

**Scenic Valley Area VIII
Agency on Aging**

Financial Statements

June 30, 2010 and 2009

Table of Contents

Page(s)

Independent Auditor's Report	1 – 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 13
Supplementary Information	
Iowa Department of Elder Affairs Cost Sharing Report/Audit Reconciliation Schedule	14 – 17
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Expenditures of Federal Awards	19
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	20 – 21
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	22 – 23
Schedule of Findings and Questioned Costs	24
Summary Schedule of Prior Audit Findings	25



Independent Auditor's Report

To the Board of Directors
Scenic Valley Area VIII Agency on Aging
Dubuque, Iowa

We have audited the accompanying statements of financial position of Scenic Valley Area VIII Agency on Aging (a non-profit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Scenic Valley Area VIII 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Scenic Valley Area VIII Agency on Aging as of June 30, 2010 and 2009, and the changes in net assets and 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 a report dated September 14, 2010, on our consideration of Scenic Valley Area VIII Agency on Aging's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of 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 read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Scenic Valley Area VIII Agency on Aging taken as a whole. The supplemental information included on pages 13 through 16, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of

Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and is also 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.

HONKAMP KRUEGER & CO., P.C.

Honkamp Krueger & Co.

Dubuque, Iowa
September 14, 2010

Scenic Valley Area VIII Agency on Aging
Statements of Financial Position
June 30, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Current Assets		
Cash in Bank	\$ 620,720	\$ 520,406
Certificates of Deposit	243,166	238,216
Accounts Receivable	47,863	40,811
Subcontractor Receivable	44,424	-
Grants Receivable	19,296	57,203
Interest Receivable	379	504
Prepaid Expenses	<u>16,033</u>	<u>16,122</u>
Total Current Assets	<u>991,881</u>	<u>873,262</u>
Property and Equipment, at Cost		
Equipment	282,033	277,296
Less: Accumulated Depreciation	<u>208,348</u>	<u>192,541</u>
Property and Equipment, Net	<u>73,685</u>	<u>84,755</u>
Total Assets	<u>\$ 1,065,566</u>	<u>\$ 958,017</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 118,312	\$ 93,027
Accrued Payroll	5,483	3,497
Accrued Vacation	20,193	16,182
Accrued Pension	35,615	25,957
Other Accrued Expenses	3,465	2,924
Refundable Advances	<u>50,002</u>	<u>39,865</u>
Total Current Liabilities	<u>233,070</u>	<u>181,452</u>
Net Assets		
Unrestricted	672,147	614,360
Temporarily Restricted	<u>160,349</u>	<u>162,205</u>
Total Net Assets	<u>832,496</u>	<u>776,565</u>
Total Liabilities and Net Assets	<u>\$ 1,065,566</u>	<u>\$ 958,017</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging
Statements of Activities
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
SUPPORT AND REVENUE	<u>Operations</u>	<u>Operations</u>	<u>Total</u>
Federal Grants	\$ -	\$ 723,446	\$ 723,446
State of Iowa Grants	-	235,639	235,639
Dubuque Racing Association Grant	-	-	-
Waiver Home Delivered Meals	-	74,046	74,046
County Supervisor	-	9,650	9,650
Contributions	-	326,546	326,546
Donations	5,004	696	5,700
Interest Income	15,115	-	15,115
Other Revenue	391,215	4,114	395,329
In Kind	-	33,114	33,114
Total Support and Revenue	<u>411,334</u>	<u>1,407,251</u>	<u>1,818,585</u>
Net Assets Released from Restrictions:			
Net Assets Released from Restrictions Due to Satisfaction of Program Restrictions	<u>1,409,107</u>	<u>(1,409,107)</u>	<u>-</u>
Total Revenue	<u>1,820,441</u>	<u>(1,856)</u>	<u>1,818,585</u>
EXPENSES			
Program:			
Area Plan Administration	100,964	-	100,964
Social Services	887,706	-	887,706
Nutrition Services	773,984	-	773,984
Total Expenses	<u>1,762,654</u>	<u>-</u>	<u>1,762,654</u>
Change in Net Assets	57,787	(1,856)	55,931
Net Assets, Beginning of Year	<u>614,360</u>	<u>162,205</u>	<u>776,565</u>
Net Assets, End of Year	<u>\$ 672,147</u>	<u>\$ 160,349</u>	<u>\$ 832,496</u>

2009

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
<u>Operations</u>	<u>Operations</u>	<u>Total</u>
\$ -	\$ 648,569	\$ 648,569
-	353,561	353,561
-	3,875	3,875
-	61,256	61,256
-	9,048	9,048
-	318,565	318,565
2,962	874	3,836
17,457	-	17,457
201,795	13,266	215,061
-	30,985	30,985
<u>222,214</u>	<u>1,439,999</u>	<u>1,662,213</u>
<u>1,437,114</u>	<u>(1,437,114)</u>	<u>-</u>
<u>1,659,328</u>	<u>2,885</u>	<u>1,662,213</u>
94,963	-	94,963
816,314	-	816,314
703,242	-	703,242
<u>1,614,519</u>	<u>-</u>	<u>1,614,519</u>
44,809	2,885	47,694
569,551	159,320	728,871
<u>\$ 614,360</u>	<u>\$ 162,205</u>	<u>\$ 776,565</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging
Statements of Functional Expenses
For the Years Ended June 30, 2010 and 2009**

	2010			
	<u>Area Plan Administration</u>	<u>Social Services</u>	<u>Nutrition Services</u>	<u>Total</u>
Salaries and Related Expenses:				
Salaries	\$ 63,533	\$ 354,135	\$ 53,551	\$ 471,219
Fringe Benefits	<u>19,032</u>	<u>103,758</u>	<u>16,042</u>	<u>138,832</u>
Total Salaries and Related Expenses	<u>82,565</u>	<u>457,893</u>	<u>69,593</u>	<u>610,051</u>
Operating Expenses:				
Utilities	-	763	-	763
Telephone	152	4,740	287	5,179
Rent	1,289	18,047	2,148	21,484
Insurance	490	7,247	816	8,553
Postage	156	2,368	260	2,784
Dues and Publications	2,748	7,433	485	10,666
Printing	-	5,621	-	5,621
Advertising and Promotion	2	4,927	1,035	5,964
Supplies	235	5,403	7,376	13,014
Audit	593	8,294	988	9,875
Maintenance and Repair	251	8,410	7,115	15,776
Travel	1,816	8,920	873	11,609
Subcontracted Services	-	264,485	663,481	927,966
Workshops/Training	500	9,620	2,004	12,124
Profit Sharing	4,802	26,766	4,047	35,615
In-Kind Expense	4,382	28,732	-	33,114
Miscellaneous	<u>35</u>	<u>4,759</u>	<u>11,895</u>	<u>16,689</u>
Total Operating Expenses	<u>17,451</u>	<u>416,535</u>	<u>702,810</u>	<u>1,136,796</u>
Total Expenses before Depreciation	<u>100,016</u>	<u>874,428</u>	<u>772,403</u>	<u>1,746,847</u>
Depreciation	<u>948</u>	<u>13,278</u>	<u>1,581</u>	<u>15,807</u>
Total Expenses	<u>\$ 100,964</u>	<u>\$ 887,706</u>	<u>\$ 773,984</u>	<u>\$ 1,762,654</u>

2009

<u>Area Plan Administration</u>	<u>Social Services</u>	<u>Nutrition Services</u>	<u>Total</u>
\$ 60,232	\$ 322,170	\$ 46,772	\$ 429,174
<u>18,298</u>	<u>95,527</u>	<u>14,209</u>	<u>128,034</u>
<u>78,530</u>	<u>417,697</u>	<u>60,981</u>	<u>557,208</u>
-	753	-	753
137	4,135	118	4,390
1,472	18,301	1,262	21,035
599	7,821	513	8,933
184	2,476	161	2,821
1,056	4,011	132	5,199
-	1,378	573	1,951
10	2,414	9	2,433
203	4,773	787	5,763
662	8,222	567	9,451
299	8,246	4,384	12,929
2,272	9,626	1,867	13,765
-	249,299	622,162	871,461
119	6,493	2,144	8,756
3,643	19,485	2,829	25,957
3,333	27,652	-	30,985
<u>981</u>	<u>5,355</u>	<u>3,499</u>	<u>9,835</u>
<u>14,970</u>	<u>380,440</u>	<u>641,007</u>	<u>1,036,417</u>
<u>93,500</u>	<u>798,137</u>	<u>701,988</u>	<u>1,593,625</u>
<u>1,463</u>	<u>18,177</u>	<u>1,254</u>	<u>20,894</u>
<u>\$ 94,963</u>	<u>\$ 816,314</u>	<u>\$ 703,242</u>	<u>\$ 1,614,519</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging
Statements of Cash Flows
For the Years Ended June 30, 2010 and 2009**

	2010	2009
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 55,931	\$ 47,694
Adjustments to Change in Net Assets to Cash		
Provided by Operating Activities:		
Depreciation	15,807	20,894
(Increase) Decrease in Current Assets:		
Accounts Receivable	(7,052)	(14,199)
Subcontractor Receivable	(44,424)	14,272
Grants Receivable	37,907	(45,954)
Interest Receivable	125	605
Prepaid Expenses	89	(1,554)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	25,285	35,877
Accrued Payroll	1,986	2,005
Accrued Vacation	4,011	147
Accrued Pension	9,658	(3,930)
Other Accrued Expenses	541	(1,306)
Refundable Advances	10,137	352
Net Cash Provided by Operating Activities	110,001	54,903
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(4,737)	(4,240)
Proceeds from Maturity of Certificates of Deposit	238,216	212,378
Purchase of Certificates of Deposit	(243,166)	(138,242)
Net Cash Provided (Used) by Investing Activities	(9,687)	69,896
Net Increase in Cash	100,314	124,799
Cash, Beginning of Year	520,406	395,607
Cash, End of Year	\$ 620,720	\$ 520,406

See Notes to Financial Statements

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 1. Nature of Business and Significant Accounting Policies

Scenic Valley Area VIII Agency on Aging (the "Agency") was established in 1978, under provisions enacted by the United States Congress (The Older American's Act, Public Law 100-175), and the Iowa General Assembly (Code of Iowa, Chapter 249D). The Agency is responsible for planning, coordinating, and advocating for the development of a comprehensive service delivery system to meet the short and long-term needs of persons aged 60 and older in Delaware, Dubuque, and Jackson Counties. A significant portion of the funding received is dependent upon federal and state agencies.

The financial statements of the Agency have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The significant accounting policies of the Agency are as follows:

Reporting Entity

The financial statements include all funds of the Agency. Accordingly, the criteria specified by the Governmental Accounting Standards Board have been applied in determining the scope of the reporting entity for financial reporting purposes. Specifically, those agencies, offices, organizations, commissions, and public authorities over which the Agency's elected officials exercise oversight responsibility are included in the financial statements. Manifestations of oversight responsibility over an entity include: 1) financial interdependency, 2) selection of governing authority, 3) designation of management, 4) ability to significantly influence operations, and 5) accountability for fiscal matters.

Basis of Presentation

The Agency accounts for its activities in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, "Financial Statements of Not-for-Profit Organizations" (FASB ASC Topic 958). Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time. The Agency had temporarily restricted net assets of \$160,349 and \$162,205 for the years ended June 30, 2010 and 2009, respectively.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 1. Nature of Business and Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that neither expire by passage of time, nor can be met by actions of the Agency. The Agency has no permanently restricted net assets for the years ended June 30, 2010 and 2009.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue when received.

The Agency reports gifts of cash and other assets 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.

The Agency 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, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue

The Agency receives substantially all of its grant revenue from Federal and State agencies. The Agency recognizes grant revenue (up to the grant ceiling) from its grants, either on a pro-rata basis over a 12-month period, which represents the service period for certain grants, or to the extent of expenses. Revenue recognition depends on the grant. Contributions are recognized as made, and interest income is recognized when earned.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 1. Nature of Business and Significant Accounting Policies (Continued)

Revenue (Continued)

Any of the grant funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Agency with the terms of the grants.

Refundable Advances

The Agency records grant revenue as a refundable advance until it is expended for the purpose of the grant, at which time, it is recognized as revenue. The balance in refundable advances at June 30, 2010 and 2009, represents amounts received under grant contracts that will be expended in the next fiscal year in accordance with the grant period.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid debt securities purchased with an original maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost, if purchased, or at fair market value on the date received, if donated, less accumulated depreciation. Major expenditures for improvements (those greater than \$500) and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as paid. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Proceeds from the sale of property and equipment, if unrestricted, are transferred to the operating fund balances, or, if restricted, to deferred amounts restricted for property and equipment acquisitions. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are as follows:

Equipment	5 – 20 Years
-----------	--------------

Income Taxes

The Agency is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and, accordingly, no liability for income taxes is reflected in the accompanying financial statements.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 1. Nature of Business and Significant Accounting Policies (Continued)

Income Taxes (Continued)

The FASB issued new guidance on accounting for uncertainty in income taxes, which the Agency adopted for its year ended June 30, 2010. The Agency has evaluated its tax positions and concluded that the Agency had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

The Agency's policy is to include interest and penalties related to income taxes, if any, in interest expense and operating expenses, respectively.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$5,964 and \$2,433 for the years ended June 30, 2010 and 2009, respectively.

Accounts Receivable

The Agency considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Recently Adopted Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification ("ASC") and the Hierarchy of Generally Accepted Accounting Principles ("GAAP"), which establishes the Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of their financial statements in conformity with GAAP. The Codification is effective for all financial statements issued for interim and annual periods ending after September 15, 2009. Effective June 30, 2010, the Agency adopted the Codification, which did not have a material impact on the financial statements. However, references to specific accounting standards in the notes to the financial statements have been changed to refer to the appropriate section of the Codification.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 2. Lease Commitments

The Agency leased its administrative offices under a non-cancelable operating lease which expired June 30, 2010. The lease required a base rental of \$1,445 plus additional amounts for utilities to be paid at the beginning of the month. This lease was renewed through October 31, 2010, with the same aforementioned lease agreement. Beginning on November 1, 2010, the Agency is leasing its administrative offices under a non cancelable operating lease ending on October 31, 2015. The lease requires a base rental of \$3,135 plus additional amounts for utilities to be paid at the beginning of the month. On the first day of November every November thereafter, the rent increases by 2% of the prior year's base rental.

Future minimum lease payments required over the remainder of the lease are as follows:

<u>Years Ending June 30</u>	
2011	\$ 30,860
2012	38,122
2013	38,884
2014	39,662
2015	40,455
Thereafter	<u>13,574</u>
	<u>\$ 201,557</u>

Total rent expense for the years ended June 30, 2010 and 2009, was \$21,484 and \$21,035, respectively.

NOTE 3. Grants Receivable

Grants receivable at June 30, 2010 and 2009, consist of the following:

Iowa Department of Elder Affairs:	<u>2010</u>	<u>2009</u>
ARRA Grant	\$ 17,223	\$ 4,900
Title III C	646	41,721
Title III B	----	541
Title III D	914	----
Dubuque Racing Association	----	3,875
DHS	513	733
Senior Living Program	----	<u>5,433</u>
	<u>\$ 19,296</u>	<u>\$ 57,203</u>

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 4. Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Agency's programs, principally in the nutrition program. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

NOTE 5. Revenue Sharing Plan

On July 1, 1993, the Agency established a Revenue Sharing Plan for all employees with one year of service who have attained the age of 21 and have at least 1,000 hours of service during the year. Contributions may be made annually at the discretion of the Board of Directors. Participants are 100% vested in the plan after their first qualifying year. Contributions accrued by the Agency for the years ended June 30, 2010 and 2009, were \$35,615 and \$25,957, respectively.

NOTE 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2010 and 2009, are available for the following programs:

	<u>2010</u>	<u>2009</u>
Nutrition Program	<u>\$ 160,349</u>	<u>\$ 162,205</u>

NOTE 7. Concentration of Risk

During 2010 and 2009, the Agency received 40% and 39%, respectively, of its revenues from Federal grants, and 13% and 21%, respectively, of its revenues from State of Iowa grants. The continued operation of the Agency is dependent upon remaining qualified to receive reimbursements from these sources.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 8. Date of Management's Review

Subsequent events were evaluated through the date the financial statements were available to be issued which was September 14, 2010.

Supplementary Information

**Scenic Valley Area VIII Agency on Aging
Iowa Department of Elder Affairs Cost Sharing Report/
Audit Reconciliation Schedule
For the Year Ended June 30, 2010**

FUND/SERVICE CATEGORY	<u>Area Plan Budget</u>	<u>Total Receipts</u>	<u>Total Expenditures</u>	<u>Ending Balance</u>
Iowa Dept. of Elder Affairs:				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	20,656	16,024	16,024	-
HCBS Unmet Needs	13,686	6,995	6,995	-
Case Management	81,755	57,048	57,048	-
Senior Living Program Base	170,674	152,177	152,177	-
Senior Living Program Supplemental	21,425	-	-	-
Senior Living Program Case Mgt	48,486	3,394	3,394	-
Older American Act:				
Title IIIB Supportive Services	181,104	191,335	191,335	-
Title IIIC(1) Congregate Meals	224,589	217,890	217,890	-
Title IIIC(2) HD Meals	89,634	100,363	100,363	-
Title IIIE Caregiver Support	87,143	77,221	77,221	-
Title IIID Preventive Health	10,720	10,671	10,671	-
Title IIID Preventive Health MM	3,922	7,456	7,456	-
USDA Cash	78,874	74,650	74,650	-
Other Funds:				
Local Public Funds	14,210	16,755	9,650	7,105
Medical Assistance Waiver	151,704	381,413	381,413	-
Other Local Cash	93,916	532,797	23,025	509,772
Senior Living Program Contributions	-	40	40	-
Program Income:				
Title IIIB Supportive Services	15,969	10,250	7,759	2,491
Title IIIC(1)	190,199	316,063	184,872	131,191
Title IIIC(2) HD Meals	164,104	143,510	143,510	-
Title IIIE Caregiver Support	-	65	65	-
Total Cash	<u>1,662,770</u>	<u>2,316,117</u>	<u>1,665,558</u>	<u>650,559</u>
Non-Cash: In-Kind Matching	<u>242,215</u>	<u>280,557</u>	<u>280,557</u>	<u>-</u>
Total Per Cost Sharing Report	<u>\$ 1,904,985</u>	<u>\$ 2,596,674</u>	<u>\$ 1,946,115</u>	<u>\$ 650,559</u>
Reconciling Items:				
Non-Cash Not on Books		(249,101)	(249,101)	
Deferred Nutrition Revenue		2,885	-	
IME		74,046	9,053	
Donations from activities		(1,232)	-	
Defer Maquoketa Foundation		(1,344)	-	
Depreciation Expense		-	15,807	
Purchase of Property		-	(4,737)	
SMP		6,658	6,658	
State Disaster Money		-	-	
ARRA Stimulus Money		38,860	38,860	
Deferred Revenue from Prior Year		(648,862)	-	
Rounding		1	(1)	
Total Per Audit Report		<u>\$ 1,818,585</u>	<u>\$ 1,762,654</u>	

(Continued)

**Scenic Valley Area VIII Agency on Aging
Iowa Department of Elder Affairs Cost Sharing Report/
Audit Reconciliation Schedule (Continued)
For the Year Ended June 30, 2010**

FUND/SERVICE CATEGORY	<u>Total</u>	<u>AAA Administration</u>	<u>Chore 3</u>	<u>Delivered Meals</u>
Iowa Dept. of Elder Affairs:				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	16,024	-	-	-
HCBS Unmet Needs	6,995	-	-	2,550
Case Management	57,048	-	-	-
Senior Living Program	152,177	11,947	237	-
Senior Living Program Supplement	-	-	-	-
Senior Living Program Case Management	3,394	3,394	-	-
Older American Act:				
Title IIIB Supportive Services	191,335	54,729	-	-
Title IIIC(1) Congregate Meals	217,890	-	-	-
Title IIIC(2) HD Meals	100,363	-	-	99,926
Title IIIE Caregiver Support	77,221	8,777	-	-
Title IIID Preventive Health	10,671	-	-	-
Title IIID Preventive Health MM	7,456	-	-	-
USDA Cash	74,650	-	-	29,860
Title XIX Assessments	-	-	-	-
Other Funds:				
Local Public Funds	9,650	-	-	-
Medical Assistance Waiver	381,413	-	-	-
Other Local Cash	23,025	16,787	-	656
Senior Living Program Contributions	40	-	-	-
Program Income:				
Title IIIB Supportive Services	7,759	-	-	-
Title IIIC(1) Congregate Meals	184,872	-	-	-
Title IIIC(2) HD Meals	143,510	-	-	143,510
Title IIIE Caregiver Support	65	-	-	-
Total Cash	<u>1,665,558</u>	<u>95,634</u>	<u>237</u>	<u>276,502</u>
Non-Cash: In-Kind Matching	<u>280,557</u>	<u>4,382</u>	<u>-</u>	<u>122,632</u>
Total Per Cost Sharing Report	<u>\$ 1,946,115</u>	<u>\$ 100,016</u>	<u>\$ 237</u>	<u>\$ 399,134</u>

<u>Adult Daycare 5</u>	<u>Case Management 6</u>	<u>Congregate Meals 7</u>	<u>Nutrition Counseling 8</u>	<u>Transportation 10</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	500
-	-	-	-	-
-	57,048	-	-	-
56,800	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,082	-	-	-	3,786
-	-	216,922	40	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	44,790	-	-
-	-	-	-	-
-	-	-	-	9,650
-	381,413	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	7,759
-	-	184,872	-	-
-	-	-	-	-
-	-	-	-	-
<u>69,882</u>	<u>438,461</u>	<u>446,584</u>	<u>40</u>	<u>21,695</u>
<u>6,042</u>	<u>-</u>	<u>71,516</u>	<u>-</u>	<u>29,833</u>
<u>\$ 75,924</u>	<u>\$ 438,461</u>	<u>\$ 518,100</u>	<u>\$ 40</u>	<u>\$ 51,528</u>

(Continued)

**Scenic Valley Area VIII Agency on Aging
Iowa Department of Elder Affairs Cost Sharing Report/
Audit Reconciliation Schedule (Continued)
For the Year Ended June 30, 2010**

FUND/SERVICE CATEGORY	Legal Assistance <u>11S</u>	Nutrition Education <u>12</u>	Information Assistance <u>13</u>	Outreach <u>14S</u>
Iowa Dept. of Elder Affairs:				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	-	-	14,594	-
HCBS Unmet Needs	-	-	-	-
Case Management	-	-	-	-
Senior Living Program	-	-	-	-
Senior Living Program Supplement	-	-	-	-
Senior Living Program Case Management	-	-	-	-
Older American Act:				
Title IIIB Supportive Services	10,500	-	-	49,973
Title IIIC(1) Congregate Meals	-	928	-	-
Title IIIC(2) HD Meals	-	437	-	-
Title IIIE Caregiver Support	-	-	41,007	-
Title IIID Preventive Health	-	-	-	-
Title IIID Preventive Health MM	-	-	-	-
USDA Cash	-	-	-	-
Title XIX Assessments	-	-	-	-
Other Funds:				
Local Public Funds	-	-	-	-
Medical Assistance Waiver	-	-	-	-
Other Local Cash	-	-	4,267	-
Senior Living Program Contributions	-	-	-	-
Program Income:				
Title IIIB Supportive Services	-	-	-	-
Title IIIC(1) Congregate Meals	-	-	-	-
Title IIIC(2) HD Meals	-	-	-	-
Title IIIE Caregiver Support	-	-	-	-
Total Cash	<u>10,500</u>	<u>1,365</u>	<u>59,868</u>	<u>49,973</u>
Non-Cash: In-Kind Matching	<u>1,853</u>	<u>-</u>	<u>24,791</u>	<u>-</u>
Total Per Cost Sharing Report	<u>\$ 12,353</u>	<u>\$ 1,365</u>	<u>\$ 84,659</u>	<u>\$ 49,973</u>

Caregiver Support A2	Respite B3	Medical Alert B4	Medical Management B6	Advocacy C1
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	930	-
-	-	-	-	-
-	-	-	-	-
-	27,567	49,299	-	-
-	-	-	-	-
-	-	-	-	-
-	4,425	-	117	1,044
-	-	-	-	-
4,928	11,097	-	-	-
-	-	-	-	-
-	-	-	7,456	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
65	-	-	-	-
4,993	43,089	49,299	8,503	1,044
-	13,943	3,282	-	-
<u>\$ 4,993</u>	<u>\$ 57,032</u>	<u>\$ 52,581</u>	<u>\$ 8,503</u>	<u>\$ 1,044</u>

**Scenic Valley Area VIII Agency on Aging
Iowa Department of Elder Affairs Cost Sharing Report/
Audit Reconciliation Schedule (Continued)
For the Year Ended June 30, 2010**

FUND/SERVICE CATEGORY	Training & Education <u>D1</u>	Material Aid <u>F2</u>	Public Information <u>F3</u>
Iowa Dept. of Elder Affairs:			
AAA Administration	\$ -	\$ -	\$ -
Elderly Services	-	-	-
HCBS Unmet Needs	-	4,445	-
Case Management	-	-	-
Senior Living Program	-	6,327	-
Senior Living Program Supplement	-	-	-
Senior Living Program Case Management	-	-	-
Older American Act:			
Title IIIB Supportive Services	1,800	51,879	-
Title IIIC(1) Congregate Meals	-	-	-
Title IIIC(2) HD Meals	-	-	-
Title IIIE Caregiver Support	-	-	11,412
Title IIID Preventive Health	10,671	-	-
Title IIID Preventive Health MM	-	-	-
USDA Cash	-	-	-
Title XIX Assessments	-	-	-
Other Funds:			
Local Public Funds	-	-	-
Medical Assistance Waiver	-	-	-
Other Local Cash	650	-	665
Senior Living Program Contributions	-	40	-
Program Income:			
Title IIIB Supportive Services	-	-	-
Title IIIC(1) Congregate Meals	-	-	-
Title IIIC(2) HD Meals	-	-	-
Title IIIE Caregiver Support	-	-	-
Total Cash	<u>13,121</u>	<u>62,691</u>	<u>12,077</u>
Non-Cash: In-Kind Matching	-	-	<u>2,283</u>
Total Per Cost Sharing Report	<u>\$ 13,121</u>	<u>\$ 62,691</u>	<u>\$ 14,360</u>

**Scenic Valley Area VIII Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>
Passed Through State of Iowa Department of Elder Affairs:		
U.S. Department of Health and Human Services:		
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	\$ 191,335
Title III, Part C - Nutrition Services - Congregate Meals and Home Delivered Meals	93.045	318,253
Title III, Part D - Preventive Health	93.043	18,127
Title III, Part E - Caregiver Support	93.052	77,221
ARRA Congregate Meals	93.707	38,860
Operation Restore Trust (Passed through from Hawkeye Valley Agency on Aging)	93.779	<u>5,000</u>
Total Department of Health and Human Services		<u>648,796</u>
U.S. Department of Agriculture Nutrition Services Incentive Program (Cash and Commodities)	10.570	<u>74,650</u>
Total Federal Awards	93.053	<u>\$ 723,446</u>

See Accompanying Independent Auditor's Report and
Notes to Schedule of Expenditures of Federal Awards

Scenic Valley Area VIII Agency on Aging

Notes to Schedule of Expenditures of Federal Awards

NOTE 1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Scenic Valley Area VIII Agency on Aging. Scenic Valley Area VIII Agency on Aging is defined in Note 1 of the Agency's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

NOTE 2. Basis of Accounting

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and in accordance with the same method of accounting used in the preparation of the financial statements.

NOTE 3. Risk-Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Agency does qualify as a low-risk auditee.



**Independent Auditor's 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
Scenic Valley Area VIII Agency on Aging
Dubuque, Iowa

We have audited the financial statements of Scenic Valley Area VIII Agency on Aging (a non-profit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 14, 2010. 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 Scenic Valley Area VIII 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 the Scenic Valley Area VIII Agency on Aging's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

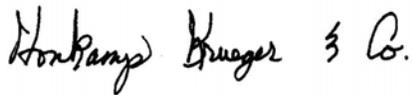
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scenic Valley Area VIII 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.

We noted certain other matters that we reported to management of Scenic Valley Area VIII Agency on Aging in a separate letter dated September 14, 2010.

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

HONKAMP KRUEGER & CO., P.C.

A handwritten signature in cursive script that reads "Honkamp Krueger & Co." The signature is written in dark ink and is positioned to the left of the printed name.

Dubuque, Iowa
September 14, 2010



**Independent Auditor's 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
Scenic Valley Area VIII Agency on Aging
Dubuque, Iowa

Compliance

We have audited the compliance of Scenic Valley Area VIII Agency on Aging (a non-profit 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 its major federal program for the year ended June 30, 2010. Scenic Valley Area VIII Agency on Aging's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Scenic Valley Area VIII Agency on Aging's management. Our responsibility is to express an opinion on Scenic Valley Area VIII 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 Scenic Valley Area VIII 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 on Scenic Valley Area VIII Agency on Aging's compliance with those requirements.

In our opinion, Scenic Valley Area VIII Agency on Aging complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Internal Control over Compliance

The management of Scenic Valley Area VIII Agency on Aging is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Scenic Valley Area VIII Agency on Aging's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scenic Valley Area VIII Agency on Aging's internal control over compliance.

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 the 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.

Scenic Valley Area VIII 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 Scenic Valley Area VIII 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, 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.

HONKAMP KRUEGER & CO., P.C.

Handwritten signature in cursive script that reads "Honkamp Krueger & Co.".

Dubuque, Iowa
September 14, 2010

**Scenic Valley Area VIII Agency on Aging
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Part I. Summary of the Independent Auditors' Results:

- a. An unqualified opinion was issued on the financial statements.
- b. No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any noncompliance which is material to the financial statements.
- d. No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- e. An unqualified opinion was issued on compliance with requirements applicable to the major program.
- f. The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget (OMB) Circular A-133, Section .510(a).
- g. Major program was as follows:
 - CFDA Number 93.045 - Special Programs for the Aging (Title III, Part C) Congregate Meals and Home-Delivered Meals
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. Scenic Valley Area VIII Agency on Aging does qualify as a low-risk auditee.

Part II. Findings Related to the Financial Statements:

There were no findings related to the financial statements.

Part III. Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs for federal awards.

**Scenic Valley Area VIII Agency on Aging
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010**

There were no prior audit findings.



HONKAMP KRUEGER & CO, P.C.

CPAs & Business Consultants

**Scenic Valley Area VIII Agency on Aging
Corrective Action Plan for Federal Audit Findings
For the Year Ended June 30, 2010**

No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.