

AREA 1 AGENCY ON AGING

FINANCIAL STATEMENTS

For the Years Ended June 30, 2008 and 2007

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AYCOCK AND EDGMON

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Area 1 Agency on Aging

We have audited the accompanying statement of financial position of Area 1 Agency on Aging (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Area 1 Agency on Aging's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Area 1 Agency on Aging as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years 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 October 23, 2008, on our consideration of Area 1 Agency on Aging's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 performed for the purpose of forming an opinion on the basic financial statements of Area 1 Agency on Aging taken as a whole. The schedules of support and revenue and functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements of Area 1 Agency on Aging. The accompanying schedule of expenditures of federal and state awards is 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 is also not a required part of the financial statements of Area 1 Agency on Aging. 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.

A

Aycock and Edgmon
October 23, 2008

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AN ACCOUNTANCY CORPORATION

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FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 807,867	\$ 590,638
Grants and contracts receivable	155,685	162,907
Other receivables	10,626	4,886
Prepaid insurance	12,871	20,044
Other prepaid expenses	<u>28,154</u>	<u>34,414</u>
Total Current Assets	<u>1,015,203</u>	<u>812,889</u>
Property and Equipment		
Equipment - Net of accumulated depreciation	93,164	1,712
Grant funded equipment	<u>45,248</u>	<u>54,294</u>
Total Property and Equipment	<u>138,412</u>	<u>56,006</u>
Other Assets		
Investments	<u>932,225</u>	<u>1,360,852</u>
TOTAL ASSETS	<u>\$ 2,085,840</u>	<u>\$ 2,229,747</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 58,362	\$ 57,681
Lease payable	2,968	587
Refundable advances	6,674	17,640
Accrued liabilities:		
Payroll, benefits, and payroll taxes	33,853	51,560
Compensated absences	<u>31,104</u>	<u>35,438</u>
Total Current Liabilities	<u>132,961</u>	<u>162,906</u>
Long Term Liabilities		
Lease payable	<u>2,943</u>	<u>-</u>
Total Liabilities	<u>135,904</u>	<u>162,906</u>
Net Assets		
Unrestricted net assets	1,903,123	1,966,532
Temporarily restricted net assets	46,813	100,309
Permanently restricted net assets	<u>-</u>	<u>-</u>
Total Net Assets	<u>1,949,936</u>	<u>2,066,841</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,085,840</u>	<u>\$ 2,229,747</u>

The accompanying notes to financial statements are an integral part of this statement.

AREA 1 AGENCY ON AGING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS				
Support				
Federal and state financial assistance	\$ 1,889,453	\$ -	\$ -	\$ 1,889,453
Other grants and contracts	443,276	-	-	443,276
Contributions	6,915	-	-	6,915
Fund-raising income	254	-	-	254
In-kind contributions	-	-	-	-
Total Support	2,339,898	-	-	2,339,898
Revenue				
Membership fees	3,175	1,565	-	4,740
Project revenue	412	-	-	412
Underwriting revenue	18,117	-	-	18,117
Other revenue	4,519	-	-	4,519
Interest and dividend income	60,646	-	-	60,646
Gain on disposition of equipment	1,000	-	-	1,000
Realized gains on sale of investments	-	-	-	-
Unrealized gains on investments	-	-	-	-
Total Revenue	87,869	1,565	-	89,434
Net Assets Released from Restrictions	46,015	(46,015)	-	-
Total Support Revenue, and Gains	2,473,782	(44,450)	-	2,429,332
EXPENSES				
Program Services				
Senior support services	1,124,410	-	-	1,124,410
Volunteer services	282,648	-	-	282,648
Information services	740,240	-	-	740,240
Total Program Services	2,147,298	-	-	2,147,298
Support Services				
General and administrative	388,519	-	-	388,519
Fund-raising	1,374	-	-	1,374
Total Support Services	389,893	-	-	389,893
Total Expenses	2,537,191	-	-	2,537,191
CHANGE IN NET ASSETS	(63,409)	(44,450)	-	(107,859)
Disposal of Grant Funded Equipment	-	(9,046)	-	(9,046)
Prior Period Adjustment	-	-	-	-
NET ASSETS, JULY 1, 2007	1,966,532	100,309	-	2,066,841
NET ASSETS, JUNE 30, 2008	\$ 1,903,123	\$ 46,813	\$ -	\$ 1,949,936

The accompanying notes to financial statements are an integral part of this statement

AREA 1 AGENCY ON AGING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE, AND GAINS				
Support				
Federal and state financial assistance	\$ 1,790,848	\$ -	\$ -	\$ 1,790,848
Other grants and contracts	442,006	44,940	-	486,946
Contributions	1,140	500	-	1,640
Fund-raising	3,943	-	-	3,943
In-kind contributions	<u>775</u>	<u>-</u>	<u>-</u>	<u>775</u>
Total Support	2,238,712	45,440	-	2,284,152
Revenue				
Membership fees	3,570	75	-	3,645
Project revenue	690	-	-	690
Underwriting revenue	2,420	500	-	2,920
Other revenue	3,245	-	-	3,245
Interest and dividend income	69,705	-	-	69,705
Realized gains on sale of investments	22,770	-	-	22,770
Unrealized gains on investments	<u>65,658</u>	<u>-</u>	<u>-</u>	<u>65,658</u>
Total Revenue	168,058	575	-	168,633
Net Assets Released from Restrictions	<u>37,574</u>	<u>(37,574)</u>	<u>-</u>	<u>-</u>
Total Support Revenue, and Gains	2,444,344	8,441	-	2,452,785
EXPENSES				
Program Services				
Senior support services	1,112,075	-	-	1,112,075
Volunteer services	305,242	-	-	305,242
Information services	<u>675,867</u>	<u>-</u>	<u>-</u>	<u>675,867</u>
Total Program Services	2,093,184	-	-	2,093,184
Support Services				
General and administrative	284,358	-	-	284,358
Fund-raising	<u>1,534</u>	<u>-</u>	<u>-</u>	<u>1,534</u>
Total Support Services	<u>285,892</u>	<u>-</u>	<u>-</u>	<u>285,892</u>
Total Expenses	<u>2,379,076</u>	<u>-</u>	<u>-</u>	<u>2,379,076</u>
CHANGE IN NET ASSETS	65,268	8,441	-	73,709
Disposal of Grant Funded Equipment	-	(5,141)	-	(5,141)
Prior Period Adjustment	<u>(753)</u>	<u>(15,613)</u>	<u>-</u>	<u>(16,366)</u>
NET ASSETS, JULY 1, 2006	<u>1,902,017</u>	<u>112,622</u>	<u>-</u>	<u>2,014,639</u>
NET ASSETS, JUNE 30, 2007	<u>\$ 1,966,532</u>	<u>\$ 100,309</u>	<u>\$ -</u>	<u>\$ 2,066,841</u>

The accompanying notes to financial statements are an integral part of this statement.

AREA 1 AGENCY ON AGING

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (107,859)	\$ 73,709
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,821	9,290
Gain on equipment disposition	(1,000)	-
Loss on disposal of assets	-	70
Realized gains on sale of investments	-	(22,770)
Realized losses on sale of investments	54,419	-
Unrealized gains on investments	-	(65,658)
Unrealized losses on investments	2,498	-
(Increase) decrease in operating assets:		
Receivables	1,483	22,530
Investment interest receivable	6,176	(956)
Prepaid expenses	13,432	2,115
Increase (decrease) in operating liabilities:		
Accounts payable	681	(63,657)
Refundable advances	(10,966)	(18,057)
Accrued liabilities	(22,041)	(2,527)
Net Cash Used by Operating Activities	(58,356)	(65,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(87,174)	-
Proceeds from sale of investments	1,009,676	696,306
Purchase of investments	(644,143)	(530,320)
Net Cash Provided (Used) by Investing Activities	278,359	165,986
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt reduction	(2,774)	(273)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	217,229	99,802
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	590,638	490,836
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 807,867	\$ 590,638

NONCASH TRANSACTION

Equipment with a cost of \$8,098 was acquired in exchange for a capital lease.

SUPPLEMENTAL INFORMATION

Interest expense for the years ended June 30, 2008 and 2007 was \$128 and \$159, respectively.

The accompanying notes to financial statements are an integral part of this statement.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIESNature of Activities

Area I Agency on Aging (A1AA) is a nonprofit corporation formed to function as a planning and administrative organization for the delivery of services to older individuals in Humboldt and Del Norte Counties. In addition to providing these services, A1AA operates the Volunteer Center of the Redwoods/Retired Senior Volunteer Program (VCOR/RSVP), the purpose of which is to coordinate the recruitment and placement of citizens in meaningful volunteer stations within Humboldt and Del Norte Counties. A1AA also operates an Information and Assistance (I&A) program whereby A1AA provides needed information and relevant assistance to senior citizens, as well as a Health Insurance Counseling (HICAP) program, and services for caregivers, recipients of in-home care, and their families.

Financial Statement Presentation

A1AA reports its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions, in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

Property and Equipment

A1AA capitalizes all property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets. Purchased property and equipment are capitalized at historical cost. Donated property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, A1AA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. A1AA reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method based on estimated useful lives.

Revenue Recognition

A1AA reports grants, contributions, and membership fees in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Certain grants, contributions, and membership fees are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily restricted net assets. When the 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.

Contributed Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by A1AA.

In addition, volunteers also provide services throughout the year in serving A1AA's mission that are not recognized as contributions in the financial statements because the recognition criteria under SFAS No. 116 were not met.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, A1AA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Compensated Absences

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability. In accordance with the provisions of SFAS No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Income Taxes

A1AA is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and California Revenue and Taxation Code Section 23701. In addition, the Internal Revenue Service has determined that A1AA is not a private foundation within the meaning of IRC Section 509(a).

Functional Expenses

A1AA allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various statistical bases.

Use of 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.

NOTE B - CASH AND CASH EQUIVALENTS

The carrying value of cash and cash equivalents were composed of the following combined balances:

	<u>2008</u>	<u>2007</u>
Cash on hand	\$ 295	\$ 200
Checking and savings accounts	119,051	171,039
Money market funds	631,516	313,616
Certificates of deposits	57,005	105,783
	<u>\$ 807,867</u>	<u>\$ 590,638</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE C - RECEIVABLES

The following is a summary of receivables as of June 30:

	2008		2007	
Grant and Contract Awards				
Federal	\$ 57,145		\$ 70,020	
State	37,499		38,061	
Other	<u>61,041</u>	\$ 155,685	<u>54,826</u>	\$ 162,907
Reimbursable expenses	10,626		4,766	
Miscellaneous receivables	-	10,626	120	4,886
		<u>\$ 166,311</u>		<u>\$ 167,793</u>

NOTE D - INVESTMENTS

Investments in securities available for sale are carried at fair value. Investments in securities held to maturity are carried at amortized cost. The investment in the limited partnership interest is carried at the fair value at the date of donation.

2008	Cost	Fair Value	Carrying Value	Appreciation (Depreciation)
Certificates of deposit	\$ 905,994	\$ 899,450	\$ 906,594	\$ -
Securities available for sale	-	-	-	-
Pooled funds	18,129	15,631	15,631	(2,498)
Limited Partnership	10,000	10,000	10,000	-
	<u>\$ 934,123</u>	<u>\$ 925,081</u>	<u>\$ 932,225</u>	<u>\$ (2,498)</u>

2007	Cost	Fair Value	Carrying Value	Appreciation (Depreciation)
Certificates of deposit	\$ 744,876	\$ 730,048	\$ 744,876	\$ -
Securities available for sale	509,585	588,635	588,635	79,050
Pooled funds	15,572	17,341	17,341	1,769
Limited Partnership	10,000	10,000	10,000	-
	<u>\$ 1,280,033</u>	<u>\$ 1,346,024</u>	<u>\$ 1,360,852</u>	<u>\$ 80,819</u>

NOTE E - PROPERTY AND EQUIPMENT

The following is a summary of the changes in property and equipment as of June 30, 2008:

	Balance July 1, 2007	Additions	Current Year Disposals	Balance June 30, 2008
Unrestricted				
Equipment	\$ 123,697	\$ 96,272	\$ (15,745)	\$ 204,224
Accumulated depreciation	(121,984)	(4,821)	15,745	(111,060)
Net book value	<u>\$ 1,713</u>	<u>\$ 91,451</u>	<u>\$ -</u>	<u>\$ 93,164</u>
Temporarily Restricted				
Equipment	<u>\$ 54,294</u>	<u>\$ -</u>	<u>\$ (9,046)</u>	<u>\$ 45,248</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE F - ACCOUNTS PAYABLE

Accounts payable consisted of the following as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Payments to subcontractors	\$ 27,743	\$ 32,688
Trade payables	30,245	24,750
Sales and use tax payable	374	243
	<u>\$ 58,362</u>	<u>\$ 57,681</u>

NOTE G - REFUNDABLE ADVANCES

A1AA records grant and contract revenue as a refundable advance until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue. The balances in refundable advances of \$6,674 and \$17,640 as of June 30, 2008 and 2007, respectively, represent amounts received from funding agencies and not expended for allowable program costs.

NOTE H - CAPITAL LEASE PAYABLE

A1AA entered into a lease agreement for financing the acquisition of a Konica Minolta Copier. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	<u>2008</u>	<u>2007</u>
Asset		
Konica Minolta Bizhub 250 Copier	\$ 8,098	\$ -
Less accumulated depreciation	(1,620)	-
Total	<u>\$ 6,478</u>	<u>\$ -</u>

The future minimum lease obligations and the net present value to these minimum lease payments as of June 30, 2008 are as follows:

Year Ending June 30,	
2009	\$ 2,727
2010	2,727
2011	<u>227</u>
	5,681
Less amount representing	
Interest	<u>40</u>
	<u>\$ 5,641</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Contributions, Grants, and Fees		
Beginning balance, July 1, 2007	\$	46,015
Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors:		
Foundation contributions		(37,440)
City grants		(7,500)
Membership fees		(75)
Underwriting and donations		(1,000)
Net assets received for periods after June 30, 2008:		
Membership fees		<u>1,565</u>
	\$	1,565
Assets Reverting to Others		
Beginning balance, July 1, 2007		54,294
Disposal of grant funded equipment		<u>(9,046)</u>
		<u>45,248</u>
	\$	<u>46,813</u>

Assets reverting to others consists of equipment acquired with certain funding sources that require that title to these assets revert to the funding source should the program be discontinued.

NOTE J - OPERATING LEASE AGREEMENT

A1AA leased two Eureka, California office facilities under two noncancellable operating leases expiring on June 30, 2008 and November 30, 2007. Rent expenses for these facilities for 2008 and 2007 totaled \$39,760 and \$38,940, respectively.

A1AA leased its Crescent City, California office under a noncancellable operating lease expiring June 30, 2009. Rent expense for 2008 totaled \$13,580. Minimum future rental payments under this lease for the subsequent year are \$16,800.

Subsequent to June 30, 2008, A1AA leased one Eureka office facility under a noncancellable operating lease expiring on July 31, 2018. Minimum future rental payments under this lease for the following five years are:

Year Ending June 30,	
2008 - 2009	\$ 134,863
2009 - 2010	154,125
2010 - 2011	158,746
2011 - 2012	163,510
2012 - 2013	168,418

NOTE K - SIGNIFICANT CONCENTRATION OF CREDIT RISK

Area 1 Agency on Aging maintains cash balances at several financial institutions. The balances are insured, at each financial institution, by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2008 and 2007, A1AA had uninsured cash balances of \$582,992 and \$273,001, respectively.

NOTE L - CONTINGENT LIABILITIES

The major sources of support and revenue are grants and contracts from federal and state agencies. Such support and revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

NOTE M - GRANTS, CONTRACTS, AND EXCHANGE TRANSACTIONS

The following is a summary of revenue recognized from grants, contracts, and exchange transactions during the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Federal grant awards	\$ 998,851	\$ 938,539
State grant awards	<u>890,602</u>	<u>852,309</u>
	<u>\$ 1,889,453</u>	<u>\$ 1,790,848</u>

NOTE N - DONATED GOODS AND SERVICES

The value of donated goods and services included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Information Services	<u>\$ -</u>	<u>\$ 775</u>

NOTE O - RETIREMENT PLAN

A1AA participates in a Simplified Employee Pension (SEP) plan which allows employer discretionary contributions of up to 25% of each eligible employee's gross wages subject to an IRS established limit (\$230,000 in 2008). A1AA made contributions of 3% of each eligible employee's wages equal to \$0 and \$19,596 for the years ended June 30, 2008 and 2007, respectively.

A1AA also sponsors a 403(b) salary deferral plan.

NOTE P - SUBSEQUENT EVENT

On August 8, 2008, the Area 1 Agency on Aging utilized \$1,101,885 of its endowment fund to purchase a 50% interest in a commercial office building. The property was acquired to consolidate the agency's administrative and program offices that were previously housed in three facilities throughout the City of Eureka. Ownership is held with the other 50% owner through a co-tenancy named the Lundblade/A1AA Seventh St. Co-Tenancy. No debt was incurred in the acquisition. The building in its entirety is leased to the non-profit, Area 1 Agency on Aging. Various leasehold improvements (e.g., reconfiguring various rooms and installing an elevator) are in process and are not expected to exceed \$125,000.

NOTE Q - PRIOR PERIOD ADJUSTMENT

For the fiscal year ended June 30, 2007, the unrestricted net assets were reduced by \$753 to include the loss incurred on the disposal of assets in a prior year.

In addition, for the fiscal year ended June 30, 2007, the temporarily restricted net assets were reduced by \$15,613 to reduce the grant funded equipment capitalized in a prior year that no longer met the capitalization policy.

SUPPLEMENTARY INFORMATION

	<u>Senior Support Services</u>	<u>Volunteer Services</u>	<u>Information Services</u>	<u>Total Program Services</u>
UNRESTRICTED SUPPORT				
Federal awards	\$ 442,883	\$ 149,917	\$ 232,297	\$ 825,097
Nutrition Services Incentive Program	81,562	-	-	81,562
USDA Senior Farmers Market coupons	-	-	-	-
State awards	685,328	6,000	164,545	855,873
Other grants and contracts	-	55,961	301,539	357,500
Contributions	-	5,315	1,000	6,315
Fund-raising income	-	-	-	-
In-kind contributions	-	-	-	-
UNRESTRICTED REVENUE AND GAINS				
Membership fees	-	3,175	-	3,175
Project revenue	-	272	140	412
Underwriting income	-	500	17,617	18,117
Other revenue	-	340	-	340
Interest and dividend income	-	-	-	-
Gain on disposition of equipment	1,000	-	-	1,000
Realized gains on sale of assets	-	-	-	-
Unrealized gains on investments	-	-	-	-
Total unrestricted support, revenue, and gains	<u>1,210,773</u>	<u>221,480</u>	<u>717,138</u>	<u>2,149,391</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>-</u>	<u>45,515</u>	<u>-</u>	<u>45,515</u>
TOTAL UNRESTRICTED SUPPORT, REVENUE, AND GAINS	<u>\$ 1,210,773</u>	<u>\$ 266,995</u>	<u>\$ 717,138</u>	<u>\$ 2,194,906</u>

SCHEDULE OF SUPPORT AND REVENUE

For the Year Ended June 30, 2008
 (With Comparative Totals for the Year Ended June 30, 2007)

Total Administrative Support Services	Total Program and Administrative Support Services	Total 2007
\$ 92,192	\$ 917,289	\$ 848,904
-	81,562	77,995
-	-	11,640
34,729	890,602	852,309
85,776	443,276	442,006
600	6,915	1,140
254	254	3,943
-	-	775
-	3,175	3,570
-	412	690
-	18,117	2,420
4,179	4,519	3,245
60,646	60,646	69,705
-	1,000	-
-	-	22,770
-	-	65,658
<u>278,376</u>	<u>2,427,767</u>	<u>2,406,770</u>
<u>500</u>	<u>46,015</u>	<u>37,574</u>
<u>\$ 278,876</u>	<u>\$ 2,473,782</u>	<u>\$ 2,444,344</u>

The accompanying notes to financial statements are an integral part of this statement.

SENIOR SUPPORT SERVICES					
	Program Development	Coordination	Title III C-1 Congregate Meals	Title III C-2 Home Delivered Meals	OAA and OCA Contractors
UNRESTRICTED SUPPORT					
Federal awards	\$ 828	\$ 10,323	\$ 1,826	\$ 3,801	\$ 338,931
Nutritional Services					
Incentive Program	-	-	-	-	81,562
USDA Senior Farmers					
Market coupons	-	-	-	-	-
State awards	-	-	18,532	13,179	653,617
Other grants and contracts	-	-	-	-	-
Contributions	-	-	-	-	-
Fund-raising income	-	-	-	-	-
In-kind contributions	-	-	-	-	-
UNRESTRICTED REVENUE AND GAINS					
Membership fees	-	-	-	-	-
Project revenue	-	-	-	-	-
Underwriting income	-	-	-	-	-
Other revenue	-	-	-	-	-
Interest and dividend income	-	-	-	-	-
Gain on disposition of equipment	-	-	-	-	-
Realized gains on sale of investments	-	-	-	-	-
Unrealized gains on investments	-	-	-	-	-
Total unrestricted support, revenue, and gains	828	10,323	20,358	16,980	1,074,110
NET ASSETS RELEASED FROM RESTRICTION					
	-	-	-	-	-
TOTAL UNRESTRICTED SUPPORT, REVENUE, AND GAINS					
	<u>\$ 828</u>	<u>\$ 10,323</u>	<u>\$ 20,358</u>	<u>\$ 16,980</u>	<u>\$ 1,074,110</u>

SCHEDULE OF SUPPORT AND REVENUE

For the Year Ended June 30, 2008
 (With Comparative Totals for the Year Ended June 30, 2007)

SENIOR SUPPORT SERVICES

HRSA Grant	Total 2008	Total 2007
\$ 87,174	\$ 442,883	\$ 369,398
-	81,562	77,995
-	-	11,640
-	685,328	653,042
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,000	1,000	-
-	-	-
-	-	-
88,174	1,210,773	1,112,075
-	-	-
<u>\$ 88,174</u>	<u>\$ 1,210,773</u>	<u>\$ 1,112,075</u>

The accompanying notes to financial statements are an integral part of this statement.



	VOLUNTEER SERVICES		
		Title III B Placement and	Other
	RSVP	Recruitment	VCOR
UNRESTRICTED SUPPORT			
Federal awards	\$ 111,317	\$ 33,921	\$ 4,679
Nutritional Services Incentive Program	-	-	-
USDA Senior Farmers Market coupons	-	-	-
State awards	6,000	-	-
Other grants and contracts	55,932	-	-
Contributions	5,315	-	-
Fund-raising income	-	-	-
In-kind contributions	-	-	-
UNRESTRICTED REVENUE AND GAINS			
Membership fees	3,175	-	-
Project revenue	272	-	-
Underwriting income	500	-	-
Other revenue	340	-	-
Gain on disposition of equipment	-	-	-
Interest and dividend income	-	-	-
Unrealized gains on investments	-	-	-
Total unrestricted support, revenue, and gains	182,851	33,921	4,679
NET ASSETS RELEASED FROM RESTRICTION	45,515	-	-
TOTAL UNRESTRICTED SUPPORT, REVENUE, AND GAINS	<u>\$ 228,366</u>	<u>\$ 33,921</u>	<u>\$ 4,679</u>

SCHEDULE OF SUPPORT AND REVENUE

For the Year Ended June 30, 2008
 (With Comparative Totals for the Year Ended June 30, 2007)

VOLUNTEER SERVICES

Flex Your Power	Total 2008	Total 2007
\$ -	\$ 149,917	\$ 159,548
-	-	-
-	-	-
-	6,000	-
29	55,961	94,213
-	5,315	900
-	-	-
-	-	-
-	3,175	3,570
-	272	270
-	500	1,500
-	340	553
-	-	-
-	-	3,263
-	-	-
29	221,480	263,817
-	45,515	37,440
<u>\$ 29</u>	<u>\$ 266,995</u>	<u>\$ 301,257</u>

The accompanying notes to financial statements are an integral part of this statement.

	INFORMATION SERVICES					
	General Information Services	Title III B Information and Assistance	Title III E Community Education	Title III E Access	Title III E Home Modification and Security	First 5 Elder Kinder
UNRESTRICTED SUPPORT						
Federal awards	\$ -	\$ 73,453	\$ 2,967	\$ 56,970	\$ 9,914	\$ -
Nutritional Services						
Incentive Program	-	-	-	-	-	-
USDA Senior Farmers						
Market coupons	-	-	-	-	-	-
State awards	-	-	-	-	-	-
Other grants and contracts	-	8,000	-	-	-	39,259
Contributions	-	1,000	-	-	-	-
Fund-raising income	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-
UNRESTRICTED REVENUE AND GAINS						
Membership fees	-	-	-	-	-	-
Project revenue	-	40	-	-	-	-
Underwriting income	17,617	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	-
Realized gains on sale of investments	-	-	-	-	-	-
Unrealized gains on investments	-	-	-	-	-	-
Total unrestricted support, revenue, and gains	17,617	82,493	2,967	56,970	9,914	39,259
NET ASSETS RELEASED FROM RESTRICTION	-	-	-	-	-	-
TOTAL UNRESTRICTED SUPPORT, REVENUE, AND GAINS	<u>\$ 17,617</u>	<u>\$ 82,493</u>	<u>\$ 2,967</u>	<u>\$ 56,970</u>	<u>\$ 9,914</u>	<u>\$ 39,259</u>

SCHEDULE OF SUPPORT AND REVENUE

For the Year Ended June 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

INFORMATION SERVICES								
Community Health Alliance	Blue Lake Information and Assistance	Archstone Strong Expansion	Title III D Preventive Health Program	Caregiver Services	HICAP	Del Norte Aging and Disability Center	Total 2008	Total 2007
\$ -	\$ -	\$ -	\$ 9,113	\$ -	\$ 58,023	\$ 21,857	\$ 232,297	\$ 228,633
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	486	-	164,059	-	164,545	164,042
-	9,595	12,984	-	230,639	-	1,062	301,539	262,367
-	-	-	-	-	-	-	1,000	-
-	-	-	-	-	-	-	-	775
-	-	-	-	-	-	-	-	-
-	-	30	-	-	70	-	140	420
-	-	-	-	-	-	-	17,617	920
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,832
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	9,595	13,014	9,599	230,639	222,152	22,919	717,138	658,989
-	-	-	-	-	-	-	-	134
<u>\$ -</u>	<u>\$ 9,595</u>	<u>\$ 13,014</u>	<u>\$ 9,599</u>	<u>\$ 230,639</u>	<u>\$ 222,152</u>	<u>\$ 22,919</u>	<u>\$ 717,138</u>	<u>\$ 659,123</u>

The accompanying notes to financial statements are an integral part of this statement.

ADMINISTRATIVE SUPPORT SERVICES

	<u>Area Plan Administration</u>	<u>HICAP Administration</u>	<u>Overhead</u>	<u>Investments</u>
UNRESTRICTED SUPPORT				
Federal awards	\$ 92,154	\$ 38	\$ -	\$ -
Nutritional Services Incentive Program	-	-	-	-
USDA Senior Farmers Market coupons	-	-	-	-
State awards	33,177	1,552	-	-
Other grants and contracts	85,776	-	-	-
Contributions	-	-	260	-
Fund-raising income	-	-	-	-
In-kind contributions	-	-	-	-
UNRESTRICTED REVENUE AND GAINS				
Membership fees	-	-	-	-
Project revenue	-	-	-	-
Underwriting income	-	-	-	-
Other revenue	-	-	-	-
Interest and dividend income	-	-	-	56,061
Gain on disposition of equipment	-	-	-	-
Realized gains on sale of investments	-	-	-	-
Unrealized gains on investments	-	-	-	-
Total unrestricted support, revenue and gains	<u>211,107</u>	<u>1,590</u>	<u>260</u>	<u>56,061</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL UNRESTRICTED SUPPORT, REVENUE, AND GAINS	<u>\$ 211,607</u>	<u>\$ 1,590</u>	<u>\$ 260</u>	<u>\$ 56,061</u>

SCHEDULE OF SUPPORT AND REVENUE

For the Year Ended June 30, 2008

(With Comparative Totals for the Year Ended June 30, 2007)

ADMINISTRATIVE SUPPORT SERVICES

Miscellaneous Administrative	Fund-Raising	Total 2008	Total 2007
\$ -	\$ -	\$ 92,192	\$ 91,325
-	-	-	-
-	-	-	-
-	-	34,729	35,225
-	-	85,776	85,426
340	-	600	240
-	254	254	3,943
-	-	-	-
-	-	-	-
-	-	-	-
4,179	-	4,179	2,692
4,585	-	60,646	64,610
-	-	-	-
-	-	-	22,770
-	-	-	65,658
9,104	254	278,376	371,889
-	-	500	-
<u>\$ 9,104</u>	<u>\$ 254</u>	<u>\$ 278,876</u>	<u>\$ 371,889</u>

The accompanying notes to financial statements are an integral part of this statement.

	Senior Support Services	Volunteer Services	Information Services	Total Program Services
Salaries and wages	\$ 8,573	\$ 127,074	\$ 374,872	\$ 510,519
Fringe benefit expense	2,437	41,175	128,726	172,338
Total salaries and related expenses	<u>11,010</u>	<u>168,249</u>	<u>503,598</u>	<u>682,857</u>
Advertising	-	1,378	4,355	5,733
Consultants	29,311	3,408	17,452	50,171
Contracted services	1,074,110	-	-	1,074,110
Expendable equipment	-	1,577	7,472	9,049
Grants awarded	-	-	-	-
Insurance	-	-	-	-
Interest expense	-	-	-	-
Investment management fees	-	-	-	-
Membership and subscriptions	178	671	1,484	2,333
Office and supplies	305	5,204	14,012	19,521
Online services	-	1,500	4,800	6,300
Printing and copier expense	947	6,234	19,182	26,363
Professional services	-	-	-	-
Purchase of services	-	-	6,804	6,804
Rent	1,159	17,371	42,950	61,480
Repairs and maintenance	120	1,137	6,084	7,341
Staff travel and training	1,081	5,166	10,263	16,510
Telephone and utilities	719	5,580	17,376	23,675
Volunteer expenses	-	35,517	1,087	36,604
Other	68	4,272	11,551	15,891
Total expenses before depreciation, other expenses, and losses	<u>1,119,008</u>	<u>257,264</u>	<u>668,470</u>	<u>2,044,742</u>
Allocated overhead	3,591	25,384	70,481	99,456
Depreciation	1,811	-	1,289	3,100
In-kind expense	-	-	-	-
Loss on asset disposal	-	-	-	-
Realized loss on sale of investments	-	-	-	-
Unrealized losses	-	-	-	-
TOTAL EXPENSES AND LOSSES	<u><u>\$ 1,124,410</u></u>	<u><u>\$ 282,648</u></u>	<u><u>\$ 740,240</u></u>	<u><u>\$ 2,147,298</u></u>

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

(With Comparative Totals for the Year Ended June 30, 2007)

Total Administrative Support Services	Total Program and Administrative Support Services	Total 2007
\$ 214,319	\$ 724,838	\$ 689,187
61,551	233,889	246,840
<u>275,870</u>	<u>958,727</u>	<u>936,027</u>
923	6,656	9,878
44,905	95,076	60,554
-	1,074,110	1,050,941
2,515	11,564	10,547
-	-	515
8,553	8,553	8,774
128	128	159
5,720	5,720	8,531
4,124	6,457	8,865
9,838	29,359	23,061
4,968	11,268	11,382
6,908	33,271	23,809
10,335	10,335	10,256
-	6,804	9,982
21,929	83,409	67,649
6,189	13,530	5,829
10,010	26,520	22,863
9,558	33,233	30,645
2,032	38,636	40,284
<u>6,206</u>	<u>22,097</u>	<u>28,390</u>
430,711	2,475,453	2,368,941
(99,456)	-	-
1,721	4,821	9,290
-	-	775
-	-	70
54,419	54,419	-
<u>2,498</u>	<u>2,498</u>	<u>-</u>
<u>\$ 389,893</u>	<u>\$ 2,537,191</u>	<u>\$ 2,379,076</u>

The accompanying notes to financial statements are an integral part of this statement.

SENIOR SUPPORT SERVICES

	Program Development	Coordination	Title III C-1 Congregate Meals	Title III C-2 Home Delivered Meals	OAA and OCA Contractors
Salaries and wages	\$ 577	\$ 7,037	\$ 491	\$ 468	\$ -
Fringe benefit expense	171	1,921	174	171	-
Total salaries and related expenses	748	8,958	665	639	-
Advertising	-	-	-	-	-
Consultants	-	-	16,116	13,195	-
Contracted services	-	-	-	-	1,074,110
Insurance	-	-	-	-	-
Membership and subscriptions	-	-	26	152	-
Office and supplies	-	-	159	146	-
Online services	-	-	-	-	-
Printing and copier expense	-	436	255	256	-
Rent	-	-	644	515	-
Repairs and maintenance	-	-	67	53	-
Staff travel and training	20	164	448	449	-
Telephone and utilities	-	-	402	317	-
Volunteer expense	-	-	-	-	-
Other	-	-	68	-	-
Total expenses before depreciation and other expenses	768	9,558	18,850	15,722	1,074,110
Allocated overhead	60	765	1,508	1,258	-
Depreciation	-	-	-	-	-
TOTAL EXPENSES	\$ 828	\$ 10,323	\$ 20,358	\$ 16,980	\$ 1,074,110

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008
 (With Comparative Totals for the Year Ended June 30, 2007)

SENIOR SUPPORT SERVICES

HRSA Grant	Total 2008	Total 2007
\$ -	\$ 8,573	\$ 10,102
-	2,437	3,515
-	11,010	13,617
-	-	-
-	29,311	28,700
-	1,074,110	1,050,941
-	-	-
-	178	191
-	305	236
-	-	632
-	947	-
-	1,159	1,188
-	120	56
-	1,081	782
-	719	425
-	-	-
-	68	11,640
-	1,119,008	1,108,408
-	3,591	3,667
1,811	1,811	-
<u>\$ 1,811</u>	<u>\$ 1,124,410</u>	<u>\$ 1,112,075</u>

The accompanying notes to financial statements are an integral part of this statement.

	VOLUNTEER SERVICES		
	RSVP	Title III B Placement and Recruitment	Other VCOR
Salaries and wages	\$ 107,231	\$ 15,443	\$ 4,400
Fringe benefits expense	35,832	5,064	279
Total salaries and related expenses	143,063	20,507	4,679
Advertising	1,274	104	-
Consultants	2,622	786	-
Expendable equipment	-	1,577	-
Insurance	-	-	-
Interest expense	-	-	-
Membership and subscriptions	661	10	-
Office and supplies	4,098	1,077	-
Online services	1,500	-	-
Printing and copier expense	4,969	1,265	-
Professional services	-	-	-
Rent	13,207	4,164	-
Repairs and maintenance	870	267	-
Staff travel and training	4,813	353	-
Telephone and utilities	4,283	1,297	-
Volunteer expenses	35,517	-	-
Other	4,271	1	-
Total expenses before depreciation and other expenses	221,148	31,408	4,679
Allocated overhead	22,871	2,513	-
TOTAL EXPENSES	\$ 244,019	\$ 33,921	\$ 4,679

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008
 (With Comparative Totals for the Year Ended June 30, 2007)

VOLUNTEER SERVICES

Flex Your Power	Total 2008	Total 2007
\$ -	\$ 127,074	\$ 139,792
-	41,175	48,657
-	168,249	188,449
-	1,378	584
-	3,408	910
-	1,577	1,006
-	-	124
-	-	7
-	671	756
29	5,204	6,279
-	1,500	1,503
-	6,234	6,143
-	-	5
-	17,371	15,105
-	1,137	872
-	5,166	7,219
-	5,580	5,112
-	35,517	36,901
-	4,272	6,905
29	257,264	277,880
-	25,384	27,362
<u>\$ 29</u>	<u>\$ 282,648</u>	<u>\$ 305,242</u>

The accompanying notes to financial statements are an integral part of this statement.

	INFORMATION SERVICES					
	General Information Services	Title III B Information and Assistance	Title III E Community Education	Title III E Access	Title III E Home Modification and Security	First 5 Elder Kinder
Salaries and wages	\$ 7,079	\$ 55,790	\$ 2,115	\$ 29,599	\$ 2,058	\$ 20,905
Fringe benefit expense	2,222	19,738	593	10,845	700	8,099
Total salaries and related expenses	9,301	75,528	2,708	40,444	2,758	29,004
Advertising	-	208	-	26	-	1,951
Consultants	2,250	1,367	-	247	3,510	-
Expendable equipment	-	107	-	696	-	112
Insurance	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Membership and subscriptions	-	47	-	22	-	-
Office and supplies	104	1,620	-	1,093	3	304
Online services	-	1,968	-	1,008	-	960
Printing and copier expense	8,747	706	-	480	-	1,388
Purchase of service	-	-	-	-	2,907	100
Rent	-	4,913	-	5,009	-	-
Repairs and maintenance	-	387	-	383	-	405
Staff travel and training	104	1,099	34	285	2	110
Telephone and utilities	-	2,626	-	2,582	-	256
Volunteer expenses	-	-	-	-	-	-
Other	-	481	5	415	-	-
Total expenses before depreciation and other expenses	20,506	91,057	2,747	52,690	9,180	34,590
Allocated overhead	3,076	7,284	220	4,280	734	4,669
Depreciation	-	-	-	-	-	-
In-kind expense	-	-	-	-	-	-
Loss on asset disposal	-	-	-	-	-	-
TOTAL EXPENSES	\$ 23,582	\$ 98,341	\$ 2,967	\$ 56,970	\$ 9,914	\$ 39,259

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

INFORMATION SERVICES								
Community Health Alliance	Blue Lake Information and Assistance	Archstone Strong Expansion	Title III D Preventive Health Program	Caregiver Services	HICAP	Del Norte Aging and Disability Center	Total 2008	Total 2007
\$ -	\$ 3,990	\$ 3,454	\$ 2,980	\$ 117,258	\$ 121,679	\$ 7,965	\$ 374,872	\$ 335,483
-	1,559	1,107	939	36,707	43,845	2,372	128,726	131,552
-	5,549	4,561	3,919	153,965	165,524	10,337	503,598	467,035
-	-	-	-	1,108	499	563	4,355	4,827
-	-	2,460	-	3,585	2,633	1,400	17,452	19,772
-	-	-	-	4,541	315	1,701	7,472	8,895
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	30
-	-	-	-	-	1,415	-	1,484	2,078
-	136	139	56	6,764	3,095	698	14,012	9,400
-	-	-	-	864	-	-	4,800	4,808
-	51	55	108	5,875	1,772	-	19,182	13,294
-	3,273	524	-	-	-	-	6,804	9,982
-	-	-	-	13,034	16,692	3,302	42,950	28,981
-	-	-	-	1,611	1,867	1,431	6,084	2,255
-	66	293	53	2,479	5,339	399	10,263	10,063
-	120	-	-	5,570	5,680	542	17,376	15,644
-	-	761	-	-	326	-	1,087	1,061
-	121	3,077	4,753	1,160	539	1,000	11,551	6,088
-	9,316	11,870	8,889	200,556	205,696	21,373	668,470	604,213
-	279	1,144	710	30,083	16,456	1,546	70,481	62,267
1,289	-	-	-	-	-	-	1,289	8,542
-	-	-	-	-	-	-	-	775
-	-	-	-	-	-	-	-	70
<u>\$ 1,289</u>	<u>\$ 9,595</u>	<u>\$ 13,014</u>	<u>\$ 9,599</u>	<u>\$ 230,639</u>	<u>\$ 222,152</u>	<u>\$ 22,919</u>	<u>\$ 740,240</u>	<u>\$ 675,867</u>

The accompanying notes to financial statements are an integral part of this statement.

ADMINISTRATIVE SUPPORT SERVICES

	Area Plan <u>Administration</u>	HICAP <u>Administration</u>	<u>Overhead</u>	<u>Investments</u>
Salaries and wages	\$ 120,645	\$ 1,143	\$ 92,275	\$ -
Fringe benefits expense	<u>35,390</u>	<u>307</u>	<u>25,758</u>	-
Total salaries and related expenses	156,035	1,450	118,033	-
Advertising	809	-	114	-
Consultants	34,940	-	9,965	-
Expendable equipment	964	-	1,551	-
Grants awarded	-	-	-	-
Insurance	-	-	8,553	-
Interest expense	-	-	80	-
Investment management fees	-	-	-	5,720
Membership and subscriptions	3,090	-	1,034	-
Office and supplies	3,456	-	6,090	-
Online services	2,910	-	2,058	-
Printing and copier expense	1,792	-	4,412	-
Professional services	-	-	10,225	-
Rent	7,113	-	14,704	-
Repairs and maintenance	862	-	5,327	-
Staff travel and training	8,933	21	814	-
Telephone and utilities	2,100	-	7,418	-
Volunteer expenses	1,890	-	-	-
Other	<u>919</u>	<u>-</u>	<u>5</u>	<u>-</u>
Total expenses before depreciation, other expenses, and losses	225,813	1,471	190,383	5,720
Allocated overhead	18,073	119	(118,954)	-
Depreciation	101	-	-	-
Realized loss on sale of investments	-	-	-	54,419
Unrealized losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,498</u>
TOTAL EXPENSES AND LOSSES	<u>\$ 243,987</u>	<u>\$ 1,590</u>	<u>\$ 71,429</u>	<u>\$ 62,637</u>

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

(With Comparative Totals for the Year Ended June 30, 2007)

ADMINISTRATIVE SUPPORT SERVICES

Miscellaneous Administrative	Fund-Raising	Total 2008	Total 2007
\$ -	\$ 256	\$ 214,319	\$ 203,810
32	64	61,551	63,116
<u>32</u>	<u>320</u>	<u>275,870</u>	<u>266,926</u>
-	-	923	4,467
-	-	44,905	11,172
-	-	2,515	646
-	-	-	515
-	-	8,553	8,650
48	-	128	122
-	-	5,720	8,531
-	-	4,124	5,840
207	85	9,838	7,146
-	-	4,968	5,071
105	599	6,908	3,740
110	-	10,335	10,251
112	-	21,929	22,375
-	-	6,189	2,646
229	13	10,010	4,799
40	-	9,558	9,464
142	-	2,032	2,322
<u>5,104</u>	<u>178</u>	<u>6,206</u>	<u>3,757</u>
6,129	1,195	430,711	378,440
1,127	179	(99,456)	(93,296)
1,620	-	1,721	748
-	-	54,419	-
<u>-</u>	<u>-</u>	<u>2,498</u>	<u>-</u>
<u>\$ 8,876</u>	<u>\$ 1,374</u>	<u>\$ 389,893</u>	<u>\$ 285,892</u>

The accompanying notes to financial statement are an integral part of this statement.

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**REPORTS REQUIRED BY U.S. OFFICE OF MANAGEMENT
AND BUDGET CIRCULAR A-133**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant/ Contract Number</u>
United States Department of Health and Human Services		
<u>Administration on Aging</u>		
<u>Pass Through from California Department of Aging</u>		
Special Programs for the Aging		
Title VII B - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-0708-01
Title VII A - Long Term Care Ombudsman Services for Older Individuals	93.042	AP-0708-01
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	AP-0708-01
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	AP-0708-01
Title III, Part C - Nutrition Services		
Congregate Meals and Home Delivered Meals	93.045	AP-0708-01
Title III, Part E - National Family Caregiver Support Nutrition Services Incentive Program	93.052	AP-0708-01
Health Insurance Counseling and Advocacy Program	93.053	AP-0708-01
Title IV and II, Discretionary Projects	93.779	HI-0708-01
Title IV and II, Discretionary Projects	93.779	CT-0405-17
Special Deposit	93.779	CT-0708-29
Community Based Services Program	n/a	AP-0708-01
A1AA Administration	n/a	AP-0708-01
Alzheimer's Day Care Resource Center	n/a	AP-0708-01
Brown Bag	n/a	AP-0708-01
Linkages	n/a	AP-0708-01
Respite Purchase of Service	n/a	AP-0708-01
Total United States Department of Health and Human Services		
United States Department of Agriculture		
Seniors Farmers Market Program	10.576	AP-0708-01
United States Department of Health and Human Services		
Health Resources and Services Administration		
Health Care and Other Facilities	93.894	C76HF01102-01-01
Corporation for National Service		
Retired Senior Volunteer Program	94.002	03SRPCA023
Pass Through from California Institute on Human Services, Pass Through from Sonoma State University AmeriCorps Promise Fellows	94.006	03ACHCA0010026
TOTAL FEDERAL AND STATE AWARDS		

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2008

<u>Program Award Amount</u>	<u>Federal Awards Expended</u>	<u>State Awards Expended</u>
\$ 2,924	\$ 2,432	\$ 125
15,448	13,316	2,132
12,771	11,113	486
270,466	227,827	42,604
585,055	294,582	284,372
87,174	84,931	-
81,562	81,562	-
223,872	58,061	165,611
22,500	21,230	-
4,950	627	-
7,088	-	6,257
32,948	-	32,948
80,000	-	80,000
24,692	-	24,692
227,962	-	227,962
17,449	-	17,413
<u>1,696,861</u>	<u>795,681</u>	<u>884,602</u>
-	-	-
98,356	87,174	-
111,317	111,317	-
<u>11,353</u>	<u>4,679</u>	<u>-</u>
<u>\$ 1,917,887</u>	<u>\$ 998,851</u>	<u>\$ 884,602</u>

See accompanying notes to schedule of expenditures of federal and state awards.

NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2008

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Area 1 Agency on Aging and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



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 of
Area 1 Agency on Aging

We have audited the financial statements of Area 1 Agency on Aging (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Area 1 Agency on Aging'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 Area 1 Agency on Aging's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Area 1 Agency on Aging's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Area 1 Agency on Aging's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Area 1 Agency on Aging's financial statements that is more than inconsequential will not be prevented or detected by the Area 1 Agency on Aging's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Area 1 Agency on Aging's internal control.

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

Area 1 Agency on Aging

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Area 1 Agency on Aging'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 audit committee, Board of Directors, management, 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.

A

Aycock and Edgmon
October 23, 2008



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

To the Board of Directors of
Area 1 Agency on Aging

Compliance

We have audited the compliance of Area 1 Agency on Aging (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Area 1 Agency on Aging's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Area 1 Agency on Aging's management. Our responsibility is to express an opinion on Area 1 Agency on Aging's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Area 1 Agency on Aging'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 Area 1 Agency on Aging's compliance with those requirements.

In our opinion, Area 1 Agency on Aging complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Area 1 Agency on Aging 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 Area 1 Agency on Aging's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Area 1 Agency on Aging's internal control over compliance.

To the Board of Directors of
Area 1 Agency on Aging

A control deficiency in an entity's 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 federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Area 1 Agency on Aging's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Area 1 Agency on Aging's response and, accordingly, we express no opinion on it.

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

A

Aycock and Edgmon
October 23, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Area 1 Agency on Aging.
2. There were no control deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Area 1 Agency on Aging were disclosed during the audit.
4. There were no reportable conditions noted during the audit of the major federal awards programs.
5. The auditors' report on compliance for the major federal award programs for Area 1 Agency on Aging expresses an unqualified opinion on all major federal award programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs that are considered as an other cluster include:

U.S. Department of Health and Human Services, Administration on Aging

- 93.041 Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation (Title VII-B)
- 93.042 Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals (Title VII-A)
- 93.043 Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services (Title III-D)
- 93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (Title III-B)
- 93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services (Title III-C)
- 93.052 Special Programs for the Aging - Title III, Part E - National Family Caregiver Support (Title III-E)
- 93.053 Nutrition Services Incentive Program

Other program tested as a major program includes Corporation for National and Community Services

- 94.002 Retired Senior Volunteer Program

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Area 1 Agency on Aging was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

None.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

PRIOR YEAR FINDINGS

For the Year Ended June 30, 2008

There were no prior year findings.

