

AREAWIDE AGING AGENCY, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

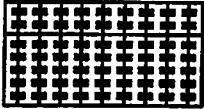
JUNE 30, 2012

**KNOL & MINNEY, PLLC
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AREAWIDE AGING AGENCY, INC.

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KNOL & MINNEY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Areawide Aging Agency, Inc.

We have audited the accompanying consolidated statement of financial position of Areawide Aging Agency, Inc. (Areawide) as of June 30, 2012, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Areawide's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Areawide Aging Agency, Inc. as of June 30, 2012, and the changes in its net assets and 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 our report dated March 6, 2013, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and other additional and supplementary financial information are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and other contractors and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Knol & Minney, PLLC

March 6, 2013

AREAWIDE AGING AGENCY, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS

Cash and cash equivalents:	
Social services	\$ 117,564
Administration	49,485
Contingency reserve	102,118
Housing projects	<u>71,400</u>
Total cash and cash equivalents	340,567
Receivables:	
Grants and contracts receivable	365,475
Subcontractor agencies	1,875
Certificates of deposit	50,000
Receivable from Areawide Elderly Center, L.P.	295,000
Receivable from Temple Gardens, L.P.	303,000
Property and equipment (net of accumulated depreciation of \$81,981)	9,727
Land	542,000
Other assets	<u>47,068</u>
TOTAL ASSETS	<u>\$1,954,712</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 120,822
Payable to subcontractor agencies	265,715
Government contract advances	48,841
Note payable	<u>595,000</u>
Total liabilities	<u>1,030,378</u>
Net assets – unrestricted	843,983
Net assets - temporarily restricted	<u>80,351</u>
Total net assets	<u>924,334</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,954,712</u>

See accompanying notes to financial statements.

AREAWIDE AGING AGENCY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Fees and grants:			
Federal grants for:			
Administration (including Direct Services)	\$ 411,584	\$ -	\$ 411,584
Social services	2,922,573	-	2,922,573
State grants for:			
Administration (including Direct Services)	244,177	-	244,177
Social services	901,795	-	901,795
Government grants/reimbursements for special projects	521,132	16,729	537,861
Other grants	<u>40,000</u>	<u>102,974</u>	<u>142,974</u>
Total fees and grants	<u>5,041,261</u>	<u>119,703</u>	<u>5,160,964</u>
Program income & in-kind contributed services	<u>734,825</u>	<u>-</u>	<u>734,825</u>
Other income:			
Contributions	27,817	362	28,179
Resource directory income	45,140	-	45,140
Interest	8,232	-	8,232
Administrative charge	19,661	-	19,661
Miscellaneous income	11,291	-	11,291
Unrealized change in beneficial interest	<u>(1,451)</u>	<u>-</u>	<u>(1,451)</u>
Total other income	<u>110,690</u>	<u>362</u>	<u>111,052</u>
Net assets released from restrictions	<u>120,565</u>	<u>(120,565)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>6,007,341</u>	<u>(500)</u>	<u>6,006,841</u>

(Continued)

See accompanying notes to financial statements.

AREAWIDE AGING AGENCY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
EXPENSES AND LOSSES:			
Program expenditures:			
Area agency activities	798,865	-	798,865
Social services provided by subcontractors	<u>4,962,977</u>	<u>-</u>	<u>4,962,977</u>
Total program expenditures	<u>5,761,842</u>	<u>-</u>	<u>5,761,842</u>
Supporting services expenses:			
Management and general expenses			
Area agency activities	362,748	-	362,748
Housing project activities	<u>2,024</u>	<u>-</u>	<u>2,024</u>
Total management and general expenses	364,772	-	364,772
Fundraising expenses	<u>1,230</u>	<u>-</u>	<u>1,230</u>
Total supporting services expenses	<u>366,002</u>	<u>-</u>	<u>366,002</u>
TOTAL EXPENSES AND LOSSES	<u>6,127,844</u>	<u>-</u>	<u>6,127,844</u>
CHANGE IN NET ASSETS	(120,503)	(500)	(121,003)
NET ASSETS – BEGINNING OF YEAR	<u>964,486</u>	<u>80,851</u>	<u>1,045,337</u>
NET ASSETS – END OF YEAR	<u>\$ 843,983</u>	<u>\$80,351</u>	<u>\$ 924,334</u>

See accompanying notes to financial statements.

AREAWIDE AGING AGENCY, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	<u>\$(121,003)</u>
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	2,638
Unrealized change in beneficial interest	1,451
Loss on disposition of assets	273
(Increase) decrease from changes in:	
Grants and contracts receivable	355,193
Other assets	590
Increase (decrease) from changes in:	
Accounts payable and accrued expenses	9,072
Payable to subcontractor agencies	(301,267)
Government contract advances	<u>(13,325)</u>
Total adjustments	<u>54,625</u>

NET CASH USED BY OPERATING ACTIVITIES (66,378)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received on investment maturity	100,000
Cash paid for equipment	<u>(4,920)</u>

NET CASH PROVIDED BY INVESTING ACTIVITIES 95,080

NET INCREASE IN CASH AND CASH EQUIVALENTS 28,702

CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR 311,865

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 340,567

See accompanying notes to financial statements.

AREAWIDE AGING AGENCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Areawide Aging Agency, Inc. (Areawide) is a non-profit corporation organized to cooperate with and assist governmental and private agencies in accomplishing the purposes described in the Older Americans Act. To accomplish those purposes, Areawide implements programs under grants primarily from the Oklahoma Department of Human Services – Special Unit on Aging within central Oklahoma including Canadian, Cleveland, Logan and Oklahoma counties.

Areawide Management Company (AMC) was incorporated in 2000 as a wholly owned, for-profit subsidiary of Areawide. AMC was created to participate as a general partner, through Areawide Elderly Center, L.P., in a joint venture for the construction and management of a 59-unit apartment development in Oklahoma City for elderly, low-income individuals.

Areawide TG Housing Corporation (TG Housing) was incorporated in 2004 as a wholly-owned, for-profit subsidiary of Areawide. TG Housing was created to participate as a general partner, through Temple Gardens, L.P., in a joint venture for the construction and management of an apartment development in Oklahoma City for elderly, low-income individuals.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Areawide Aging Agency, Inc., Areawide Management Company and Areawide TG Housing Corporation (collectively referred to as Areawide) and have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Areawide reports information regarding its financial position and changes in net assets according to three classes of net assets, based on the existence or absence of donor-imposed restrictions, as follows:

Unrestricted - expendable amounts available for use without restriction.

Temporarily Restricted - amounts which have been temporarily restricted by donors or grantors for specific purposes or time periods.

Permanently Restricted - amounts restricted by donors or grantors to be maintained in perpetuity with income generated by such amounts available for expenditure, if applicable.

AREAWIDE AGING AGENCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

Purchased assets are recorded at cost, and donated assets are recorded at market value at the time of donation. Property and equipment with initial values of \$300 or more are capitalized and depreciated over their estimated useful lives of three to five years on a straight-line basis.

Property and equipment acquired under certain government contracts is considered to be owned by Areawide while used in the program for which it was purchased or in other future authorized programs; however, the United States has a reversionary interest in the property. Its disposition, as well as the ownership of any proceeds, is subject to federal regulations.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 statement. Actual results could differ from those estimates. It is at least reasonably possible that the significant estimates used will change within the next year.

CASH AND CASH EQUIVALENTS

Areawide considers highly liquid investments with original maturities of three months or less to be cash equivalents. From time to time, cash balances with individual banks may exceed FDIC limits.

CONTRIBUTIONS

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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. Areawide reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

AREAWIDE AGING AGENCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTIONS (continued)

Contributed materials are recorded at market value at the time of donation, and contributed services are recorded at the fair value of the services, provided they meet the following criteria:

- Create or enhance non-financial assets; or
- Require specialized skills, are provided by individuals possessing those skills and would typically be purchased if not provided by donation.

INCOME TAXES

Areawide is an exempt organization under Internal Revenue Service (IRS) Code Section 501(c)(3) and is not classified as a private foundation within the meaning of IRS Code Section 509(a). Therefore, no provision has been made in the financial statements for income taxes. AMC and TG Housing are subject to tax in accordance with applicable statutes.

Areawide's information returns for the years ending in 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

DELEGATED ACTIVITIES

Certain program activities have been subcontracted by Areawide to other agencies within the service area. The responsibility of the operations of the subcontractors remains with Areawide. The subcontractors provide monthly reports of program expenses which are summarized in the accompanying financial statements.

NOTE 2 – OPERATING LEASES

Areawide leases office and storage space under noncancelable operating leases. Lease expense under these agreements for the period totaled \$50,000. Future minimum lease payments under these agreements include: \$50,000 – 2013, \$50,000 – 2014, and \$25,000 - 2015.

NOTE 3 – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represent amounts due from grantors under expense-reimbursement arrangements for which expenses had been incurred at year-end and reimbursements had not yet been received. Also included are amounts committed by grantors at the financial statements date for use in future periods.

AREAWIDE AGING AGENCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – GOVERNMENT CONTRACT ADVANCES

Government contract advances represent funds made available to Areawide for which program-related expenses had not yet been incurred at the financial statement date. These funds are held for use in approved programs and, if not used, may be subject to refund to the grantor.

NOTE 5 – NET ASSETS - UNRESTRICTED

Unrestricted net assets consisted of the following:

Designated by the board of directors-Special Needs	\$178,158
Designated by the board of directors-OCCF	44,558
Land associated with housing projects	542,000
Capital and retained earnings of Areawide Management Company, Inc.	51,361
Capital and retained earnings of Areawide TG Housing Corporation	18,179
Property and equipment	<u>9,727</u>
 Total net assets – unrestricted	 <u><u>\$843,983</u></u>

The amounts designated by the board of directors for special needs includes amounts for hearing aids and eyeglasses of clients in the service area, special needs of the Agency. These designated funds are not externally restricted and may be changed by action of the board of directors.

The amounts designated by the board of directors-OCCF include reciprocal transfer assets held by the Oklahoma City Community Foundation (OCCF), further described in Note 6 below. The earnings on these assets benefit the Agency but the assets themselves have been irrevocably transferred.

NOTE 6 - OKLAHOMA CITY COMMUNITY FOUNDATION

Areawide and other donors have contributed to a fund administered by the Oklahoma City Community Foundation, Inc. (OCCF) for the benefit of Areawide. According to OCCF policy, the principal amounts of such contributions become the legal assets of OCCF. Generally accepted accounting principles provide that the value of reciprocal transfer assets, that is, assets transferred by Areawide to organizations raising or holding contributions for others, such as OCCF, be recognized as assets in the financial statements of the transferor. These principles also provide that the value of assets contributed by others to these types of organizations for the benefit of a specified beneficiary specifically not be recognized and recorded by the beneficiary. Reciprocal transfer assets included:

AREAWIDE AGING AGENCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 - OKLAHOMA CITY COMMUNITY FOUNDATION (continued)

Market value of beneficial interest in assets held by others - beginning	\$46,009
Market value changes during the year ended June 30, 2012	<u>(1,451)</u>
Market value of beneficial interest in assets held by others-ending	<u>\$44,558</u>

The market value of assets contributed by others to OCCF for the benefit of Areawide and, therefore, not recorded in the financial statements was \$52,222 at June 30, 2012.

Annual distributions from income are made to Areawide based on OCCF's spending policy, which is currently five percent of the average market value over the previous twelve quarters of all assets held for the benefit of Areawide. Distributions to Areawide under the spending policy of \$4,552 were received during the year ended June 30, 2012, and are included in interest income in the statement of activities.

NOTE 7 - NET ASSETS - TEMPORARILY RESTRICTED

Temporarily restricted net assets included contributions for specific projects and needs of the elderly.

NOTE 8 - PROGRAM EXPENDITURES - AREA AGENCY ACTIVITIES

Expenses for area agency activities allocated to program expenditures include amounts directly related to the provision of Ombudsman and Information and Assistance services provided to the elderly by Areawide as well as the allocation of expenses related to subgrantee oversight and certain related overhead costs. Also included in program expenditures directly attributable to Areawide are Health Promotion seminars and events, mental health and aging coalition activities, and Medicare counseling and education.

NOTE 9 - RETIREMENT PLAN

Areawide provides a tax-deferred annuity plan for the benefit of all employees effective on the completion of one year of service. The plan provides for Areawide to make contributions to the plan equal to 10.75% of compensation up to Internal Revenue Code limits. Contributions to the plan become fully vest upon the completion of three years of service. Areawide's contributions for the year ended June 30, 2012, totaled \$50,480.

NOTE 10 - CONCENTRATIONS

Approximately eighty-five percent of Areawide's total revenues were provided by government grants.

AREAWIDE AGING AGENCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 – HOUSING PROJECTS

Areawide Elderly Center

The land upon which the Areawide Elderly Center, L.P. development, described in Note 1 above, is constructed was contributed to Areawide by another partner in the joint venture.

Notes payable at the financial statement date included \$295,000 borrowed by Areawide from a Federal Home Loan Bank (FHLB) member bank. The proceeds of this note were loaned to Areawide Elderly Center, L.P., of which AMC is a general partner, for use in the construction of an elderly center described in Note 1. Both the note receivable and the note payable are non-interest bearing and will only become due if the partnership violates the Regulatory Agreement applicable to the elderly center under the Affordable Housing Program. If the partnership defaults under the terms of the note, the note will bear interest at 10% beginning 60 days after notice of default is received, through the date of repayment. The note is collateralized by the land reflected in the financial statements and described above.

Temple Gardens

Areawide is the developer of Temple Gardens, an additional low income housing project for the elderly, also described in Note 1 above. The facility was completed and opened for occupancy in November 2006.

Notes payable at the financial statement date included \$300,000 borrowed by Areawide from a FHLB-member bank, the proceeds from which were loaned to Temple Gardens, L.P. (the Partnership), of which TG Housing is a general partner, for use in the construction of this additional elderly housing project. This note receivable and note payable are also non-interest bearing and will only become due if the partnership violates the Regulatory Agreement under the Affordable Housing Program. If the partnership defaults under the terms of this note, the note will bear interest at 12%, beginning 60 days after notice of default is received. This note is collateralized by a mortgage on the underlying property.

Areawide, through its investment in TG Housing, is liable under certain contractual guarantees related to development and operation of Temple Gardens. Among these guarantees are provisions requiring TG Housing to reimburse the limited partner any amounts related to a tax credit shortfall, should it occur. No estimate is available for the potential amount of future payments that could be required under these guarantees, and no liability has been recognized in the financial statements.

AREAWIDE AGING AGENCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 - ENDOWMENT

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Areawide does not currently hold donor-restricted endowment funds, but maintains a board-designated fund that is further described in Note 6 above.

Changes in unrestricted board-designated endowment included:

Endowment net assets – beginning of the year	\$46,009
Investment return (loss)	725
Appropriated for expenditure	<u>(2,176)</u>
Endowment net assets – end of the year	<u>\$44,558</u>

By placing their board-designated endowment funds with the Oklahoma City Community Foundation, Areawide hopes to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. This method of investing endowment assets is intended, over the long-term to:

- Enhance the total value of the endowment through appreciation and additions and/or the reinvestment of earnings in excess of spending appropriations;
- Preserve capital and avoid the risk of large loss;

NOTE 13 – FAIR VALUE MEASUREMENTS

Areawide's beneficial interest in assets held by others, included in Other Assets and fully described in Note 6 above, is measured at fair value and would be included in Level 3 within the fair value hierarchy. Beneficial interest fair value was determined by the net asset value of the underlying assets in which the interests are invested as provided by the asset owners.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 6, 2013, which is the date the financial statements were available to be issued.

ADDITIONAL INFORMATION

AREA WIDE AGING AGENCY, INC.
CONSOLIDATED SCHEDULE OF PROGRAM EXPENDITURES BY NATURAL CLASSIFICATION
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Personnel</u>	<u>Travel</u>	<u>Food Costs</u>	<u>Nutrition Consultants</u>	<u>Equipment</u>	<u>Rent & Utilities</u>	<u>Other</u>	<u>Total</u>
Aging Services of Canadian Co.	\$ 198,025	\$ 11,880	\$ 53,268	\$ 4,368	\$ 17,824	\$ 11,250	\$ 48,412	\$ 345,027
Aging Services, Inc.-Cleveland Co.	446,408	34,282	196,294	8,112	2,789	16,502	54,452	758,839
Logan County Aging Services	269,570	10,676	112,128	6,292	-	13,744	86,644	499,054
Oklahoma County Senior Nutrition Program	816,221	31,727	829,343	26,550	49,580	66,406	324,252	2,144,079
COTPA/Metro-Transit	48,209	1,447	-	-	-	-	240,965	290,621
Legal Aid Services of Oklahoma	50,067	791	-	-	-	4,302	6,322	61,482
Mobile Meals - Okla. County, Inc.	85,373	276	-	-	962	10,649	23,474	120,734
Sunbeam Family Services- Caregiver Fundamentals	111,301	6,545	-	-	-	7,608	30,571	156,025
Oklahoma Department of Human Services-Aging Respite	-	-	-	-	-	-	121,312	121,312
Oklahoma City Housing Authority-Senior Nutrition	133,816	1,169	145,168	-	-	-	29,074	309,227
Community Enhanced Nutrition Assistance	-	-	98,038	-	40,912	-	16,919	155,869
Other Special Projects	-	-	-	-	-	-	708	708
Area-wide Aging Agency, Inc.	<u>537,830</u>	<u>31,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,656</u>	<u>216,203</u>	<u>798,865</u>
Total program expenditures	<u>\$2,696,820</u>	<u>\$129,969</u>	<u>\$1,434,239</u>	<u>\$45,322</u>	<u>\$112,067</u>	<u>\$144,117</u>	<u>\$1,199,308</u>	<u>\$5,761,842</u>

See independent auditors' report.

AREAWIDE AGING AGENCY, INC.
CONSOLIDATED SCHEDULE OF SUPPORTING SERVICES EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

Salaries	\$157,090
Employee benefits	43,652
Payroll taxes	13,944
Professional Services	23,581
Equipment rental and maintenance	8,734
Office expense	
Supplies	10,817
Printing	6,868
Postage	3,786
Telecommunications	6,570
Dues	5,073
Subscriptions	1,465
Occupancy	39,949
Travel	810
Conference, conventions and meetings	2,162
Depreciation	2,638
Insurance	4,514
OIG audit settlement	30,867
Miscellaneous	228
Total area agency activities	<u>362,748</u>
Housing project activities	<u>2,024</u>
Total management and general expenses	364,772
Fundraising expenses	<u>1,230</u>
 Total supporting services expenses	 <u><u>\$366,002</u></u>

See independent auditors' report.

AREA WIDE AGING AGENCY, INC.
CONSOLIDATED SCHEDULE OF PROGRAM EXPENDITURES BY NATURE OF SERVICE
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Nutrition</u>	<u>Caregiver Support</u>	<u>Transportation OK County</u>	<u>Other Supportive Services*</u>	<u>Health Promotion</u>	<u>Advocacy & Abuse Prevention</u>	<u>Access Info & Assistance</u>	<u>Other**</u>	<u>Total</u>
Aging Services of Canadian Co.	\$ 257,960	\$ 8,000	\$ -	\$ 77,417	\$ 1,650	\$ -	\$ -	\$ -	\$ 345,027
Aging Services, Inc.-Cleveland Co.	590,453	25,000	-	141,203	2,183	-	-	-	758,839
Logan County Aging Services	385,692	16,000	-	96,195	1,167	-	-	-	499,054
Oklahoma County Senior Nutrition Program	1,802,394	119,000	-	217,135	5,550	-	-	-	2,144,079
COTPA/Metro-Transit	-	-	290,621	-	-	-	-	-	290,621
Legal Aid Services of Oklahoma	-	-	-	61,482	-	-	-	-	61,482
Mobile Meals - Okla. County, Inc.	-	-	-	120,734	-	-	-	-	120,734
Sunbeam Family Services- Caregiver Fundamentals	-	156,025	-	-	-	-	-	-	156,025
Oklahoma Department of Human Services-Aging Respite	-	121,312	-	-	-	-	-	-	121,312
Oklahoma City Housing Authority-Senior Nutrition Community Enhanced	309,227	-	-	-	-	-	-	-	309,227
Nutrition Assistance Other special projects	155,869	-	-	-	708	-	-	-	155,869
Areawide Aging Agency, Inc.	81,688	11,635	7,593	18,659	60,129	231,704	346,263	41,194	798,865
Total program expenditures	\$3,583,283	\$456,972	\$298,214	\$732,825	\$71,387	\$231,704	\$346,263	\$41,194	\$5,761,842

* Includes outreach, homemaker services, legal assistance & education in all four counties and transportation in counties other than Oklahoma County. Also includes coordination of volunteers for Mobile Meals in Oklahoma County. All funded with Older Americans Act grants.

**Includes advocacy and education regarding mental health and aging.

See independent auditors' report.

REQUIRED SUPPLEMENTAL INFORMATION

AREAWIDE AGING AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Subgrantee Portion</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through State Department Human Services			
Special Unit on Aging			
Title III Part B	93.044	\$ 903,018	\$ 690,743
Title III Part C	93.045	1,641,300	1,490,277
Title III Part D	93.043	62,381	8,967
Title III Part E - Cash	93.052	277,705	243,000
Title III Part E - Non-cash	93.052	90,983	84,298
Title VII	93.041	13,581	-
Nutrition Services Incentive Program	93.053	345,189	345,189
Administration on Aging			
Aging Disability Resource Centers (ADRC)	93.048	20,594	-
ADRC – Options Counseling	93.048	5,644	-
Centers for Medicare and Medicaid Services			
Medicare Improvements for Patients and Providers			
Act of 2008/Medicare Enrollment Assistance Program	93.071	19,542	-
Living Choice/Money Follows the Person	93.791	1,111	-
Passed through State Department of Insurance			
Administration of Aging			
Senior Medicare Patrol Program			
SMP Grant No. 90AM2952/105	93.048	8,000	-
Centers for Medicare and Medicaid Services			
Senior Health Insurance Counseling			
SHIP Grant no. 11-P-2020316-17	93.779	8,729	-
Passed through State Department of Mental Health and Substance Abuse Services			
Community Mental Health Service Block Grant	93.958	<u>10,921</u>	<u>-</u>
TOTAL FEDERAL EXPENDITURES		<u>\$3,408,698</u>	<u>\$2,862,474</u>

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

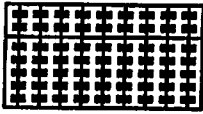
See independent auditors' report.

AREAWIDE AGING AGENCY, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>State Grantor/Program Title</u>	<u>Project/Contract Number</u>	<u>State Expenditures</u>	<u>Subgrantee Portion</u>
STATE DEPARTMENT OF HUMAN SERVICES			
Special Unit on Aging			
Title III Part B	34074008	\$ 225,751	\$124,554
Title III Part C	34074008	781,058	657,256
Title III Part D	34074008	8,657	1,583
Title III Part E - Cash	34074008	81,000	81,000
Title III Part E - Non-cash	34074008	30,328	28,099
Title VII	34074008	2,397	-
 Nursing Scholarship		 708	 -
STATE DEPARTMENT OF COMMERCE			
Community Expansion of Nutrition Assistance	14694 CENA 12	<u>155,869</u>	<u>-</u>
 TOTAL STATE EXPENDITURES		 <u>\$1,285,768</u>	 <u>\$892,492</u>

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

See independent auditors' report.



KNOL & MINNEY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Areawide Aging Agency, Inc.

We have audited the consolidated financial statements of Areawide Aging Agency, Inc. (Areawide), a nonprofit organization, as of and for the year ended June 30, 2012, and have issued our report thereon dated March 6, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Areawide's management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Areawide's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Areawide's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Areawide'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 organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

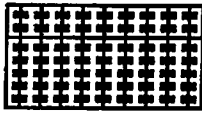
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Areawide's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management and others within the organization 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.

Kneal & Moroney, PLLC

March 6, 2013



KNOL & MINNEY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Areawide Aging Agency, Inc.

Compliance

We have audited the compliance of Areawide Aging Agency, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Areawide Aging Agency, Inc.'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 Areawide Aging Agency, Inc.'s management. Our responsibility is to express an opinion on Areawide Aging Agency, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform our 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 Areawide Aging Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Areawide Aging Agency, Inc.'s compliance with those requirements.

In our opinion, Areawide Aging Agency, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Areawide Aging Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Areawide Aging Agency, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB A-133, 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 Areawide Aging Agency'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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance 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 federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the board of directors, management, others within the organization 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.

Ernie & Murray PLLC

March 6, 2013

AREAWIDE AGING AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of Areawide Aging Agency, Inc.
2. No reportable conditions relating to the audit of the financial statements are reported in the reports on compliance and internal controls
3. No instances of noncompliance material to the financial statements of Areawide Aging Agency, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the reports on compliance and internal controls.
5. The auditors' report on compliance with major federal award programs of Areawide Aging Agency, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to major federal programs of Areawide Aging Agency, Inc.
7. The programs tested as major programs included:
 - Aging Cluster:
 - Title III Part B – CFDA No. 93.044
 - Title III Part C – CFDA No. 93.045
 - Nutrition Services Incentive Program – CFDA No. 93.053
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Areawide Aging Agency, Inc. was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

See independent auditors' report.

AREAWIDE AGING AGENCY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

There were no material or immaterial findings and questioned costs in the prior year audit report.

See independent auditors' report.