

**Scenic Valley Area VIII  
Agency on Aging**

**Financial Statements**

**June 30, 2012 and 2011**

## ***Table of Contents***

***Page(s)***

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<b>Independent Auditor's Report</b>	1 – 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 14
<b>Supplementary Information</b>	
Iowa Department of Elder Affairs Cost Sharing Report/Audit Reconciliation Schedule	15 – 18
Schedule of Expenditures of Federal Awards	19
Notes to Schedule of Expenditures of Federal Awards	20
<b>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></b>	21 – 22
<b>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</b>	23 – 24
<b>Schedule of Findings and Questioned Costs</b>	25
<b>Summary Schedule of Prior Audit Findings</b>	26



## 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, 2012 and 2011, 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.

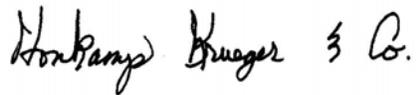
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scenic Valley Area VIII Agency on Aging as of June 30, 2012 and 2011, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 9, 2012, 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 15 through 18, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other

records used to prepare the 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relations to the financial statements as a whole.

**HONKAMP KRUEGER & CO., P.C.**

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

Dubuque, Iowa  
October 9, 2012

**Scenic Valley Area VIII Agency on Aging  
Statements of Financial Position  
June 30, 2012 and 2011**

<b>ASSETS</b>	<u>2012</u>	<u>2011</u>
<b>Current Assets</b>		
Cash in Bank	\$ 411,045	\$ 610,855
Certificates of Deposit	250,401	246,263
Accounts Receivable	44,407	46,032
Grants Receivable	170,088	25,234
Interest Receivable	315	1,120
Prepaid Expenses	<u>21,979</u>	<u>20,453</u>
Total Current Assets	<u>898,235</u>	<u>949,957</u>
<b>Property and Equipment, at Cost</b>		
Equipment	287,768	292,348
Less: Accumulated Depreciation	<u>197,936</u>	<u>218,626</u>
Property and Equipment, Net	<u>89,832</u>	<u>73,722</u>
Total Assets	<u><u>\$ 988,067</u></u>	<u><u>\$ 1,023,679</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 56,315	\$ 95,446
Accrued Payroll	10,167	7,339
Accrued Vacation	14,260	15,723
Accrued Pension	35,672	39,127
Other Accrued Expenses	2,966	3,176
Refundable Advances	<u>28,128</u>	<u>63,185</u>
Total Current Liabilities	<u>147,508</u>	<u>223,996</u>
<b>Net Assets</b>		
Unrestricted	684,350	666,955
Temporarily Restricted	<u>156,209</u>	<u>132,728</u>
Total Net Assets	<u>840,559</u>	<u>799,683</u>
Total Liabilities and Net Assets	<u><u>\$ 988,067</u></u>	<u><u>\$ 1,023,679</u></u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging  
Statements of Activities  
For the Years Ended June 30, 2012 and 2011**

	<b>2012</b>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
	<u>Operations</u>	<u>Operations</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Federal Grants	\$ -	\$ 855,360	\$ 855,360
State of Iowa Grants	-	329,299	329,299
Dubuque Racing Association Grant	-	4,707	4,707
Waiver Home Delivered Meals	-	62,023	62,023
County Supervisor	-	8,650	8,650
Contributions	-	299,904	299,904
Donations	3,892	-	3,892
Interest Income	8,210	-	8,210
Other Revenue	381,036	6,452	387,488
In Kind	-	11,092	11,092
Total Support and Revenue	<u>393,138</u>	<u>1,577,487</u>	<u>1,970,625</u>
<b>Net Assets Released from Restrictions:</b>			
Net Assets Released from Restrictions Due to Satisfaction of Program Restrictions	<u>1,554,006</u>	<u>(1,554,006)</u>	<u>-</u>
Total Revenue	<u>1,947,144</u>	<u>23,481</u>	<u>1,970,625</u>
<b>EXPENSES</b>			
<b>Program:</b>			
Area Plan Administration	107,910	-	107,910
Social Services	945,653	-	945,653
Nutrition Services	876,186	-	876,186
Total Expenses	<u>1,929,749</u>	<u>-</u>	<u>1,929,749</u>
Change in Net Assets	17,395	23,481	40,876
Net Assets, Beginning of Year	<u>666,955</u>	<u>132,728</u>	<u>799,683</u>
Net Assets, End of Year	<u>\$ 684,350</u>	<u>\$ 156,209</u>	<u>\$ 840,559</u>

<b>2011</b>		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
<u>Operations</u>	<u>Operations</u>	<u>Total</u>
\$ -	\$ 642,774	\$ 642,774
-	343,564	343,564
-	3,500	3,500
-	59,031	59,031
-	8,650	8,650
-	328,185	328,185
5,626	1,208	6,834
11,238	-	11,238
397,703	4,603	402,306
-	14,093	14,093
<u>414,567</u>	<u>1,405,608</u>	<u>1,820,175</u>
<u>1,433,229</u>	<u>(1,433,229)</u>	<u>-</u>
<u>1,847,796</u>	<u>(27,621)</u>	<u>1,820,175</u>
114,461	-	114,461
908,569	-	908,569
829,958	-	829,958
<u>1,852,988</u>	<u>-</u>	<u>1,852,988</u>
(5,192)	(27,621)	(32,813)
672,147	160,349	832,496
<u>\$ 666,955</u>	<u>\$ 132,728</u>	<u>\$ 799,683</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging  
Statements of Functional Expenses  
For the Years Ended June 30, 2012 and 2011**

**2012**

	Area Plan Administration	Social Services	Nutrition Services	Total
<b>Salaries and Related Expenses:</b>				
Salaries	\$ 66,707	\$ 380,303	\$ 57,761	\$ 504,771
Fringe Benefits	20,540	113,857	17,785	152,182
Total Salaries and Related Expenses	<u>87,247</u>	<u>494,160</u>	<u>75,546</u>	<u>656,953</u>
<b>Operating Expenses:</b>				
Utilities	300	4,980	501	5,781
Telephone	197	6,945	472	7,614
Rent	2,287	32,022	3,812	38,121
Insurance	449	6,280	748	7,477
Postage	156	2,433	260	2,849
Dues and Publications	2,748	3,387	80	6,215
Printing	-	541	-	541
Advertising and Promotion	9	12,313	209	12,531
Supplies	203	5,173	1,255	6,631
Audit	632	8,854	1,054	10,540
Maintenance and Repair	391	6,495	2,304	9,190
Travel	3,713	9,645	499	13,857
Subcontracted Services	-	274,518	744,969	1,019,487
Workshops/Training	268	21,881	3,035	25,184
Profit Sharing	4,715	26,875	4,082	35,672
In-Kind Expense	3,482	7,929	-	11,411
Miscellaneous	24	5,972	35,545	41,541
Total Operating Expenses	<u>19,574</u>	<u>436,243</u>	<u>798,825</u>	<u>1,254,642</u>
Total Expenses before Depreciation	<u>106,821</u>	<u>930,403</u>	<u>874,371</u>	<u>1,911,595</u>
Depreciation	1,041	14,575	1,735	17,351
Loss on Disposals	48	675	80	803
Total Expenses	<u>\$ 107,910</u>	<u>\$ 945,653</u>	<u>\$ 876,186</u>	<u>\$ 1,929,749</u>

**2011**

<u>Area Plan Administration</u>	<u>Social Services</u>	<u>Nutrition Services</u>	<u>Total</u>
\$ 65,428	\$ 357,822	\$ 52,593	\$ 475,843
<u>19,560</u>	<u>104,190</u>	<u>15,722</u>	<u>139,472</u>
<u>84,988</u>	<u>462,012</u>	<u>68,315</u>	<u>615,315</u>
-	3,943	-	3,943
340	5,606	723	6,669
1,777	24,874	2,961	29,612
435	6,096	726	7,257
164	1,622	180	1,966
2,748	3,264	80	6,092
27	1,943	45	2,015
6	7,397	178	7,581
231	4,237	1,397	5,865
615	8,613	1,026	10,254
783	13,451	5,309	19,543
3,275	9,376	939	13,590
-	278,927	718,357	997,284
161	13,608	74	13,843
5,380	29,423	4,324	39,127
11,940	2,153	-	14,093
<u>583</u>	<u>17,915</u>	<u>23,644</u>	<u>42,142</u>
<u>28,465</u>	<u>432,448</u>	<u>759,963</u>	<u>1,220,876</u>
<u>113,453</u>	<u>894,460</u>	<u>828,278</u>	<u>1,836,191</u>
1,008	14,109	1,680	16,797
-	-	-	-
<u>\$ 114,461</u>	<u>\$ 908,569</u>	<u>\$ 829,958</u>	<u>\$ 1,852,988</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging  
Statements of Cash Flows  
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 40,876	\$ (32,813)
Adjustments to Change in Net Assets to Cash		
Provided by Operating Activities:		
Loss on Disposal of Fixed Assets	803	-
Depreciation	17,351	16,797
(Increase) Decrease in Current Assets:		
Accounts Receivable	1,625	1,831
Subcontractor Receivable	-	44,424
Grants Receivable	(144,854)	(5,938)
Interest Receivable	805	(741)
Prepaid Expenses	(1,526)	(4,420)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(39,131)	(22,866)
Accrued Payroll	2,828	1,856
Accrued Vacation	(1,463)	(4,470)
Accrued Pension	(3,455)	3,512
Other Accrued Expenses	(210)	(289)
Refundable Advances	(35,057)	13,183
Net Cash Provided (Used) by Operating Activities	<u>(161,408)</u>	<u>10,066</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Property and Equipment	(34,264)	(16,834)
Proceeds from Maturity of Certificates of Deposit	141,146	198,430
Purchase of Certificates of Deposit	(145,284)	(201,527)
Net Cash (Used) by Investing Activities	<u>(38,402)</u>	<u>(19,931)</u>
Net Increase (Decrease) in Cash	(199,810)	(9,865)
Cash, Beginning of Year	<u>610,855</u>	<u>620,720</u>
Cash, End of Year	<u>\$ 411,045</u>	<u>\$ 610,855</u>

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 \$156,209 and \$132,728 for the years ended June 30, 2012 and 2011, 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, 2012 and 2011.

#### **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.

#### **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.

#### **Accounts Receivable**

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

#### **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
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#### **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, 2012 and 2011, represents amounts received under grant contracts that will be expended in the next fiscal year in accordance with the grant period.

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

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

#### Income Taxes

The Agency is a non-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and classified by the Internal Revenue Service as other than a private foundation. The Agency is also exempt from state income tax.

Management has determined that the Agency does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. The Agency's policy is to include interest and penalties relating to uncertain tax positions in interest expense and operating expense, respectively. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Agency's Form 990 will not be challenged by the taxing authorities and that the Agency will not be subject to additional tax, penalties, and interest as a result of such challenge. There were no unrecognized tax benefits identified or recorded as liabilities at June 30, 2012 and 2011.

Form 990 filed by the Agency is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Generally, the Agency is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2008.

#### 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 \$12,531 and \$7,581 for the years ended June 30, 2012 and 2011, respectively.

### NOTE 2. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

### NOTE 2. Fair Value Measurements (Continued)

techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2012 and 2011.

*Certificates of Deposits:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

### NOTE 2. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Agency's investment assets at fair value as of June 30, 2012:

	<u>Investments at Estimated Fair Value</u>			Total
	Investments at Fair Value as Determined by Quoted Prices in Active Markets (Level I)	Valuation Techniques Based on Observable Market Data (Level II)	Valuation Techniques Incorporating Information Other Than Observable Market Data (Level III)	
Certificate of Deposit	\$ -	\$ 250,401	\$ -	\$ 250,401

The following table sets forth by level, within the fair value hierarchy, the Agency's investment assets at fair value as of June 30, 2011:

	<u>Investments at Estimated Fair Value</u>			Total
	Investments at Fair Value as Determined by Quoted Prices in Active Markets (Level I)	Valuation Techniques Based on Observable Market Data (Level II)	Valuation Techniques Incorporating Information Other Than Observable Market Data (Level III)	
Certificate of Deposit	\$ -	\$ 246,263	\$ -	\$ 246,263

### NOTE 3. Grants Receivable

Grants receivable at June 30, 2012 and 2011, consist of the following:

<b>Iowa Department of Elder Affairs:</b>	<u>2012</u>	<u>2011</u>
Title III C	\$ 158,392	\$ 11,180
Title III D	1,291	31
Title III E	10,405	14,023
	<u>\$ 170,088</u>	<u>\$ 25,234</u>

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

### NOTE 4. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2012 and 2011, are available for the following programs:

	<u>2012</u>	<u>2011</u>
Nutrition Program	<u>\$ 156,209</u>	<u>\$ 132,728</u>

### NOTE 5. Lease Commitments

The Agency leases 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>	
2013	\$ 38,884
2014	39,662
2015	40,455
2016	<u>13,574</u>
	<u>\$ 132,575</u>

Total rent expense for the years ended June 30, 2012 and 2011, was \$38,121 and \$29,612, respectively.

### NOTE 6. 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, 2012 and 2011, were \$35,672 and \$39,127, respectively.

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

### **NOTE 7. 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 8. Concentration of Risk**

During 2012 and 2011, the Agency received 43% and 35%, respectively, of its revenues from Federal grants, and 17% and 19%, 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.

### **NOTE 9. Plan to Merge**

The State of Iowa, in section 20 of House File 45, has mandated that the Department of Aging develop a plan for reducing the number of Area Agencies on Aging in the state with the goal of having this accomplished by July, 1, 2013. In accordance with the mandate, the Agency is exploring potential merger scenarios with other Area Agencies on Aging. As of the date of this report, October 9, 2012, the Agency's Board of Directors is evaluating the potential merger scenarios; however, no formal merger agreement has been approved.

### **NOTE 10. Date of Management's Review**

Subsequent events were evaluated through the date the financial statements were available to be issued which was October 9, 2012.

# **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, 2012**

<b>FUND/SERVICE CATEGORY</b>	Area Plan Budget	Total Receipts	Total Expenditures	Ending Balance
<b>Iowa Dept. of Elder Affairs:</b>				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	329,299	329,299	329,299	-
HCBS Unmet Needs	-	-	-	-
Case Management	-	-	-	-
Senior Living Program Base	-	-	-	-
Senior Living Program Supplemental	-	-	-	-
Senior Living Program Case Mgt	-	-	-	-
<b>Older American Act:</b>				
Title IIIB Supportive Services	182,693	180,692	180,692	-
Title IIIC(1) Congregate Meals	224,828	358,957	358,957	-
Title IIIC(2) HD Meals	99,971	98,487	98,487	-
Title IIIE Caregiver Support	76,193	80,835	80,835	-
Title IIID Preventive Health	12,629	14,686	14,686	-
Title IIID Preventive Health MM	4,301	2,908	2,908	-
<b>USDA Cash</b>	76,059	84,903	84,903	-
<b>Other Funds:</b>				
Local Public Funds	10,650	15,755	8,650	7,105
Medical Assistance Waiver	-	-	-	-
Other Local Cash	141,189	530,194	29,171	501,023
Senior Living Program Contributions	-	-	-	-
<b>Program Income:</b>				
Title IIIB Supportive Services	9,960	8,615	5,442	3,173
Title IIIC(1)	193,650	289,347	162,978	126,369
Title IIIC(2) HD Meals	174,368	136,846	136,846	-
Title IIIE Caregiver Support	25	60	60	-
Total Cash	1,535,815	2,131,584	1,493,914	637,670
Non-Cash: In-Kind Matching	156,620	261,212	261,212	-
Total Per Cost Sharing Report	<u>\$ 1,692,435</u>	<u>\$ 2,392,796</u>	<u>\$ 1,755,126</u>	<u>\$ 637,670</u>
<b>Reconciling Items:</b>				
Non-Cash Not on Books		(251,362)	(251,362)	
SMP		6,243	6,243	
IME		62,023	62,023	
Deferred Revenue from Prior Year		(653,675)	-	
Medical Assistance Waiver		373,830	373,830	
Title IIID Preventive Health MM		1,807		
Title IIIE Caregiver Support		-	-	
Title IIID Preventive Health		-	-	
Title IIIB Supportive Services		35,366	-	
Deferred Other Cash		3,598	-	
Depreciation Expense		-	17,351	
Purchase of Property		-	(34,264)	
Loss on Disposal			803	
Rounding		(1)	(1)	
Total Per Audit Report		<u>\$ 1,970,625</u>	<u>\$ 1,929,749</u>	<u>\$ 40,876</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, 2012**

<b>FUND/SERVICE CATEGORY</b>	<b>Total</b>	<b>Administration 1A</b>	<b>Chore 3</b>	<b>HD Meals 4</b>
<b>Iowa Dept. of Elder Affairs:</b>				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	329,299	24,697	792	-
HCBS Unmet Needs	-	-	-	-
Case Management	-	-	-	-
Senior Living Program	-	-	-	-
Senior Living Program Supplement	-	-	-	-
Senior Living Program Case Management	-	-	-	-
<b>Older American Act:</b>				
Title IIIB Supportive Services	180,692	57,671	-	-
Title IIIC(1) Congregate Meals	358,957	-	-	-
Title IIIC(2) HD Meals	98,487	-	-	98,487
Title IIIE Caregiver Support	80,835	6,259	-	-
Title IIID Preventive Health	14,686	-	-	-
Title IIID Preventive Health MM	2,908	-	-	-
<b>USDA Cash</b>	84,903	-	-	33,961
<b>Title XIX Assessments</b>	-	-	-	-
<b>Other Funds:</b>				
Local Public Funds	8,650	-	-	-
Medical Assistance Waiver	-	-	-	-
Other Local Cash	29,171	14,765	-	-
Senior Living Program Contributions	-	-	-	-
<b>Program Income:</b>				
Title IIIB Supportive Services	5,442	-	-	-
Title IIIC(1) Congregate Meals	162,978	-	-	-
Title IIIC(2) HD Meals	136,846	-	-	136,846
Title IIIE Caregiver Support	60	-	-	-
Total Cash	1,493,914	103,392	792	269,294
Non-Cash: In-Kind Matching	261,212	3,482	-	129,053
Total Per Cost Sharing Report	<u>\$ 1,755,126</u>	<u>\$ 106,874</u>	<u>\$ 792</u>	<u>\$ 398,347</u>

Adult Daycare 5	Case Management 6	Congregate Meals 7	Nutrition Counseling 8	Transportation 10
\$ -	\$ -	\$ -	\$ -	\$ -
67,836	111,856	-	-	4,950
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,835	-	-	4,003
-	-	334,272	40	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	50,942	-	-
-	-	-	-	-
-	-	-	-	8,650
-	-	-	-	-
-	-	847	-	-
-	-	-	-	-
-	-	-	-	5,442
-	-	162,978	-	-
-	-	-	-	-
-	-	-	-	-
67,836	114,691	549,039	40	23,045
4,474	-	82,117	-	11,896
<u>\$ 72,310</u>	<u>\$ 114,691</u>	<u>\$ 631,156</u>	<u>\$ 40</u>	<u>\$ 34,941</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, 2012**

<b>FUND/SERVICE CATEGORY</b>	Legal Assistance 11	Nutrition Education 12	Information & Assistance 13	Outreach 14
<b>Iowa Dept. of Elder Affairs:</b>				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	-	-	20,269	25,699
HCBS Unmet Needs	-	-	-	-
Case Management	-	-	-	-
Senior Living Program	-	-	-	-
Senior Living Program Supplement	-	-	-	-
Senior Living Program Case Management	-	-	-	-
<b>Older American Act:</b>				
Title IIIB Supportive Services	14,572	-	-	13,982
Title IIIC(1) Congregate Meals	-	24,645	-	-
Title IIIC(2) HD Meals	-	-	-	-
Title IIIE Caregiver Support	-	-	43,416	-
Title IIID Preventive Health	-	-	-	-
Title IIID Preventive Health MM	-	-	-	-
<b>USDA Cash</b>	-	-	-	-
<b>Title XIX Assessments</b>	-	-	-	-
<b>Other Funds:</b>				
Local Public Funds	-	-	-	-
Medical Assistance Waiver	-	-	-	-
Other Local Cash	-	-	-	7,077
Senior Living Program Contributions	-	-	-	-
<b>Program Income:</b>				
Title IIIB Supportive Services	-	-	-	-
Title IIIC(1) Congregate Meals	-	-	-	-
Title IIIC(2) HD Meals	-	-	-	-
Title IIIE Caregiver Support	-	-	-	-
Total Cash	14,572	24,645	63,685	46,758
Non-Cash: In-Kind Matching	2,999	-	-	-
Total Per Cost Sharing Report	<u>\$ 17,571</u>	<u>\$ 24,645</u>	<u>\$ 63,685</u>	<u>\$ 46,758</u>

Caregiver Support A2	Respite B3	Emergency Response System B4	Medication Management B6	Advocacy C1
\$ -	\$ -	\$ -	\$ -	\$ -
641	29,677	33,119	1,276	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	6,425	-	3,911	708
-	-	-	-	-
4,331	14,469	-	-	-
-	-	-	-	-
-	-	-	2,908	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
60	-	-	-	-
5,032	50,571	33,119	8,095	708
-	16,376	4,447	-	-
<u>\$ 5,032</u>	<u>\$ 66,947</u>	<u>\$ 37,566</u>	<u>\$ 8,095</u>	<u>\$ 708</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, 2012**

<b>FUND/SERVICE CATEGORY</b>	Training & Education D1	Material Aide F2	Public Information F3
<b>Iowa Dept. of Elder Affairs:</b>			
AAA Administration	\$ -	\$ -	\$ -
Elderly Services	-	8,487	-
HCBS Unmet Needs	-	-	-
Case Management	-	-	-
Senior Living Program	-	-	-
Senior Living Program Supplement	-	-	-
Senior Living Program Case Management	-	-	-
<b>Older American Act:</b>			
Title IIIB Supportive Services	4,465	69,293	2,827
Title IIIC(1) Congregate Meals	-	-	-
Title IIIC(2) HD Meals	-	-	-
Title IIIE Caregiver Support	-	-	12,360
Title IIID Preventive Health	14,686	-	-
Title IIID Preventive Health MM	-	-	-
<b>USDA Cash</b>			
<b>Title XIX Assessments</b>	-	-	-
<b>Other Funds:</b>			
Local Public Funds	-	-	-
Medical Assistance Waiver	-	-	-
Other Local Cash	-	-	6,482
Senior Living Program Contributions	-	-	-
<b>Program Income:</b>			
Title IIIB Supportive Services	-	-	-
Title IIIC(1) Congregate Meals	-	-	-
Title IIIC(2) HD Meals	-	-	-
Title IIIE Caregiver Support	-	-	-
Total Cash	19,151	77,780	21,669
Non-Cash: In-Kind Matching	-	-	6,368
Total Per Cost Sharing Report	<u>\$ 19,151</u>	<u>\$ 77,780</u>	<u>\$ 28,037</u>

See Accompanying Independent Auditor's Report

**Scenic Valley Area VIII Agency on Aging  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>
Passed Through State of Iowa Department of Elder Affairs:		
<b>U.S. Department of Health and Human Services:</b>		
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	\$ 180,690
Title III, Part C - Nutrition Services - Congregate Meals and Home Delivered Meals	93.045	480,925
Title III, Part D - Preventive Health	93.043	17,594
Title III, Part E - Caregiver Support	93.052	80,835
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>765,044</u>
<b>U.S. Department of Agriculture Nutrition Services Incentive Program (Cash and Commodities)</b>	93.053	<u>84,903</u>
Passed Through St. Mary's Apartments of Dubuque, LLC:		
<b>U.S. Department of Housing and Urban Development</b>		
Service Coordinators in Multifamily Housing	14.191	<u>5,413</u>
Total Federal Awards		<u>\$ 855,360</u>

See Accompanying Independent Auditor's Report

# 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, 2012, and have issued our report thereon dated October 9, 2012. 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 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Scenic Valley Area VIII Agency on Aging's financial statements are free of material misstatement, we performed tests of its

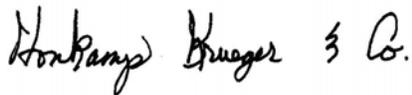
**Compliance and Other Matters (Continued)**

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 October 9, 2012.

This report is intended solely for the information and use of management, the 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 black ink that reads "Honkamp Krueger & Co." in a cursive style.

Dubuque, Iowa  
October 9, 2012



**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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Scenic Valley Area VIII Agency on Aging's major federal programs are 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 programs are 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## **Internal Control over Compliance**

The management of 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scenic Valley Area VIII Agency on Aging's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined below.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 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.**



Dubuque, Iowa  
October 9, 2012

**Scenic Valley Area VIII Agency on Aging  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012**

**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 programs.
- 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 programs were as follows:
  - CFDA Number 93.044 – Special Programs for the Aging (Title III, Part B) Grants for Supportive Services and Senior Centers
  - CFDA Number 93.045 – Special Programs for the Aging (Title III, Part C) Nutrition Services
  - CFDA Number 93.053 – Nutrition Services Incentive Program
- 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, 2012**

There were no prior audit findings.