

Financial Statements
and
Additional Information

**AREA AGENCY ON AGING OF WEST
CENTRAL ARKANSAS, INC.**

Hot Springs, Arkansas

June 30, 2017

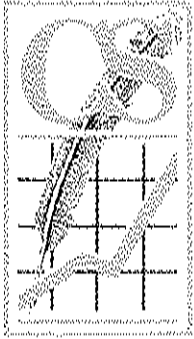
Contents

	<u>Page</u>
Financial Statements	
Independent Auditor's Report.....	1-3
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-12
Additional Information	
Schedule of Functional Expenses.....	13-14
Schedule of Indirect Cost Allocation Plan.....	15
Schedule of Units of Service Provided.....	16
Program Status Reports	
Title III: B.....	17
C1.....	18
C2.....	19
D.....	20
E.....	21
Older Workers Program.....	22
State Transportation (Cigarette Tax).....	23
State Aging Services.....	24
In-Home Program.....	25

(Continued)

Contents

	<u>Page</u>
Program Status Reports (continued)	
Senior Companion Program.....	26
Social Services Block Grant.....	27
Volunteer Ombudsman.....	28
State Senior Adult Centers.....	29
Additional Schedules and Reports	
Schedule of Expenditures of Federal and State Awards.....	30-31
Notes to Schedule of Expenditures of Federal and State Awards.....	32
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 <i>Governmental Auditing Standards</i>	33-34
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance.....	35-37
Schedule of Findings and Questioned Costs.....	38
Schedule of Prior-Year Audit Findings.....	39



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Independent Auditor's Report

To the Board of Directors
Area Agency on Aging of West Central Arkansas, Inc.
Hot Springs, Arkansas

Report on Financial Statements

We have audited the accompanying financial statements of Area Agency on Aging of West Central Arkansas, Inc. (Agency) as of June 30, 2017, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and

fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Area Agency on Aging of West Central Arkansas, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the schedule of expenditures of state awards and the supplementary schedules as listed in the accompanying table of contents, which are required by the Arkansas Department of Human Services, are also presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
Area Agency on Aging of West Central Arkansas, Inc.
Page Three

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2017, on our consideration of Area Agency on Aging of West Central Arkansas, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Area Agency on Aging of West Central Arkansas, Inc.'s internal control over financial reporting and compliance.

Crass & Smith, P.A.
Certified Public Accountants

Hot Springs, Arkansas
November 28, 2017

FINANCIAL STATEMENTS

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Statement of Financial Position

June 30, 2017

Assets

Current assets

Cash and cash equivalents	\$	2,797,036
Grants receivable		162,120
Medicaid receivable		237,327
Other receivables		45,946
Prepaid expenses		68,137
Total current assets		<u>3,310,566</u>

Property and equipment

Building		640,536
Furniture, fixtures, and office equipment		413,982
		<u>1,054,518</u>
Less accumulated depreciation		<u>531,561</u>
Net property and equipment		<u>522,957</u>

Total assets	\$	<u>3,833,523</u>
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See accompanying notes to financial statements.

Liabilities and Net Assets**Current liabilities**

Accounts payable - trade	\$	60,484
Subcontractors payable		289,743
Accrued salaries		261,807
Accrued annual leave		169,228
Accrued expenses		62,251
Deferred income - grants		2,133
Total current liabilities		<u>845,646</u>

Net assets

Unrestricted		2,961,708
Temporarily restricted		26,169
Total net assets		<u>2,987,877</u>

Total liabilities and net assets	\$	<u>3,833,523</u>
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AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Statement of Activities

For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Support			
Federal funding	\$ 2,448,340	\$ -	\$ 2,448,340
State funding	1,541,305	-	1,541,305
Local funding	15,972	-	15,972
Matching	1,180,681	-	1,180,681
Donations	2,611	-	2,611
Total support	5,188,909	-	5,188,909
Revenue			
Medicaid	5,623,901	-	5,623,901
Individual private pay	191,822	-	191,822
Private insurance	137,305	-	137,305
Program income	849,387	-	849,387
Interest income	1,464	-	1,464
Miscellaneous income	637	-	637
Total revenue	6,804,516	-	6,804,516
 Net assets released from restrictions	 -	 (1,097)	 (1,097)
 Total support and revenue	 11,993,425	 (1,097)	 11,992,328

See accompanying notes to financial statements.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Expenses			
Program services			
Ombudsman	83,144	-	83,144
Senior Adult Centers	4,332,853	-	4,332,853
Senior Companion	597,741	-	597,741
Employment Placement	119,345	-	119,345
In-Home	5,472,970	-	5,472,970
Case Management	593,306	-	593,306
Family Care Giver Support	218,948	-	218,948
Home Delivered Meals Services	89,375	-	89,375
Information & Assistance	100,271	-	100,271
Adults with Phys. Disabilities	98,464	-	98,464
Other	70,959	-	70,959
Total program services	<u>11,777,376</u>	-	<u>11,777,376</u>
Indirect costs	417,559	-	417,559
Total expenses	<u>12,194,935</u>	-	<u>12,194,935</u>
Change in net assets	(201,510)	(1,097)	(202,607)
Net assets -			
beginning of year	<u>3,163,218</u>	<u>27,266</u>	<u>3,190,484</u>
end of year	<u>\$ 2,961,708</u>	<u>\$ 26,169</u>	<u>2,987,877</u>

Statement of Cash Flows
For the year ended June 30, 2017

Cash flows from operating activities

Change in net assets	\$(202,607)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		29,404
Increase (decrease) in cash resulting from a change in:		
Grants receivable		24,505
Medicaid receivables		1,386,011
Other receivables		23,086
Prepaid expenses	(44,068)
Accounts payable		226,217
Accrued salaries	(141,656)
Accrued vacation		7,042
Accrued expenses		45,999
Deferred income	(59,079)
Net cash provided by operating activities		<u>1,294,854</u>
Net increase in cash and cash equivalents		1,294,854
Cash and cash equivalents -		
Beginning of year		<u>1,502,182</u>
End of year	\$	<u><u>2,797,036</u></u>

See accompanying notes to financial statements.

1. Nature of Activities and Summary of Significant Accounting Policies

- a. *Nature of Activities.* The Area Agency on Aging of West Central Arkansas, Inc. (Agency) is a not-for-profit agency designated by the State of Arkansas to plan, coordinate and maintain a comprehensive service delivery system for the elderly in the counties of Clark, Conway, Garland, Hot Spring, Johnson, Montgomery, Perry, Pike, Pope and Yell. It is the goal of the Agency to assist older Arkansans to remain independent and in their homes and to improve the quality of life for persons over 60 years of age.
- b. *Basis of accounting.* The Agency uses the accrual basis of accounting. Under this basis, gross revenue is recorded as due and expenses are recognized as incurred. Under the government assistance programs, revenue is generally recognized as allowable program expenditures are made. Revenue from government assistance programs not recognized in the current period is deferred to the subsequent and continuing program periods.
- c. *Basis of presentation.* Financial statement presentation is based upon the principles of fund accounting. Under the principles of fund accounting, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
- d. *Use of Estimates.* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- e. *Cash and cash equivalents.* For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less and bank certificates of deposit to be cash equivalents.
- f. *Receivables.* Receivables include amounts currently due for services provided and are stated at cost, which approximates fair value. The Agency provides for collection losses based on the direct write-off method. Management does not consider this to be a material departure from methods under generally accepted accounting principles. All known losses are recognized in the accounts. Accounts are written off at the time management determines collection is unlikely.

(Continued)

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

- g. *Property and equipment.* It is the Agency's policy to capitalize property and equipment over \$2,500. Property and equipment are valued at acquisition cost or fair value of donated assets at the time of receipt. Depreciation is computed on the straight-line method based on estimated useful lives of related assets, which range from 3 to 25 years. Depreciation expense for the year ended June 30, 2017 was \$29,404.
- h. *Contributions.* Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.
- i. *Compensated absences.* Employees of the Agency are entitled to paid annual leave, depending on job classification, length of service and other factors. The Agency's policy is to recognize the cost of compensated absences when earned.
- j. *Income taxes.* The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.
- k. *Functional allocation of expenses.* The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Cash and Cash Equivalents

The Agency maintains its cash in bank deposit accounts and certificates of deposit. The Agency has a cash management account with a bank that maintains balances that exceed federally insured limits. To mitigate this risk, the Agency has entered into a sweep arrangement with the bank that transfers the balance over \$250,000 out of the account and purchases treasury securities to collateralize the balance that exceeds federally insured limits.

3. Fair Value of Financial Instruments

The following methods and assumptions were used to determine the fair value of each class of financial instruments:

Cash and cash equivalents - the carrying amount approximates fair value due to the short term maturities of these investments

Carrying values and estimated fair values at June 30, 2017 are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 2,797,036	\$ 2,797,036

4. Temporarily Restricted Net Assets

At June 30, 2017, the Agency had the following funds classified as temporarily restricted for use in the specific programs:

<u>Program</u>	<u>Amount</u>
General Material Aid	\$ 25,822
Other	<u>347</u>
Total Temporarily Restricted Net Assets	<u>\$ 26,169</u>

5. Lease Obligations

The Agency currently is under lease obligations for its offices and other operating facilities in Hot Springs, Arkadelphia, Malvern, Mt. Ida, Danville and Morrilton. The locations are under various lease terms and renewal periods. Assuming interim renewals at present rates, the minimum lease obligations outstanding under these lease agreements for the next five years are summarized as follows:

	Fiscal Year Ending June 30	Amount
	2018	\$ 62,400
	2019	62,400
	2020	62,400
	2021	62,400
	2022	62,400
Total minimum lease payments		<u>\$ 312,000</u>

The Agency incurred rent expense in the amount of \$96,380 for the year ended June 30, 2017.

6. Indirect Cost Pool (ICP)

The Agency has a formal, indirect cost pool plan that accumulates costs that cannot be attributable to any one program. The ICP plan allocates cost to the government assistance programs based on the ratio of indirect cost to total personnel costs in each program. The ICP plan is approved by the Division on Aging and Adult Services, Arkansas Department of Human Services, as part of the Agency's Area Plan of Operation. For the year ended June 30, 2017, the Agency experienced an average ICP ratio of 6.7707%.

7. Self-Insurance and Risk Pool

The Agency has joined eight other agencies under the entity Aging Services Fund to provide coverage for workers' compensation. For the year ended June 30, 2017, the Agency realized an expense for workers' compensation coverage of \$80,901.

8. Advertising Costs

The Agency expenses advertising costs as they are incurred. Advertising costs for the year ended June 30, 2017 were \$34,129.

9. Employee Benefit Plan

The Agency participates in a defined contribution retirement plan under section 403(b) of the Internal Revenue Code covering substantially all employees. An employee may contribute up to the lesser of 100% of compensation or \$17,500 (\$20,500 for those employed at least 15 years) for 2016. Employees over the age of 50 are eligible to also make a \$5,500 "catch-up" contribution during 2016. The employer can make a matching discretionary contribution for the employee subject to limits imposed by the Internal Revenue Code. The Agency made no discretionary contribution in the year ended June 30, 2017.

10. Concentrations of Credit Risk

Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of cash deposits. The Agency maintains its cash deposits in financial institutions located in Arkansas. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Agency has entered into a sweep arrangement with the bank to mitigate this risk. The Agency has not experienced any losses on its bank deposit accounts. The Agency believes it is not exposed to significant credit risk on cash balances.

11. Prior Period Adjustment

Certain errors resulting in an overstatement of previously reported receivables and deferred income were discovered during the current year. Accordingly, an adjustment of \$219,928 to reduce receivables as of the beginning of the year and an adjustment of \$5,860 was made to reduce deferred income. Corresponding entries were made to reduce previously reported net assets.

These corrections resulted in the following restatement in the statement of financial position for June 30, 2017:

	<u>Unrestricted Net Assets</u>
Balance, June 30, 2016 as previously stated	\$ 3,383,146
Decrease in grants receivable	(142,765)
Decrease in medicaid receivable	(47,261)
Decrease in other receivables	(35,762)
Decrease in deferred income	<u>5,860</u>
Balance, June 30, 2016 as restated	<u>\$ 3,163,218</u>

12. Subsequent Events

The Agency has evaluated all subsequent events through November 28, 2017, the date the financial statements were available to be issued.

ADDITIONAL INFORMATION

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Schedule of Functional Expenses

For the year ended June 30, 2017

	<u>Ombudsman</u>	<u>Senior Adult Centers</u>	<u>Senior Companion</u>
Salaries and wages	\$ 54,169	\$ 15,108	\$ 122,338
Payroll taxes	5,796	1,201	9,105
Workers compensation	266	65	365
Health insurance	5,516	10,638	4,991
Total personnel	<u>65,747</u>	<u>27,012</u>	<u>136,799</u>
Advertising	288	-	2,616
Building rent	1,872	3,404	14,686
Dues, licenses, tuition	-	3,127	850
Insurance	1,628	430	3,429
Maintenance	1,719	19,737	4,151
Postage	619	234	1,550
Printing and reproduction	533	108	1,796
Professional services	-	-	-
Supplies and materials	996	2,121	7,618
Stipends	-	-	280,607
Telephone	2,273	629	8,349
Travel	6,379	1,514	110,743
Other costs	327	2	21,379
Subcontractors	-	2,227,709	-
Subcontractors:	-	-	-
Program services	-	849,387	-
In-kind costs	-	1,197,179	-
Utilities	<u>763</u>	<u>217</u>	<u>3,110</u>
 Total expenses before depreciation	 83,144	 4,332,810	 597,683
Depreciation	<u>-</u>	<u>43</u>	<u>58</u>
 Total expenses	 <u>\$ 83,144</u>	 <u>\$ 4,332,853</u>	 <u>\$ 597,741</u>

(Continued)

See independent auditor's report.

<u>Employment Placement</u>	<u>In-Home</u>	<u>Case Management</u>	<u>Family Care Giver Support</u>
\$ 108,583	\$ 4,527,619	\$ 373,741	\$ 50,491
8,307	340,494	28,694	3,708
2,455	75,499	1,078	603
-	229,944	79,990	12,441
<u>119,345</u>	<u>5,173,556</u>	<u>483,503</u>	<u>67,243</u>
-	23,842	269	34
-	52,805	16,174	1,403
-	1,309	84	-
-	13,240	9,275	829
-	17,607	17,543	529
-	8,965	2,823	893
-	17,289	4,187	185
-	9,371	11	-
-	28,850	5,932	1,253
-	-	74	-
-	31,367	13,654	1,070
-	55,150	32,061	652
-	25,885	2,418	219
-	-	-	100,596
-	-	-	-
-	-	-	43,817
-	-	-	-
-	13,715	5,141	225
<u>119,345</u>	<u>5,472,951</u>	<u>593,149</u>	<u>218,948</u>
-	19	157	-
<u>\$ 119,345</u>	<u>\$ 5,472,970</u>	<u>\$ 593,306</u>	<u>\$ 218,948</u>

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Schedule of Functional Expenses (Continued)

For the year ended June 30, 2017

	<u>Home Delivered Meals Services</u>	<u>Information & Assistance</u>	<u>Adults with Physical Disabilities</u>
Salaries and wages	\$ 71,619	\$ 62,036	\$ 74,740
Payroll taxes	6,051	4,353	5,408
Workers compensation	116	160	294
Health insurance	<u>2,875</u>	<u>15,398</u>	<u>2,639</u>
Total personnel	80,661	81,947	83,081
Advertising	11	7,069	-
Building rent	1,041	1,872	3,123
Dues, licenses, tuition	6	149	-
Insurance	621	1,628	2,398
Maintenance	1,285	2,486	1,279
Postage	293	618	324
Printing and reproduction	251	456	491
Professional services	-	2	-
Supplies and materials	590	820	786
Stipends	-	-	-
Telephone	1,148	2,362	1,963
Travel	3,170	60	4,106
Other costs	18	39	222
Subcontractors	-	-	-
Subcontractors:	-	-	-
Program services	-	-	-
In-kind costs	-	-	-
Utilities	<u>280</u>	<u>763</u>	<u>691</u>
 Total expenses before depreciation	 89,375	 100,271	 98,464
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenses	 <u>\$ 89,375</u>	 <u>\$ 100,271</u>	 <u>\$ 98,464</u>

See independent auditor's report.

<u>Other</u>	<u>Total</u>
\$ 23,990	\$ 5,484,434
-	413,117
-	80,901
-	364,432
23,990	6,342,884
-	34,129
-	96,380
-	5,525
-	33,478
-	66,336
-	16,319
-	25,296
-	9,384
5,385	54,351
-	280,681
-	62,815
-	213,835
12,457	62,966
-	2,328,305
-	-
-	893,204
-	1,197,179
-	29,404
41,832	11,747,972
29,127	29,404
\$ 70,959	\$ 11,777,376

Schedule of Indirect Cost Allocation Plan

For the year ended June 30, 2017

Indirect costs

Salaries and wages	\$ 259,244
Payroll taxes	17,285
Health insurance	27,574
Total personnel	<u>304,103</u>
Advertising	2,511
Building rent	16,151
Dues, licenses, tuition	13,909
Insurance	10,897
Maintenance	16,836
Meeting expenses	1,328
Miscellaneous	1,967
Postage	2,433
Printing and reproduction	1,204
Professional services	23,952
Supplies and materials	7,042
Telephone	7,245
Travel	4,828
Utilities	<u>3,153</u>

Total indirect costs 417,559

Allocation to programs

Senior adult centers	1,767
Ombudsman program	5,826
Information and assistance	5,396
Senior companion	9,006
Employment placement	7,857
In home	341,632
Case management	30,041
Family care giver support	4,427
Home delivered meals	6,137
Adults with physical disabilities	<u>5,470</u>

Total allocation to programs 417,559

Balance - June 30, 2017 \$ -

See independent auditor's report.

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.
 Schedule of Units of Service Provided
 For the year ended June 30, 2017

Service	Unit	Total	Title III	Social Services Block Grant	State Cigarette Tax
Attendant care	15 minutes	762,131	-	"	-
Client representation	15 minutes	10,896	10,896	"	-
Congregate meals	Meals	199,173	71,631	8,796	-
Family caregiver - access	Contact	1,076	1,076	"	-
Family caregiver - respite	Respite hours	61,394	61,394	"	-
Home-delivered meals	Meals	279,258	86,721	26,463	"
Homemaker	15 minutes	4,686	-	"	"
Information and assistance	Contacts	2,956	2,956	"	-
Legal assistance	15 minutes	833	833	"	-
Material aid	Dollars	6,150	-	"	-
Outreach	Sessions	3,262	3,262	"	-
Personal care	15 minutes	373,007	-	"	"
Respite	15 minutes	143,384	"	"	"
Senior companion/chore	Hours	106,431	"	"	-
Senior employment	Hours	12,549	"	"	-
Socialization	Sessions	277,640	58,387	11,926	40,408
Special Events/Health Promotion		10,318	1,439	"	-
Targeted case management	15 minutes	24,391	-	"	-
Transportation	One-way trips	37,392	19,310	1,595	3,856
Totals		<u>2,316,927</u>	<u>317,905</u>	<u>48,780</u>	<u>44,264</u>

See independent auditor's report.

Medicaid	State Aging Services	State General Revenue	CNS	Other
761,709	-	-	-	422
-	-	-	-	-
-	-	20,294	-	98,452
-	-	-	-	-
-	-	-	-	-
-	-	78,886	-	87,188
-	-	-	-	4,686
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,150
-	-	-	-	-
297,453	10,297	-	-	65,257
143,384	-	-	-	-
-	-	-	106,431	-
-	-	-	-	12,549
-	-	3,898	-	163,021
-	1	-	-	8,878
24,391	-	-	-	-
-	-	3,483	-	9,148
<u>1,226,937</u>	<u>10,298</u>	<u>106,561</u>	<u>106,431</u>	<u>455,751</u>

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Program Status Report - Title III B

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Federal funding	\$ 356,741	\$ 356,741	\$ -
State funding	31,414	39,732	8,318
Matching funds	32,906	32,703	(203)
In kind matching	1,805	1,804	(1)
Program income - subcontractors	-	77,689	77,689
Total revenue	<u>422,866</u>	<u>508,669</u>	<u>85,803</u>
Expenditures			
Subcontractors	196,680	195,538	(1,142)
Subcontractors program income costs	-	77,689	77,689
Local funds - matching	34,710	34,507	(203)
Personnel salaries and fringe	146,139	147,097	958
Travel	4,035	5,910	1,875
Building rent and utilities	6,797	7,815	1,018
Communications	14,686	15,491	805
Supplies	4,574	3,402	(1,172)
Indirect cost allocation	9,830	11,012	1,182
Other costs	5,415	10,208	4,793
Total expenditures	<u>422,866</u>	<u>508,669</u>	<u>85,803</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funding Principles

This program funds the cost of providing the following major services to persons 60 years of age or older:

- Access services - information and referral
- Social services - senior citizen centers
- Legal services - legal referral and adult protection
- Ombudsman program - nursing home review
- Transportation - to and from community facilities and resources

See independent auditor's report.

Program Status Report - Title III C1

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Federal funding	\$ 284,123	\$ 280,946	(3,177)
State funding	6,487	5,428	(1,059)
Matching funds	46,705	46,705	-
Program income - subcontractors	-	481,473	481,473
Total revenue	<u>337,315</u>	<u>814,552</u>	<u>477,237</u>
Expenditures			
Subcontractors	264,662	311,367	46,705
Subcontractors program income costs	-	481,473	481,473
Local funds - matching	46,705	-	(46,705)
Personnel salaries and fringe	12,036	9,725	(2,311)
Travel	4,750	545	(4,205)
Building rent and utilities	1,080	1,380	300
Communications	768	311	(457)
Supplies	825	803	(22)
Indirect cost allocation	809	636	(173)
Other costs	5,680	8,312	2,632
Total expenditures	<u>337,315</u>	<u>814,552</u>	<u>477,237</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funding Principles

The purpose of this program is to provide congregate meals at the Agency's senior citizen centers.

See independent auditor's report.

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Program Status Report - Title III C2

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Federal funding	\$ 408,207	\$ 397,514	\$ (10,693)
State funding	8,990	5,428	(3,562)
Matching funds	67,276	67,276	-
Program income - subcontractors	-	183,754	183,754
Total revenue	<u>484,473</u>	<u>653,972</u>	<u>169,499</u>
Expenditures			
Subcontractors	381,230	448,506	67,276
Subcontractors program income costs	-	183,754	183,754
Local funds - matching	67,276	-	(67,276)
Personnel salaries and fringe	12,036	9,725	(2,311)
Travel	2,850	545	(2,305)
Building rent and utilities	1,900	1,380	(520)
Communications	2,720	311	(2,409)
Supplies	5,000	803	(4,197)
Indirect cost allocation	807	636	(171)
Other costs	10,654	8,312	(2,342)
Total expenditures	<u>484,473</u>	<u>653,972</u>	<u>169,499</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funding Principles

The purpose of this program is to provide senior citizens with home-delivered meals in the Agency's ten-county area.

See independent auditor's report.

Program Status Reports - Title III D

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Federal funding	\$ 22,772	\$ 29,513	\$ 6,741
Total revenues	<u>22,772</u>	<u>29,513</u>	<u>6,741</u>
Expenditures			
Subcontractors	1,300	13,000	11,700
Personnel salaries and fringe	5,203	15,835	10,632
Travel	2,540	548	(1,992)
Communications	-	89	89
Supplies	-	11	11
Other costs	<u>-</u>	<u>30</u>	<u>30</u>
Total expenditures	<u>9,043</u>	<u>29,513</u>	<u>20,470</u>
Excess revenue over expenditures	<u>\$ 13,729</u>	<u>\$ -</u>	<u>\$(13,729)</u>

Funding Principles

This program funds preventive health service activities for health promotion, nutrition counseling, and education.

See independent auditor's report.

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Program Status Report - Title III E

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Federal funding	\$ 158,631	\$ 158,631	\$ -
State funding	18,883	20,927	2,044
Matching funds	33,994	43,817	9,823
Total revenue	<u>211,508</u>	<u>223,375</u>	<u>11,867</u>
Expenditures			
Subcontractors	101,983	100,595	(1,388)
Local funds - matching	33,994	43,817	9,823
Personnel salaries and fringe	48,798	67,242	18,444
Travel	2,455	652	(1,803)
Building rent and utilities	6,000	1,882	(4,118)
Communications	5,073	2,203	(2,870)
Supplies	6,149	1,639	(4,510)
Other costs	3,775	918	(2,857)
Indirect cost allocation	3,281	4,427	1,146
Total expenditures	<u>211,508</u>	<u>223,375</u>	<u>11,867</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funding Principles

This program provides funding for information and assessment services through development of a website and literature for care giving assistance and also provides funding for respite services.

See independent auditor's report.

Program Status Report - Older Workers Program
 For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
State funding	\$ 121,230	\$ 121,230	\$ -
Matching funds	21,593	-	(21,593)
Total revenue	<u>142,823</u>	<u>121,230</u>	<u>(21,593)</u>
Expenditures			
Personnel salaries and fringe	133,823	119,345	(14,478)
Other costs	-	-	-
Indirect cost allocation	<u>9,000</u>	<u>7,857</u>	<u>(1,143)</u>
Total expenditures	<u>142,823</u>	<u>127,202</u>	<u>(15,621)</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$(5,972)</u>	<u>\$(5,972)</u>

Funding Principles

This program funds the employment of workers age 55 or older in the senior centers within the Agency's ten county area.

See independent auditor's report.

Program Status Report - State Transportation (Cigarette Tax)

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
State funding	\$ 241,846	\$ 254,973	(13,127)
Total revenue	<u>241,846</u>	<u>254,973</u>	<u>13,127</u>
Expenditures			
Personnel salaries/fringe	-	23,990	23,990
Subcontractors	223,445	223,444	(1)
Travel	1,079	-	(1,079)
Communications	469	-	(469)
Supplies	1,719	-	(1,719)
Interprogram support	11,137	7,539	(3,598)
Other costs	<u>3,997</u>	<u>-</u>	<u>(3,997)</u>
Total expenditures	<u>241,846</u>	<u>254,973</u>	<u>13,127</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funding Principles

This program funds transportation services to the elderly and provides assistance to meals-on-wheels program.

See independent auditor's report.

Program Status Report - State Aging Services

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
State funding	\$ 551,067	\$ 551,067	\$ -
Matching	-	-	-
Total revenue	<u>551,067</u>	<u>551,067</u>	<u>-</u>
Expenditures			
Personnel salaries and fringe	352,008	339,202	(12,806)
Equipment	6,500	-	(6,500)
Travel	17,045	23,040	5,995
Building rent and utilities	9,625	9,752	127
Communications	6,500	14,166	7,666
Supplies	12,984	7,151	(5,833)
Indirect cost allocation	10,925	15,952	5,027
Interprogram support	131,183	137,077	5,894
Other costs	<u>4,297</u>	<u>4,727</u>	<u>430</u>
Total expenditures	<u>551,067</u>	<u>551,067</u>	<u>-</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funding Principles

This program funds the personnel and related costs for case management services, provides funding for nursing home alternatives program that includes personal care and chore services, provides for community program development and match funds for portions of Title III, In-Home and Senior Companion programs.

See independent auditor's report.

Program Status Report - In-Home Program

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Medicaid billings - net	\$ 5,136,025	\$ 5,623,901	\$ 487,876
Private insurance/private pay	<u>335,580</u>	<u>329,126</u>	<u>(6,454)</u>
Total revenue	<u>5,471,605</u>	<u>5,953,027</u>	<u>481,422</u>
Expenditures			
Personnel salaries	4,071,761	4,527,619	455,858
Personnel fringe costs	533,727	645,937	112,210
Travel	82,719	55,150	(27,569)
Maintenance	-	17,607	17,607
Building rent and utilities	81,796	66,520	(15,276)
Communications	103,313	57,621	(45,692)
Professional services	-	9,371	9,371
Insurance	22,715	13,240	(9,475)
Fees	86,538	1,309	(85,229)
Supplies	117,068	28,850	(88,218)
Indirect cost allocation	309,729	341,632	31,903
Interprogram support	22,052	-	(22,052)
Other costs	<u>40,187</u>	<u>49,726</u>	<u>9,539</u>
Total expenditures	<u>5,471,605</u>	<u>5,814,582</u>	<u>342,977</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ 138,445</u>	<u>(138,445)</u>

Funding Principles

This is a cost-reimbursement program for personal care provided in the home for eligible recipients.

See independent auditor's report.

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Program Status Report - Senior Companion Program

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Federal funding	\$ 628,389	\$ 539,398	\$(88,991)
Local funding	12,000	15,504	3,504
Interprogram support	76,500	51,757	(24,743)
Other income	17,482	-	(17,482)
Total revenue	<u>734,371</u>	<u>606,659</u>	<u>(127,712)</u>
Expenditures			
Personnel salaries	125,000	122,338	(2,662)
Personnel fringe	21,189	14,461	(6,728)
Stipends	351,409	280,607	(70,802)
Travel	18,500	12,477	(6,023)
Building rent and facilities	25,000	21,947	(3,053)
Communications	19,000	11,695	(7,305)
Dues and insurance	1,500	4,279	2,779
Recognition	33,000	-	(33,000)
Supplies	6,719	7,618	899
Transportation - volunteers	108,864	98,266	(10,598)
Indirect cost allocation	8,750	9,006	256
Other costs	15,440	23,994	8,554
Total expenditures	<u>734,371</u>	<u>606,688</u>	<u>(127,683)</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$(29)</u>	<u>\$(29)</u>

Funding Principles

This program funds the cost of creating part-time, stipend volunteer community service opportunities for low income persons age 60 or over and to provide person-to-person services to assist adults having exceptional needs, developmental disabilities or other special needs for companionship.

See independent auditor's report.

Program Status Report - Social Services Block Grant

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Federal funding	\$ 209,052	\$ 206,919	\$(2,133)
Total revenue	<u>209,052</u>	<u>206,919</u>	<u>(2,133)</u>
Expenditures			
Subcontractors	<u>209,052</u>	<u>206,919</u>	<u>(2,133)</u>
Total expenditures	<u>209,052</u>	<u>206,919</u>	<u>(2,133)</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funding Principles

This program provides funding to contracted senior centers for transportation, socialization, congregate meals, home-delivered meals and supervised living services to eligible recipients.

Program Status Reports - Volunteer Ombudsman

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
Federal funding	\$ 10,500	\$ 10,500	\$ -
Total revenues	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Expenditures			
Personnel salaries and fringe	8,188	8,163	(25)
Supplies	800	324	(476)
Travel	500	952	452
Communications	338	213	(125)
Indirect costs	551	703	152
Other costs	<u>123</u>	<u>145</u>	<u>22</u>
Total expenditures	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funding Principles

The purpose of this program is to provide ombudsman services to senior citizens.

See independent auditor's report.

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Program Status Reports - State Senior Adult Centers

For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenue			
State funding	\$ 575,825	\$ 597,242	\$ 21,417
 Total revenues	 <u>575,825</u>	 <u>597,242</u>	 <u>21,417</u>
Expenditures			
Subcontractors	518,243	518,243	-
Personnel salaries and fringe	33,507	64,827	31,320
Equipment	3,000	-	(3,000)
Supplies	4,000	832	(3,168)
Travel	5,000	2,622	(2,378)
Building rent and utilities	-	1,576	1,576
Communications	4,000	2,319	(1,681)
Indirect costs	2,252	6,137	3,885
Other costs	5,823	686	(5,137)
 Total expenditures	 <u>575,825</u>	 <u>597,242</u>	 <u>21,417</u>
 Excess revenue over expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Funding Principles

The purpose of the program is to provide transportation services, socialization, congregate meals, and home delivered meals at the Agency's senior citizen centers and to provide funding for equipment to support these services.

See independent auditor's report.

ADDITIONAL SCHEDULES AND REPORTS

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.
 Schedule of Expenditures of Federal and State Awards
 For the year ended June 30, 2017

Federal Awards		
Grantor	Federal CFDA Number	Agency or Pass-through Number
U. S. Department of Health and Human Services		
Passed through Arkansas Department of Human Services		
<i>Aging Cluster:</i>		
Title III Part B*	93,044	417045/HPFX0111
Title III Part C1*	93,045	417165/HPGX0111
Title III Part C2*	93,045	417175/HPHX0112
Nutrition Services Incentive Program*	93,053	417185/HMSX0111
 <i>Total Aging Cluster</i>		
Title III Part D	93,043	417195/HPGX0112
Title III Part E	93,052	417105/HPMX0111
Social Services Block Grant	93,667	417065/HPFX0211
Volunteer Ombudsman Program	93,042	417075/HPGX0211
 U. S. Corporation for National Service		
Senior Companion Program	94,016	15SCWAR002
 Total expenditures of federal awards		

* Major program

(Continued)

See independent auditor's report and accompanying notes.

<u>Program Award Amount</u>	<u>Deferred Revenue 6/30/16</u>	<u>Revenue Received</u>	<u>Expenditures</u>	<u>Deferred Revenue 6/30/17</u>	<u>Passed Through to Subrecipients</u>
\$ 356,441	\$ -	\$ 356,741	\$ 356,741	\$ -	\$ 185,313
284,123	-	280,946	280,946	-	264,662
408,207	47	397,467	397,514	-	381,230
<u>468,179</u>	<u>-</u>	<u>468,179</u>	<u>468,179</u>	<u>-</u>	<u>468,179</u>
1,516,950	47	1,503,333	1,503,380	-	1,299,384
22,772	6,741	22,772	29,513	-	13,000
158,631	-	158,631	158,631	-	-
209,052	-	209,052	206,919	2,133	206,919
10,500	-	10,500	10,500	-	-
<u>628,389</u>	<u>-</u>	<u>539,398</u>	<u>539,398</u>	<u>-</u>	<u>-</u>
<u>\$ 2,546,294</u>	<u>\$ 6,788</u>	<u>\$ 2,443,686</u>	<u>\$ 2,448,341</u>	<u>\$ 2,133</u>	<u>\$ 1,519,303</u>

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.
 Schedule of Expenditures of Federal and State Awards (Continued)
 For the year ended June 30, 2017

State Awards

Grantor	Agency or Pass-through Number
Arkansas Department of Human Services	
Older Worker Program	417025/HSCX01XX
State Transportation (Cigarette Tax)	417215/H9JX01XX
State Aging Services	417135/HACX01XX
State General Revenue	
In God We Trust License Plate Revenues	417219/IIWEX01XX
State Income Tax Checkoff Program	417225/ITXX01XX
Senior Citizen Centers	417148/HNAX01XX
Total expenditures of state awards	

See independent auditor's report and accompanying notes.

<u>Program Award Amount</u>	<u>Deferred Revenue 6/30/16</u>	<u>Revenue Received</u>	<u>Expenditures</u>	<u>Deferred Revenue 6/30/17</u>
\$ 121,230	\$ -	\$ 121,230	\$ 121,230	\$ -
241,846	13,127	241,846	254,973	-
551,067	-	551,067	551,067	-
16,116	-	16,116	16,116	-
687	-	687	687	-
<u>575,825</u>	<u>21,417</u>	<u>575,825</u>	<u>597,242</u>	<u>-</u>
<u>\$ 1,506,771</u>	<u>\$ -</u>	<u>\$ 1,506,771</u>	<u>\$ 1,541,315</u>	<u>\$ -</u>

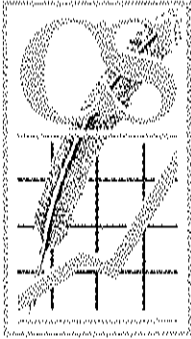
Summary of Significant Accounting Policies

Basis of presentation. The accompanying schedule of expenditures of federal awards includes federal grant activity of Area Agency on Aging of West Central Arkansas, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Area Agency of West Central Arkansas, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Area Agency on Aging of West Central Arkansas, Inc.

Indirect Cost Rate. Area Agency on Aging of West Central Arkansas, Inc. did not elect to use the 10% de minimus indirect cost rate.

Medicaid Funding

Medicaid funds in the amount of \$5,623,901 were received during the fiscal year ended June 30, 2017.



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**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
Area Agency on Aging of West Central Arkansas, Inc.
Hot Springs, Arkansas

We have audited, in accordance with the 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, the financial statements of Area Agency on Aging of West Central Arkansas, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Area Agency on Aging of West Central Arkansas, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Area Agency on Aging of West Central Arkansas, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Internal Control over Financial Reporting (Continued)

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Area Agency on Aging of West Central Arkansas, Inc.'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*.

Purpose of this Report

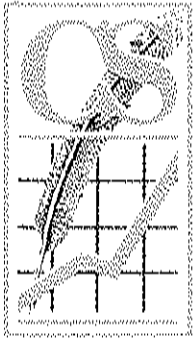
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crass & Smith, P.A.

Certified Public Accountants

Hot Springs, Arkansas

November 28, 2017



CRASS & SMITH
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Member of the
American Institute
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**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors
Area Agency on Aging of West Central Arkansas, Inc.
Hot Springs, Arkansas

Report on Compliance for Each Major Federal Program

We have audited Area Agency on Aging of West Central Arkansas, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Area Agency on Aging of West Central Arkansas, Inc.'s major federal programs for the year ended June 30, 2017. Area Agency on Aging of West Central Arkansas, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Area Agency on Aging of West Central Arkansas, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about

Auditor's Responsibility (Continued)

whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Area Agency on Aging of West Central Arkansas, Inc.'s, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Area Agency on Aging of West Central Arkansas, Inc.'s, compliance.

Opinion on Each Major Federal Program

In our opinion, Area Agency on Aging of West Central Arkansas, Inc. complied, in all material respects, with the types of 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, 2017.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

Management of Area Agency on Aging of West Central Arkansas, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Area Agency on Aging of West Central Arkansas, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Area Agency on Aging of West Central Arkansas, Inc.'s internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crass & Smith, P.A.
Certified Public Accountants

Hot Springs, Arkansas
November 28, 2017

Schedule of Findings and Questioned Costs

For the year ended June 30, 2017

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Area Agency on Aging of West Central Arkansas, Inc. (Agency) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditor's report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance considered material to the financial statements of the Agency were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Agency expresses an unmodified opinion on all major federal programs.
6. No audit findings were required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs include: Title III Part B, CFDA No. 93.044; Title III Part C, CFDA No. 93.045; Nutrition Services Incentive Program, CFDA No. 93.053.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Agency was determined not to be a low-risk auditee.

B. Findings - Financial Statement Audit: NONE

C. Findings and Questioned Costs - Major Federal Award Programs Audit: NONE

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.
Schedule of Prior-Year Audit Findings
For the year ended June 30, 2017

39

Section I. Internal Control and Compliance Material to the Financial Statements

No matters were reported.

Section II. Internal Control and Compliance Material to Federal Awards

No matters were reported.

Section III. Management Letter

The prior year's report did include a management letter.

AREA AGENCY ON AGING OF WEST CENTRAL ARKANSAS, INC.

Supplemental Data Sheet
For the year ended June 30, 2017

Area Agency on Aging of West Central Arkansas, Inc.
905 West Grand Avenue
Hot Springs, AR 71913

Employer Identification Number: 71-0521904

Phone number: (501) 321-2811

Executive Director: Barbara Flowers

Contact person: James White

Cost of audit: \$17,600