



Jayhawk Area Agency on Aging, Inc.

2910 SW Topeka Blvd
Topeka, Kansas 66611
Phone (785) 235-1367
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www.jhawkaaa.org

February 8, 2012

Casey Toomay
Budget Manager
City of Lawrence
PO Box 708
Lawrence, KS 66044

Dear Ms. Toomay:

Please find enclosed a copy of the most recent Independent Auditors' Report, covering the Jayhawk Area Agency on Aging, Inc.'s fiscal year ending September 30, 2011.

Please feel free to contact Jocelyn Lyons at 235-1367 if you have any questions regarding the enclosed audit or any other information regarding our agency.

Sincerely,

Sharon Sturgeon
Fiscal Assistant

Enclosure

Jayhawk Area Agency on Aging, Inc. advocates on aging issues, builds community partnerships and implements programs within Shawnee, Jefferson and Douglas counties to help seniors live independent and dignified lives.



Mayer Hoffman McCann P.C.

An Independent CPA Firm

990 SW Fairlawn Road
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February 2, 2012

To the Board of Directors
Jayhawk Area Agency on Aging, Inc.

We have audited the financial statements of Jayhawk Area Agency on Aging, Inc. for the year ended September 30, 2011, and have issued our report thereon dated February 2, 2012. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards, Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 6, 2011. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT FINDINGS FROM THE AUDIT

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Jayhawk Area Agency on Aging, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the collectability of accounts receivable is based on analysis performed on the accounts receivable aging report and other factors known to management. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the salvage values and estimated useful lives of property, plant and equipment is based on available information, judgment and management's experience. We evaluated the key factors and assumptions used to develop the salvage values and estimated useful lives of property, plant and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the functional allocation of expenses is based on available information, judgment and experience. We evaluated the key factors and assumptions used to develop the functional allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of concentrations in Note 9 to the financial statements as a reduction in these amounts would have a substantial effect on the financial statements.



Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 2, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Jayhawk Area Agency on Aging, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Mayer Hoffman McCann P.C." is positioned below the "Very truly yours," text.

Mayer Hoffman McCann P.C.

JAYHAWK AREA AGENCY ON AGING, INC.

FINANCIAL STATEMENTS WITH ADDITIONAL
INFORMATION AND A-133 SECTION

YEARS ENDED SEPTEMBER 30,
2011 AND 2010



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jayhawk Area Agency on Aging, Inc.
Topeka, Kansas

We have audited the accompanying statements of financial position of Jayhawk Area Agency on Aging, Inc. (a nonprofit organization) (the Agency) as of September 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jayhawk Area Agency on Aging, Inc. as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2012 on our consideration of Jayhawk Area Agency on Aging, Inc.'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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Mayer Hoffman McCann P.C.
Topeka, Kansas
February 2, 2012

JAYHAWK AREA AGENCY ON AGING, INC.
STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2011	2010
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 212,191	\$ 173,676
Cash and cash equivalents - temporarily restricted	21,734	17,516
Certificates of deposit	101,400	179,639
Accounts receivable	210,943	262,678
Deposits	-	30
Prepaid expenses	15,666	21,372
Total current assets	561,934	654,911
Property, plant and equipment, at cost, less accumulated depreciation	1,015,206	1,050,902
Total assets	\$ 1,577,140	\$1,705,813
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current portion of note payable	\$ 28,082	\$ 20,847
Accounts payable	110,411	176,543
Deferred revenue	90,682	80,808
Accrued payroll taxes and benefits	30,289	27,908
Accrued payroll	41,827	41,707
Current portion of deferred lease income	1,600	1,600
Total current liabilities	302,891	349,413
Long term liabilities:		
Note payable	531,778	562,651
Deferred lease income	30,400	32,000
Total long term liabilities	562,178	594,651
Total liabilities	865,069	944,064
Net assets:		
Unrestricted:		
Board designated	46,623	14,577
Undesignated	643,714	729,656
Total unrestricted net assets	690,337	744,233
Temporarily restricted	21,734	17,516
Total net assets	712,071	761,749
Total liabilities and net assets	\$ 1,577,140	\$1,705,813

See Notes to the Financial Statements

JAYHAWK AREA AGENCY ON AGING, INC.
STATEMENT OF ACTIVITIES
Year ended September 30, 2011

Support and revenue:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Kansas Department on Aging funds:			
Title III funds - federal	\$ 980,935	\$ -	\$ 980,935
Title III funds - state	355,667	-	355,667
NSIP	183,657	-	183,657
Nutrition check off	11,097	-	11,097
Senior Care Act	429,070	-	429,070
CARE Level 1	144,663	-	144,663
Targeted case management	464,990	-	464,990
Other grants and contracts	55,191	6,000	61,191
Local resources	98,185	-	98,185
Miscellaneous income	47,684	-	47,684
Donations	9,658	16,006	25,664
Interest income	1,638	-	1,638
Net assets released from restrictions	17,788	(17,788)	-
Total support and revenue	<u>2,800,223</u>	<u>4,218</u>	<u>2,804,441</u>
Expenses:			
Program expenses:			
Title III - Administration	137,033	-	137,033
Title III - Supportive Services	331,041	-	331,041
Title III - C (1)	490,882	-	490,882
Title III - C (2)	493,576	-	493,576
Title III - D	25,210	-	25,210
Title III - E	132,957	-	132,957
Senior Care Act	387,314	-	387,314
Targeted case management	607,744	-	607,744
CARE Level 1	132,849	-	132,849
SHICK program	49,194	-	49,194
Other grants	26,078	-	26,078
Older Americans Month	9,928	-	9,928
Guardian Angel	1,232	-	1,232
Voucher contractual services	8,422	-	8,422
Fundraising	532	-	532
Management and general	20,127	-	20,127
Total expenses	<u>2,854,119</u>	<u>-</u>	<u>2,854,119</u>
Change in net assets	(53,896)	4,218	(49,678)
Net assets, beginning of year	744,233	17,516	761,749
Net assets, end of year	<u>\$ 690,337</u>	<u>\$ 21,734</u>	<u>\$ 712,071</u>

See Notes to the Financial Statements

JAYHAWK AREA AGENCY ON AGING, INC.
STATEMENT OF ACTIVITIES
Year ended September 30, 2010

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Kansas Department on Aging funds:			
Title III funds - federal	\$ 1,145,335	\$ -	\$ 1,145,335
Title III funds - state	215,604	-	215,604
NSIP	190,457	-	190,457
Nutrition check off	11,122	-	11,122
Senior Care Act	500,547	-	500,547
CARE Level 1	129,740	-	129,740
Targeted case management	501,169	-	501,169
Other grants and contracts	34,733	5,000	39,733
Local resources	95,347	-	95,347
Miscellaneous income	21,253	-	21,253
Donations	13,824	13,020	26,844
Interest income	2,022	-	2,022
Net assets released from restrictions	17,656	(17,656)	-
Total support and revenue	2,878,809	364	2,879,173
Expenses:			
Program expenses:			
Title III - ARRA	102,401	-	102,401
Title III - Administration	140,487	-	140,487
Title III - Supportive Services	352,944	-	352,944
Title III - C (1)	420,735	-	420,735
Title III - C (2)	452,794	-	452,794
Title III - D	21,553	-	21,553
Title III - E	144,694	-	144,694
Senior Care Act	437,898	-	437,898
Targeted case management	582,328	-	582,328
CARE Level 1	123,443	-	123,443
SHICK program	39,855	-	39,855
Other grants	6,144	-	6,144
Older Americans Month	9,478	-	9,478
Guardian Angel	1,654	-	1,654
Fundraising	453	-	453
Management and general	43,018	-	43,018
Total expenses	2,879,879	-	2,879,879
Change in net assets	(1,070)	364	(706)
Net assets, beginning of year	745,303	17,152	762,455
Net assets, end of year	\$ 744,233	\$ 17,516	\$ 761,749

See Notes to the Financial Statements

CARE Level 1	SHICK Program	Other grants	Older Americans Month	Guardian Angel Fund	Voucher Contractual Services	Fundraising	Management and general	Total expenses
\$ 86,314	\$ 33,732	\$ -	\$ -	\$ -	\$ 5,062	\$ -	\$ 9,218	\$ 957,635
17,388	8,288	-	-	-	1,051	-	1,178	220,673
771	192	-	-	-	665	-	746	28,911
-	-	-	470	-	-	-	440	1,182
40	-	-	-	-	-	-	226	615
866	1,276	-	169	-	75	-	5,245	12,291
5,522	802	-	-	-	-	-	-	41,829
1	-	-	-	-	-	-	5,456	5,564
204	9	20,079	-	-	752	-	7,157	34,312
1,040	377	744	46	-	82	-	878	11,603
959	783	-	56	-	143	-	1,680	9,626
-	651	1,102	-	-	109	-	2,038	7,263
10,503	1,995	-	1,541	-	-	-	3,893	87,601
74	37	3,321	-	-	-	-	1,195	5,185
-	-	-	-	-	-	-	516	812
1,002	145	-	-	-	-	-	-	10,309
4,868	428	-	-	-	237	-	-	36,710
3,297	479	832	3,583	1,232	246	532	(25,060)	21,391
-	-	-	4,063	-	-	-	5,321	12,623
-	-	-	-	-	-	-	-	1,347,984
<u>\$ 132,849</u>	<u>\$ 49,194</u>	<u>\$ 26,078</u>	<u>\$ 9,928</u>	<u>\$ 1,232</u>	<u>\$ 8,422</u>	<u>\$ 532</u>	<u>\$ 20,127</u>	<u>\$ 2,854,119</u>

Targeted case management	CARE Level 1	SHICK Program	Other grants	Older Americans Month	Guardian Angel Fund	Fundraising	Management and general	Total expenses
\$ 376,005	\$ 75,499	\$ 25,194	\$ -	\$ -	\$ -	\$ -	\$ 28,604	\$ 957,653
87,121	15,412	5,871	-	-	-	-	689	213,546
15,488	708	344	-	-	-	-	1,192	33,644
-	-	113	-	522	-	-	1,453	2,588
315	1,052	-	-	-	-	-	510	4,640
-	40	-	-	-	-	-	-	40
2,125	854	880	53	-	-	-	4,356	11,200
21,470	5,558	1,097	-	-	-	-	-	41,762
1,832	476	94	-	-	-	-	489	5,550
731	994	10	-	-	-	-	2,857	7,269
756	322	579	1,058	46	-	-	7,782	11,610
1,650	1,590	574	15	10	-	-	3,985	9,834
-	-	-	1,212	-	-	-	3,901	5,767
43,091	12,601	2,957	-	-	-	-	4,248	101,528
-	99	403	3,806	-	-	-	319	4,965
-	-	-	-	-	-	-	485	1,004
302	79	16	-	-	-	-	10,087	10,907
16,150	4,225	1,069	-	-	-	-	4	41,733
14,992	3,934	654	-	5,082	1,654	453	(33,412)	11,919
-	-	-	-	3,818	-	-	5,459	14,727
300	-	-	-	-	-	-	-	1,387,993
<u>\$ 582,328</u>	<u>\$ 123,443</u>	<u>\$ 39,855</u>	<u>\$ 6,144</u>	<u>\$ 9,478</u>	<u>\$ 1,654</u>	<u>\$ 453</u>	<u>\$ 43,018</u>	<u>\$ 2,879,879</u>

JAYHAWK AREA AGENCY ON AGING, INC.
STATEMENTS OF CASH FLOWS

	Years ended September 30,	
	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ (49,678)	\$ (706)
Adjustments to reconcile change in net assets to cash flows from operating activities		
Depreciation	41,830	41,762
Decrease (increase) in operating assets:		
Temporarily restricted cash and cash equivalents	(4,218)	(364)
Accounts receivable	51,735	(22,372)
Deposits	30	(30)
Prepaid expense	5,706	1,627
(Decrease) increase in operating liabilities:		
Accounts payable	(66,132)	43,747
Deferred revenue	9,874	(7,061)
Accrued payroll taxes and benefits	2,381	27,242
Accrued payroll	120	10,521
Deferred lease income	(1,600)	(1,600)
	(9,952)	92,766
Cash flows from operating activities	(9,952)	92,766
Cash flows from investing activities:		
Proceeds from sale of certificates of deposit	78,239	-
Purchase of certificates of deposit	-	(179,639)
Purchase of property and equipment	(6,134)	(14,865)
	72,105	(194,504)
Cash flows from investing activities	72,105	(194,504)
Cash flows from financing activities:		
Principal payments on notes payable	(23,638)	(31,981)
	(23,638)	(31,981)
Cash flows from financing activities	(23,638)	(31,981)
Net increase (decrease) in cash and cash equivalents	38,515	(133,719)
Cash and cash equivalents at beginning of year	173,676	307,395
Cash and cash equivalents at end of year	\$ 212,191	\$ 173,676

See Notes to the Financial Statements

JAYHAWK AREA AGENCY ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of significant accounting policies**

Nature of activities - Jayhawk Area Agency on Aging, Inc. (the Agency) is an administrative and oversight agency and a provider of services. It develops plans for the provision of services which are funded by federal, state and local governmental funds. It then monitors and assesses the services provided. The Agency provides direct services in the areas of information, assistance and outreach, as well as provides for community-wide program development and coordination and case management.

Basis of presentation - Assets, liabilities, net assets, revenues and expenses are recognized on the accrual basis of accounting. Revenue from providing services is recognized as revenue in the year in which the service takes place.

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. 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 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, temporarily restricted net assets are reclassified to unrestricted net assets. Net assets were released from restrictions by incurring expenses satisfying the restricted purpose. The Agency has no permanently restricted net assets as of September 30, 2011 and 2010.

Income tax status - The Agency is a not-for-profit Kansas Corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Agency has adopted the standard regarding Accounting for Uncertainty in Income Taxes (FASB ASC 740-10) effective October 1, 2009. There was no material impact on the Agency's financial statements as a result of the adoption of this standard. There has been no interest or penalties recognized neither in the statements of activities nor in the statements of financial position related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months. Tax years with open statutes of limitations are 2007 and forward.

Cash and cash equivalents - For the purposes of the statement of cash flows, the Agency considers all unrestricted, undesignated, highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

The Federal Deposit Insurance Corporation insures amounts held by each institution in the Agency's name up to \$250,000. For the period, December 31, 2010 through December 31, 2012, all noninterest-bearing transactional accounts are fully insured, regardless of the balance of the account at all FDIC-insured institutions. At various times during the fiscal year, the Agency's cash in bank balances exceeded the federally insured limits. The Agency has securities pledged with CoreFirst Bank & Trust that covers any uninsured amount. At September 30, 2011 and 2010, all deposits were fully collateralized.

JAYHAWK AREA AGENCY ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS

Property and equipment - All property and equipment is capitalized at cost. The fair market value of donated fixed assets is similarly capitalized. Expenditures for major renewals and betterments that extend the lives of property and equipment from non-federal or state funds are capitalized. A detailed record of all equipment is maintained by the Agency to insure accountability. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are reduced and any resulting gain or loss is recognized in income for the period. The cost of repairs and maintenance is charged against income as incurred.

Depreciation is computed on a straight line method with estimated useful lives as follows:

Buildings and improvements	5-40 years
Furniture and equipment	3-10 years

The Agency periodically evaluates the remaining useful life and recoverability of such buildings and equipment in light of current circumstances and believes it will recover the carrying amount in future operations.

Functional allocation of expenses - The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

Accounts receivable - Accounts receivable is recorded at original amounts. The Agency does not accrue interest or finance charges. On a periodic basis the Agency evaluates its accounts receivable and determines the need for an allowance for doubtful accounts based on a history of past write-offs and collection and current conditions. An accounts receivable is written off when it is determined that all collection efforts have been exhausted. The Agency has determined that no allowance for doubtful accounts is necessary as of September 30, 2011 and 2010.

In-kind contributions - In-kind contributions, which are donations of materials, supplies, equipment and services are recognized as support and expenses in the statement of activities. In-kind contributions are recorded at their estimated fair market value at date of receipt.

Included in donations revenue is donated services and other miscellaneous items in the amounts of \$12,623 and \$14,727 for the years ended September 30, 2011 and 2010, respectively. In addition, certain in-kind services and related expenses have been allocated to the respective programs.

Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Management's estimates and assumptions include, but are not limited to, collectability of accounts receivable, salvage values and estimated useful lives of property and equipment, and the basis for the functional allocation of expenses. Actual results could vary from the estimates that were used.

Advertising costs - The Agency expenses advertising costs as they are incurred. Advertising expenses for the years ended September 30, 2011 and 2010 were \$1,182 and \$2,588, respectively.

JAYHAWK AREA AGENCY ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS

Fair value - The fair value of cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable and notes payable approximates carrying value because of the short-term maturities of these financial instruments, or underlying interest rates, where applicable.

2. Property, plant and equipment

	September 30,	
	2011	2010
Cost:		
Land	\$ 139,000	\$ 139,000
Buildings and improvements	1,067,367	1,064,006
Furniture and equipment	22,971	20,198
Total property, plant and equipment	1,229,338	1,223,204
Less accumulated depreciation	(214,132)	(172,302)
Net property, plant and equipment	\$ 1,015,206	\$ 1,050,902

3. Compensated absences

Personnel policies entitle all full time employees to earn vacation time from 12 days for up to three years of employment to 21 days for over ten years of employment. Vacation time for part time employees who work a minimum of 20 hours per week is based on the same scale, but prorated based on hours worked. Employees can carry over 80 hours for full time employees and 40 hours for part time employees. Sick leave accumulates at the rate of one day per month for full time employees and one-half day for part time employees. A full time employee may carry over a maximum of 480 hours and part time employees may carry over 240 hours into the next fiscal year. The Agency's policy is to recognize the costs of compensated absences when they are earned by the employee.

4. Employee retirement plan

The Agency participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan provided by K.S. A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law established and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary for employees hired before July 1, 2010 and 6% of covered salary for employees hired after July 1, 2010. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers.

The employer rate established for the period of October 1, 2010 to December 31, 2010 was 6.14%. The employer rate established for the period of January 1, 2011 to September 30, 2011 was 6.74%.

JAYHAWK AREA AGENCY ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS

The employer rate established for the period of October 1, 2009 to December 31, 2009 was 5.54%. The employer rate established for the period of January 1, 2010 to September 30, 2010 was 6.14%.

The Agency's contributions to KPERS for the fiscal years ended September 30, 2011 and 2010 were \$65,497 and \$58,377, respectively.

5. Net assets

The Agency's Board of Directors has designated a portion of the net assets for use for building maintenance future expenditures. The balance of this Board designated net asset was \$26,457 and \$14,577 at September 30, 2011 and 2010, respectively.

The Agency's Board of Directors has designated a portion of the net assets for use for expenditures on a voucher meal site in Shawnee County. The balance of this Board designated net asset was \$20,166 and \$0 at September 30, 2011 and 2010, respectively.

The Agency raises funds for activities during Older Americans Month. The funds raised are temporarily restricted for the use in these activities. The remaining funds are included in the temporarily restricted net assets at September 30, 2011 and 2010.

The Agency has a Guardian Angel Fund that is used to cover expenses for the elderly not covered by other programs. The Agency receives donations restricted by the donor for this fund. The funds not spent on items for the elderly are included in temporarily restricted net asset at September 30, 2011 and 2010.

The Agency has instituted an employee fundraising program. The funds donated by the employees can be used as part of the Agency's Guardian Angel Fund or for other events. The amounts included in temporarily restricted net assets at September 30, 2011 and 2010 are the remaining funds raised by the employees.

Temporarily restricted net assets consisted of the following:

	September 30,	
	2011	2010
Older Americans Month	\$ 13,674	\$ 13,554
Employee fundraising	306	549
Guardian Angel Fund	7,754	3,413
Total temporarily restricted net assets	\$ 21,734	\$ 17,516

6. Operating leases

The Agency entered into a lease for its Lawrence office facility. This lease has been extended annually to cover the period from January 1, 2011 to December 31, 2011 and requires monthly rent of \$354. Lease expense for the years ended September 30, 2011 and 2010 was \$3,894 and \$4,248, respectively.

JAYHAWK AREA AGENCY ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS

The Agency leases a copier. This lease commenced on January 16, 2007 and is for 63 months, expiring in April 2012. Required monthly rental payments are \$398. Lease expense for this was \$4,378 and \$4,776 for the years ended September 30, 2011 and 2010, respectively.

The Agency leases a mailing machine. This lease commenced on March 30, 2009 and is for 48 months, expiring in March 2013. Required monthly rental payments are \$63. Lease expense for this was \$824 and \$756 for years ended September 30, 2011 and 2010, respectively.

The Agency leases an office at The Center Place. This lease commenced on July 1, 2009 and is for 12 months automatically renewing annually, expiring June 30, 2012. Required monthly rental payments increased from \$125 to \$200 beginning September 1, 2010. Lease expense for this was \$2,400 and \$1,575 for years ended September 30, 2011 and 2010, respectively.

Future minimum lease payments are as follows for the years ended September 30:

2012	\$ 6,404
2013	<u>378</u>
Total	<u>\$ 6,782</u>

7. Deferred lease income

In October 2006, the Agency entered into a lease contract with a company to construct an advertising sign above their building. The lease term is 25 years and the Agency received a lump sum amount at the inception of the lease for all future rental payments. This amount is included on the Statement of Financial Position as deferred lease income. It will be amortized over the life of the lease in the amount of \$1,600 per year.

8. Note payable

Note payable consisted of the following:

	September 30,	
	2011	2010
Mortgage note payable to bank in monthly installments of \$4,632, including interest at 5.00%, due December 7, 2025, secured by building with a net book value at September 30, 2011 of \$666,413.	<u>\$ 559,860</u>	<u>\$ 583,498</u>
Less current portion of note payable	<u>(28,082)</u>	<u>(20,847)</u>
Total note payable – long term	<u>\$ 531,778</u>	<u>\$ 562,651</u>

Future maturities of the note payable are as follows:

2012	\$ 28,082
2013	29,519
2014	31,029
2015	32,616
2016	34,285
Thereafter	<u>404,329</u>
Total	<u>\$ 559,860</u>

JAYHAWK AREA AGENCY ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS

9. **Concentrations**

The Agency is dependent upon funding granted by the Kansas Department on Aging. If this funding was lost, the Agency would not be able to provide the level of services that they are currently providing. Revenues from the Kansas Department on Aging made up approximately 92% and 94% of the Agency's operating revenues for the years ended September 30, 2011 and 2010, respectively.

Approximately 93% and 99% of the Agency's accounts receivable came from the Kansas Department on Aging as of September 30, 2011 and 2010, respectively.

The Agency requires no collateral in the granting of credit for services. However, the majority of their accounts receivable is from governmental agencies for services performed as part of a contract.

The Agency had two major vendors that accounted for 56% of the total purchases for each of the years ended September 30, 2011 and 2010.

10. **Contingencies**

As a recipient of federal funding, the Agency may be audited by the grantor agency each year. If the auditor determines that the Agency has spent funds inappropriately, the Agency will be required to repay those funds. The Agency has not been audited by the grantor agency for the years ended September 30, 2011 and 2010.

11. **Risk management**

The Agency is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Agency carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past four years.

12. **Cash flow disclosures**

The following is a summary of supplemental cash flow information:

	<u>Years ended September 30,</u>	
	<u>2011</u>	<u>2010</u>
Cash paid:		
Interest	<u>\$ 30,553</u>	<u>\$ 36,746</u>

13. **Subsequent events**

The Agency has evaluated subsequent events through February 2, 2012, which is the date the financial statements were available to be issued. No events were significant enough to warrant disclosures in the accompanying financial statements or notes.

Additional Information



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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Jayhawk Area Agency on Aging, Inc.
Topeka, Kansas

Our report on our audits of the basic financial statements of Jayhawk Area Agency on Aging, Inc. as of September 30, 2011 and 2010 appears on page 1. Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Agency, taken as a whole. The additional information on pages 15-27, including the schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Mayer Hoffman McCann P.C.

Mayer Hoffman McCann P.C.
Topeka, Kansas
February 2, 2012

JAYHAWK AREA AGENCY ON AGING, INC.
ADDITIONAL INFORMATION

1. Cash and cash equivalents and certificates of deposit

Cash and cash equivalents at September 30, 2011 were as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
CoreFirst Bank and Trust, Topeka, Kansas:		
Checking	\$ 59,486	\$ 73,438
Small checking	185	185
Money market	<u>174,254</u>	<u>174,254</u>
Total CoreFirst Bank and Trust	<u>233,925</u>	<u>247,877</u>
Horton National Bank, Horton, Kansas:		
Certificate of deposit	<u>101,400</u>	<u>101,400</u>
Total cash and cash equivalents and certificates of deposit	<u>\$ 335,325</u>	<u>\$ 349,277</u>

2. Deferred revenue

Deferred revenue consisted of the following:

	<u>September 30,</u>	
	<u>2011</u>	<u>2010</u>
Local resources	\$ 7,087	\$ 6,822
Title III Funds	17,400	11,684
Senior Care Act advance	62,302	62,302
Other	<u>3,893</u>	<u>-</u>
Total deferred revenue	<u>\$ 90,682</u>	<u>\$ 80,808</u>

JAYHAWK AREA AGENCY ON AGING, INC.
RECONCILIATION OF AUDITED FINANCIAL STATEMENTS TO
FINAL REPORTS TO THE KANSAS DEPARTMENT ON AGING (KDOA)
Year ended September 30, 2011

	Revenue per KDOA Reports	Adjustments		Audited Financial Statements
		Debits	Credits	
Federal Title III C(1) Administration	\$ 101,382	-	-	\$ 101,382
Federal Title III B Supportive Services	307,772 (1)	4,694 (2)	4,994	308,072
Federal Title III C(1)	214,383 (1)	7,647 (2)	425	207,161
Federal Title III C(1) NSIP	87,376	-	-	87,376
Federal Title III C(2)	207,664	- (2)	2,728	210,392
Federal Title III C(2) NSIP	96,281	-	-	96,281
Federal Title III C(2) Nutrition Checkoff	11,097	-	-	11,097
Federal Title III D	23,004 (1)	111	-	22,893
Federal Title III E	132,446 (1)	4,948 (2)	3,537	131,035
State Title III C(1)	179,862	-	-	179,862
State Title III C(2)	175,805	-	-	175,805
Senior Care Act	-	- (3)	429,070	429,070
CARE Level 1	-	- (3)	144,663	144,663
Targeted Case Management	-	- (3)	464,990	464,990
Program income, in-kind and other	889,509 (4)	820,149 (3)	165,002	234,362
	<u>\$ 2,426,581</u>			<u>\$ 2,804,441</u>

- (1) Deferred revenue at September 30, 2011
(2) Deferred revenue at September 30, 2010
(3) Programs with no reports
(4) Per provider reports, not included on Agency books

	Cost per KDOA Reports	Adjustments		Audited Financial Statements
		Debits	Credits	
Title III Administration	\$ 135,176 (5)	1,857	-	\$ 137,033
Title III B Supportive Services	383,259	- (5)	52,218	331,041
Title III C(1)	838,685	- (5)	347,803	490,882
Title III C(2)	893,017	- (5)	399,441	493,576
Title III D	25,151 (5)	59	-	25,210
Title III E	133,893	- (5)	936	132,957
Senior Care Act	- (6)	387,314	-	387,314
CARE Level 1	- (6)	132,849	-	132,849
Targeted Case Management	- (6)	607,744	-	607,744
Program income, in-kind and other	- (6)	115,513	-	115,513
	<u>\$ 2,409,181</u>			<u>\$ 2,854,119</u>

- (5) Paid with Agency's or provider's other local resources
(6) Programs with no reports

JAYHAWK AREA AGENCY ON AGING, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended September 30, 2011

Federal grantor/pass-through grantor/program title	Federal CFDA number	Pass-through grantor's number	Federal expenditures
U.S. Department of Health and Human Services: Passed Through - Kansas Department On Aging:			
Title III C(1) Administration	93.045	11-04-3A	\$ 101,382
Title III B	93.044	11-04-3B	308,389
Title III C(1) Congregate Meals	93.045	11-04-4C(1)	207,602
Title III C(1) NSIP	93.053	11-04-4C(1)	87,376
Title III C(2) Home Delivered Meals	93.045	11-04-5C(2)	210,393
Title III C(2) NSIP	93.053	11-04-5C(2)	96,281
Title III D Disease Prevention	93.043	11-04-3D	22,893
Title III E National Family Caregiver Support	93.052	11-04-3E	131,035
Social Services Block Grant	93.667	N/A	<u>298,457</u>
Total expenditures of federal awards			<u>\$ 1,463,808</u>

JAYHAWK AREA AGENCY ON AGING, INC.
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 Year ended September 30, 2011

Pass-through grantor/program title	Expenditures
Received from - Kansas Department On Aging	
Title III C(1) Congregate Meals	\$ 179,862
Title III C(2) Home Delivered Meals	175,805
Title III C(2) Nutritional Checkoff	11,097
Senior Care Act	88,857
Total passed through	455,621
Total expenditures	\$ 455,621

JAYHAWK AREA AGENCY ON AGING, INC.
RECONCILIATION OF EXPENSES PER AUDITED FINANCIAL STATEMENTS TO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
Year ended September 30, 2011

	Expenses per Financial Statements	NSIP Funds	Other Resources	State Funds	Per SEFA
Title III Administration	\$ 137,033	\$ -	\$ (35,651)	\$ -	\$ 101,382
Title III B Supportive Services	331,041	-	(22,652)	-	308,389
Title III C(1)	490,882	(87,376)	(16,042)	(179,862)	207,602
Title III C(1) - NSIP	-	87,376	-	-	87,376
Title III C(2)	493,576	(107,378)	-	(175,805)	210,393
Title III C(2) - NSIP	-	107,378	-	(11,097)	96,281
Title III D	25,210	-	(2,317)	-	22,893
Title III E	132,957	-	(1,922)	-	131,035
Subtotal	<u>1,610,699</u>	<u>-</u>	<u>(78,584)</u>	<u>(366,764)</u>	<u>1,165,351</u>
Senior Care Act - Social Services Block Grant	<u>387,314</u>	<u>-</u>	<u>-</u>	<u>(88,857)</u>	<u>298,457</u>
Total	<u>\$ 1,998,013</u>	<u>\$ -</u>	<u>\$ (78,584)</u>	<u>\$ (455,621)</u>	<u>\$ 1,463,808</u>

JAYHAWK AREA AGENCY ON AGING, INC.
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 September 30, 2011

1. Basis of presentation

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

2. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the Agency provided federal awards to subrecipients as follows for the year ended September 30, 2011:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amounts Provided to Subrecipients</u>
Title III B	93.044	\$ 172,265
Title III C(1)	93.045	207,602
Title III C(1) NSIP	93.053	87,376
Title III C(2)	93.045	210,393
Title III C(2) NSIP	93.053	96,281
Title III D	93.043	15,004
Title III E	93.052	63,699

JAYHAWK AREA AGENCY ON AGING, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended September 30, 2011

Summary of Auditor's Results:

Type of report issued on the financial statements	Unqualified
Internal control over financial reporting:	
Material weaknesses, if any-	None
Significant deficiencies identified that are not considered to be material weaknesses, if any-	Yes
Noncompliance which is material to the financial statements-	None
Internal control over major programs:	
Material weaknesses, if any-	None
Significant deficiencies identified that are not considered to be material weaknesses, if any-	None
Type of report issued on compliance for major programs-	Unqualified
Audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133-	None
Major programs-	National Family Caregiver Support CFDA No. 93.052 and Social Services Block Grant CFDA No. 93.667
Dollar threshold used to distinguish between Type A and Type B programs-	\$300,000
Auditee qualified as low-risk auditee-	Yes
Findings related to the financial statements required to be reported in accordance with GAGAS-	Yes
Findings and questioned costs for major federal awards-	None

JAYHAWK AREA AGENCY ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2011

Findings and Questioned Costs - Financial Statement Audit

Finding 2011-01 Financial statement preparation

Criteria and condition:

We assisted in the preparation of the Agency's year-end financial statements.

Effect:

Management cannot properly analyze the financial position and the related statements of activities, functional expenses and cash flows, including all required footnote disclosures, of the Agency.

Cause of condition:

The Agency does not appear to have adequately qualified personnel responsible for accounting and reporting functions to prepare the Agency's annual financial statements, including related footnote disclosures, in accordance with U.S. generally accepted accounting principles.

Recommendation:

The Agency should periodically consider its alternatives to either obtain this required expertise whether on a full time or as needed basis or continue to outsource these functions. However, outsourcing of these functions requires oversight of these processes by a member of the Agency's management who has the appropriate skill, knowledge and/or expertise and will also accept responsibility for the results.

Grantee response and corrective action plan (unaudited):

The presentation by representatives of Mayer, Hoffman, McCann P.C. to the JAAA finance committee regarding the 2011 audit report explained to the committee that this finding is stated in 95-98% of the non-profit organizations they audit. They stated that this is not a reflection on the staffing at JAAA, and they stated that staff has great knowledge of the agency financial status.

JAAA total funding resources dictates limited management and staffing positions. Employee compensation is below the statewide average. Based on these facts the Management Team and the JAAA Board of Directors have implemented procedures to ensure our financial integrity. JAAA has established a procedure to present monthly financial reports to the Finance Committee for review prior to presenting the report to the JAAA Board of Directors. The Finance Committee, comprised of members of the JAAA Advisory Council and the JAAA Board of directors, reviews the proposed agency budget prior to JAAA Board approval.

JAAA will continue to outsource with a certified public accounting firm, the function of preparing the Agency's annual financial statements in accordance with U.S. generally accepted accounting principles.

Findings and Questioned Costs - Major Federal Award Programs Audit

There were no audit findings required to be reported by section 510(a) of Circular A-133 found or reported.

Status of Corrective Action Taken on Prior Findings

Prior year findings year ended September 30, 2010:

Finding 2010-01 Financial Statement Preparation

Jayhawk Area Agency on Aging will continue to outsource with a certified public accounting firm, the function of preparing the Agency's annual financial statements in accordance with U.S. generally accepted accounting principles.

Finding 2010-02 Procurement, Suspension and Debarment

Corrective action taken:

Jayhawk Area Agency on Aging has verified that all current contractors meeting the criteria are neither suspended nor debarred and it is now the practice of the agency to comply with this requirement with future agreements. This fully resolves the finding.



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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

Board of Directors
Jayhawk Area Agency on Aging, Inc.
Topeka, Kansas

We have audited the financial statements of Jayhawk Area Agency on Aging, Inc. (a nonprofit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated February 2, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards 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

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 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 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 described above. However, we identified a certain deficiency in internal control over financial reporting, as described in the accompany schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting (Finding 2011-01). 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.



Compliance and other matters

As part of obtaining reasonable assurance about whether the Agency'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*.

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

This report is intended solely for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Mayer Hoffman McCann P.C.
Topeka, Kansas
February 2, 2012



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Jayhawk Area Agency on Aging, Inc.
Topeka, Kansas

Compliance

We have audited Jayhawk Area Agency on Aging, Inc.'s compliance 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 the Agency's major federal program for the year ended September 30, 2011. The Agency'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 program is the responsibility of Jayhawk Area Agency on Aging, Inc.'s management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 the Agency'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 Jayhawk Area Agency on Aging, Inc.'s compliance with those requirements.

In our opinion, the Agency 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 program for the year ended September 30, 2011.

Internal control over compliance

The management of the Agency 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 the Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine 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 the Agency'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 a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Mayer Hoffman McCann P.C.

Mayer Hoffman McCann P.C.
Topeka, Kansas
February 2, 2012