

**SENIOR CITIZENS COUNCIL OF MADISON
COUNTY, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended December 31, 2010

**SENIOR CITIZENS COUNCIL OF MADISON
COUNTY, INC.**

December 31, 2010

BOARD MEMBERS

James Ray	Chairman
Paula M. Arnold	Vice Chairman
Elesta Pritchett	Secretary
Opie Peavy	Treasurer
Early Anderson	Assistant Treasurer
Daniel W. Campbell	Member
Renita Parrish	Member
Joe Peavy	Member
Howard Phillips	Member
Jim Stanley	Member
George Anderson	Member

STAFF

Rosa Richardson	Executive Director
Lisa Frieman	Finance Director

**SENIOR CITIZENS COUNCIL OF MADISON
COUNTY, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

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December 31, 2010

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Senior Citizens Council of Madison County, Inc.
Madison, Florida

I have audited the accompanying statement of financial position of the Senior Citizens Council of Madison County, Inc., a non-profit organization, as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senior Citizens Council of Madison County, Inc., as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 13, 2011, on my consideration of the Organization's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of the Senior Citizens Council of Madison County, Inc., as a whole. The accompanying combining statement of financial position and the combining statement of activities are presented

for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is also presented for purposes of additional analysis as required by Chapter 10.650 *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Kenneth M. Daniels
Certified Public Accountant
June 13, 2011

FINANCIAL STATEMENTS

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2010

Assets

Current assets

Cash	\$	289,433
Certificate of deposit		28,158
Accounts receivable		27,725
Grant funds receivable		30,154
Total current assets		<u>375,470</u>

Fixed assets

Land		16,422
Building and improvements		1,799,870
Equipment		87,867
Accumulated depreciation		<u>(105,978)</u>
Total fixed assets		<u>1,798,181</u>
Total assets	\$	<u><u>2,173,651</u></u>

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	<u>27,527</u>
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Long term liabilities

Accrued annual leave		<u>11,242</u>
Total liabilities		<u>38,769</u>

Net assets

Unrestricted		895,065
Temporarily restricted		<u>1,239,817</u>
Total net assets		<u>2,134,882</u>
Total liabilities and net assets	\$	<u><u>2,173,651</u></u>

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

Revenues, Gains, and Other Support	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	Total
Contributions/copay	\$ 40,576	\$ -	\$ 40,576
Federal grants	144,686	-	144,686
Interest	1,275	-	1,275
In-kind revenues	423,648	-	423,648
Local and other grants	40,000	-	40,000
State grants	123,901	519,563	643,464
Medicaid and other contractual	299,764	-	299,764
Miscellaneous	7,971	-	7,971
Total revenues, gains, and other support	<u>1,081,821</u>	<u>519,563</u>	<u>1,601,384</u>
Program Services			
Alzheimer's Disease Initiative (ADI)	9,452	-	9,452
Community Care for the Elderly (CCE)	90,935	-	90,935
Home Care for the Elderly (HCE)	7,170	-	7,170
Medicaid Waiver	269,343	-	269,343
Older Americans Act	166,911	-	166,911
Total program services	<u>543,811</u>	<u>-</u>	<u>543,811</u>
Supporting Services			
Management and general	139,709	-	139,709
Fundraising/special events	-	-	-
Total supporting services	<u>139,709</u>	<u>-</u>	<u>139,709</u>
Total expenses	<u>683,520</u>	<u>-</u>	<u>683,520</u>
Change in net assets before reclassification	<u>398,301</u>	<u>519,563</u>	<u>917,864</u>
Reclassifications - net assets released from restrictions			
Satisfaction of building grant restrictions	<u>56,515</u>	<u>(56,515)</u>	<u>-</u>
Change in net assets	454,816	463,048	917,864
Net assets at beginning of year	<u>440,249</u>	<u>776,769</u>	<u>1,217,018</u>
Net assets at end of year	<u>\$ 895,065</u>	<u>\$ 1,239,817</u>	<u>\$ 2,134,882</u>

See notes to financial statements.

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

Expenses	Program Services					Supporting Services		Totals
	Alzheimer's Disease Initiative	Community Care for the Elderly	Home Care for the Elderly	Medicaid Waiver	Older Americans Act	Management and General	Fundraising	
Personnel	\$ 6,333	\$ 50,468	\$ 533	\$ 164,899	\$ 67,519	\$ 5,818	\$ -	\$ 295,570
FICA taxes	484	3,860	40	12,616	5,165	458	-	22,623
Worker's Comp	102	1,199	7	3,535	1,429	328	-	6,600
Unemployment compensation	6	99	1	307	136	22	-	571
Retirement	202	1,417	13	5,626	2,011	-	-	9,269
Health insurance	108	616	5	4,825	990	(34)	-	6,510
Buildings - in-kind	-	-	-	-	-	82,265	-	82,265
Building								
Electricity	176	1,252	7	3,959	6,214	-	-	11,608
Water	60	431	3	1,335	2,129	-	-	3,958
Waste Management	5	36	-	122	187	-	-	350
Maintenance & repair	23	168	1	509	814	1,720	-	3,235
Maintenance & repair supplies	33	235	2	1,803	1,190	-	-	3,263
Insurance	152	890	5	2,940	4,624	-	-	8,611
Companion services	399	4,503	-	12,300	2,423	-	-	19,625
Contractual services								
Accounting	29	162	1	555	273	-	-	1,020
Legal	-	-	-	-	-	2,400	-	2,400
Nutritionist	-	195	-	180	1,207	-	-	1,582
RN	-	265	-	350	-	-	-	615
Experience works	-	-	-	-	500	-	-	500
Temporary	19	103	1	351	172	90	-	736
Depreciation	-	-	-	-	-	23,934	-	23,934
Advertising	6	32	-	108	51	-	-	197
Audit services	-	-	-	-	-	6,250	-	6,250
Emergency Alert	-	2,664	-	-	-	-	-	2,664
Equipment purchases (<\$1,000)	26	146	-	499	249	-	-	920
Insurance - employees and directors	28	155	1	530	264	-	-	978
Fees, licenses & registrations	50	290	94	1,021	507	82	-	2,044
Meals								
Hot	-	4,538	-	7,547	21,219	165	-	33,469
Frozen	-	7,342	-	18,762	12,635	473	-	39,212

(Continued)
See notes to financial statements.

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

Expenses (continued)	Program Services					Supporting Services		Totals
	Alzheimer's Disease Initiative	Community Care for the Elderly	Home Care for the Elderly	Medicaid Waiver	Older Americans Act	Management and General	Fundraising	
Components	\$ -	\$ 291	\$ -	\$ 482	\$ 1,310	\$ 12	\$ -	\$ 2,095
Supplies	-	489	-	808	2,368	12	-	3,677
Memberships & dues	79	439	4	1,410	693	35	-	2,660
Miscellaneous	-	-	-	-	-	6,911	-	6,911
Postage	44	245	2	763	359	-	-	1,413
Repairs and maintenance								
Equipment	5	33	-	78	129	-	-	245
Clients	-	-	-	-	-	3,073	-	3,073
Rentals & leases	92	514	5	1,673	806	-	-	3,090
Special subsidy	312	-	6,358	-	-	-	-	6,670
Staff bonus & incentives	-	-	-	-	-	504	-	504
Supplies								
Kitchen	-	169	-	351	624	3	-	1,147
Linen	-	219	-	445	1,217	7	-	1,888
Utensils	-	7	-	23	20	-	-	50
Office	153	857	8	2,754	1,340	500	-	5,612
Program	-	123	-	647	750	-	-	1,520
Telephone	240	1,340	12	4,089	1,982	-	-	7,663
Training	2	13	-	46	25	-	-	86
Travel - Program Services	162	3,168	54	5,389	177	3,781	-	12,731
Travel - Staff	57	339	7	742	514	900	-	2,559
Vehicles								
Gas & oil	27	458	2	1,443	7,142	-	-	9,072
Repair & maintenance	15	334	2	1,056	6,096	-	-	7,503
Insurance	22	812	2	2,420	9,249	-	-	12,505
License & tag	1	19	-	45	202	-	-	267
Total expenses	<u>\$ 9,452</u>	<u>\$ 90,935</u>	<u>\$ 7,170</u>	<u>\$ 269,343</u>	<u>\$ 166,911</u>	<u>\$ 139,709</u>	<u>\$ -</u>	<u>\$ 683,520</u>
Units of service	<u>411</u>	<u>13,733</u>	<u>215</u>	<u>34,048</u>	<u>29,286</u>	N/A	N/A	

See notes to financial statements.

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010

Cash flows from operating activities	
Cash received from federal, state, and other grants	\$ 749,619
Cash received from contributions and copay	40,576
Cash received from Medicaid Waiver and other contractual	303,363
Cash received from interest	1,275
Cash received from other	7,971
Cash paid to/for employees/benefits	(339,969)
Cash paid to suppliers	(236,178)
Net cash provided by operating activities	<u>526,657</u>
Cash flows from investing activities	
Sale of certificate of deposit	59,132
Payments for construction of building	(640,465)
Cash flows used by investing activities	<u>(581,333)</u>
Net increase (decrease) in cash	(54,676)
Cash - beginning	<u>344,109</u>
Cash - ending	<u>\$ 289,433</u>
Reconciliation of increase in net assets to net cash provided by operating activities	
Increase in net assets	<u>\$ 917,864</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	23,934
In-kind building construction contributions	(341,383)
Decrease (increase) in operating assets	
Accounts receivable	3,599
Grant funds receivable	5,099
Increase (decrease) in operating liabilities	
Accounts payable	1,907
Payroll withholding	(555)
Accrued annual leave	(178)
Deferred revenue	(83,630)
Total adjustments	<u>(391,207)</u>
Net cash provided by operating activities	<u>\$ 526,657</u>
Noncash transactions	
In-kind donated building space	\$ 82,265
In-kind construction services	<u>341,383</u>
Total noncash transactions	<u>\$ 423,648</u>

See notes to financial statements.

**SENIOR CITIZENS COUNCIL OF MADISON
COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose - The Senior Citizens Council of Madison County, Inc., was incorporated on June 16, 1971, as a Florida non-stock, not-for-profit corporation, with objectives and purposes as follows:

1. The material, social, educational, and moral well-being of the Senior Citizens of Madison County, Florida.
2. To promote integrity and good faith among its members and the citizens of Madison County, Florida, and the highest principals of honor, integrity, and morality in the community.
3. To offer services and activities in a non-partisan, non-sectional, non-sectarian manner, without regard to race, creed, color, or national origin.

Revenues supporting these services are primarily federal, state, and local grants; contractual services provided for federal and state governments; and contributions.

Basis of presentation – The Senior Citizens Council of Madison County, Inc. reports information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Permanently restricted net assets - the part of assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Organization.

Temporarily restricted net assets – the part of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited 1) by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations and 2) from reclassifications to or from other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organizations pursuant to those stipulations.

Unrestricted net assets – the part of net assets that is neither permanently nor temporarily restricted by donor-imposed restrictions.

Contribution and grant revenue are reported in the period received as increases in unrestricted net assets unless use of the related assets is limited by donor imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions in the statement of activities (the donor-stipulated purpose has been fulfilled or time has elapsed or both).

Governmental grants and contracts are included in unrestricted revenues in the statement of activities. Revenue from contracts and grants are recognized when earned, generally, when the related costs or units of service are incurred under the grant or contract agreement.

Basis of Accounting - The Senior Citizens Council of Madison County, Inc. follows standards of accounting and financial reporting prescribed for voluntary health and welfare organizations. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries, which benefit more than one program, are allocated to the various programs based on the relative benefit provided as established by a time study. Administrative and general expenses are allocated directly to program services based on the budgeted (as submitted to Area Agency on Aging for North Florida, Inc.) utilization of these costs.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets.

Property and Equipment - Property and equipment are valued at historical cost. Donated property and equipment are valued at estimated fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation of property and equipment (with cost exceeding \$1,000 – lesser amounts are expensed) is provided over the estimated useful lives of the respective assets carried at historical cost or fair market value using the straight-line method.

Substantially all of the Organization's fixed assets have been acquired with debt financing, operating funds, or grant funds and, if applicable, have been charged to state and federal programs. Records are maintained as to assets, which were purchased with grant funds showing the proportionate state and federal interest in the assets.

Fixed assets acquired by the Organization are considered owned by the Organization. However, state-funding sources may maintain equitable interests in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds, which have a cost of \$1,000 or more. All asset disposals are subject to approval by the Area Agency on Aging for North Florida, Inc.

Cash and Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase. At December 31, 2010, the Organization had no investments, which it considered cash equivalents.

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

Temporarily restricted net assets - The restrictions on net assets at December 31, 2010, are grant receipts related to the construction of the senior facility. The State of Florida Department of Elder Affairs will maintain a security interest in the property which shall be “proportionately amortized and subsequently vacated over a 20-year period.” At December 31, 2010, this interest was \$1,239,817.

Contributed services and materials – Contributed services are reported in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets, or (2) require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by donation. Donated materials are recorded at their fair market value at the date of the gift. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restriction, gifts of long-lived assets are reported as unrestricted revenue.

Uncertain Tax Positions – The Organization previously adopted the “uncertain tax positions” provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Organization is its filing status as a tax exempt entity. The Organization determined that it is more likely than not that its tax positions would be sustained upon examination by the Internal Revenue Service (IRS).

Fund Accounting – To ensure the observance of certain constraints and restrictions placed on certain funding sources, the Organization’s accounts are originally maintained in accordance with fund accounting. (See the supplementary information.) These funds are created and maintained based on the funding source. However, for financial reporting purposes, these funds are combined and inter-entity loans and transfers are eliminated.

NOTE 2. CASH

Cash includes amounts in demand deposits as well as short-term money market investment accounts. There were no restrictions on the cash balances at December 31, 2010.

The certificate of deposit represents a twelve month investment of funds deemed in excess of current operating requirements. The certificate earns interest at an annual rate of 1.75% and matures in October 2011.

NOTE 3. GRANT FUNDS RECEIVABLE

Grant funds receivable at December 31, 2010, consisted of \$30,154, due from the Area Agency on Aging for North Florida, Inc., under the following programs:

III B Dec	\$	9,877
III C1 Dec		4,599
III C2 Dec		1,960
ADI Support Dec		810
CCE Support Dec		12,048
HCE Sub Dec		<u>860</u>
Total grants receivable	\$	<u>30,154</u>

All of the above amounts were considered fully collectible – no allowance for doubtful grant funds receivable has been established.

NOTE 4. ACCOUNTS/CONTRIBUTIONS RECEIVABLE

Accounts receivable consists of billed amounts for Medicaid services provided by the Organization. Management considers the amount fully collectible. Contributions receivable consists of amount owed by United Way at year end. No provision for uncollectible amounts is provided for in the financial statements.

At December 31, 2010, accounts/contributions receivable for Medicaid Waiver services and United Way were as follows:

United Way	\$	2,400
Med waiver		<u>25,325</u>
Total accounts receivable	\$	<u>27,725</u>

NOTE 5. PROPERTY AND EQUIPMENT

The major classes of depreciable assets including their estimated useful lives are as follows:

		<u>Estimated Useful Life</u>
Land	\$ 16,422	-
Building and improvements	1,799,870	40
Equipment	44,000	5
Vehicles	<u>43,867</u>	5
Total fixed assets	1,904,159	
Accumulated depreciation	<u>(105,978)</u>	
Net capital assets	<u>\$ 1,798,181</u>	

Depreciation expense for the year ending December 31, 2010, was \$23,934.

NOTE 6. CONTINGENCIES

There is a contingent liability due to the fact that regulatory audits of the Organization's operations and project closeout procedures have not been completed for all projects administered. Any eventual expenses determined not to be in compliance with grant regulations would be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with applicable grant regulations.

NOTE 7. PENSION PLAN

The Organization has a defined contribution salary deferral plan covering substantially all employees as permitted by the Internal Revenue Code Section 403(b). Under the plan, the Organization contributes an amount elected by the employee as a salary deferral and also matches dollar for dollar up to five percent of each participating employee's salary. For 2010, the amount of pension expense was \$9,269.

NOTE 8. INCOME TAXES

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501 (c)(3) as a non-profit corporation. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. No taxes were owed by the Organization for the year ended December 31, 2010.

NOTE 9. COMPENSATED ABSENCES

Vested or accumulated vacation leave is recorded as an expense and liability of the Organization as the benefits accrue to employees if the criteria indicated in Accounting Standards Codification (ACS) 710-10-25 are met. At December 31, 2010, this balance was \$11,420.

In accordance with the provisions of ASC 710-10-25, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 10. CONTRIBUTED SERVICES AND FACILITIES

The organization receives "in-kind" building space as a donation from the Madison County Board of County Commissioners and City of Greenville and receives free services from various individuals for the program operations. The fair market value of the donated facilities is reported as support and expense in the period in which the building space is utilized. Volunteer services are recorded under the criteria indicated above in Note 1.

There were no volunteer services, which met the revenue recognition criteria, for the year ended December 31, 2010.

The estimated fair market value of the unrecorded donated services was \$96,674. Volunteer services were provided to all programs.

Through June 2010, the Madison County Board of County Commissioners and City of Greenville provided the buildings for the Organization. The Donated building space for the year ended December 31, 2010, was valued at \$82,265. The recorded amount is based on the facilities' fair market rental value.

During the year ended December 31, 2010, in association with the construction of the new Senior Center, services were provided by Madison County Board of County Commissioners and the Hamilton and Madison Correctional Institutions. The services met the criteria delineated in Note 1 above and were capitalized into newly constructed building.

The value of the construction services provided by Madison County Board of County Commissioners and the Hamilton and Madison Correctional Institutions was \$341,383.

NOTE 11. COMMITMENTS

The Organization leases a copier from the Lanier Corporation. This operating lease requires thirty-six monthly payments of \$211. The first payment was due April 1, 2008 and continued through April 2010.

The copier lease operated as a month to month lease until June 2011; at that time, it was formalized for another three year period.

Lease expense for the year ended December 31, 2010, was \$3,090.

NOTE 12. CONCENTRATION OF CREDIT RISK

The Organization has no policy requiring collateral or other security to support its deposits.

At December 31, 2010, the Organization's bank balances were \$317,591. This entire amount was covered by federal depository insurance.

The Organization also has no policy requiring collateral or other security to support its receivables.

NOTE 13. CONCENTRATION OF REVENUE SOURCES

Approximately 68% of the Organization's revenues are derived from federal and state grant contracts or contractual agreements, which must be renewed on an annual basis. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

NOTE 14. INVENTORIES

It has consistently been the policy of the Organization to record the acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 15. MATCHING REQUIREMENTS

Certain grants and contracts received through the Area Agency on Aging for North Florida, Inc., require the Organization to provide matching revenues. For each applicable contract, the Organization has met all matching requirements.

NOTE 16. SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through June 13, 2011, the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

**COMBINING STATEMENT OF
FINANCIAL POSITION**

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

COMBINING STATEMENT OF FINANCIAL POSITION

December 31, 2010

	ADI		CCE		HCE		Medicaid Waver		Older Americans Act			Board	Totals
	06/30/10	06/30/11	06/30/10	06/30/11	06/30/10	06/30/11	06/30/10	06/30/11	III-B	III-C1	III-C2	Fund	
Assets													
Current assets													
Cash	\$ 12,912	\$ (2,096)	\$ 33,594	\$ (3,295)	\$ 1,129	\$ (681)	\$ 57,320	\$ (22,791)	\$ (12,249)	\$ 9,377	\$ 7,051	\$ 237,320	\$ 317,591
Accounts receivable	-	-	-	-	-	-	-	25,325	-	-	-	2,400	27,725
Grants receivable	-	810	-	12,047	-	860	-	-	9,878	4,599	1,960	-	30,154
Due to/from other funds	<u>(12,908)</u>	<u>1,306</u>	<u>(33,440)</u>	<u>(8,559)</u>	<u>(1,128)</u>	<u>(178)</u>	<u>(56,818)</u>	<u>(1,946)</u>	<u>2,665</u>	<u>(13,892)</u>	<u>(8,945)</u>	<u>133,843</u>	<u>-</u>
Total current assets	<u>4</u>	<u>20</u>	<u>154</u>	<u>193</u>	<u>1</u>	<u>1</u>	<u>502</u>	<u>588</u>	<u>294</u>	<u>84</u>	<u>66</u>	<u>373,563</u>	<u>375,470</u>
Fixed assets													
Land	-	-	-	-	-	-	-	-	-	-	-	16,422	16,422
Building and improvements	-	-	-	-	-	-	-	-	-	-	-	1,799,870	1,799,870
Equipment	-	-	-	-	-	-	-	-	-	-	-	87,867	87,867
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,978)</u>	<u>(105,978)</u>
Total fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,798,181</u>	<u>1,798,181</u>
Total assets	<u>\$ 4</u>	<u>\$ 20</u>	<u>\$ 154</u>	<u>\$ 193</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 502</u>	<u>\$ 588</u>	<u>\$ 294</u>	<u>\$ 84</u>	<u>\$ 66</u>	<u>\$ 2,171,744</u>	<u>\$ 2,173,651</u>
Liabilities and Net Assets													
Current liabilities													
Accounts payable	\$ 4	\$ 20	\$ 154	\$ 193	\$ 1	\$ 1	\$ 502	\$ 588	\$ 294	\$ 84	\$ 66	\$ 25,620	\$ 27,527
Long-term liabilities													
Accrued annual leave	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,242</u>	<u>11,242</u>
Total liabilities	<u>4</u>	<u>20</u>	<u>154</u>	<u>193</u>	<u>1</u>	<u>1</u>	<u>502</u>	<u>588</u>	<u>294</u>	<u>84</u>	<u>66</u>	<u>36,862</u>	<u>38,769</u>
Net assets													
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	895,065	895,065
Temporarily restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239,817</u>	<u>1,239,817</u>
Total net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,134,882</u>	<u>2,134,882</u>
Total liabilities and net assets	<u>\$ 4</u>	<u>\$ 20</u>	<u>\$ 154</u>	<u>\$ 193</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 502</u>	<u>\$ 588</u>	<u>\$ 294</u>	<u>\$ 84</u>	<u>\$ 66</u>	<u>\$ 2,171,744</u>	<u>\$ 2,173,651</u>

COMBINING STATEMENT OF ACTIVITIES

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

Revenues, Gains and Other Support	<u>ADI</u>		<u>CCE</u>		<u>HCE</u>		<u>Medicaid Waiver</u>		<u>Special Programs for the Aging</u>			<u>Board</u>	<u>Fundraising</u>	<u>Totals</u>
	Fiscal Year Ending		Fiscal Year Ending		Fiscal Year Ending		Fiscal Year Ending		<u>III-B</u>	<u>III-C1</u>	<u>III C-2</u>	<u>Fund</u>		
	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/10</u>	<u>06/30/11</u>						
Contributions/copy	\$ 177	\$ 198	\$ 2,908	\$ 2,867	\$ -	\$ -	\$ -	\$ -	\$ 1,069	\$ 916	\$ 913	\$ 31,528	\$ -	\$ 40,576
Federal grants	-	-	-	-	-	-	-	-	51,828	50,549	42,309	-	-	144,686
Interest	-	-	-	-	-	-	-	-	-	-	-	1,275	-	1,275
In-kind revenues	-	-	-	-	-	-	-	-	-	-	-	423,648	-	423,648
Local and other grants	-	-	-	-	-	-	-	-	-	-	-	40,000	-	40,000
State grants	7,058	3,921	53,746	51,207	3,175	4,794	-	-	-	-	-	519,563	-	643,464
Medicaid and other contractual	-	-	-	-	-	-	156,757	139,959	-	-	-	3,048	-	299,764
Miscellaneous	78	136	407	756	3	5	1,338	2,586	837	426	466	933	-	7,971
Total revenues, gains, and Other support	7,313	4,255	57,061	54,830	3,178	4,799	158,095	142,545	53,734	51,891	43,688	1,019,995	-	1,601,384
Expenses														
Personnel	2,692	3,641	25,327	25,141	325	208	79,031	85,868	35,466	17,592	14,461	5,818	-	295,570
FICA taxes	206	278	1,937	1,923	24	16	6,046	6,570	2,713	1,346	1,106	458	-	22,623
Worker's Comp	30	72	567	632	4	3	1,609	1,926	957	280	192	328	-	6,600
Unemployment compensation	2	4	65	34	1	-	226	81	74	35	27	22	-	571
Retirement	76	126	651	766	4	9	2,610	3,016	1,072	448	491	-	-	9,269
Health insurance	50	58	293	323	3	2	2,481	2,344	500	237	253	(34)	-	6,510
Buildings - in-kind	-	-	-	-	-	-	-	-	-	-	-	82,265	-	82,265
Building														
Electricity	65	111	464	788	3	4	1,265	2,694	3,660	1,932	622	-	-	11,608
Water	33	27	242	189	2	1	689	646	1,245	675	209	-	-	3,958
Waste Management	-	5	-	36	-	-	-	122	111	57	19	-	-	350
Maintenance & repair	15	8	109	59	1	-	307	202	476	261	77	1,720	-	3,235
Maintenance & repair supplies	9	24	65	170	1	1	1,221	582	701	368	121	-	-	3,263
Insurance	64	88	267	623	2	3	810	2,130	2,707	1,437	480	-	-	8,611
Companion services	203	196	2,036	2,467	-	-	6,267	6,033	2,423	-	-	-	-	19,625
Contractual services														
Accounting	-	29	-	162	-	1	-	555	131	67	75	-	-	1,020
Legal	-	-	-	-	-	-	-	-	-	-	-	2,400	-	2,400
Nutritionist	-	-	166	29	-	-	82	98	-	727	480	-	-	1,582
RN	-	-	29	236	-	-	201	149	-	-	-	-	-	615
Experience works	-	-	-	-	-	-	-	-	500	-	-	-	-	500
Temporary	-	19	-	103	-	1	-	351	83	42	47	90	-	736
Depreciation	-	-	-	-	-	-	-	-	-	-	-	23,934	-	23,934
Advertising	4	2	22	10	-	-	73	35	25	13	13	-	-	197
Audit services	-	-	-	-	-	-	-	-	-	-	-	6,250	-	6,250
Emergency Alert	-	-	1,111	1,553	-	-	-	-	-	-	-	-	-	2,664
Special events	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment purchases (<\$1,000)	-	26	-	146	-	-	-	499	118	60	71	-	-	920
Insurance - employees and directors	-	28	-	155	-	1	-	530	125	64	75	-	-	978
Fees, licenses & registrations	3	47	20	270	-	94	69	952	266	115	126	82	-	2,044
Meals														
Hot	-	-	2,343	2,195	-	-	3,879	3,668	-	11,645	9,574	165	-	33,469
Frozen	-	-	3,850	3,492	-	-	9,554	9,208	-	646	11,989	473	-	39,212

(Continued)
See notes to financial statements.

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

Expenses continued	ADI		CCE		HCE		Medicaid Waver		Special Programs for the Aging			Board	Fundraising	Totals
	Fiscal Year Ending 06/30/10	Fiscal Year Ending 06/30/11	Fiscal Year Ending 06/30/10	Fiscal Year Ending 06/30/11	Fiscal Year Ending 06/30/10	Fiscal Year Ending 06/30/11	Fiscal Year Ending 06/30/10	Fiscal Year Ending 06/30/11	III-B	III-C1	III C-2	Fund		
Components	\$ -	\$ -	\$ 149	\$ 142	\$ -	\$ -	\$ 245	\$ 237	\$ -	\$ 697	\$ 613	\$ 12	\$ -	\$ 2,095
Supplies	-	-	249	240	-	-	413	395	-	1,338	1,030	12	-	3,677
Memberships & dues	29	50	164	275	2	2	468	942	345	169	179	35	-	2,660
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	6,911	-	6,911
Pest control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	21	23	120	125	1	1	336	427	168	92	99	-	-	1,413
Repairs and maintenance														
Equipment	5	-	33	-	-	-	78	-	77	40	12	-	-	245
Clients	-	-	-	-	-	-	-	-	-	-	-	3,073	-	3,073
Rentals & leases	48	44	272	242	3	2	844	829	395	201	210	-	-	3,090
Special subsidy	-	312	-	-	2,124	4,234	-	-	-	-	-	-	-	6,670
Staff bonus & incentives	-	-	-	-	-	-	-	-	-	-	-	504	-	504
Supplies														
Kitchen	-	-	86	83	-	-	203	148	-	330	294	3	-	1,147
Linen	-	-	110	109	-	-	263	182	-	831	386	7	-	1,888
Utensils	-	-	-	7	-	-	-	23	-	9	11	-	-	50
Office	78	75	440	417	5	3	1,327	1,427	650	331	359	500	-	5,612
Program	-	-	56	67	-	-	329	318	712	38	-	-	-	1,520
Telephone	138	102	775	565	8	4	2,156	1,933	965	491	526	-	-	7,663
Training	-	2	-	13	-	-	-	46	12	6	7	-	-	86
Travel - Program Services	45	117	1,407	1,761	26	28	2,833	2,556	86	44	47	3,781	-	12,731
Travel - Staff	39	18	241	98	6	1	-	742	295	106	113	900	-	2,559
Vehicles														
Gas & oil	12	15	213	245	1	1	604	839	6,140	814	188	-	-	9,072
Repair & maintenance	8	7	160	174	1	1	462	594	5,474	487	135	-	-	7,503
Insurance	15	7	607	205	2	-	1,718	702	7,232	1,686	331	-	-	12,505
License & tag	1	-	19	-	-	-	45	-	169	27	6	-	-	267
Total expenses	<u>3,891</u>	<u>5,561</u>	<u>44,665</u>	<u>46,270</u>	<u>2,549</u>	<u>4,621</u>	<u>128,744</u>	<u>140,599</u>	<u>76,073</u>	<u>45,784</u>	<u>45,054</u>	<u>139,709</u>	<u>-</u>	<u>683,520</u>
Increase (decrease) in														
Net Assets	3,422	(1,306)	12,396	8,560	629	178	29,351	1,946	(22,339)	6,107	(1,366)	880,286	-	917,864
Transfers														
In (out)	(3,422)	1,306	(12,396)	(8,560)	(629)	(178)	(29,351)	(1,946)	22,339	(6,107)	1,366	37,578	-	-
Net assets														
Beginning of year	-	-	-	-	-	-	-	-	-	-	-	1,217,018	-	1,217,018
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,134,882</u>	<u>\$ -</u>	<u>\$ 2,134,882</u>

COMPLIANCE SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board of Directors
Senior Citizens Council of Madison County, Inc.
Madison, Florida

I have audited the financial statements of the Senior Citizens Council of Madison County, Inc., as of and for the year ended December 31, 2010, and have issued my report thereon dated June 13, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Senior Citizens Council of Madison County, Inc.'s, internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Senior Citizens Council of Madison County, Inc. internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

My 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 deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Senior Citizens Council of Madison County, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results

of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, federal and state awarding agencies, the Florida Department of Elder Affairs, and other pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Ken M Daniels', written in a cursive style.

Kenneth M. Daniels
Certified Public Accountant
June 13, 2011

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2010

	<u>Federal/State CFDA/CSFA Number</u>	<u>Grant/ Contract Number</u>	<u>Contract Period</u>	<u>Grant/ Contract Amount</u>	<u>Expenditures</u>	<u>Transferred to Subrecipients</u>	<u>Deferred Revenue 12/31/2010</u>
Federal Financial Assistance							
U.S. Department of Health and Human Services passed through the Florida Department of Elder Affairs							
Special Programs for the Aging							
Title III-B Support Services	93.044	BA010-11	01/01/10	\$ 52,434	\$ 51,828	\$ -	\$ -
Title III-C1 Congregate Meals	93.045	BA010-11	thru	27,259	26,984	-	-
Title III-C2 Home Delivered Meals	93.045	BA010-11	12/31/10	<u>32,118</u>	<u>32,118</u>	-	-
Total 93.045				<u>59,377</u>	<u>59,102</u>	-	-
Special Programs for the Aging							
Title III-C1 Congregate Meals - ARRA	93.707	BA109-11	07/01/09 09/30/10	<u>24,448</u>	<u>13,428</u>	-	-
Total Special Programs for the Aging				<u>83,825</u>	<u>72,530</u>	-	-
Passed through the Florida Department of Elder Affairs							
Child and Adult Care Food Program	93.053	BU009-11	10/01/08 09/30/09	17,850	9,125	-	-
Child and Adult Care Food Program	93.053	BU010-11	10/01/09 09/30/10	11,583	10,352	-	-
Child and Adult Care Food Program	93.053	BU011-11	10/01/10 09/30/11	<u>11,945</u>	<u>851</u>	-	-
Total Child and Adult Care Food Program 93.053				<u>29,433</u>	<u>20,328</u>	-	-
Total federal financial assistance				<u>158,119</u>	<u>144,686</u>	-	-
State Financial Assistance							
Florida Department of Elder Affairs Passed through Area Agency on Aging of North Florida, Inc.							
Alzheimer's Disease Initiative - Respite Services	65.004	BZ009-11	07/01/09 06/30/10	21,041	7,058	-	-
Alzheimer's Disease Initiative - Respite Services	65.004	BZ010-11	07/01/10 06/30/11	10,135	3,921	-	-

(Continued)
See notes to schedule.

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2010

	Federal/State CFDA/CSFA	Grant/ Contract	Contract Period	Grant/ Contract Amount	Expenditures	Transferred to Subrecipients	Deferred Revenue 12/31/2010
State Financial Assistance (continued)	<u>Number</u>	<u>Number</u>	<u>Period</u>	<u>Amount</u>	<u>Expenditures</u>	<u>Subrecipients</u>	<u>12/31/2010</u>
Home Care for the Elderly Case Management	65.001	BH009-11	07/01/09 06/30/10	\$ 1,846	\$ 1,051	\$ -	\$ -
Home Care for the Elderly Subsidies	65.001	BH009-11	07/01/09 06/30/10	8,660	2,124	-	-
Home Care for the Elderly Case Management	65.001	BH010-11	07/01/10 06/30/11	1,203	662	-	-
Home Care for the Elderly Subsidies	65.001	BH010-11	07/01/10 06/30/11	15,660	4,132	-	-
Community Care for the Elderly	65.010	BC009-11	07/01/09 06/30/10	112,668	53,746	-	-
Community Care for the Elderly	65.010	BC010-11	07/01/10 06/30/11	97,365	51,207	-	-
Fixed Capital Outlay - Senior Citizens Center	65.013	XQ892	05/16/08 04/30/10	<u>1,271,607</u>	<u>519,563</u>	-	-
Total state financial assistance				<u>1,397,400</u>	<u>643,464</u>	-	-
Total all financial assistance				<u>\$ 1,555,519</u>	<u>\$ 788,150</u>	\$ -	\$ -

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant/contract activity for the Senior Citizens Council of Madison County, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Florida, *Rules of the Auditor General* 10.650. Because the Schedule presents only a selected portion of the operations of the Senior Citizens Council of Madison County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Senior Citizens Council of Madison County, Inc.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH *RULES OF THE AUDITOR*
*GENERAL CHAPTER 10.650***

To the Board of Directors
Senior Citizens Council of Madison County, Inc.
Madison, Florida

Compliance

I have audited the compliance of the Senior Citizens Council of Madison County, Inc., with the types of compliance requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement that are applicable to each of its major state projects for the year ended December 31, 2010. The Senior Citizens Council of Madison County, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state projects is the responsibility of the Senior Citizens Council of Madison County, Inc.'s management. My responsibility is to express an opinion on the Senior Citizens Council of Madison County, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650 *Rules of the Auditor General*. Those standards and Chapter 10.650 *Rules of the Auditor General* require that I 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 state project occurred. An audit includes examining, on a test basis, evidence about the Senior Citizens Council of Madison County, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Senior Citizens Council of Madison County, Inc.'s compliance with those requirements.

In my opinion, the Senior Citizens Council of Madison County, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major state projects for the year ended December 31, 2010. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*, and which are described in the accompanying Corrective Action Plan as items 2009-01 and 2010-01.

Internal Control Over Compliance

The management of the Senior Citizens Council of Madison County, Inc., is responsible for establishing and maintaining effective internal control over compliance with the requirements of

laws, regulations, contracts, and grants applicable to state projects. In planning and performing my audit, I considered the Senior Citizens Council of Madison County, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major state project to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Senior Citizens Council of Madison County, Inc.'s, Florida's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project that will not be prevented or detected and corrected on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

The Senior Citizens Council of Madison County, Inc.'s responses to the findings identified in my audit are described in the accompanying Summary Schedule of Prior Audit Findings – State Projects and Corrective Action Plan. I did not audit the Senior Citizens Council of Madison County, Inc.'s responses, and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels, CPA
Certified Public Accountant
June 13, 2011

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS**

For the Fiscal Year Ended December 31, 2010

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Senior Citizens Council of Madison County, Inc.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Senior Citizens Council of Madison County, Inc., were disclosed during the audit.
4. No significant deficiency in internal control over the major state project is reported in the Report on Compliance with Requirements Applicable to Each Major State Project and on Internal Control over Compliance in Accordance with *Rules of the Auditor General* Chapter 10.650.
5. The auditor's report on compliance for the major state project for the Senior Citizens Council of Madison County, Inc., expresses an unqualified opinion.
6. My audit disclosed two findings related to State projects required to be disclosed under *Rules of the Auditor General* Chapter 10.656 in section D of this Schedule.
7. The programs/projects tested as major programs/projects included the following:

<u>State Projects</u>	<u>State CSFA No.</u>
Fixed Capital Outlay – Senior Citizens Center	65.013
Community Care for the Elderly	65.010

8. The threshold for distinguishing Type A and Type B projects was \$100,000 for major state projects.
9. The determination of the applicability of a low-risk audit does not apply to State Projects.

B. FINDINGS - FINANCIAL STATEMENTS

There were no current or prior year financial statements findings.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

Not applicable.

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

2009-01 Cash Management

Florida Department of Elder Affairs
Fixed Capital Outlay – Senior Citizens Center CSFA 65.013
Passed through Area Agency on Aging of North Florida, Inc.

Specific Requirement: After the expected cash needs of the first three months for project startup, grant disbursements are to be made only on a reimbursement basis.

Condition: From my audit of grant draws and disbursements, I again noted the following period of time for which excessive grant funds were held prior to disbursement: \$48,925 held for thirty-four days.

Questioned Costs: N/A

Context: The above excess was documented in a schedule of associated grant draws and disbursements by date. Grant draws were made as follows: \$165,125 on February 8, 2010; \$99,809 on May 19, 2010; and \$170,999 on June 25, 2010. Associated expenditures totaled \$519,563. The positive and negative grant funds ranged between \$248,755 and (\$69,643).

Cause: The Senior Citizens Council of Madison County, Inc generally works on a cost reimbursement basis with limited advances. Failure to disburse building grant funds in a timely manner between February 8, 2010, and May 12, 2010, resulted in the excess.

Recommendation: Management should monitor construction activities and associated expenditures. Grants funds should be requested only on an as needed basis.

2010-01 Match (Budget)

Florida Department of Elder Affairs
Fixed Capital Outlay – Senior Citizens Center CSFA 65.013
Passed through Area Agency on Aging of North Florida, Inc.

Specific Requirement: Per the above referenced grant budget (revised May 12, 2010) project funds were as follows: Sr. Center FCO Funds \$1,271,607; Matching Funds \$142,809; Other Non-FCO Funds \$370,864; for a total project cost of \$1,785,280.

Condition: From my audit of matching funds, I noted the following deficiencies in the matching funds and Other Non-FCO Funds:

	<u>Budget</u>	<u>Performed</u>	<u>Balance to meet budget</u>
Matching funds	\$ 142,809	\$ 141,580	\$ (1,229)
Non-FCO Funds	370,864	319,606	(51,258)

Questioned Costs: N/A

Context: The above deficiency was documented by comparing the total of the reimbursement requests to the associated grant budget. Expenditure reimbursements and associated costs were scheduled from the project inception through completion.

Cause: The Senior Citizens Council of Madison County, Inc worked closely with the building contractor, Madison County, and the Hamilton and Madison Correctional Institutes to minimize the Center's cost. As a result, many items were completed below the budgeted amounts.

Recommendation: Management should amend the grant budget to accurately portray the total amounts expended or provided as in-kind.

E. OTHER ISSUES

No management letter in accordance with *Rules of the Auditor General* Section 10.656(3)(e) is required because there were no findings required to be reported in the management letter.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
STATE PROJECTS**

For the Fiscal Year Ended December 31, 2010

2009-01 Cash Management

Florida Department of Elder Affairs
Fixed Capital Outlay – Senior Citizens Center CSFA 65.013
Passed through Area Agency on Aging of North Florida, Inc.

Condition: From my audit of grant draws and disbursements, I discovered the following periods of time for which excessive amounts of grant funds were held prior to disbursement: \$108,903 for 127 days; \$72,298 for 112 days; and \$4,740 for twenty days.

Recommendation: Management should monitor construction activities and associated expenditures. Grants funds should be requested only on an as needed basis.

Current Status: See finding 2009-01 at the Schedule of Findings and Questioned Costs.

SENIOR CITIZENS COUNCIL OF MADISON COUNTY, INC.

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended December 31, 2010

State Projects:

Florida Department of Elder Affairs
Fixed Capital Outlay – Senior Citizens Center CSFA 65.013

2009-01 Cash Management

Condition: From my audit of grant draws and disbursements, I again noted the following period of time for which excessive grant funds were held prior to disbursement: \$48,925 held for thirty-four days.

Recommendation: Management should monitor construction activities and associated expenditures. Grants funds should be requested only on an as needed basis.

Management's Response: The project has been completed. For all future grants that operate on a cost reimbursement basis, reimbursement requests will coincide with related disbursements. However, it should be noted that upon notification in the prior year audit and contact with the Department of Elder Affairs, the Center complied with the recommendation prior to the project's completion.

2010-01 Match (Budget)

Condition: From my audit of matching funds, I noted the following deficiencies in the matching funds and Other Non-FCO Funds:

	<u>Budget</u>	<u>Performed</u>	<u>Balance to meet budget</u>
Matching funds	\$ 142,809	\$ 141,580	\$ (1,229)
Non-FCO Funds	370,864	319,606	(51,258)

Recommendation: Management should amend the grant budget to accurately portray the total amounts expended or provided as in-kind.

Management's Response: The project has been completed. For all future grants, budgets will be amended to accurately portray the in-kind services provided.