

AREA AGENCY ON AGING REGION X

JOPLIN, MISSOURI

AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2007

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:		
Statement of Financial Position	<u>Schedule</u> 1	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Statement of Activities	2	15
Combining Statement of Financial Positions, Assets, Liabilities and Fund Balance – All Special Revenue Funds	3	16
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – All Special Revenue Funds	4	17
Combining Statement of Revenues and Expenditures – Budget to Actual - By Program	5	18
Combining Statement of Expenditures – Budget to Actual - Supportive Services	6	22
Combining Statement of Expenditures - Budget and Actual - Health Promotion Disease Prevention	7	26
Combining Statement of Expenditures - Budget and Actual - Family Caregiver Support Program	8	27

AREA AGENCY ON AGING REGION X

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Combining Statement of Expenditures - Budget and Actual - Special Programs	9	29
Schedule of Transportation Costs by Funding Source	10	31
Schedule of Monthly Expenditures Reimbursable by the SS	11	32
Section II: FEDERAL FINANCIAL ASSISTANCE		
Schedule of Expenditures of Federal and State Awards	12	33
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>		35
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		37
Schedule of Findings and Questioned Costs		39
Schedule of Prior Year Findings and Questioned Costs		45

McBRIDE, LOCK & ASSOCIATES

## 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, 2007, 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, 2007, 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 February 14, 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 14 through 32, 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

February 14, 2008

**AREA AGENCY ON AGING REGION X  
SUPPLEMENTARY INFORMATION  
STATEMENT OF FINANCIAL POSITION  
FOR YEAR ENDED JUNE 30, 2007**

**ASSETS**

Cash and cash equivalents	\$ 307,839.12
Receivables:	
Missouri Depart. of Health and Senior Services	26,013.90
Missouri Division of Medical Services	24,292.45
Missouri RX	4,999.91
Other	9,093.50
Prepaid expenses	8,922.57
Equipment, net of depreciation	<u>64,637.42</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 445,798.87</b></u>

**LIABILITIES**

SS funds held in trust	11,139.81
Accounts payable	73,578.46
Accrued expenses	32,880.76
Other payables	-
Notes payable	<u>118.30</u>
<b>TOTAL LIABILITIES</b>	<u><b>\$ 117,717.33</b></u>

**NET ASSETS**

Unrestricted	-
Investment of Equipment	64,637.42
Temporarily restricted	<u>263,444.12</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 328,081.54</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u><b>\$ 445,798.87</b></u></u>

See accompanying notes to the financial statement

**AREA AGENCY ON AGING REGION X  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Unrestricted</u>	<u>Temporarily Unrestricted</u>	<u>Total</u>
<b>REVENUE:</b>			
Misouri Depart. Of Health and Senior Services	\$ 1,609,794.50	\$ -	\$ 1,609,794.50
Misouri Highway and Transportation Dept.	36,186.32	-	36,186.32
Misouri Division of Medical Services-HDM	139,721.88	-	139,721.88
Misouri Division of Medical Services-ADC	-	-	-
Program Income	-	-	-
Other Cash-SS match	-	359,694.85	359,694.85
Other Cash-non SS match	-	172,000.25	172,000.25
Interest Income	-	61,906.97	61,906.97
FASB qualifying in-kind resources-SS match	-	5,835.35	5,835.35
FASB qualifying in-kind resources-non SS match	-	-	-
Net Assets released from restrictions, restrictions satisfied by payments	-	-	-
	<u>489,917.91</u>	<u>(489,917.91)</u>	<u>-</u>
Total Revenues	<u>\$ 2,275,620.61</u>	<u>\$ 109,519.51</u>	<u>\$ 2,385,140.12</u>
<b>EXPENDITURES:</b>			
Administration	\$ 160539.13	\$ -	\$ 160539.13
Supportive Program	312572.17	-	312572.17
Ombudsman	24996.73	-	24996.73
Congregate Program	632641.06	-	632641.06
Home Delivered Program	1000321.39	-	1000321.39
Disease Prevention & Health Promotion	24657	-	24657
Family Caregiver	106095.19	-	106095.19
SCSEP Program	2599.45	-	2599.45
Special Program	11198.49	-	11198.49
Other Funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2275620.61</u>	<u>\$ -</u>	<u>\$ 2275620.61</u>
<b>CHANGE IN NET ASSETS</b>	\$ -	\$ 109,519.51	\$ 109,519.51
<b>NET ASSETS, July 1, 2006</b>	<u>-</u>	<u>218562.03</u>	<u>218,562.03</u>
<b>NET ASSETS, June 30, 2007</b>	<u>\$ -</u>	<u>\$ 328,081.54</u>	<u>\$ 328,081.54</u>

See accompanying notes to the financial statement

**AREA AGENCY ON AGING REGION X  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2007**

	Administration	Supportive Services	Ombudsman	Congregate Program	Home Delivered Program	Disease Prev. & Health Promotion	Family Caregiver	SCSEP Program	Special Projects	Total
Personnel/fringe	\$ 124,363.11	\$ 47,985.26	\$ 10,646.59	\$ 281,145.69	\$ 468,715.70	\$ -	\$ 57,394.85	\$ 325.50	\$ -	\$ 990,576.70
Travel (staff & volunteers)	4,587.52	8,532.44	4,559.06	5,418.15	7,600.52	-	1,882.76	-	1,396.10	33,976.55
Building/utilities/phone	15,997.67	7,087.48	2,291.43	33,361.72	46,211.20	-	16,066.88	14.37	206.76	121,237.51
Printing/supplies/office expense	9,727.11	12,425.70	6,580.85	13,064.69	18,684.73	6,206.00	4,292.50	-	8,277.82	79,259.40
Raw food	-	-	-	240,296.15	337,021.65	-	-	-	457.06	577,774.86
Food service supplies	-	-	-	32,249.66	61,107.16	-	-	-	-	93,356.82
Home delivery costs	-	-	-	1,495.75	18,335.25	-	-	-	-	19,831.00
Other costs:	-	-	-	-	-	-	-	-	-	-
Training	335.74	1,006.86	-	-	-	-	-	-	-	-
Insurance	2,044.52	2,077.04	468.61	564.40	779.38	-	28.30	-	-	3,519.04
Repair.Mnt	2,034.46	1,889.12	114.33	9,446.58	15,206.88	-	1,417.19	5.72	335.75	30,312.26
Contractual	-	231,568.27	335.86	10,748.46	14,965.96	-	1,876.12	-	525.00	32,374.98
Enrollee wages/fringe	-	-	-	-	-	18,451.00	23,136.59	-	-	273,155.86
Depreciation	1,449.00	-	-	4,849.81	11,692.96	-	-	2,253.86	-	2,253.86
<b>TOTAL EXPENDITURES</b>	<b>\$ 160,539.13</b>	<b>\$ 312,572.17</b>	<b>\$ 24,996.73</b>	<b>\$ 632,641.06</b>	<b>\$ 1,000,321.39</b>	<b>\$ 24,657.00</b>	<b>\$ 106,095.19</b>	<b>\$ 2,599.45</b>	<b>\$ 11,198.49</b>	<b>\$ 2,275,620.61</b>

See accompanying notes to the financial statements.

**AREA AGENCY ON AGING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2007**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Dept. of Senior Services	1,640,244.79
Missouri Highway and Transportation Department	36,186.32
Missouri Division of Medical Services-NEMT	142,868.79
Program Income	359,694.85
Other cash-DA match	252,463.68
Other cash-non DA match	0.00
Cash disbursed to suppliers and employees	<u>(2,258,897.61)</u>
Net cash provided by (used for) operation activities	172,560.82
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Payments on mortgage payable	<u>0.00</u>
Net cash provided by (used for) operating and financing activities	172,560.82
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of Equipment	<u>37,467.00</u>
Net decrease in cash and cash equivalents	135,093.82
CASH, BEGINNING OF YEAR	<u>172,745.30</u>
CASH, END OF YEAR	<u><u>307,839.12</u></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	109,519.51
Adjustments:	
(Increase) decrease in:	
Depreciation	17,991.77
Receivables:	
Department of Senior Services	38,439.34
Missouri Highway and Transportation Department	0.00
Missouri Division of Medical Services-NEMT	3,146.91
Other	14,246.12
Prepaid expense	<u>(5,519.38)</u>
(Increase) decrease in:	
SS fund held in trust	(7,989.05)
Accounts payable	10,418.11
Accrued expenses	(6,167.50)
Other payables	(1,525.01)
Deferred revenues	<u>0.00</u>
Net cash provided by (used for) operating activities	<u><u>172,560.82</u></u>
See accompanying notes to the financial statements.	

AREA AGENCY ON AGING REGION X  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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

AREA AGENCY ON AGING REGION X  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

- 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.

AREA AGENCY ON AGING REGION X  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	\$ 45,162.19
Additions	37,467.00
Depreciation	<u>17,991.77</u>
Net Assets, Year End	<u>\$ 64,637.42</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

AREA AGENCY ON AGING REGION X  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

was \$411,642.10 for FY 2007. 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 \$54,390.91 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, 2007 is as follows:

	<u>Carrying Value</u>		<u>Bank Balance</u>
Cash, checking	\$ 307,814.12	\$	323,956.65
Cash, credit union	25.00		25.00
<b>Total</b>	<u>\$ 307,839.12</u>	<u>\$</u>	<u>323,981.65</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 \$149,953.66 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.

AREA AGENCY ON AGING REGION X  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE 3 - FIXED ASSETS - continued

<u>Beginning Balance 7/1/2006</u>	<u>Additions</u>	<u>Accumulated Depreciation</u>	<u>Ending Balance 6/30/07</u>
\$ 45,162.19	\$ 37,467.00	\$ 17,991.77	\$ 64,637.42

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, 2007 amounted to \$29,998.48. Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2008	\$ 30,522.26
June 30, 2009	30,522.26
June 30, 2010	30,522.26
Total	<u>\$ 91,566.78</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.

AREA AGENCY ON AGING REGION X  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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, 2007, Missouri Department of Health and Senior Services revenues were \$1,609,794.50. Additionally, related contributions from program participants totaled \$359,694.85.

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, 2007, the Agency's uninsured cash balance totaled \$ 149,953.66. FNMAs 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 dependant upon the level of funding provided for each program.

NOTE 10 – BUILDING OCCUPANCY

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. In return, the Agency intends to fund raise and contribute such proceeds toward debts and liabilities. Once the building is free of all debt and liability, it is the intent of the Four-County Elder Advocates to house the Area Agency on Aging Region X for a nominal rental charge.

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.

NOTE 11 – FOUR COUNTY ELDER ADVOCATES RECEIVABLE

The Area Agency on Aging Region X disbursed \$197,965 to the Four County Elder Advocates for the purpose to satisfy the requirements of the Memorandum of Understanding as discussed by Note 10. The Area Agency on Aging Region X determined that the \$197,965 would ensure a sufficient reduction to

AREA AGENCY ON AGING REGION X  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

the building mortgage held by the Four County Elder Advocates to assure a monthly rental charge for occupancy which would be lower than the fair market rent of comparable space. However, the Memorandum of Understanding stipulated a maximum of \$150,000 for such purposes and the Agency has established a receivable of \$47,965 for recovery of the excessive portion of the payment.

The Agency received a check from the Four County Elder Advocates in the amount of \$22,223 and paid invoices made by the Four County Elder Advocates on the agency's behalf. The bills were to Barney's Appliance for the Southwest City Senior Center furnace in the amount of \$2,337, and to Savers' Property & Casualty Insurance for the agency's general and liability insurance in the amount of \$23,405, which expires in FY 2007. Accordingly, the balance of this receivable at June 30, 2006 was \$4,876, which represents two and one half months of general insurance that was expensed in FY 2007

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  
STATEMENT OF FINANCIAL POSITION  
FOR YEAR ENDED JUNE 30, 2007**

ASSETS	<u>Grant Basis</u>	<u>GAAP Adjustments</u>	<u>GAAP Basis</u>
Cash and cash equivalents	\$ 307,839.12	\$ -	\$ 307,839.12
Receivables:			
Missouri Depart. of Health and Senior Services	26,013.90	-	26,013.90
Missouri Division of Medical Services	24,292.45	-	24,292.45
Missouri RX	4,999.91	-	4,999.91
Other	9,093.50	-	9,093.50
Prepaid expenses	8,922.57	-	8,922.57
Equipment, net of depreciation	-	64,637.42	64,637.42
<b>TOTAL ASSETS</b>	<b>\$ 381,161.45</b>	<b>\$ 64,637.42</b>	<b>\$ 445,798.87</b>
<b><u>LIABILITIES</u></b>			
SS funds held in trust	\$ 11,139.81	\$ -	\$ 11,139.81
Accounts payable	73,578.46	-	73,578.46
Accrued expenses	32,880.76	-	32,880.76
Other payables	-	-	-
RSVP Funds in Trust	118.30	-	118.30
<b>TOTAL LIABILITIES</b>	<b>\$ 117,717.33</b>	<b>\$ -</b>	<b>\$ 117,717.33</b>
<b><u>NET ASSETS</u></b>			
Unrestricted	\$ -	\$ -	\$ -
Investment of Equipment		64,637.42	64,637.42
Temporarily restricted	263,444.12	-	263,444.12
<b>TOTAL NET ASSETS</b>	<b>\$ 263,444.12</b>	<b>\$ 64,637.42</b>	<b>\$ 328,081.54</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 381,161.45</b>	<b>\$ 64,637.42</b>	<b>\$ 445,798.87</b>

See accompanying notes to the financial statements.

**AREA AGENCY ON AGING REGION X  
SUPPLEMENTARY INFORMATION  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2007**

	<u>Grant Basis</u>	<u>GAAP Adjustments</u>	<u>GAAP Basis</u>
<b>REVENUES:</b>			
Missouri Dept. of Health and Senior Services	\$ 1,609,794.50	\$ -	\$ 1,609,794.50
Missouri Highway and Transportation Dept.	36,186.32	-	36,186.32
Missouri Division of Medical Services-HDM	139,721.88	-	139,721.88
Missouri Division of Medical Services-ADC	-	-	-
Program Income	359,694.85	-	359,694.85
Other cash-SS match	172,000.25	-	172,000.25
Other cash-non SS match	61,906.97	-	61,906.97
Interest Income	5,835.35	-	5,835.35
Total Revenue	<u>\$ 2,385,140.12</u>	<u>\$ -</u>	<u>\$ 2,385,140.12</u>
<b>EXPENDITURES:</b>			
Personnel/fringe	\$ 990,576.70	\$ -	\$ 990,576.70
Travel (staff & volunteers)	33,976.55	-	33,976.55
Building/utilities/phone	121,237.51	-	121,237.51
Printing/supplies/office expense	79,259.40	-	79,259.40
Equipment	37,467.00	(37,467.00)	-
Raw food	577,774.86	-	577,774.86
Food service supplies	93,356.82	-	93,356.82
Home delivery costs	19,831.00	-	19,831.00
Other costs:			
Training	3,519.04	-	3,519.04
Insurance	30,312.26	-	30,312.26
Repairs/Mnt	32,374.98	-	32,374.98
Contractual	273,155.86	-	273,155.86
Enrollee wages/fringe	2,253.86	-	2,253.86
Depreciation	-	17,991.77	17,991.77
Total Expenditures	<u>\$ 2,295,095.84</u>	<u>\$ (19,475.23)</u>	<u>\$ 2,275,620.61</u>
Change in net assets	\$ 90,044.28	\$ 19,475.23	\$ 109,519.51
Net assets, beginning of year, as restated	<u>173,399.84</u>	<u>45,162.19</u>	<u>218,562.03</u>
Net assets, end of year	<u>\$ 263,444.12</u>	<u>\$ 64,637.42</u>	<u>\$ 328,081.54</u>

See accompanying notes to the financial statements.

**AREA AGENCY ON AGING REGION X  
SUPPLEMENTARY INFORMATION  
STATEMENT OF FINANCIAL POSITION-FUND ACCOUNTING  
FOR THE YEAR ENDED JUNE 30, 2007**

	Administration	Supportive Services	Ombudsman	Congregate Program	Home Delivered Program	Disease Prev. & Health Promotion	Family Caregiver	SCSEP Program	Special Projects	Other Funds	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ 46,731.88	\$ 46,579.22	\$ 17,726.63	\$ 109,856.38	\$ 11,755.25	\$ 1,207.30	\$ 13,828.28	\$ (2,368.05)	\$ 62,522.24	\$ -	\$ 307,839.12
Receivables	6,317.13	2,770.21	2,056.37	-	8,991.00	184.00	5,695.19	-	-	-	26,013.90
Missouri Depart. of Health and Senior Services	-	-	-	-	24,292.45	-	-	-	-	-	24,292.45
Missouri Division of Medical Services	-	-	-	-	-	-	-	-	4,999.91	-	4,999.91
Missouri RX	-	-	-	-	-	-	-	-	-	-	-
Corp for National Service Grant	1,276.61	9,093.50	403.93	1,459.33	2,611.13	-	134.82	2,368.05	1.36	-	9,093.50
Prepaid expenses	-	667.33	-	-	-	-	-	-	-	-	667.33
Land, structures and equipment at cost	-	-	-	-	-	-	-	-	-	-	8,922.57
<b>TOTAL ASSETS</b>	<b>\$ 54,325.62</b>	<b>\$ 59,110.26</b>	<b>\$ 20,186.93</b>	<b>\$ 111,315.71</b>	<b>\$ 47,649.83</b>	<b>\$ 1,391.30</b>	<b>\$ 19,658.29</b>	<b>\$ -</b>	<b>\$ 67,523.51</b>	<b>\$ -</b>	<b>\$ 381,161.45</b>
<b>LIABILITIES</b>											
SS funds held in trust	\$ 5,190.89	\$ 1,480.89	\$ -	\$ -	\$ -	\$ -	\$ 4,468.03	\$ -	\$ -	\$ -	\$ 11,139.81
Accounts payable	1,119.86	13,382.43	66.91	21,928.13	33,102.29	758.15	3,220.69	-	-	-	73,578.46
Accrued expenses	4,339.56	2,408.87	962.82	9,047.90	14,547.54	574.50	999.57	-	-	-	32,880.76
Other payables	-	-	-	-	-	-	-	-	-	-	-
RSVP funds held in Trust	-	118.30	-	-	-	-	-	-	-	-	118.30
<b>TOTAL LIABILITIES</b>	<b>\$ 10,650.31</b>	<b>\$ 17,390.49</b>	<b>\$ 1,029.73</b>	<b>\$ 30,976.03</b>	<b>\$ 47,649.83</b>	<b>\$ 1,332.65</b>	<b>\$ 8,688.29</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,717.33</b>
<b>NET ASSETS</b>											
Temporarily restricted:											
Program Income	\$ -	\$ 3,187.00	\$ -	\$ 80,339.68	\$ -	\$ -	\$ 110.00	\$ -	\$ -	\$ -	\$ 83,636.68
Other Cash DHHS Match	-	28,512.90	16,843.41	-	-	58.65	860.00	-	-	-	46,274.96
Other Cash Non DHHS Match	186.21	9,902.89	2,313.79	-	-	-	10,000.00	-	67,523.51	-	89,926.40
Interest Income	43,489.10	116.98	-	-	-	-	-	-	-	-	43,606.08
<b>TOTAL NET ASSETS</b>	<b>\$ 43,675.31</b>	<b>\$ 41,719.77</b>	<b>\$ 19,157.20</b>	<b>\$ 80,339.68</b>	<b>\$ -</b>	<b>\$ 58.65</b>	<b>\$ 10,970.00</b>	<b>\$ -</b>	<b>\$ 67,523.51</b>	<b>\$ -</b>	<b>\$ 263,444.12</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 54,325.62</b>	<b>\$ 59,110.26</b>	<b>\$ 20,186.93</b>	<b>\$ 111,315.71</b>	<b>\$ 47,649.83</b>	<b>\$ 1,391.30</b>	<b>\$ 19,658.29</b>	<b>\$ -</b>	<b>\$ 67,523.51</b>	<b>\$ -</b>	<b>\$ 381,161.45</b>

See accompanying notes to the financial statements.

**AREA AGENCY ON AGING REGION X**

**SUPPLEMENTARY INFORMATION  
STATEMENT OF ACTIVITIES-BY FUNDING SOURCE-FUND ACCOUNTING  
FOR THE YEAR ENDED JUNE 30, 2007**

	Administration	Supportive Services	Ombudsman	Congregate Program	Home Delivered Program	Disease Prev. & Health Promotion	Family Caregiver	SCSEP Program	Special Projects	Other Funds	Eliminations Other In-Kind	Total
<b>REVENUE:</b>												
Missouri Dept. of Health and Senior Services	\$ 159,090.13	\$ 122,962.73	\$ 24,808.00	\$ 481,928.00	\$ 698,269.00	\$ 11,759.00	\$ 105,703.19	\$ 2,599.45	\$ 2,675.00	\$ -	\$ -	\$ 1,609,794.50
Missouri Highway and Transportation Dept.	-	36,186.32	-	-	139,721.88	-	-	-	-	-	-	36,186.32
Missouri Division of Medical Services-HDM	-	18,670.91	-	218,103.75	114,163.19	8,415.00	342.00	-	-	-	-	139,721.88
Missouri Division of Medical Services-ADC	-	89,959.71	2,502.52	33,420.27	48,620.27	-	-	-	-	-	-	359,694.85
Program Income	-	45,058.06	-	-	-	-	-	-	-	-	-	172,000.25
Other cash-SS match	-	-	-	-	-	-	-	-	-	-	-	61,906.97
Interest	150.65	-	-	-	-	-	-	-	-	-	-	150.65
FASB qualifying in-kind resources-SS match	5,835.35	-	-	-	-	-	-	-	14,145.74	-	-	20,016.14
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-	-	-	-	-	-	61,906.97
Other in-kind resources-SS match	-	54,630.51	22,728.63	140,822.78	152,851.83	1,940.00	38,040.07	361.20	-	-	-	583,944.82
Other in-kind resources-non SS match	-	267.05	-	-	-	-	-	-	-	-	-	267.05
<b>TOTAL REVENUE</b>	\$ 165,076.13	\$ 367,795.29	\$ 50,039.15	\$ 874,274.80	\$ 1,153,626.17	\$ 22,114.00	\$ 144,135.26	\$ 2,960.65	\$ 16,820.74	\$ -	\$ (411,375.02)	\$ 2,385,140.12
<b>EXPENDITURES:</b>												
Missouri Dept. of Health and Senior Services	\$ 159,090.13	\$ 122,962.73	\$ 24,808.00	\$ 481,928.00	\$ 698,269.00	\$ 11,759.00	\$ 105,703.19	\$ 2,599.45	\$ 2,675.00	\$ -	\$ -	\$ 1,609,794.50
Missouri Highway and Transportation Dept.	-	36,186.32	-	-	139,721.88	-	-	-	-	-	-	36,186.32
Missouri Division of Medical Services-HDM	-	18,670.91	-	112,442.98	139,484.28	8,415.00	342.00	-	-	-	-	139,721.88
Missouri Division of Medical Services-ADC	-	89,959.71	188.73	33,420.27	48,620.27	4,483.00	-	-	-	-	-	147,511.98
Program Income	-	44,792.50	-	-	-	-	-	-	-	-	-	44,792.50
Other cash-SS match	-	-	-	-	-	-	-	-	-	-	-	279,355.17
Interest	-	-	-	-	-	-	-	-	8,523.49	-	-	8,523.49
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-	-	-	-	-	-	176,483.25
FASB qualifying in-kind resources-non SS match	-	54,630.51	22,728.63	140,822.78	152,851.83	1,940.00	38,040.07	361.20	-	-	-	533,554.72
Other in-kind resources-SS match	-	267.05	-	-	-	-	-	-	-	-	-	267.05
Other in-kind resources-non SS match	-	367,469.73	47,725.36	768,614.03	1,178,947.26	26,597.00	144,135.26	2,960.65	11,198.49	-	-(411,375.02)	2,296,095.84
<b>TOTAL EXPENDITURES</b>	\$ 159,090.13	\$ 367,469.73	\$ 47,725.36	\$ 768,614.03	\$ 1,178,947.26	\$ 26,597.00	\$ 144,135.26	\$ 2,960.65	\$ 11,198.49	\$ -	\$ (411,375.02)	\$ 2,296,095.84
<b>CHANGE IN NET ASSETS</b>												
Program income	-	-	-	105,660.77	(25,321.09)	(4,483.00)	-	-	-	-	-	80,339.68
Other cash-SS match	150.65	265.56	2,313.79	-	-	-	-	-	-	-	-	(4,483.00)
Other cash-non SS match	5,835.35	-	-	-	-	-	-	-	5,622.25	-	-	8,352.25
Interest	5,986.00	265.56	2,313.79	105,660.77	(25,321.09)	(4,483.00)	-	-	-	-	-	5,835.35
Total change in net assets	-	3,187.00	-	-	-	-	-	-	5,622.25	-	-	90,044.28
<b>NET ASSETS, BEGINNING OF YEAR</b>												
Program income	35.56	28,512.90	16,843.41	-	-	4,541.65	110.00	-	-	-	-	3,297.00
Other cash-SS match	37,653.75	9,637.33	-	-	-	-	860.00	-	-	-	-	50,757.96
Other cash-non SS match	-	116.98	-	-	-	-	10,000.00	-	61,901.26	-	-	81,574.15
Interest	37,689.31	41,454.21	16,843.41	-	-	4,541.65	10,970.00	-	61,901.26	-	-	37,770.73
Total net assets, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TRANSFERS IN (OUT)</b>												
Program income	-	-	-	(25,321.09)	25,321.09	-	-	-	-	-	-	-
Other cash-SS match	-	-	-	-	-	-	-	-	-	-	-	-
Other cash-non SS match	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total transfers	\$ -	\$ -	\$ -	\$ (25,321.09)	\$ 25,321.09	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET ASSETS, END OF YEAR</b>												
Program income	-	3,187.00	-	80,339.68	-	-	110.00	-	-	-	-	83,636.68
Other cash-SS match	186.21	28,512.90	16,843.41	-	-	58.65	860.00	-	-	-	-	46,274.96
Other cash-non SS match	43,489.10	9,902.89	2,313.79	-	-	-	10,000.00	-	67,523.51	-	-	89,926.40
Interest	-	116.98	-	-	-	-	-	-	-	-	-	43,606.08
<b>TOTAL NET ASSETS, END OF YEAR</b>	\$ 43,875.31	\$ 41,719.77	\$ 19,157.20	\$ 80,339.68	\$ -	\$ 58.65	\$ 10,970.00	\$ -	\$ 67,523.51	\$ -	\$ -	\$ 263,444.12

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, 2007**

	Administration		Supportive Services		Ombudsman	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUE:</b>						
Missouri Dept. of Health and Senior Services	\$ 160,417.00	\$ 159,090.13	\$ (1,326.87)	\$ 122,962.73	\$ (5,345.27)	\$ 24,808.00
Missouri Highway and Transportation Dept.	-	-	-	36,186.32	(2,731.68)	-
Missouri Division of Medical Services-HDM	-	-	-	-	-	-
Missouri Division of Medical Services-ADC	-	-	-	-	-	-
Program Income	-	-	-	-	-	-
Other cash-SS match	-	-	-	18,670.91	(1,717.09)	-
Other cash-non SS match	-	-	-	89,959.71	(13,675.29)	-
Interest	-	150.65	150.65	45,058.06	1,649.63	-
FASB qualifying in-kind resources-SS match	-	5,835.35	5,835.35	-	-	2,502.52
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	-	-	-	-	-	-
Other in-kind resources-non SS match	-	-	-	54,630.51	11,372.51	-
<b>TOTAL REVENUE</b>	<b>\$ 160,417.00</b>	<b>\$ 165,076.13</b>	<b>\$ 4,659.13</b>	<b>\$ 377,915.43</b>	<b>\$ (10,180.14)</b>	<b>\$ 50,039.15</b>
						<b>\$ (1,523.85)</b>
<b>EXPENDITURES:</b>						
Personnel/fringe	\$ 126,131.18	\$ 124,363.11	\$ 1,768.07	\$ 51,972.44	\$ 47,985.26	\$ 10,646.59
Travel (staff & volunteers)	5,491.18	4,587.52	903.66	6,102.90	8,532.44	4,559.06
Building/utilities/phone	16,500.00	15,997.67	502.33	6,926.80	7,087.48	3,088.00
Printing/supplies/office expense	7,600.00	9,727.11	(2,127.11)	15,259.84	12,425.70	2,291.43
Equipment	-	-	-	-	-	6,580.85
Raw food	-	-	-	-	-	-
Food service supplies	-	-	-	-	-	-
Home delivery costs	-	-	-	-	-	-
Other costs:	-	-	-	-	-	-
Training	-	-	-	-	-	-
Insurance	700.12	335.74	364.38	810.00	1,006.86	600.00
Repair/Mnt	2,229.40	2,044.52	184.88	2,102.09	2,077.04	144.00
Contractual	1,765.12	2,034.46	(269.34)	2,177.36	1,889.12	380.00
Enrollee wages/fringe	-	-	-	249,306.00	231,568.27	-
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	-	-	-	-	-	-
Other in-kind resources-non SS match	-	-	-	43,258.00	54,630.51	22,728.63
<b>TOTAL EXPENDITURES</b>	<b>\$ 160,417.00</b>	<b>\$ 159,090.13</b>	<b>\$ 1,326.87</b>	<b>\$ 377,915.43</b>	<b>\$ 367,489.73</b>	<b>\$ 47,725.36</b>
						<b>\$ 4,026.37</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 5,986.00</b>	<b>\$ 5,986.00</b>	<b>\$ -</b>	<b>\$ 265.56</b>	<b>\$ 2,313.79</b>
Adjustments and Operating transfers	-	-	-	-	-	-
Operating Transfer-program Income	-	-	-	-	-	-
Operating Transfer-Other Cash DHHS Match	-	-	-	-	-	-
Operating Transfer-other Cash Non DHHS Transfers	-	-	-	-	-	-
Operating Transfer-Interest	-	-	-	-	-	-
Total Other Financing Sources (uses)	-	-	-	-	-	-
<b>NET ASSETS JUNE 30, 2006</b>	<b>\$ 37,689.31</b>	<b>\$ 37,689.31</b>	<b>\$ -</b>	<b>\$ 41,454.21</b>	<b>\$ 41,454.21</b>	<b>\$ 16,843.41</b>
<b>Net ASSETS JUNE 30, 2007</b>	<b>\$ 37,689.31</b>	<b>\$ 43,675.31</b>	<b>\$ 5,986.00</b>	<b>\$ 41,454.21</b>	<b>\$ 41,719.77</b>	<b>\$ 19,157.20</b>
						<b>\$ 2,313.79</b>

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, 2007**

	Congregate Nutrition Program		Home Delivered Nutrition Program		Disease Prevention & Health Promotions	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUE:						
Missouri Dept. of Health and Senior Services	\$ 481,928.00	\$ 481,928.00	\$ -	\$ 698,269.00	\$ -	\$ 11,759.00
Missouri Highway and Transportation Dept.	-	-	-	-	-	-
Missouri Division of Medical Services-NEMT	-	-	-	-	-	-
Missouri Division of Medical Services-HDM	-	-	-	-	-	-
Missouri Division of Medical Services-ADC	-	-	-	-	-	-
Program Income	-	-	143,435.00	139,721.88	-	-
Other cash-SS match	223,965.86	218,103.75	(5,862.11)	112,878.36	-	-
Other cash-non SS match	-	33,420.27	33,420.27	37,405.00	8,265.00	8,415.00
Interest	-	-	-	-	-	150.00
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	128,853.00	140,822.78	11,969.78	83,659.00	-	-
Other in-kind resources-non SS match	-	-	-	152,851.83	-	1,940.00
<b>TOTAL REVENUE</b>	<b>\$ 834,746.86</b>	<b>\$ 874,274.80</b>	<b>\$ 39,527.94</b>	<b>\$ 1,075,646.36</b>	<b>\$ 20,024.00</b>	<b>\$ 22,114.00</b>
EXPENDITURES:						
Personnel/fringe	\$ 261,720.88	\$ 281,145.69	\$ (19,424.81)	\$ 474,239.83	\$ -	\$ 5,524.13
Travel (staff & volunteers)	5,238.17	5,418.15	(179.98)	8,438.00	-	-
Building/utilities/phone	33,907.39	33,361.72	545.67	46,179.09	-	837.48
Printing/supplies/office expense	12,474.88	13,064.69	(589.81)	18,722.00	-	(32.11)
Equipment	-	-	-	37,467.00	6,206.00	37.27
Raw food	240,037.00	240,296.15	(259.15)	370,608.00	-	6,206.00
Food service supplies	37,405.00	32,249.66	5,155.34	63,110.00	-	33,586.35
Home delivery costs	1,729.00	1,495.75	233.25	16,596.79	-	2,002.84
Other costs:						
Training	246.00	564.40	(318.40)	340.00	-	(1,738.46)
Insurance	10,850.38	9,446.58	1,403.80	17,236.00	-	(439.38)
Repair/Mnt	11,802.00	10,748.46	1,053.54	16,345.00	-	2,029.12
Contractual	-	-	-	14,965.96	-	1,379.04
Enrollee wages/fringe	-	-	-	-	18,309.65	-
FASB qualifying in-kind resources-SS match	-	-	-	-	-	18,451.00
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	(141.35)
Other in-kind resources-SS match	128,853.00	140,822.78	(11,969.78)	83,659.00	-	-
Other in-kind resources-non SS match	-	-	-	152,851.83	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 744,263.70</b>	<b>\$ 768,614.03</b>	<b>\$ (24,350.33)</b>	<b>\$ 1,152,940.71</b>	<b>\$ 24,515.65</b>	<b>\$ (1,940.00)</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$ 90,483.16</b>	<b>\$ 105,660.77</b>	<b>\$ 15,177.61</b>	<b>\$ (77,294.35)</b>	<b>\$ (4,491.65)</b>	<b>\$ (2,081.35)</b>
Adjustments and Operating transfers						
Operating Transfer-program Income	\$ (116,762.76)	\$ (25,321.09)	\$ 91,441.67	\$ 116,762.76	\$ 25,321.09	\$ (91,441.67)
Operating Transfer-Other Cash DHHS Match	-	-	-	-	-	-
Operating Transfer-other Cash Non DHHS Transfers	-	-	-	-	-	-
Operating Transfer-Interest	-	-	-	-	-	-
Total Other Financing Sources (uses)	<b>\$ (116,762.76)</b>	<b>\$ (25,321.09)</b>	<b>\$ 91,441.67</b>	<b>\$ 116,762.76</b>	<b>\$ 25,321.09</b>	<b>\$ (91,441.67)</b>
<b>NET ASSETS JUNE 30, 2006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net ASSETS JUNE 30, 2007</b>	<b>\$ (26,279.60)</b>	<b>\$ 80,339.68</b>	<b>\$ 106,619.28</b>	<b>\$ 39,468.41</b>	<b>\$ 50.00</b>	<b>\$ 8.65</b>

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 30,2007

	Transportation		HB Shopping		Information & Assistance		Variance
	Budget	Actual	Budget	Actual	Budget	Actual	
<b>EXPENDITURES:</b>							
Personnel/fringe	-	-	-	-	-	-	-
Travel (staff & volunteers)	-	-	\$	\$	\$	\$	\$
Building/utilities/phone	-	-	-	-	11,095.12	9,846.67	1,248.45
Printing/supplies/office expense	-	-	-	-	1,083.00	1,280.19	(197.19)
Equipment	-	-	-	-	1,738.52	1,890.14	(151.62)
Other costs:	-	-	-	-	1,622.00	897.76	724.24
Training	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Repair/Mnt	-	-	-	-	341.00	75.00	(75.00)
	-	-	-	-	1,288.88	288.35	52.65
	-	-	-	-	-	1,119.84	169.04
<b>Contractual</b>							
FASB qualifying in-kind resources-SS match	183,622.00	167,483.03	16,138.97	11,965.95	-	-	274.05
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-	-
Other in-kind resources-SS match	11,556.00	23,735.22	(12,179.22)	14,292.10	10,803.00	50.00	10,753.00
Other in-kind resources-non SS match	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 195,178.00</b>	<b>\$ 191,218.25</b>	<b>\$ 3,959.75</b>	<b>\$ 26,258.05</b>	<b>\$ 27,971.52</b>	<b>\$ 15,447.95</b>	<b>12,523.57</b>

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 30,2007

	Case Management		Public Information & Education		Homemaker	
	Budget	Variance	Budget	Variance	Budget	Variance
<b>EXPENDITURES:</b>						
Personnel/fringe	\$ 7,240.77	\$ 7,195.56	\$ 11,095.12	\$ 7,984.10	\$ -	\$ -
Travel (staff & volunteers)	212.90	208.42	1,207.00	1,140.39	-	-
Building/utilities/phone	1,246.10	1,230.67	1,142.18	1,124.86	-	-
Printing/supplies/office expense	661.16	377.55	2,751.68	755.81	-	-
Equipment	-	-	-	-	-	-
Other costs:	-	-	-	-	-	-
Training	10.00	1.70	-	-	-	-
Insurance	252.91	246.04	108.18	100.34	-	-
Repair/Mnt	149.85	133.32	71.63	49.13	-	-
Contractual	-	-	-	-	22,507.00	21,937.88
FASB qualifying in-kind resources-SS match	-	-	-	-	-	569.12
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	-	-	-	-	-	-
Other in-kind resources-non SS match	-	-	-	-	2,560.00	2,476.41
<b>Total Expenditures</b>	<b>\$ 9,773.69</b>	<b>\$ 9,993.26</b>	<b>\$ 16,375.79</b>	<b>\$ 11,154.63</b>	<b>\$ 25,067.00</b>	<b>\$ 24,414.29</b>
						<b>\$ 652.71</b>

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 30,2007

	RSVP		Legal Assistance		Respite	
	Budget	Actual	Budget	Actual	Budget	Actual
		Variance		Variance		Variance
<b>EXPENDITURES:</b>						
Personnel/fringe	\$ 22,541.43	\$ 22,958.93	\$ -	\$ (417.50)	\$ -	\$ -
Travel (staff & volunteers)	3,600.00	5,903.44	-	(2,303.44)	-	-
Building/utilities/phone	2,800.00	2,841.81	-	(41.81)	-	-
Printing/supplies/office expense	10,225.00	10,394.58	-	(169.58)	-	-
Equipment	-	-	-	-	-	-
Other costs:	-	-	-	-	-	-
Training	800.00	930.16	-	(130.16)	-	-
Insurance	1,400.00	1,442.31	-	(42.31)	-	-
Repair/Mnt	667.00	586.83	-	80.17	-	-
Contractual	-	-	2,990.00	2,795.00	27,947.00	27,386.41
FASB qualifying in-kind resources-SS match	-	-	-	-	195.00	560.59
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	-	-	-	-	-	-
Other in-kind resources-non SS match	-	-	400.00	11,659.00	2,615.00	2,417.78
<b>Total Expenditures</b>	<b>\$ 42,033.43</b>	<b>\$ 45,325.11</b>	<b>\$ 3,390.00</b>	<b>\$ 14,454.00</b>	<b>\$ 30,562.00</b>	<b>\$ 29,804.19</b>
		<b>\$ (3,291.68)</b>		<b>\$ (11,064.00)</b>		<b>\$ 757.81</b>

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 30,2007

	Budget		Actual		Variance		Total (Memorandum Only)		Variance
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
<b>EXPENDITURES:</b>									
Personnel/fringe									
Travel (staff & volunteers)									
Building/utilities/phone									
Printing/supplies/office expense									
Equipment									
Other costs:									
Training									
Insurance									
Repair/Mnt									
Contractual									
FASB qualifying in-kind resources-SS match									
FASB qualifying in-kind resources-non SS match									
Other in-kind resources-SS match									
Other in-kind resources-non SS match									
<b>Total Expenditures</b>									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,915.43	\$ 367,469.73	\$ 10,445.70

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, 2007

	Health Screenings		Medication Management		Total (Memorandum Only)	
	Budget	Variance	Budget	Variance	Budget	Variance
EXPENDITURES:						
Personnel/fringe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel (staff & volunteers)	-	-	-	-	-	-
Building/utilities/phone	-	-	-	-	-	-
Printing/supplies/office expense	-	-	-	-	-	-
Equipment	-	-	6,206.00	-	6,206.00	-
Other costs:	-	-	-	-	-	-
Contractual	18,309.65	(141.35)	-	-	18,309.65	(141.35)
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	1,940.00	(1,940.00)	-	-	1,940.00	(1,940.00)
Other in-kind resources-non SS match	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 20,391.00</b>	<b>\$ (2,081.35)</b>	<b>\$ 6,206.00</b>	<b>\$ -</b>	<b>\$ 24,515.65</b>	<b>\$ (2,081.35)</b>

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 30,2007

	Caregiver Training		Respite		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>EXPENDITURES:</b>						
Personnel/fringe	\$ 765.44	\$ 764.20	\$ -	\$ -	\$ 52,495.19	\$ 57,394.85
Travel (staff & volunteers)	12.22	12.02	-	-	1,304.67	1,882.76
Building/utilities/phone	580.16	574.58	-	-	16,347.47	16,066.88
Printing/supplies/office expense	222.18	106.49	-	-	5,608.28	4,292.50
Equipment	-	-	-	-	-	-
Other costs:	-	-	-	-	-	-
Training	1.00	20.10	-	-	127.00	28.30
Insurance	41.00	34.27	-	-	1,516.84	1,417.19
Repair/Mnt	36.00	24.57	-	-	2,161.55	1,876.12
						285.43
<b>Contractual</b>						
FASB qualifying in-kind resources-SS match	-	-	30,610.00	23,136.59	30,610.00	23,136.59
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	-	-	-	-	-	-
Other in-kind resources-non SS match	-	-	3,766.00	2,396.59	37,593.46	38,040.07
<b>Total Expenditures</b>	<b>\$1,658.00</b>	<b>\$1,536.23</b>	<b>\$34,376.00</b>	<b>\$25,533.18</b>	<b>\$147,764.46</b>	<b>\$144,135.26</b>
						<b>\$3,629.20</b>

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, 2007

	RX Transition		Variance	Budget	Sort		Variance	Resource Development		Variance
	Budget	Actual			Budget	Actual		Budget	Actual	
<b>EXPENDITURES:</b>										
Personnel/fringe	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel (staff & volunteers)	-	-	-	2,000.00	1,396.10	603.90	-	-	-	-
Building/utilities/phone	-	-	-	750.00	206.76	543.24	-	-	-	-
Printing/supplies/office expense	5,000.00	4,376.33	623.67	1,650.00	499.40	1,150.60	1,260.00	727.09	532.91	
Equipment	-	-	-	-	-	-	-	-	-	-
Other costs:	-	-	-	-	-	-	-	-	-	-
Training	-	-	-	600.00	335.75	264.25	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Repair/Mint	-	-	-	-	-	-	-	-	-	-
Raw Food	-	-	-	-	-	-	600.00	525.00	75.00	
	-	-	-	-	-	-	500.00	457.06	42.94	
Contractual	-	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-	-	-	-	-
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-	-	-	-	-
Other in-kind resources-SS match	-	-	-	-	-	-	-	-	-	-
Other in-kind resources-non SS match	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 5,000.00</b>	<b>\$ 4,376.33</b>	<b>\$ 623.67</b>	<b>\$ 5,000.00</b>	<b>\$ 2,438.01</b>	<b>\$ 2,561.99</b>	<b>\$ 2,360.00</b>	<b>\$ 1,709.15</b>	<b>\$ 650.85</b>	

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, 2007

	DISASTER RELIEF			Total (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:						
Personnel/fringe	-	\$ -	\$ -	-	\$ -	\$ -
Travel (staff & volunteers)	-	-	-	-	-	-
Building/utilities/phone	-	-	-	-	-	-
Printing/supplies/office expense	2,675.00	2,675.00	-	2,000.00	1,396.10	603.90
Equipment	-	-	-	750.00	206.76	543.24
Other costs:	-	-	-	10,585.00	8,277.82	2,307.18
Training	-	-	-	-	-	-
Insurance	-	-	-	600.00	335.75	264.25
Repair/Mnt	-	-	-	-	-	-
Raw Food	-	-	-	600.00	525.00	75.00
	-	-	-	500.00	457.06	42.94
Contractual	-	-	-	-	-	-
FASB qualifying in-kind resources-SS match	-	-	-	-	-	-
FASB qualifying in-kind resources-non SS match	-	-	-	-	-	-
Other in-kind resources-SS match	-	-	-	-	-	-
Other in-kind resources-non SS match	-	-	-	-	-	-
Total Expenditures	\$ 2,675.00	\$ 2,675.00	\$ -	\$ 15,035.00	\$ 11,198.49	\$ 3,836.51

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, 2007**

## FUNDING SOURCE:

MISSOURI DIVISION OF HEALTH AND SENIOR SERVICES RESOURCE	27,378.56
MISSOURI HIGHWAY & TRANSPORTATION DEPARTMENT	36,186.32
PROGRAM INCOME	17,968.74
OTHER CASH DHSS MATCH	85,949.41
OTHER CASH DHSS NON MATCH	0.00
IN KIND CONTRIBUTIONS	<u>23,735.22</u>
TOTAL	<u><u>191,218.25</u></u>

See accompanying notes to the financial statement.

**AREA AGENCY ON AGING REGION X  
SUPPLEMENTARY INFORMATION-SCHEDULE OF MONTHLY SS REIMBURSEABLE EXPENDITURES  
FOR THE YEAR ENDED JUNE 30,2007**

<u>MONTH</u>	<u>DA REIMBURSABLE EXPENDITURES</u>
July	\$ 184,013
August	173,646
September	165,906
October	160,964
November	200,427
December	148,855
Januaury	162,340
February	148,218
March	150,549
April	153,213
May	248,312
June	169,190
	<hr/>
	\$ 2,065,633
	<hr/> <hr/>

See accompanying notes to the financial statement.

**AREA AGENCY ON AGING REGION X  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

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
<b>UNITED STATES:</b>								
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
PASSED THROUGH DEPT. OF HEALTH & SENIOR SERVICES								
TITLE III PART B - GRANT FUNDS								
TITLE III PART B - PROGRAM INCOME	93.044	\$ 203,229.00	\$ 9,590.00	\$ 195,546.22	\$ 0.00	\$ 0.00	\$ 10,601.00	\$ 6,671.78
		18,670.91	3,187.00	18,670.91	-	-	-	3,187.00
TITLE III PART C 1 - GRANT FUNDS								
TITLE III PART C 1 - PROGRAM INCOME	93.045	367,899.00	-	367,899.00	(25,321.09)	-	-	-
		218,103.75	-	112,442.98	-	-	-	80,339.68
TITLE III PART C 2 - GRANT FUNDS								
TITLE III PART C 2 - PROGRAM INCOME	93.045	252,218.00	-	252,218.00	-	-	-	-
		114,163.19	-	139,484.28	-	-	-	-
TITLE III PART D - GRANT FUNDS								
TITLE III PART D - PROGRAM INCOME	93.043	29,516.00	6,206.00	11,799.00	-	-	-	-
		8,415.00	-	8,415.00	-	-	23,963.00	-
TITLE III PART E - GRANT FUNDS								
TITLE III PART E - PROGRAM INCOME	93.052	134,400.00	22,953.22	119,143.19	-	-	33,742.00	4,468.03
		342.00	110.00	342.00	-	-	-	110.00
NUTRITION SERVICE INCENTIVE PROGRAM								
TITLE VII ELDER RIGHTS OMBUDSMAN	93.053	148,532.00	-	148,532.00	-	-	-	-
TITLE VII ELDER RIGHTS ELDER ABUSE	93.042	2,521.00	-	2,521.00	-	-	-	-
SOCIAL SERVICE BLOCK GRANT	93.041	4,395.00	-	4,395.00	-	-	-	-
	93.667	49,817.00	-	49,817.00	-	-	-	-
<b>U.S. DEPARTMENT OF LABOR</b>								
PASSED THROUGH DEPT. OF HEALTH & SENIOR SERVICES								
SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	17.235	2,890.00	-	2,890.00	-	-	-	-
TOTAL FEDERAL ASSISTANCE PASSED THROUGH THE MISSOURI DEPARTMENT OF HEALTH & SENIOR SERVICES		\$ 1,555,111.85	\$ 42,046.22	\$ 1,434,075.58	\$ 0.00	\$ 0.00	\$ 68,306.00	\$ 94,776.49
<b>Missouri State Funds</b>								
<b>DEPARTMENT OF SOCIAL SERVICES</b>								
PasSED Through Missouri Department of Health and Senior Services								
MISSOURI GENERAL REVENUE	N/A	452,750.00	0.00	452,750.00	0.00	0.00	0.00	0.00
MISSOURI ELDERLY HOME DELIVERED MEALS TRUST	N/A	2,325.00	-	2,325.00	-	-	-	-
TOTAL FEDERAL AND STATE ASSISTANCE PASSED THROUGH THE DEPT. OF HEALTH & SENIOR SERVICES		\$ 455,075.00	\$ 0.00	\$ 455,075.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
State Pharmaceutical Assistance Program Transitional Grant	93.786	5,000.00	0.00	5,000.00	0.00	0.00	0.00	0.00
Mo RX Plan								
MISSOURI HIGHWAY AND TRANSPORTATION MEHTAP Grant	N/A	36,918.00	0.00	36,186.32	0.00	2,731.68	0.00	0.00
<b>OTHER FEDERAL PROGRAMS</b>								
Corporation for National Service								
Retired Senior Volunteer Program	94.002	43,503.05	1,643.31	45,028.06	0.00	0.00	0.00	178.30
TOTAL FEDERAL AND STATE ASSISTANCE		\$ 2,097,607.90	\$ 43,689.53	\$ 1,975,364.96	\$ 0.00	\$ 2,731.68	\$ 68,306.00	\$ 94,894.79

See accompanying notes to the schedule of expenditures of federal awards.

**AREA AGENCY ON AGING REGION X  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2007**

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 pass-through, 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. The federal and state expenditures passed through to service providers are as follows:

<u>CFDA# or State Award</u>	<u>Federal</u>	<u>State</u>	<u>Program Income</u>
93.043	\$ 10,036	\$ -	\$ 8,415
93.044	83,049	-	12,387
93.052	22,745	-	342
MEHTAP Grant	-	36,186	5,361
State General Revenue	-	4,371	740
	<u>\$ 115,830</u>	<u>\$ 40,557</u>	<u>\$ 27,245</u>

See accompanying notes to the financial section.

McBRIDE, LOCK & ASSOCIATES

REPORT ON COMPLIANCE AND ON INTERNAL CONTORL 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, 2007, and have issued our report thereon dated February 14, 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 and 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 organizations 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

February 14, 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, 2007. 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, 2007.

#### 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 than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the 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.

#### 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, 2006 through June 30, 2007. 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, 2006 and June 30, 2007.

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

February 14, 2008

AREA AGENCY ON AGING REGION X  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2007

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    X No  
 Reportable condition(s) identified not  
 considered to be material weaknesses?
  
3. Noncompliance material to financial  
 statements noted? \_\_\_ Yes    X No

Federal Awards

4. Internal control over major programs:  
 Material weakness(es) identified: \_\_\_ Yes    X 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)? X 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
93.052	Family Caregiver
93.053	Nutrition Service Incentive

AREA AGENCY ON AGING REGION X  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2007

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

Section II – Financial Statement Findings:

There were no matters reported.

Section III – Federal Award Findings and Questioned Costs:

	<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, 2007, 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 2007.

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.

Response:

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 06-1	\$142,500

Program: Division of Senior Service and Federal Awards

Condition: For at least the past five years the Agency has actively participated in fund raising efforts to benefit the goals and objectives of the Area Agency on Aging. These fund raising efforts successfully raised \$142,500 in grants from a Memorial Trust (8 grants for \$122,500) and a Corporate Foundation (2 grants for \$20,000). Grant applications, grant awards, and progress reports were prepared and completed by Agency personnel during their normal working hours at the Agency's administrative office using AAA facilities and resources. Grant applications identified the AAA as the proposing entity and the grants were awarded in the name of the Area Agency on Aging Region X. Grant progress reports specifically identified the Agency's nutrition programs for the elderly as costs in support of grant funding. These circumstances meet the specific criteria and definition of program income earned by the Area Agency on Aging Region X as promulgated by the Older Americans Act, HHS grant administrative requirements and the Area Plan approved by the Missouri Department of Health and Senior Services, Division of Senior Services. However, this program income was not deposited into the Area Agency on Aging's checking account, rather the grant proceeds were apparently deposited into the Four County Elder Advocates, Inc. checking account, a less-than-arms length nonprofit organization.

The diversion of funds has been present for many years as the accounting records are completely void of any such transactions. Additionally, grant proceeds were delivered via the mail; the Executive Director opened the mail and provided the check to administrative personnel to evidence receipt; and the check was returned to the Executive Director for processing and deposit.

Current Status: Three payments totaling \$142,500 were received by the Agency from Four County Elder Advocates. In addition the employees who had duties in both the Agency and Four County Elder Advocates are no longer employed by the Agency. Furthermore, both the mail opening process and the grant proposal procedure have been revised to prevent this from occurring again. After reviewing the current grant proposal and mail opening procedures, it appears adequate changes to internal controls have been made to address concerns noted in the previous audit and prevent the condition noted above. We consider this issue resolved.

Finding 06-2

Questioned  
Costs  

---

None

Program: Division of Senior Services and Federal Awards

Condition: The Area Agency on Aging Region X and the Four County Elder Advocates, Inc. are less-than-arms length in relationship. Both parties share common board members, officers and executive directors. Essentially, this arrangement appears to represent a private partnership which constitutes a conflict of interest. Whether in fact or appearance, grant funding awarded to the Area Agency on Aging, subject to federal, state and grant terms and conditions, but which is diverted to a less-than-arms length organization not subject to any terms and conditions or external review or audit is an unacceptable environment for public funds.

Current Status: All Area Agency on Aging Region X's staff and board members are now independent from Four County Elder Advocates. The three staff that had dual responsibilities, including the Executive Director, are no longer employed by the Agency. Our audit did not reveal any new individuals that have responsibilities or influence in both agencies. We consider this issue resolved.

Finding 06-3

Questioned  
Costs  

---

None

Condition: The Agency denied auditor access to the Four County Elder Advocates financial records.

Current Status: Limited financial records for Four County Elder Advocates were produced for examination by the auditors. A letter was written from the Board President of Four County Elder Advocates which stated "After review of checks and bank statements I found the \$142,500 in grant funds were spent with \$95,209.81 going in support of the building to keep the loan balance low (as well as the lease charged to Area Agency) and \$47,290.19 to purchase a delivery vehicle." The fiscal year 2007 financial records of the Four County Elder Advocates have yet to be provided.

Finding 06-4

Questioned  
Costs  

---

None

Program: Division of Senior Services and Federal Awards

Condition: A representation of deposits for the Four County Elder Advocates was provided to the auditors listing amounts deposited in the Advocates checking account. The representations suggest over \$200,000 was deposited into the Advocates checking account. Many of the deposit items appeared proper as they represented the "Looking Out For Old Friends" campaign sponsored and identified as a Four County Elder Advocates fund raising campaign. This fund raising campaign clearly identified the Area Agency on Aging Region X as the benefactor of contributions but the Advocates would be the recipient of the contributions. However, other items represented checks from the Memorial Trust and Corporate Foundation program income

grant awards that should have been deposited into the Agency's bank account.

This information suggests the potential is present that other Region X funding may have been diverted to the Four County Elder Advocates. As previously discussed, the denial of access to the Advocates' financial records precludes any dollar value quantification of the total amount diverted to the Advocates. Furthermore, the commingling of AAA Region X funds with legitimate Advocates business suggests that the Advocates financial records may not distinguish or earmark funds for intended purpose within their general ledger. Therefore, identifying the amount due back to Region X is not possible without access to all of the Advocates' financial records.

Finally, it is not evident how checks made payable to the Area Agency on Aging Region X were endorsed for deposit and placed into another organization's checking account.

Current Status: As noted in the proceeding finding, Four County Elder Advocates submitted limited financial records, therefore a determination of all Agency funds that may have been diverted was not possible. Finally, no explanation was provided describing the circumstances surrounding the incorrect depositing of funds.