE 5 – ADDITIONAL FEDERAL REVENUE

The Agency participates in Federal and state programs that are fully or partially funded by grants received from the Missouri Department of Health and Senior Services. Expenditures financed by grants are subject to review and audit by the Missouri Department of Health and Senior Services. Such reviews or audits could result in a request for reimbursement by the Missouri Department of Health and Senior Services for expenditures disallowed under the terms and conditions of the grants. The Agency believes that disallowed expenditures, if any, based upon subsequent audits by the grantor agency will not be significant to the Agency's financial statements.

NOTE 6 – DHSS FUNDS HELD IN TRUST

The amount reported as Department of Health and Senior Services funds held in trust represents cash received from the Missouri Department of Health and Senior Services but not yet expended. Cash received from the Department of Health and Senior Services is not recognized until an offsetting expenditure has been incurred. Expenses not incurred to offset cash received are recorded as a liability on the statement of financial position.

NOTE 7 – CORPORATION FOR NATIONAL SERVICE RSVP GRANT AWARD

This grant is awarded on a calendar year basis. The current year award, therefore, represents funds received in the State Fiscal Year.

NOTE 8 – BUSINESS CONCENTRATION

Most funding for the agency was provided by the Missouri Department of Health and Senior Services through Federal and state grants. For the fiscal year ended June 30, 2008, Missouri Department of Health and Senior Services revenues were \$1,539,179. Additionally, related contributions from program participants totaled \$356,790.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of cash deposits and accounts receivable. The Agency primarily maintains its cash deposits in financial institutions located in Joplin, Missouri. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2008, the Agency's uninsured cash balance totaled \$190,646.44. FNMA's are pledged as collateral for the uninsured cash balances. The Agency has not experienced any losses in bank deposit accounts. The Agency believes it is not exposed to any significant credit risk on cash balances. Credit risk for accounts receivable is concentrated as well because a substantial amount of the balances are receivable from the Missouri Department of Health and Senior Services and are dependent upon the level of funding provided for each program.

NOTE 10 – SUBSEQUENT EVENTS – Conclusion of Lease of Property at 2701 S. Bird.

The Area Agency on Aging Region X has partnered with the Four County Elder Advocates for the completed construction of the facility which houses the Agency. The Four County Elder Advocates owns the building and land and leases space to the Agency on a monthly basis at an amount that is lower than the fair market rent of comparable space. Additionally, during FY 2004, the Area Agency on Aging Region X paid the Four County Elder Advocates \$150,000 for the building construction of infrastructure and interiors in accordance with the Memorandum of Understanding dated January 6, 2004. The current condition of this arrangement and uncertainties related to it are more fully discussed in finding 07-1 and 08-1.

The Agency is committed under the current lease agreement for building and office space through June 1, 2009. The lease is considered for accounting purposes to be an operating lease. Therefore, the agency will occupy the building for eleven months in fiscal year 2009, at the monthly rate of \$2,345.

<u>Fiscal Year Ending,</u>	<u>Amount</u>
June 30, 2009	<u>\$ 25,795</u>
Total	<u>\$ 25,795</u>

NOTE 11 – SUBSEQUENT EVENTS – Purchase of Property at 531 East 15th, Joplin, Missouri

The Area Agency on Aging Region X notified Four County Elder Advocates on March 25, 2009 of its intent not to exercise its option to extend the operating lease. Subsequently, the Agency secured a mortgage for a new facility which results in a note payable of \$240,000. The terms are as follows; principal payments plus interest on the unpaid balance at a rate of 5.5% per annum are to be made in regular payments of \$1,652 for 35 months and one irregular last payment estimated to be \$220,157 on the 36th month. These payments shall begin on May 27, 2009 and result in minimum payment amounts per fiscal year outlined below.

<u>Fiscal Year Ending</u>	<u>Amount</u>
<u>June 30,</u>	
2009	\$ 3,303
2010	19,818
2011	19,818
2012	<u>235,038</u>
	<u>\$277,977</u>

NOTE 12 – DIVERSION OF FEDERAL PROGRAM INCOME GRANT FUNDS

The Area Agency on Aging Region X for at least the past five years received federal program income grant funds of at least \$142,500 which was not deposited into Region X financial accounts or recorded in the official accounting records. A payment of \$47,290 was received from Four County Elder Advocates during FY 2007. The balance of the \$142,500 was received in two payments totaling \$ 95,210 during FY 08.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION TO EXHIBIT A
 STATEMENT OF FINANCIAL POSITION
 FOR YEAR ENDED JUNE 30, 2008

<u>ASSETS</u>	<u>Grant Basis</u>	<u>GAAP Adjustments</u>	<u>GAAP Basis</u>
Cash and cash equivalents	\$ 332,976	\$ -	\$ 332,976
Receivables:			
Missouri Department of Health and Senior Services	17,754	-	17,754
Missouri Division of Medical Services	55,411	-	55,411
Missouri RX	-	-	-
Other	10,032	-	10,032
Deferred expenses	8,777	-	8,777
Equipment, net of depreciation	-	52,532	52,532
TOTAL ASSETS	\$ 424,950	\$ 52,532	\$ 477,482
<u>LIABILITIES</u>			
DHSS funds held in trust	\$ 23,140	\$ -	\$ 23,140
Accounts payable	77,683	-	77,683
Accrued expenses	47,406	-	47,406
RSVP Funds in Trust	118	-	118
TOTAL LIABILITIES	\$ 148,347	\$ -	\$ 148,347
<u>NET ASSETS</u>			
Unrestricted	\$ -	\$ -	\$ -
Investment of Equipment	-	52,532	52,532
Temporarily restricted	276,603	-	276,603
TOTAL NET ASSETS	\$ 276,603	\$ 52,532	\$ 329,135
TOTAL LIABILITIES AND NET ASSETS	\$ 424,950	\$ 52,532	\$ 477,482

See accompanying notes to financial statements.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION TO EXHIBITS B AND C
 STATEMENT OF FINANCIAL ACTIVITIES
 FOR YEAR ENDED JUNE 30, 2008

	<u>Grant Basis Unrestricted</u>	<u>GAAP Adjustments</u>	<u>GAAP Basis</u>
REVENUES:			
Missouri Department of Health and Senior Services	\$ 1,539,179	\$ -	\$ 1,539,179
Missouri Highway and Transportation Dept.	37,953	-	37,953
Missouri Division of Medical Services	141,923	-	141,923
Program Income	356,790	-	356,790
Interest	4,399	-	4,399
Sort	10,000	-	10,000
Mo RX	2,150	-	2,150
Miscellaneous	224,481	-	224,481
RSVP	37,725	-	37,725
Other cash-non DHSS match	13,719	-	13,719
Net Assets released from restriction, restrictions satisfied by payments	-	-	-
Total Revenue	<u>\$ 2,368,319</u>	<u>\$ -</u>	<u>\$ 2,368,319</u>
EXPENDITURES:			
Personnel/fringe	\$ 1,020,754	\$ -	\$ 1,020,754
Travel (staff & volunteers)	35,300	-	35,300
Building/utilities/phone	122,885	-	122,885
Printing/supplies/office expense	88,236	-	88,236
Equipment	8,915	(8,915)	-
Raw food	615,057	-	615,057
Food service supplies	91,219	-	91,219
Home delivery costs	20,525	-	20,525
Training	3,076	-	3,076
Insurance	23,793	-	23,793
Repairs/Mnt	33,275	-	33,275
Contractual	292,126	-	292,126
Depreciation	-	21,021	21,021
Total Expenditures	<u>\$ 2,355,161</u>	<u>\$ 12,106</u>	<u>\$ 2,367,267</u>
Change in net assets	\$ 13,158	\$ (12,106)	\$ 1,052
Net assets, beginning of year, as restated	<u>\$ 263,445</u>	<u>\$ 64,638</u>	<u>\$ 328,083</u>
Net assets, end of year	<u>\$ 276,603</u>	<u>\$ 52,532</u>	<u>\$ 329,135</u>

See accompanying notes to financial statements.

AREA AGENCY ON AGING REGION X
SUPPLEMENTARY INFORMATION
STATEMENT OF FINANCIAL POSITION-FUND ACCOUNTING
FOR THE YEAR ENDED JUNE 30, 2008

	Administration	Supportive Services	Ombudsman	Congregate Program	Home Delivered Program	Disease Prev. & Health Promotion	Family Caregiver	Special Projects	Other Funds	Total
ASSETS										
Cash and cash equivalents	\$ 37,797	\$ 33,503	\$ 17,439	\$ 118,372	\$ 31,744	\$ 1,416	\$ 3,948	\$ 88,757	\$ -	\$ 332,976
Receivables:										
Missouri Department of Health and Senior Services	9,641	22,416	3,605	-	(31,405)	(853)	14,350	-	-	17,754
Missouri Division of Medical Services	-	-	-	-	55,411	-	-	-	-	55,411
Missouri RX	-	-	-	-	-	-	-	-	-	-
Corp for National Service Grant	-	10,032	-	-	-	-	-	-	-	10,032
Deferred Expenses	622	1,852	243	2,153	3,440	-	467	-	-	8,777
Land, structures and equipment at cost	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 48,060	\$ 67,803	\$ 21,287	\$ 120,525	\$ 59,190	\$ 563	\$ 18,765	\$ 88,757	\$ -	\$ 424,950

LIABILITIES										
DHSS funds held in trust	\$ 5,191	\$ 1,481	\$ -	\$ -	\$ -	\$ -	\$ 4,468	\$ 12,000	\$ -	\$ 23,140
Accounts payable	505	12,991	177	23,796	37,197	-	3,017	-	-	77,683
Accrued expenses	4,733	2,599	1,334	14,185	21,993	504	2,058	-	-	47,406
RSVP funds held in Trust	-	118	-	-	-	-	-	-	-	118
TOTAL LIABILITIES	\$ 10,429	\$ 17,189	\$ 1,511	\$ 37,981	\$ 59,190	\$ 504	\$ 9,543	\$ 12,000	\$ -	\$ 148,347

NET ASSETS										
Temporarily restricted:										
Program Income	\$ -	\$ 3,187	\$ -	\$ 82,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,731
Other Cash DHHS Match	-	37,407	16,843	-	-	59	-	-	-	54,309
Other Cash Non DHHS Match	186	9,903	2,933	-	-	-	9,222	76,757	-	99,001
Interest	37,445	117	-	-	-	-	-	-	-	37,562
TOTAL NET ASSETS	\$ 37,631	\$ 50,614	\$ 19,776	\$ 82,544	\$ -	\$ 59	\$ 9,222	\$ 76,757	\$ -	\$ 276,603
TOTAL LIABILITIES AND NET ASSETS	\$ 48,060	\$ 67,803	\$ 21,287	\$ 120,525	\$ 59,190	\$ 563	\$ 18,765	\$ 88,757	\$ -	\$ 424,950

See accompanying notes to financial statements.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION
 STATEMENT OF ACTIVITIES BY FUNDING SOURCE-FUND ACCOUNTING
 FOR THE YEAR ENDED JUNE 30, 2008

	Administration	Supportive Services	Ombudsman	Congregate Program	Home Delivered Program	Prev. & Health Promotion	Family Caregiver	Special Projects	Other Funds	Eliminations Other In-Kind	Total
REVENUE:											
Missouri Department of Health and Senior Services	\$ 167,268	\$ 133,374	\$ 24,909	\$ 468,773	\$ 619,718	\$ 3,798	\$ 117,889	\$ 3,450	\$ -	\$ -	\$ 1,539,179
Missouri Highway and Transportation Dept.	-	37,953	-	-	141,923	-	-	-	-	-	37,953
Missouri Division of Medical Services	-	19,774	25	228,645	107,831	-	515	-	-	-	141,923
Program Income	-	-	-	-	-	-	-	-	-	-	356,790
Other cash-DHSS match:											
Interest	4,399	-	-	-	-	-	-	-	-	-	4,399
Miscellaneous	99,541	-	-	45,934	79,006	-	-	-	-	-	224,481
Total Other cash-DHSS Match	4,399	99,541	-	45,934	79,006	-	-	-	-	-	228,880
Other cash-non DHSS match:											
RSVP	-	37,725	-	-	-	-	-	-	-	-	37,725
Sort	-	-	-	-	-	-	-	10,000	-	-	10,000
MO RX	-	-	-	-	-	-	-	2,150	-	-	2,150
Miscellaneous	20	2,488	2,211	-	9,600	-	-	-	-	-	13,719
Total Other cash-NON DHSS Match	20	40,213	2,211	-	9,600	-	-	12,150	-	-	63,394
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-	-	-	-	-	-
Other in-kind resources-SS match	465	32,458	17,450	145,545	154,488	-	49,081	-	-	(399,487)	-
Other in-kind resources-non SS match	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	\$ 172,152	\$ 363,313	\$ 44,595	\$ 884,897	\$ 1,111,966	\$ 3,798	\$ 167,485	\$ 15,600	\$ -	\$ (399,487)	\$ 2,368,319
EXPENDITURES:											
Missouri Department of Health and Senior Services	\$ 167,268	\$ 133,374	\$ 24,909	\$ 468,773	\$ 619,718	\$ 3,798	\$ 117,889	\$ 3,450	\$ -	\$ -	\$ 1,539,179
Missouri Highway and Transportation Dept.	-	37,953	-	-	141,923	-	-	-	-	-	37,953
Missouri Division of Medical Services	-	19,774	25	152,172	182,100	-	625	-	-	-	141,923
Program Income	-	-	-	-	-	-	-	-	-	-	354,696
Other cash-DHSS match:											
Interest	10,443	-	-	-	-	-	-	-	-	-	10,443
Miscellaneous	90,647	-	-	45,934	79,006	-	860	-	-	-	216,448
Total Other cash-DHSS Match	10,443	90,647	-	45,934	79,006	-	860	-	-	-	226,891
Other cash-non DHSS match:											
RSVP	-	37,725	-	-	-	-	-	-	-	-	37,725
Sort	-	-	-	-	-	-	-	-	-	-	-
MO RX	-	-	-	-	-	-	-	2,605	-	-	2,605
Miscellaneous	20	2,488	1,592	-	9,000	-	778	312	-	-	13,877
Total Other cash-NON DHSS Match	20	40,213	1,592	-	9,000	-	778	2,917	-	-	54,519
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-	-	-	-	-	-
Other in-kind resources-SS match	465	32,458	17,450	145,545	154,488	-	49,081	-	-	(399,487)	-
Other in-kind resources-non SS match	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 178,196	\$ 354,419	\$ 43,976	\$ 812,424	\$ 1,186,235	\$ 3,798	\$ 169,224	\$ 6,367	\$ -	\$ (399,487)	\$ 2,355,161
CHANGE IN NET ASSETS											
Program Income	-	-	-	76,473	(74,269)	-	(110)	-	-	-	2,094
Total Other cash-DHSS Match	-	8,894	619	-	-	-	(860)	-	-	-	8,034
Total Other cash-NON DHSS Match	-	-	-	-	-	-	(778)	9,233	-	-	9,074
Interest	(6,044)	-	-	-	-	-	-	-	-	-	(6,044)
Total change in net assets	\$ (6,044)	\$ 8,894	\$ 619	\$ 76,473	\$ (74,269)	\$ -	\$ (1,748)	\$ 9,233	\$ -	\$ -	\$ 13,158
NET ASSETS, BEGINNING OF YEAR											
Program Income	-	3,187	-	80,340	-	-	110	-	-	-	83,637
Total Other cash-DHSS Match	186	28,513	16,843	-	-	59	860	-	-	-	46,275
Total Other cash-NON DHSS Match	43,489	9,903	2,314	-	-	-	10,000	67,524	-	-	89,227
Interest	-	117	-	-	-	-	-	-	-	-	117
Total net assets, beginning of year	\$ 43,675	\$ 41,720	\$ 19,157	\$ 80,340	\$ -	\$ 59	\$ 10,970	\$ 67,524	\$ -	\$ -	\$ 203,445
TRANSFERS IN (OUT)											
Program Income	-	-	-	-	74,269	-	-	-	-	-	-
Total Other cash-DHSS Match	-	-	-	(74,269)	-	-	-	-	-	-	-
Total Other cash-NON DHSS Match	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total transfers	\$ -	\$ -	\$ -	\$ (74,269)	\$ 74,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS, END OF YEAR											
Program Income	-	3,187	-	82,544	-	-	-	-	-	-	85,731
Total Other cash-DHSS Match	186	37,407	16,843	-	-	59	860	-	-	-	54,309
Total Other cash-NON DHSS Match	37,445	9,903	2,933	-	-	-	9,222	76,757	-	-	99,001
Interest	-	117	-	-	-	-	-	-	-	-	117
TOTAL NET ASSETS, END OF YEAR	\$ 37,631	\$ 50,614	\$ 19,776	\$ 82,544	\$ -	\$ 59	\$ 9,222	\$ 76,757	\$ -	\$ -	\$ 276,603

See accompanying notes to financial statements.

AREA AGENCY ON AGING REGION X
SUPPLEMENTARY INFORMATION
STATEMENT OF ACTIVITIES-BUDGET AND ACTUAL-FUND ACCOUNTING
FOR THE YEAR ENDED JUNE 30, 2008

	Administration		Supportive Services		Ombudsman	
	Budget	Variance	Budget	Variance	Budget	Variance
REVENUE:						
Missouri Dept. of Health and Senior Services	\$ 167,268	\$ -	\$ 167,768	\$ 133,374	\$ 24,909	\$ -
Missouri Highway and Transportation Dept.	-	-	38,918	37,953	-	-
Missouri Division of Medical Services	-	-	-	-	-	-
Program Income	-	-	18,583	19,774	-	25
Other cash-DHSS match:						
Interest	4,000	399	-	-	-	-
Miscellaneous	-	-	103,635	99,541	-	-
Other cash-non DHSS match:						
RSVP	-	-	39,680	37,725	-	-
Sort	-	-	-	-	-	-
MO RX	-	-	-	-	-	-
Miscellaneous	20	20	-	2,488	2,211	2,211
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	465	465	32,455	32,458	17,450	(9,305)
Other in-kind resources-non SS match	-	-	-	-	-	-
TOTAL REVENUE	\$ 171,268	\$ 884	\$ 401,039	\$ 363,313	\$ 51,664	\$ (7,069)
EXPENDITURES:						
Personnel/fringe	\$ 102,991	\$ (4,261)	\$ 59,502	\$ 47,838	\$ 13,700	\$ (1,035)
Travel (staff & volunteers)	10,649	9,735	11,906	7,369	3,200	4,063
Building/utilities/phone	15,145	15,054	11,999	7,494	3,085	3,070
Printing/supplies/office expense	21,157	19,767	30,762	12,902	4,001	3,998
Equipment	-	-	-	-	-	-
Raw food	-	-	-	-	-	-
Food service supplies	-	-	-	-	-	-
Home delivery costs	-	-	-	-	-	-
Training	550	425	4,841	1,553	521	221
Insurance	1,597	1,523	2,462	1,773	140	92
Repair/Mnt	2,229	1,975	986	1,680	262	347
Contractual	22,000	22,000	249,313	241,352	7,961	(85)
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	32,455	32,458	26,755	17,450
Other in-kind resources-DHSS match	465	(465)	-	-	(3)	-
Other in-kind resources-non DHSS match	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 176,318	\$ (1,878)	\$ 404,226	\$ 354,419	\$ 51,664	\$ 7,688
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (5,050)	\$ (6,044)	\$ (3,187)	\$ 8,894	\$ 12,081	\$ 619
Adjustments and Operating transfers						
Operating Transfer-program Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfer-Other Cash DHHS Match	-	-	-	-	-	-
Operating Transfer-other Cash Non DHHS Transfers	-	-	-	-	-	-
Operating Transfer-Interest	-	-	-	-	-	-
Other Financing Sources (uses)	-	-	-	-	-	-
NET ASSETS JUNE 30, 2007	\$ 43,675	\$ 43,675	\$ 41,720	\$ 41,720	\$ 19,157	\$ 0
NETASSETS JUNE 30, 2008	\$ 38,625	\$ 37,631	\$ 38,533	\$ 50,614	\$ 19,157	\$ 619

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
SUPPLEMENTARY INFORMATION
STATEMENT OF ACTIVITIES-BUDGET AND ACTUAL-FUND ACCOUNTING
FOR THE YEAR ENDED JUNE 30, 2008

	Congregate Nutrition Program		Home Delivered Nutrition Program		Disease Prevention & Health Promotions	
	Budget	Variance	Budget	Variance	Budget	Variance
REVENUE:						
Missouri Dept. of Health and Senior Services	\$ 468,773	\$ -	\$ 619,718	\$ -	\$ 29,407	\$ 3,798
Missouri Highway and Transportation Dept.	-	-	-	-	-	-
Missouri Division of Medical Services-HDM	-	-	143,435	(1,512)	-	-
Program Income	225,131	3,514	106,719	1,112	-	-
Other cash-DHSS match:						
Interest	-	-	-	-	-	-
Miscellaneous	-	45,934	-	79,006	-	-
Other cash-non DHSS match:						
RSVP	-	-	-	-	-	-
Sort	-	-	-	-	-	-
MO RX	-	-	-	-	-	-
Miscellaneous	-	-	9,000	9,000	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-
Other in-kind resources-DHSS match	91,480	54,065	84,272	154,488	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-	-
TOTAL REVENUE	\$ 785,384	\$ 103,513	\$ 954,144	\$ 157,822	\$ 29,407	\$ 3,798
EXPENDITURES:						
Personnel/fringe	\$ 290,485	\$ (14,387)	\$ 457,421	\$ (27,221)	\$ -	\$ -
Travel (staff & volunteers)	4,868	628	6,788	6,035	-	-
Building/utilities/phone	34,263	980	48,496	47,112	-	-
Printing/supplies/office expense	16,701	1,984	23,343	20,887	29,407	3,798
Equipment	4,992	3,744	6,894	5,171	-	-
Raw food	264,778	7,363	365,736	357,642	-	-
Food service supplies	29,729	(506)	61,405	60,984	-	-
Home delivery costs	511	28	20,775	20,042	-	-
Other costs:						
Training	276	69	381	286	-	-
Insurance	7,755	580	12,797	12,063	-	-
Repair/Mnt	10,391	(117)	16,094	16,883	-	-
Contractual	-	-	-	-	-	-
Enrollee wages/fringe	-	-	-	-	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-
Other in-kind resources-DHSS match	91,480	(54,065)	84,272	154,488	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 756,229	\$ (56,195)	\$ 1,104,402	\$ (81,833)	\$ 29,407	\$ 25,609
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ 29,155	\$ 47,318	\$ (150,258)	\$ 75,989	\$ -	\$ -
Adjustments and Operating transfers						
Operating Transfer-program Income	\$ (135,774)	\$ (74,269)	\$ 135,774	\$ 74,269	\$ -	\$ -
Operating Transfer-Other Cash DHHS Match	-	-	-	-	-	-
Operating Transfer-other Cash Non DHHS Transfers	-	-	-	-	-	-
Operating Transfer-Interest	-	-	-	-	-	-
Total Other Financing Sources (uses)	\$ (135,774)	\$ (74,269)	\$ 135,774	\$ 74,269	\$ -	\$ -
NET ASSETS JUNE 30, 2007	\$ 80,340	\$ -	\$ -	\$ -	\$ 59	\$ -
NETASSETS JUNE 30, 2008	\$ (26,279)	\$ 82,544	\$ (14,484)	\$ 14,484	\$ 59	\$ 59

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
SUPPLEMENTARY INFORMATION
STATEMENT OF ACTIVITIES-BUDGET AND ACTUAL-FUND ACCOUNTING
FOR THE YEAR ENDED JUNE 30, 2008

	Family Caregivers		Special Programs		Variance
	Budget	Actual	Budget	Actual	
REVENUE:					
Missouri Dept. of Health and Senior Services	\$ 122,358	\$ 117,889	\$ (4,469)	\$ 3,450	\$ (12,000)
Missouri Highway and Transportation Dept.	-	-	-	-	-
Missouri Division of Medical Services-HDM	-	515	515	-	-
Program Income	-	-	-	-	-
Other cash-DHSS match:	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Other cash-non DHSS match:	-	-	-	-	-
RSVP	-	-	-	5,000	5,000
MO RX	-	-	-	2,150	2,150
Miscellaneous	-	-	-	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-
Other in-kind resources-DHSS match	39,300	49,081	9,781	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-
TOTAL REVENUE	\$ 161,658	\$ 167,485	\$ 5,827	\$ 20,450	\$ (4,850)
EXPENDITURES:					
Personnel/fringe	\$ 61,679	\$ 61,415	\$ 264	\$ -	\$ -
Travel (staff & volunteers)	3,496	3,396	100	600	462
Building/utilities/phone	16,760	16,872	(112)	750	750
Printing/supplies/office expense	6,793	6,262	531	18,500	5,905
Equipment	-	-	-	-	-
Raw food	-	-	-	-	-
Food service supplies	-	-	-	-	-
Home delivery costs	-	-	-	-	-
Training	452	384	68	600	600
Insurance	1,229	1,167	62	-	-
Repair/Mnt	1,448	1,882	(434)	-	-
Contractual	30,610	28,774	1,836	-	-
Enrollee wages/fringe	-	-	-	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-
Other in-kind resources-DHSS match	39,300	49,081	(9,781)	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-
TOTAL EXPENDITURES	\$ 161,767	\$ 169,233	\$ (7,464)	\$ 20,450	\$ 6,367
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (109)	\$ (1,748)	\$ (1,639)	\$ -	\$ 9,233
Adjustments and Operating transfers					
Operating Transfer-program Income	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfer-Other Cash DHSS Match	-	-	-	-	-
Operating Transfer-other Cash Non DHSS Transfers	-	-	-	-	-
Operating Transfer-Interest	-	-	-	-	-
Total Other Financing Sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS JUNE 30, 2007	\$ 10,970	\$ 10,970	\$ -	\$ 67,524	\$ 67,524
NETASSETS JUNE 30, 2008	\$ 10,861	\$ 9,222	\$ (1,639)	\$ 67,524	\$ 76,757
					\$ 9,233

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
SUPPLEMENTARY INFORMATION
STATEMENT OF ACTIVITIES-BUDGET AND ACTUAL-FUND ACCOUNTING
FOR THE YEAR ENDED JUNE 30, 2008

	Other Funds			Eliminations			Total (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUE:									
Missouri Dept. of Health and Senior Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,615,651	\$ 1,539,179	\$ (76,472)
Missouri Highway and Transportation Dept.	-	-	-	-	-	-	38,918	37,953	(965)
Missouri Division of Medical Services-HDM	-	-	-	-	-	-	143,433	141,923	(1,512)
Program Income	-	-	-	-	-	-	350,433	356,790	6,357
Other cash-DHSS match:	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	4,000	4,399	399
Miscellaneous	-	-	-	-	-	-	103,635	224,481	120,846
Other cash-non DHSS match:	-	-	-	-	-	-	-	-	-
RSVP	-	-	-	-	-	-	39,680	37,725	(1,955)
Sort	-	-	-	-	-	-	5,000	10,000	5,000
MO RX	-	-	-	-	-	-	-	2,150	2,150
Miscellaneous	-	-	-	-	-	-	-	13,719	13,719
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	(274,262)	(399,487)	(125,225)	-	-	-
Other in-kind resources-DHSS match	-	-	-	-	-	-	-	-	-
Other in-kind resources-non DHSS match	-	-	-	(274,262)	(399,487)	(125,225)	-	-	-
TOTAL REVENUE	\$ -	\$ -	\$ -	\$ -	\$ (399,487)	\$ (125,225)	\$ 2,300,752	\$ 2,368,319	\$ 67,567
EXPENDITURES:									
Personnel/fringe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 985,778	\$ 1,020,754	\$ (34,976)
Travel (staff & volunteers)	-	-	-	-	-	-	41,507	35,300	6,207
Building/utilities/phone	-	-	-	-	-	-	130,498	122,885	7,613
Printing/supplies/office expense	-	-	-	-	-	-	150,664	88,236	62,428
Equipment	-	-	-	-	-	-	11,886	8,915	2,971
Raw food	-	-	-	-	-	-	630,514	615,057	15,457
Food service supplies	-	-	-	-	-	-	91,134	91,219	(85)
Home delivery costs	-	-	-	-	-	-	21,286	20,525	761
Training	-	-	-	-	-	-	7,621	3,076	4,545
Insurance	-	-	-	-	-	-	25,980	23,793	2,187
Repair/Mnt	-	-	-	-	-	-	31,410	33,275	(1,865)
Contractual	-	-	-	-	-	-	301,923	292,126	9,797
Enrollee wages/fringe	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	(274,262)	(399,487)	125,225	-	-	-
Other in-kind resources-DHSS match	-	-	-	-	-	-	-	-	-
Other in-kind resources-non DHSS match	-	-	-	(274,262)	(399,487)	(125,225)	-	-	-
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ (274,262)	\$ (399,487)	\$ 125,225	\$ 2,430,201	\$ 2,355,161	\$ 75,040
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (129,449)	\$ 13,158	\$ 142,607
Adjustments and Operating transfers									
Operating Transfer-program Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfer-Other Cash DHSS Match	-	-	-	-	-	-	-	-	-
Operating Transfer-other Cash Non DHSS Transfers	-	-	-	-	-	-	-	-	-
Operating Transfer-Interest	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,445	\$ 263,445	\$ -
NET ASSETS JUNE 30, 2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,996	\$ 276,603	\$ 142,607
NETASSETS JUNE 30, 2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,996	\$ 276,603	\$ 142,607

See accompanying notes to the financial statements.

SUPPLEMENTARY INFORMATION
 STATEMENT OF FUNCTIONAL EXPENSES-BUDGET AND ACTUAL-FUND ACCOUNTING
 SUPPORTIVE PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2008

	Transportation		Home Bound Shopping		Information & Assistance	
	Budget	Actual	Budget	Actual	Budget	Actual
EXPENDITURES:						
Personnel/fringe	\$ -	\$ -	\$ -	\$ -	\$ 12,350	\$ 8,400
Travel (staff & volunteers)	-	-	-	-	2,450	846
Building/utilities/phone	-	-	-	-	3,713	2,375
Printing/supplies/office expense	-	-	-	-	9,717	4,182
Equipment	-	-	-	-	-	-
Raw Food	-	-	-	-	-	-
Food Service Supplies	-	-	-	-	-	-
Home Delivered Costs	-	-	-	-	-	-
Training	-	-	-	-	1,255	341
Insurance	-	-	-	-	361	153
Repair/Mnt	-	-	-	-	469	956
Contractual	183,622	175,233	12,240	12,012	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-
Other in-kind resources-DHSS match	11,556	10,925	15,324	14,346	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-	-
Total Expenditures	\$ 195,178	\$ 186,158	\$ 27,564	\$ 26,358	\$ 30,315	\$ 17,253
						\$ 13,062

See accompanying notes to the financial statements.

SUPPLEMENTARY INFORMATION
STATEMENT OF FUNCTIONAL EXPENSES-BUDGET AND ACTUAL-FUND ACCOUNTING
SUPPORTIVE PROGRAM
FOR THE YEAR ENDED JUNE 30,2008

	Case Management			Public Information & Education			Homemaker		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:									
Personnel/fringe	\$ 11,364	\$ 8,051	\$ 3,313	\$ 13,074	\$ 8,085	\$ 4,989	\$ -	\$ -	\$ -
Travel (staff & volunteers)	2,019	435	1,584	3,473	1,531	1,942	-	-	-
Building/utilities/phone	2,885	1,365	1,520	2,607	1,068	1,539	-	-	-
Printing/supplies/office expense	5,372	350	5,022	8,796	2,893	5,903	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Raw Food	-	-	-	-	-	-	-	-	-
Food Service Supplies	-	-	-	-	-	-	-	-	-
Home Delivered Costs	-	-	-	-	-	-	-	-	-
Traming	1,059	44	1,015	1,014	10	1,004	-	-	-
Insurance	313	108	205	327	101	226	-	-	-
Repair/Mnt	94	130	(36)	66	59	7	-	-	-
Contractual	-	-	-	-	-	-	23,107	23,292	(185)
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-	-	-	-
Other in-kind resources-DHSS match	-	-	-	-	-	-	2,560	2,168	392
Other in-kind resources-non DHSS match	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 23,106	\$ 10,483	\$ 12,623	\$ 29,357	\$ 13,747	\$ 15,610	\$ 25,667	\$ 25,460	\$ 207

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
SUPPLEMENTARY INFORMATION
STATEMENT OF FUNCTIONAL EXPENSES-BUDGET AND ACTUAL-FUND ACCOUNTING
SUPPORTIVE PROGRAM
FOR THE YEAR ENDED JUNE 30,2008

	RSVP		Legal Assistance		Respite	
	Budget	Actual	Budget	Actual	Budget	Actual
EXPENDITURES:						
Personnel/fringe	\$ 22,714	\$ 23,302	\$ -	\$ -	\$ -	\$ -
Travel (staff & volunteers)	3,964	4,557	-	-	-	-
Building/utilities/phone	2,794	2,686	108	-	-	-
Printing/supplies/office expense	6,877	5,477	1,400	-	-	-
Equipment	-	-	-	-	-	-
Raw Food	-	-	-	-	-	-
Food Service Supplies	-	-	-	-	-	-
Home Delivered Costs	-	-	-	-	-	-
Training	1,513	1,158	355	-	-	-
Insurance	1,461	1,411	50	-	-	-
Repair/Mnt	357	535	(178)	-	-	-
Contractual	-	-	2,997	2,997	27,347	27,818
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	(471)
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-
Other in-kind resources-DHSS match	-	-	400	1,865	2,615	3,154
Other in-kind resources-non DHSS match	-	-	-	-	-	(539)
Total Expenditures	\$ 39,680	\$ 39,126	\$ 554	\$ 3,397	\$ 29,962	\$ 30,972
						\$ (1,010)

See accompanying notes to the financial statements.

SCHEDULE 6
(Continued)

SUPPLEMENTARY INFORMATION
STATEMENT OF FUNCTIONAL EXPENSES-BUDGET AND ACTUAL-FUND ACCOUNTING
SUPPORTIVE PROGRAM
FOR THE YEAR ENDED JUNE 30,2008

	Total (Memorandum Only)		
	Budget	Actual	Variance
EXPENDITURES:			
Personnel/fringe	\$ 59,502	\$ 47,838	\$ 11,664
Travel (staff & volunteers)	11,906	7,369	4,537
Building/utilities/phone	11,999	7,494	4,505
Printing/supplies/office expense	30,762	12,902	17,860
Equipment	-	-	-
Raw Food	-	-	-
Food Service Supplies	-	-	-
Home Delivered Costs	-	-	-
Training	4,841	1,553	3,288
Insurance	2,462	1,773	689
Repair/Mnt	986	1,680	(694)
Contractual	249,313	241,352	7,961
FASB qualifying in-kind resources- DHSS match	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-
Other in-kind resources-DHSS match	32,455	32,458	(3)
Other in-kind resources-non DHSS match	-	-	-
Total Expenditures	\$ 404,226	\$ 354,419	\$ 49,807

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION
 STATEMENT OF FUNCTIONAL EXPENSES-BUDGET AND ACTUAL-FUND ACCOUNTING
 DISEASE PREVENTION AND HEALTH PROMOTION
 FOR THE YEAR ENDED JUNE 30,2008

EXPENDITURES:	DPHP		Medication Management		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual
Personnel/fringe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel (staff & volunteers)	-	-	-	-	-	-
Building/utilities/phone	-	-	-	-	-	-
Printing/supplies/office expense	25,927	-	3,480	3,798	29,407	3,798
Equipment	-	25,927	-	(318)	-	25,609
Raw Food	-	-	-	-	-	-
Food Service Supplies	-	-	-	-	-	-
Home Delivered Costs	-	-	-	-	-	-
Training	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Repair/Mnt	-	-	-	-	-	-
Contractual	-	-	-	-	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-
Other in-kind resources-DHSS match	-	-	-	-	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-	-
Total Expenditures	\$ 25,927	\$ -	\$ 3,480	\$ 3,798	\$ 29,407	\$ 3,798
						\$ 25,609

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION
 STATEMENT OF FUNCTIONAL EXPENSES-BUDGET AND ACTUAL-FUND ACCOUNTING
 FAMILY CAREGIVER
 FOR THE YEAR ENDED JUNE 30,2008

	Public Information & Education			Information & Assistance			Case Management		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:									
Personnel/fringe	\$ 25,972	\$ 25,503	\$ 469	\$ 27,126	\$ 27,083	\$ 43	\$ 7,833	\$ 8,051	\$ (218)
Travel (staff & volunteers)	984	882	102	1,411	1,468	(57)	1,071	1,021	50
Building/utilities/phone	2,684	2,672	12	12,561	12,736	(175)	969	926	43
Printing/supplies/office expense	2,296	2,024	272	4,141	3,921	220	256	217	39
Equipment	-	-	-	-	-	-	-	-	-
Raw Food	-	-	-	-	-	-	-	-	-
Food Service Supplies	-	-	-	-	-	-	-	-	-
Home Delivered Costs	-	-	-	-	-	-	-	-	-
Training	120	90	30	270	248	22	52	39	13
Insurance	297	282	15	808	766	42	89	85	4
Repair/Mnt	164	148	16	1,218	1,674	(456)	33	30	3
Contractual	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-	-	-	-
Other in-kind resources-DHSS match	-	-	-	35,534	46,245	(10,711)	-	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 32,517	\$ 31,601	\$ 916	\$ 83,069	\$ 94,141	\$ (11,072)	\$ 10,303	\$ 10,369	\$ (66)

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION
 STATEMENT OF FUNCTIONAL EXPENSES-BUDGET AND ACTUAL-FUND ACCOUNTING
 SPECIAL PROGRAMS
 FOR THE YEAR ENDED JUNE 30,2008

	RX Transition			SORT			Resource Development		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:									
Personnel/fringe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel (staff & volunteers)	-	-	-	600	462	138	-	-	-
Building/utilities/phone	-	-	-	750	-	750	-	-	-
Printing/supplies/office expense	-	312	(312)	3,050	2,143	907	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Raw Food	-	-	-	-	-	-	-	-	-
Food Service Supplies	-	-	-	-	-	-	-	-	-
Home Delivered Costs	-	-	-	-	-	-	-	-	-
Training	-	-	-	600	-	600	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Repair/Mint	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-	-	-	-
Other in-kind resources-DHSS match	-	-	-	-	-	-	-	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 312	\$ (312)	\$ 5,000	\$ 2,605	\$ 2,395	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

SCHEDULE 9
(Continued)

AREA AGENCY ON AGING REGION X
SUPPLEMENTARY INFORMATION
STATEMENT OF FUNCTIONAL EXPENSES-BUDGET AND ACTUAL-FUND ACCOUNTING
SPECIAL PROGRAMS
FOR THE YEAR ENDED JUNE 30,2008

	Disaster Relief			Total (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:						
Personnel/fringe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel (staff & volunteers)	-	-	-	600	462	138
Building/utilities/phone	-	-	-	750	-	750
Printing/supplies/office expense	15,450	3,450	12,000	18,500	5,905	12,595
Equipment	-	-	-	-	-	-
Raw Food	-	-	-	-	-	-
Food Service Supplies	-	-	-	-	-	-
Home Delivered Costs	-	-	-	-	-	-
Training	-	-	-	600	-	600
Insurance	-	-	-	-	-	-
Repair/Mnt	-	-	-	-	-	-
Contractual	-	-	-	-	-	-
FASB qualifying in-kind resources- DHSS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non DHSS match	-	-	-	-	-	-
Other in-kind resources-DHSS match	-	-	-	-	-	-
Other in-kind resources-non DHSS match	-	-	-	-	-	-
Total Expenditures	\$ 15,450	\$ 3,450	\$ 12,000	\$ 20,450	\$ 6,367	\$ 14,083

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF TRANSPORTATION COST BY FUNDING SOURCE
 FOR YEAR ENDED JUNE 30, 2008

Funding Source:

Missouri Division of Health and Senior Services Resource	\$	23,634
Missouri Highway & Transportation Department		37,953
Program Income		18,174
Other Cash DHSS Match		95,472
Other Cash DHSS Non Match		-
In Kind Contributions		10,925
Total	<u>\$</u>	<u>186,158</u>

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF MONTHLY SS REIMBURSEABLE EXPENDITURES
 FOR THE YEAR ENDED JUNE 30,2008

<u>MONTH</u>	<u>DHSS REIMBURSABLE EXPENDITURES</u>
July	\$ 210,075
August	198,917
September	192,181
October	222,946
November	225,183
December	200,237
January	193,125
February	174,185
March	193,533
April	162,111
May	83,942
June	64,331
	2,120,766
	\$ 2,120,766

See accompanying notes to financial statement.

AREA AGENCY ON AGING REGION X
 SUPPLEMENTARY INFORMATION-SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/ PASS - THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	CURRENT YEAR AWARD AMOUNT	CARRYOVER FROM PRIOR YEARS	EXPENDITURES	TRANSFERS ADJUSTMENTS AND REFUNDS	LAPSED FUNDS	UNREMITTED BALANCE	REMITTED BALANCE
UNITED STATES:								
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
PASSED THROUGH DEPT. OF HEALTH & SENIOR SERVICES								
TITLE III PART B - GRANT FUNDS	93.044	\$ 232,351	\$ 17,273	\$ 215,229	\$ -	\$ -	\$ 27,723	\$ 6,672
TITLE III PART B - PROGRAM INCOME		19,774	3,187	19,774	-	-	-	3,187
TITLE III PART C 1 - GRANT FUNDS	93.045	362,306	-	362,306	-	-	-	-
TITLE III PART C 1 - PROGRAM INCOME		228,645	80,340	152,172	(74,269)	-	-	82,544
TITLE III PART C 2 - GRANT FUNDS	93.045	238,655	-	166,180	-	-	72,475	-
TITLE III PART C 2 - PROGRAM INCOME		107,931	-	182,100	74,269	-	-	-
TITLE III PART D - GRANT FUNDS	93.043	22,502	23,963	3,798	-	-	42,667	-
TITLE III PART D - PROGRAM INCOME		-	-	-	-	-	-	-
TITLE III PART E - GRANT FUNDS	93.052	132,044	38,210	131,094	-	-	34,692	4,468
TITLE III PART E - PROGRAM INCOME		515	110	625	-	-	-	-
NUTRITION SERVICE INCENTIVE PROGRAM	93.053	137,440	-	137,440	-	-	-	-
TITLE VII ELDER RIGHTS OMBUDSMAN	93.042	2,774	-	2,774	-	-	-	-
TITLE VII ELDER RIGHTS OMBUDSMAN PROGRAM INCOME		25	-	25	-	-	-	-
TITLE VII ELDER RIGHTS ELDER ABUSE	93.041	4,295	-	4,295	-	-	-	-
SOCIAL SERVICE BLOCK GRANT	93.667	62,019	-	50,019	-	-	-	12,000
U.S. DEPARTMENT OF LABOR								
PASSED THROUGH DEPT. OF HEALTH & SENIOR SERVICES								
SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM								
TOTAL FEDERAL ASSISTANCE PASSED THROUGH THE								
MISSOURI DEPARTMENT OF HEALTH & SENIOR SERVICES								
		1,551,176	163,083	1,427,831	-	-	177,557	108,871
Missouri State Funds								
DEPARTMENT OF SOCIAL SERVICES								
Passed Through Missouri Department of Health and Senior Services								
MISSOURI GENERAL REVENUE	N/A	\$ 464,581	\$ -	\$ 464,581	\$ -	\$ -	\$ -	\$ -
MISSOURI ELDERLY HOME DELIVERED MEALS TRUST	N/A	1,463	-	1,463	-	-	-	-
TOTAL FEDERAL AND STATE ASSISTANCE PASSED THROUGH THE DEPT. OF HEALTH & SENIOR SERVICES		\$ 466,044	\$ -	\$ 466,044	\$ -	\$ -	\$ -	\$ -
State Pharmaceutical Assistance Program Transitional Grant	93.786	2,500	-	312	-	-	-	2,188
Mo RX Plan		-	-	-	-	-	-	-
MISSOURI HIGHWAY AND TRANSPORTATION								
MEHTAP Grant	N/A	\$ 38,918	\$ -	\$ 37,953	\$ -	\$ 965	\$ -	\$ -
OTHER FEDERAL PROGRAMS								
Corporation for National Service	94.002	\$ 39,680	\$ 118	\$ 39,126	\$ -	\$ 554	\$ -	\$ 118
Retired Senior Volunteer Program		-	-	-	-	-	-	-
TOTAL FEDERAL AND STATE ASSISTANCE		\$ 2,098,318	\$ 163,201	\$ 1,971,266	\$ -	\$ 1,519	\$ 177,557	\$ 111,177

See accompanying notes to the financial statements.

AREA AGENCY ON AGING REGION X
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

Notes to Schedule of Expenditures of Federal Awards:

Note A: Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Area Agency on Aging's financial statements. The schedule presents the activity of all federal and state award programs, direct and passthrough of the Area Agency on Aging. The Area Agency on Aging's reporting entity is defined in Note 1 to the Area Agency on Aging's financial statements.

Note B: Grants to Subrecipients

The Area Agency on Aging uses subgrants with various service providers to provide many services under Title III of the Older Americans Act. Also in accordance with terms of these subgrants, the service providers must spend program income to further the program. The federal and state expenditures passed through to service providers, and the program income expended by service providers, are as follows:

CFDA# or State Award	Federal Awards	State Awards	Program Income
93.044	\$ 80,884	\$ -	\$ 13,027
93.052	28,259	-	515
MEHTAP Grant	-	37,953	6,119
State General Revenue	-	4,257	592
	<u>\$ 109,143</u>	<u>\$ 42,210</u>	<u>\$ 20,253</u>

McBRIDE, LOCK & ASSOCIATES

REPORT ON COMPLIANCE AND 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

Missouri Department of Health
and Senior Services (the "SS") and
The Board of Directors of
Area Agency on Aging Region X

We have audited the financial statements of the Area Agency on Aging Region X as of and for the year ended June 30, 2008, and have issued our report thereon dated November 26, 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, and the Missouri Department of Health and Senior Services Mandated Audit Criteria.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Area Agency on Aging Region X's internal control over financial reporting as a basis for designing our auditing procedure for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Area Agency on Aging Region X'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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Area Agency on Aging Region X's financial statements are free of material misstatements, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The result of our test 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 management, Board of Directors, others within the Agency and 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.



McBride, Lock & Associates
November 26, 2008

McBRIDE, LOCK & ASSOCIATES

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

Missouri Department of Health
and Senior Services (the "SS") and
The Board of Directors of
Area Agency on Aging Region X

Compliance

We have audited the compliance of Area Agency on Aging Region X (a nonprofit organization) 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, 2008. Area Agency on Aging Region X's major federal programs 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 is the responsibility of Area Agency on Aging Region X's management. Our responsibility is to express an opinion on Area Agency on Aging Region X'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 the Missouri Department of Health and Senior Services Mandated Audit Criteria. Those standards; OMB Circular A-133; and the Mandated Audit Criteria 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 Area Agency on Aging Region X'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 Area Agency on Aging Region X's compliance with those requirements.

In our opinion, Area Agency on Aging Region X complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Area Agency on Aging Region X 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 Area Agency on Aging Region X's internal control over compliance with requirements that could have a direct and material effect on a major federal 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 Agency's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exist 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 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 such that there is more that 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 entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program 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 did not identify any deficiencies in internal control over compliance that we would consider to be material weaknesses, as defined above.

However, we noted certain instances of noncompliance or other matters that are required to be reported under OMB Circular A-133. The instances of non compliance and other matters are described in the Findings and Recommendation section of this report, as finding 08-1.

Department of Health and Senior Services Assurances

The Missouri Department of Health and Senior Services Mandated Audit Criteria requires assurances regarding Multipurpose Senior Centers (MSC). The AAA's records include all Multipurpose Senior Center information referenced in the Missouri Department of Health and Senior Services Mandated Audit Criteria Section III.H.3. for all centers in existence at any time during the period July 1, 2007 through June 30, 2008. Further, no MSC, acquired or constructed with AAA resources received from DHSS, ceased operations as a MSC or ceased to be owned by a public or non-profit private agency or organization between July 1, 2007 and June 30, 2008 other than the subsequent acquisition and disposition of properties in FY 2009 as discussed by Note 10 and 11 to the financial statements.

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



McBride, Lock & Associates
November 26, 2008

AREA AGENCY ON AGING REGION X
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditors' report issued: Unqualified

2. Internal control over financial reporting:
 Material weakness(es) identified: Yes No
 Reportable condition(s) identified not
 considered to be material weaknesses?

3. Noncompliance material to financial
 statements noted? Yes No

Federal Awards

4. Internal control over major programs:

 Material weakness(es) identified: Yes No

 Reportable condition(s) identified not
 considered to be material weaknesses?

5. Type of auditors' report issued on
 Compliance for major programs? Unqualified

6. Any findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? Yes No

7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.044	Special Programs for Aging – Title III, Part B
93.045	Special Programs for Aging – Title III, Part C1 & C2
93.053	Nutrition Service Incentive

AREA AGENCY ON AGING REGION X
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2008

8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings:

There were no matters reported.

Section III – Federal Award Findings and Questioned Costs:

	Questioned Costs
Finding 08-1	\$150,000

Program: Division of Senior Service and Federal Awards

Condition: After many attempts and with due diligence, the Agency was unable to secure an acceptable lease agreement for the occupied premises at 2701 S. Bird, which expired in June 2009. Specifically, Four County Elder Advocates notified the Agency that future monthly lease payments for occupancy would increase to \$3,585 from the current monthly rate of \$2,345, a 53% increase in monthly outlays over the three year renewal period. Furthermore, the lease could be extended up to three additional terms of three years each except that the monthly rent would be adjusted to the fair rental value of the premises.

The Agency rejected the offer, a position endorsed by this audit as the proposed lease would not be in the best interest of the senior citizens served, and most importantly, the financial terms are in direct conflict with past federal and state funding and the clear objectives of specific fund raising successes. As a brief history and prior to completion of the facilities, a Memorandum of Understanding was executed on January 6, 2004. The purpose of the memorandum was to document the intent of both Region X and Four County Elder Advocates and establish the roles and responsibilities of both parties regarding the construction of the facility at 2701 S. Bird Street. The memorandum introduced, among other points, two critical understandings.

- a. Region X has a minimum \$150,000 initial investment in the to be constructed facilities.
- b. Region X will be provided diminishing lease charges as the principal of the financial note is reduced. Ultimately, the intended lease amount will be between \$500 and \$1,000 monthly when debt service is eliminated, or a lease in perpetuity.

In conclusion, the proposed lease and the 2004 Memorandum of Understanding are in direct conflict with one another. The Agency in turn took actions to purchase a new facility in which to operate at

much more favorable terms than those outlined in lease proposals previously submitted by Four County Elder Advocates. The purchase of the new facilities was completed on April 27, 2009 with monthly debt service payments of \$1,652, a 30% decrease in monthly outlays compared to a 53% increase as proposed by Four County Elder Advocates. With the dissolution of the relationship between the Agency and Four County Elder Advocates, the Agency is unable to receive the benefit of its \$150,000 initial investment in the property located at 2701 S. Bird. Therefore, the initial \$150,000 investment is questioned.

The Agency requested return of the \$150,000 initial investment in the property on June 23, 2009 through a "Legal Letter of Demand" to Dwayne Russell, Chairman of Four County Elder Advocates Board of Directors. The Letter requested a reply by his Board of Directors by July 23, 2009.

Note: A copy of the January 6, 2004 memorandum of understanding is shown as Attachment A to this report. A copy of the June 23, 2009 Legal Letter of Demand is shown as Attachment B to this report.

Effect: The Agency lost its ability to operate in its current facility at a favorable rate that was implied when the Memorandum of Understanding was created. Furthermore, the Agency risks loss of funds it has already invested in the building as well as a potential loss of future funds due to a significant increase in monthly lease payments.

Criteria: The Older Americans Act, Section 102, Paragraph (33) defines a multipurpose senior center, which would include the facilities at 2701 S. Bird. Section 312 provides for the recapture of payments for constructed multipurpose senior centers. The U.S. Administration on Aging has delegated to DHSS the responsibility for properly administering their federal funding. Stewardship of the funding includes the enforcement of Section 312. Details of how this responsibility is relevant to financial reporting are described in Note 10 to the financial statements.

Cause: Negotiations between the Agency and Four County Elder Advocates did not result in a long term lease that was acceptable and in the spirit of the Memorandum of Understanding.

Recommendation: We recommend the Agency take all action reasonable and necessary to retrieve the lost funds, and seek the guidance of the US Administration on Aging, through the Missouri Department of Health and Senior Services.

Response: The Agency's Board of Directors is hopeful Four County Elder Advocates Board of Directors will fulfill their moral obligation and honor the January 6, 2004 memorandum of understanding by returning the \$150,000 investment in the property to the Agency, which will be used to further the mission of providing much needed service to the seniors of Newton, Jasper, McDonald, and Barton counties.

Should Four County Elder Advocates Board of Directors choose not to honor the January 6, 2004 memorandum of understanding, the Agency will work closely with the Missouri Department of Health and Senior Services and the US Administration on Aging in vigorously seeking restitution through legal and administrative proceedings. The Agency will also seek guidance and assistance from other federal and state authorities, as necessary, including the Office of the Missouri Attorney General.

Audit Evaluation: The Agency has taken appropriate actions that adequately address the finding.

AREA AGENCY ON AGING REGION X

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Questioned Costs</u>
Finding 07-1	\$0

Program: Division of Senior Service and Federal Awards

Condition: The Agency is currently operating under a commercial property lease with the Four County Elder Advocates for occupancy of the building and premises located at 2701 Bird Street. The commercial property lease is dated May 21, 2003 with annual options to extend and it expires June 1, 2010. Presently, the commercial property lease requires monthly payments of \$2,345.00. The commercial property lease states that each option year is renewable "at the rate of negotiable" and is silent to years subsequent to June 1, 2010. However, no definition or other binding provisions are present to define "negotiable". Therefore, that which is negotiable in the best interests of Four County Elder Advocates may not necessarily be the same as those of the Agency.

The Deed's Restated Option Agreement, dated June 1, 2008, for the property located at 2701 Bird, Joplin, Missouri, Paragraph 1 stipulates that Four County Elder Advocates, Inc. grants to Mercy Lifecare System an option to purchase the property for a period of twenty years following the date of the agreement. Beginning five years after the date of the agreement, Mercy Lifecare Systems may purchase the property for any reason or no reason, without condition. During the first five years after the date of the agreement, Mercy Lifecare Systems may purchase the property only if the property is not being used solely for the purpose of operating the Region X Area Agency on Aging, or if Four Counties defaults in the payment of any obligation secured by the property or fails to pay the property taxes. Finally, Mercy Lifecare System has in addition to the Option, the Right of First Refusal over the sale of property that remains in effect for a period of twenty years from 2008.

Prior to completion of the facilities, a Memorandum of Understanding was executed on January 6, 2004. The purpose of the memorandum is to document the intent of both Region X and Four County Elder Advocates and establish the roles and responsibilities of both parties regarding the construction of the facility at 2701 Bird Street. The memorandum introduced, among other points, two critical understandings.

- a. Region X has a minimum \$150,000 initial investment in the to be constructed facilities.
- b. Region X will be provided diminishing lease charges as the principal of the financial note is reduced. Ultimately, the intended lease amount will be between \$500 and \$1,000 monthly when debt service is eliminated, or a lease in perpetuity.

In conclusion, the intent of the existing commercial property lease, the 2004 Memorandum of Understanding, and the latest Restated Option Agreement to the deed on file with Jasper County,

Missouri are in conflict with one another. Specifically,

- The unconditional purchase of the property can be made by Mercy Lifecare System after June 2012 without the knowledge or consent of Region X even though Region X has a significant financial interest in the property. Additionally, a significant increase or decrease to Region X's monthly lease payment requirement could occur since the present lease obligations are "negotiable" with no indication of direction or parameters.
- The lease agreement, as previously stated, does not define future option period lease obligations other than "negotiable". Should Mercy Lifecare Systems exercise their option to purchase the facilities, the sales price would be at an appraised value as stipulated by the Option Agreement. An investment at appraised or fair market value facilities would cause a prudent business man to lease the space at fair market values. Therefore, current lease obligations of \$2,345 / month (\$4.00 / square foot) could go to \$8,200/month (\$14.00/square foot). Mercy Lifecare System would have no inducement, other than community good will, to provide diminishing lease payments to Region X.

Effect: These conflicts of interest need to be resolved. The Restated Option Agreement and the lease agreement need to be amended to conform with the intent of the Memorandum of Understanding. Region X must be provided a legally binding lease agreement for a twenty year period which incorporates the value of the initial investment of \$150,000 and all other one-time principal reductions from fund raising activities done by and on behalf of Region X. The deed and amendments must be amended to reflect these provisions and to protect Region X's investment in the facilities and implicit right to be charged discounted future rental payments on a long-term basis.

If all parties, can not agree upon the amended documents, then provisions of the Older Americans Act should be enforced by DHSS.

Criteria: The Older Americans Act, Section 102, Paragraph (33) defines a multipurpose senior center, which would include the facilities at 2701 S. Bird. Section 312 provides for the recapture of payments for constructed multipurpose senior centers. The U.S. Administration on Aging has delegated to DHSS the responsibility for properly administering their federal funding. Stewardship of the funding includes the enforcement of Section 312. Without knowledge or consent on the part of DHSS, the property deed has been amended to introduce a new party having the unconditional right to purchase the property in 2012, or earlier if certain conditions are met. This places Region X and the seniors they serve in a harmful position, and could trigger the enforcement by DHSS of the recapture of payment provision under Section 312. The amount subject to recapture if used less than twenty years for the intended purpose of the federal program is a percentage of the investment applied to the current value of the investment. Based upon the limited information available to us, the percentage would be:

23.3% ($\$150,000/\$643,726$) of the current appraised value or sales price for the investment made by Region X AAA, plus the percentage of the current value or sales price accruing to Region X from principal reduction payments from proceeds from Region X AAA fund raising efforts and campaigns.

Cause: The building was constructed and financial arrangements were made under the leadership of Region X's prior director, who at the time, also served as president of Four County Elder Advocates. This apparent conflict of interest resulted in the ownership and control of the building being inappropriately placed with Four County Elder Advocates rather than under the direct control of Region

X, which would have been in the best interest of Region X. The Agency has recently attempted to negotiate a long-term lease with Four County Elder Advocates, however these attempts have not resulted in a suitable lease.

Recommendation:

To avoid the financial implications of recapture of funds and protect the significant investment Region X has in the property we suggest one of the following actions.

- a. The Board of Commissioners initiate discussions with the Board of Directors of Four County Elder Advocates to consider the collapse of Four County Elder Advocates into the AAA.

This recommendation is based on the fact that apart from the Agency's financial involvement, we question the solvency of Four County Elder Advocates, resulting in a potential going concern issue.

- b. Amending the deed and entering into a lease of at least twenty years, under favorable terms outlined within the 2004 Memorandum of Understanding taking into account all investments made by or on behalf of Region X.

If neither of these recommended actions are taken by the conclusion of the up coming audit of FY 2008, the audit report will question the initial \$150,000 investment in the property, plus the principal reductions from Region X, and principal reductions from Four County Elder Advocates fundraising efforts on behalf of Region X, and request the return of funding based upon the above formula. We will further recommend DHSS consider invoking the recapture provisions prescribed by the Older Americans Act.

Region X Response:

This finding concerns the differences between the 2004 Memorandum of Understanding and the terms of the 2003 Lease Agreement between Four County Elder Advocates and the Agency for use and the occupancy of the building located at 2701 Bird Street, Joplin, Missouri. It also concerns the Option Agreement between Mercy Life Care Systems and Four County Elder Advocates, which could be exercised without involvement of the Agency, to result in the purchase of the Agency's building, subject to its leasehold interest as reflected in the above referenced Lease. The Agency has been diligently working to resolve this conflict during the audit period. To this end, on August 22, 2008, the Executive Director met with Richard Russell, formerly the Executive Director of the Agency, and thought to be the Executive Director or Board member of Four County Elder Advocates. During their discussion, Mr. Russell stated that he was no longer on the Board and would have no influence on the decisions made by the Board. On August 25, 2008, the Executive Director met with Dwayne Russell, President of the Board of Directors of Four County Elder Advocates, and the following options were discussed:

1. Four County Elder Advocates would cease to exist and transfer its assets to Area Agency on Aging, giving the Agency control over the building and assets of Four County. Mr. Russell, on behalf of Four County Elder Advocates, refused this option.

2. Four Count Elder Advocates would allow the Agency to take over or assume the loan on the building, giving control of the building and the assets to Area Agency on Aging. Again, Mr. Russell declined this option.
3. Four County Elder Advocates would enter into a long term lease agreement that would protect the Agency's long term interest and amend the deed to reflect the agreement of the parties. Mr. Russell declined this option.

In a continued effort to resolve these issues, the Agency asked for a Joint meeting of the Boards to discuss their working and legal relationship. The Board of Directors of Four County Elder Advocates accepted the offer, and the Board of Directors of Area Agency on Aging met with the Board of Directors of Four County Elder Advocates on September 24, 2008. During this meeting, the Board of Directors of Four County Elder Advocates expressed their desire to honor the "spirit" of the Memorandum of Understanding with the Agency. It was agreed between the two Boards that a new Lease would be created by June 1, 2009, to be in effect when the current Lease Agreement expires on June 1, 2010. The terms and conditions of this new Lease, which is anticipated to be for a term of at least three (3) years, have not yet been agreed upon or discussed, more than in generalities, sufficing to say that it is the intent and aim of the Board of Directors of the Agency to negotiate a Lease upon favorable terms; to recognize the value installed and contributed in the existing building, by the Agency; and to negotiate a Lease term of sufficient length and favorable rate to recognize this investment. The Board of Directors of Four County Elder Advocates acknowledged, in principal, their continued goal to support the good work of the Agency. Thus the Agency is very hopeful that the new Lease Agreement will continue to be on favorable terms at or below market rent. The Agency continues to be concerned about the potential that Mercy Life Care Systems will exercise its option to purchase the building. However, it is felt that current market conditions will result in no action being taken by the option holder, and the recent inspection and appraisal of the building were undertaken by the option holders as a result of its standard operating procedures and not in anticipation of exercise of its option.

In conclusion, the Agency feels it has made substantial progress in protecting its right to continued use occupancy of the building during the period of the Audit. The Board of the Agency will continue to work to resolve the legal uncertainties in the best interest of the Area's seniors.

Audit Evaluation: The audit acknowledges the due diligence of the AAA Board of Commissioners to resolve this issue with the Four County Elder Advocates, Inc. However, these efforts have not reached a fair and equitable position for all parties involved due to Four County Elder Advocates lack of good faith to recognize the vested financial interests and rights the AAA has in the property in question.

The AAA must obtain closure to this issue before harm accrues to the Agency's seniors it serves. It is our final recommendation to the Missouri Division of Senior and Disability Services that the Board of Commissioners obtain the referenced appraisal of the building, as well as, an amortization accounting of the building's mortgage. The Agency's vested financial interest in the building entitles the AAA to such documentation. If this information is denied, the Division should invoke the recapture provisions prescribed by the Older Americans Act with assistance, if required, from other federal and state regulatory agencies.

In good faith and given Four County Elder Advocates understanding that such information should be made available to Region X, the AAA should then perform the following tasks:

1. Based upon the appraisal, amortization schedule and proceeds from fund raising efforts and campaigns designated for mortgage reductions, calculate the amount subject to the recapture of payment provision under Section 312 of the Older Americans Act. Due to the limited information available at this time, the percentage would be:

23.3% ($\$150,000/\$643,726$) of the current appraised value or sales price for the investment made by Region X AAA, plus the percentage of the current value or sales price accruing to Region X from principal reduction payments from proceeds from Region X AAA fund raising efforts and campaigns.

2. The calculation should be submitted to the Division of Senior and Disability Services for their verification of its correctness. Upon the Division's acceptance of the calculation, the dollar amount should then be provided to the Four County Elder Advocates to inform them of the pending financial debt they will owe the AAA if acceptable closure to this issue is not achieved.
3. Based upon the contingent debt Four County Elder Advocates may incur, the Advocates can inform the Agency of their desire to perform any one of the following courses:
 - Amend the deed and enter into a lease of at least twenty years, under favorable terms outlined within the 2004 Memorandum of Understanding taking into account all investments made by or on behalf of Region X;
 - Initiate proceedings to transfer its assets to the AAA giving the Agency control over the building and its assets; or
 - Agree to the repayment calculation and return the funds to the AAA.

If none of these recommended courses of action are taken by the conclusion of the upcoming audit of fiscal year 2008, the audit report will question the initial \$150,000 investment in the property, plus the principal reductions from Region X, and principal reductions from Four County Elder Advocates fundraising efforts on behalf of Region X, and request the return of funding based upon the above formula. We will further recommend the Division consider invoking the recapture provisions prescribed by the Older Americans Act and solicit the assistance of appropriate federal and state agencies.

Current Status

See Finding 08-1

Memorandum of Understanding

This memorandum of understanding is by and between **Four County Elder Advocates, Inc.** and the **Area Agency on Aging Region Ten**. The purpose of this memorandum of understanding is to document the intent of both parties and to clarify the roles and responsibilities regarding the construction of a facility located at 2800 Bird Street, Joplin, Missouri.

Based on discussions by the Boards of Directors of Four County Elder Advocates, Inc. and the Area Agency on Aging Region Ten, the following points of agreement follow:

- Four County Elder Advocates, Inc. will construct a building to be leased to the Area Agency on Aging Region Ten to be used as the agency's central office location
- Four County Elder Advocates, Inc. will secure the building site located at 2800 Bird Street, Joplin, Missouri (lots 30,31,32)
- The design of the building will be a joint effort of both parties
- Four County Elder Advocates, Inc. will conduct fund raising activities. All monies generated will be deposited in its 501(C)3 account.
- The Area Agency on Aging Region Ten will pay up to a maximum of \$150,000 for the construction of infrastructure and interior (offices, etc.)
- Four County Elder Advocates, Inc. will secure financing for the remainder of the cost of the building with a financial institution.
- Four County Elder Advocates, Inc. will lease the facility to the Area Agency on Aging with a diminishing lease charge as the principle of the financial note is reduced. When the indebtedness has been paid, the intended lease amount will be between \$500 to \$1,000 monthly. This amount will be determined by the budget of the Agency and the existing financial conditions at that time.
- Fund raising to pay off the entire building construction cost will be on-going until the note is paid

Bill Wilson

Bill Wilson, Area Agency on Aging Region Ten
Board of Directors

1-6-04
Date

Gene Delano

Gene Delano, Four County Elder Advocates
Board of Directors

Jan 6, 2004
Date

LAW OFFICES
W/F WARTEN, FISHER, LEE and BROWN, LLC
L/B A LIMITED LIABILITY COMPANY

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RECEIVED
JUN 26 2009
BY:-----

HENRY WARTEN
1910-2007
ROGER K. FISHER
1939-2001

*Also licensed in Kansas
*Also licensed in Oklahoma

June 23, 2009

Mr. Dwane Russell, President
Four County Elder Advocates, Inc.
P. O. Box 4703
Joplin, Missouri 64803

COPY

Dear Dwane:

As you know, I am attorney for Region X Area Agency on Aging.

The purpose of this correspondence is to make formal demand on behalf of Area Agency on Aging, Region X , against Four County Elder Advocates, Inc. for repayment of the sum of \$150,000.00 paid by the Agency for "improvements for the construction of infrastructure and interior offices) pursuant to the Memorandum of Understanding dated January 6, 2004) at 2701 Bird, Joplin, Missouri.

As you are aware, pursuant to that Memorandum of Understanding, Area Agency on Aging advanced these funds upon the assumption and belief that it would continue to occupy the premises at 2701 Bird, on a long-term lease, with the ability to acquire title to the property when the indebtedness relating to the construction of the property was discharged. Unfortunately, the initial lease between the parties dated May 21, 2003, effective June 1, 2004, does not take into account the spirit or intent of the Memorandum of Understanding. Moreover, Four County thereafter borrowed additional sums against the property, which subsequently was the basis of including rent due from Area Agency on Aging and prevented acquisition of the title by Area Agency on Aging.

It became clear to the Agency Board that Four County could and would not allow the purchase of the premises by Area Agency on Aging at the conclusion of the lease for minimal consideration or allow the lease of the premises to continue at below market rent in the spirit of the Letter of Intent. This resulted in the determination by Area Agency on Aging to terminate the lease and move to more affordable quarters in June 2009.

Mr. Dwane Russell
June 23, 2009
Page 2

Therefore, the Board is of the opinion that its previous investment will, unless repaid, unjustly enrich Four County Elder Advocates.

The Board is aware that the premises at 2701 Bird are now being marketed for sale. The Board would be willing to accept the above-referenced sum from the proceeds of the sale.

Please favor me with your Board's response within thirty (30) days.

Sincerely yours,

WARTEN, FISHER, LEE & BROWN, L.L.C.

Chuck D. Brown

CDB/ks

cc: Mrs. Carolyn McLaren, Executive Director
Mr. John Bartosh, Board President
Mr. Charles McBride

Area Agency on Aging

P.O. Box 3990, 64803 • 2701 S. Bird • Joplin, MO 64804
417.781.7562 • Fax 417.781.1609

July 13, 2009

McBride, Locke & Associates
1111 Main St., Suite 900
P. O. Box 3990
Kansas City, Missouri 64105

Re: Area Agency on Aging, Region X Audit Response

Dear Mr. McBride:

The Area Agency on Aging Region X Board of Directors agreed with the suggested response to the FY08 Audit finding regarding the 2701 S. Bird building as stated below.

Response: The Agency's Board of Directors is hopeful Four County Elder Advocates Board of Directors will fulfill their moral obligation and honor the January 6, 2004 memorandum of understanding by returning the \$150,000 investment in the property to the Agency, which will to be used to further the mission of providing much needed service to the seniors of Newton, Jasper, McDonald, and Barton counties.

Should Four County Elder Advocates Board of Directors choose not to honor the January 6, 2004 memorandum of understanding, the Agency will work closely with the Missouri Department of Health and Senior Services and the US Administration on Aging in vigorously seeking restitution through legal and administrative proceedings. The Agency will also seek guidance and assistance from other federal and state authorities, as necessary, including the Office of the Missouri Attorney General.

The Board could not meet to discuss this issue members were polled by email, each member received a copy of the suggestion and our attorney, Chuck Brown's evaluation. Two member's were able to respond by email (see attached copies of their emails) John Bartosh and Larry Jones responded by phone. All responses were positive and the Board will confirm the action at the Board Meeting on July 14th.

If you have any questions or concerns please contact me.

Thank you,



Carolyn McLaren, Executive Director
Area Agency on Aging Region X,

Attachments 2

cc: Board



aaaxmo@yahoo.com