

**KENOSHA AREA FAMILY AND
AGING SERVICES, INC.**

**Financial Statements with
Auditor's Report**

FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
SUPPLEMENTAL INFORMATION	
Schedule of Program Support, Revenue and Expenses	9
Schedule of Program Support, Revenue and Expenses - Family Services	10
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal and State Awards	11-12
Note to Schedule of Expenditures of Federal and State Awards	13
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>Government Auditing Standards</i> and the <i>DHS</i> <i>Audit Guide</i>	14-15
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	16-17
Schedule of Findings and Questioned Costs	18
Schedule of Status of Prior Findings and Questioned Costs	19

Independent Auditor's Report

Board of Directors
Kenosha Area Family and
Aging Services, Inc.
Kenosha, Wisconsin

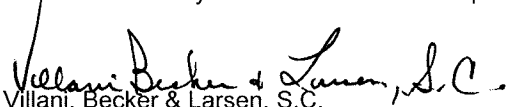
We have audited the accompanying statement of financial position of Kenosha Area Family and Aging Services, Inc. as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated August 23, 2010, we expressed an unqualified opinion on those financial statements.

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 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenosha Area Family and Aging Services, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2011 on our consideration of Kenosha Area Family and Aging Services, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Kenosha Area Family and Aging Services, Inc. taken as a whole. The accompanying schedules presented on pages 9 and 10 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards, is also presented for purposes of additional analysis as required by *U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and by the *DHS Audit Guide*, issued by the Wisconsin Department of Health and Family Services, and is not a part of the basic 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.


Villani, Becker & Larsen, S.C.
Certified Public Accountants

Kenosha, Wisconsin
August 22, 2011

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(With Comparative Totals for 2009)

ASSETS

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 222,071	\$ 113,338
Accounts receivable:		
Kenosha County Division of Aging Services	108,282	53,328
Kenosha County Department of Children and Family Services	17,488	449
Community/Family Care		19,098
Client payment	23,039	17,532
Other	4,910	6,145
Prepaid expenses	43,770	13,774
Total current assets	419,560	223,664
PROPERTY AND EQUIPMENT		
Land	33,500	33,500
Building and improvements	349,945	343,343
Furniture and equipment	175,398	175,398
Total, at cost	558,843	552,241
Less accumulated depreciation	324,090	307,623
Total property and equipment	234,753	244,618
TOTAL ASSETS	\$ 654,313	\$ 468,282

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 40,605	\$ 5,695
Accrued liabilities	178,437	141,470
Total current liabilities	219,042	147,165
NET ASSETS		
Unrestricted	297,114	270,078
Temporarily restricted	138,157	51,039
Total net assets	\$ 435,271	321,117
TOTAL LIABILITIES AND NET ASSETS	\$ 654,313	\$ 468,282

See Accompanying Notes to Financial Statements.

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for 2009)

UNRESTRICTED NET ASSETS	2010	2009
Government Support		
Kenosha County Department of Children and Family Services	\$ 493,615	\$ 493,615
Kenosha County Division of Aging Services Community/Family Care	1,744,130	1,498,586
Medical Assistance	183,219	198,859
Corporation for National Service	15,392	22,826
Wisconsin Department of Health and Family Services-R.S.V.P.	72,065	65,112
Community Development Block Grant	10,326	10,326
Community Support		
Contributions	51,028	75,142
United Way of Kenosha County, Inc.	20,901	16,745
Fundraising	38,095	32,095
Revenue		
Client program contribution revenue	71,228	64,295
Client payments	255,246	203,231
Interest Income	816	-
Miscellaneous Income	784	-
Net assets released from restrictions		
Contributions	6,492	5,830
United Way grant	-	5,000
Client contribution revenue	23,298	16,910
Santa for Seniors	20,749	-
Total unrestricted support and revenue	3,012,384	2,713,572
Expenses		
Program Services	2,697,917	2,449,526
Fundraising	26,188	33,458
Management and General	201,835	203,761
Total expenses	2,925,940	2,686,745
Increase (Decrease) in unrestricted net assets	86,444	26,827
TEMPORARILY RESTRICTED NET ASSETS		
Net assets temporarily restricted		
Contributions	122,100	7,092
Santa for Seniors	-	1,800
Client program contribution revenue	15,557	22,698
Net assets released from restrictions		
Contributions	(6,492)	(5,830)
United Way grant	-	(5,000)
Client program contribution revenue	(23,298)	(16,910)
Santa for Seniors	(20,749)	-
Increase (Decrease) in temporarily restricted net assets	87,118	3,850
Increase (Decrease) in net assets	173,562	30,677
NET ASSETS BEGINNING OF YEAR	321,117	290,440
Change in Accounting Principle - Compensated Absences	(59,408)	-
NET ASSETS BEGINNING OF YEAR - ADJUSTED	261,709	290,440
NET ASSETS END OF YEAR	\$ 435,271	\$ 321,117

See Accompanying Notes to Financial Statements.

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for 2009)

	Information and Assistance	Community Living Program	R.S.V.P.	Meals on Wheels	Family Services	Adult Nutrition	Volunteer Transport	Daybreak	Benefit Specialist	Friendly Visitor	Camp	Westosha Director	Total Program Services	Fundraising	Management and General	2010 Total Expense	2009 Total Expense
Salaries	\$ 598,485	\$ 111,222	\$ 48,783	\$ 84,660	\$ 327,314	\$ 111,222	\$ 60,218	\$ 81,583	\$ 67,028	\$ 40,569	\$ 8,481	\$ 17,934	\$ 1,557,479	\$ 14,293	\$ 123,434	\$ 1,695,206	\$ 1,524,084
Payroll taxes	49,204	9,549	4,119	7,875	27,595	11,138	4,774	7,390	5,553	3,357	742	1,500	132,596	1,094	10,705	144,395	115,556
Employee benefits	132,242	14,173	13,092	4,249	61,777	4,233	13,989	7,909	21,320	10,560	11	4,659	288,214	2,203	32,238	322,655	301,396
Professional fees	3,912	858	387	2,340	2,244	3,356	1,044	599	454	661	53	211	16,119	545	6,008	22,672	23,388
Food costs	-	-	-	277,033	-	144,110	-	14,291	-	2,858	-	-	438,292	460	-	438,752	429,770
Office supplies and expense	212	27	1,826	5,839	4,854	2,776	1,980	3,925	153	1,302	40	2,111	25,045	1,983	9,443	36,451	18,799
Telephone	-	-	469	1,214	5,988	4,547	482	2,812	-	240	236	5	15,893	-	1,228	17,221	15,633
Postage	-	-	1,122	2,236	372	966	1,120	237	11	463	7	11	6,545	1,705	1,066	9,316	11,371
Site rent	-	-	-	-	-	10,992	-	6,840	-	-	360	-	18,192	70	-	18,262	17,736
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	13	23
Supplies	-	-	58	481	-	8,445	-	1,567	-	-	234	-	11,640	214	-	11,854	20,048
Utilities	-	-	1,605	3,127	2,566	2,891	730	4,611	-	730	-	4,698	20,948	-	3,434	24,382	23,776
Equipment supplies, repairs and rent	-	-	442	1,206	950	2,649	239	76	36	202	72	1,311	7,183	1,319	919	9,421	26,583
Building maintenance	-	-	857	2,366	1,690	2,720	636	1,446	-	463	-	8,817	19,015	-	2,958	21,973	19,286
Printing	-	-	133	210	348	335	15	12	11	12	6	-	1,082	80	-	1,162	1,812
Subscriptions, publications and dues	656	-	125	255	2,261	5	-	17	70	-	-	104	3,493	25	399	3,917	4,776
Travel expense	6,863	1,642	9,874	1,456	14,845	1,371	43,982	260	1,397	412	14	348	82,464	166	204	82,834	77,039
Conferences and training	4,564	3,591	446	288	1,469	273	463	-	1,658	535	7	-	13,294	57	694	14,045	13,613
Insurance	684	151	1,670	1,277	393	1,058	495	444	80	281	146	5,537	12,216	-	2,218	14,434	14,024
Other	533	-	967	3,595	5,638	1,763	659	1,504	274	479	338	276	16,026	1,994	2,468	20,508	10,906
Total expenses before depreciation	797,355	141,213	85,975	399,527	460,294	314,850	130,826	135,503	98,045	60,266	13,605	48,377	2,685,836	26,188	197,449	2,909,473	2,669,819
Depreciation expense	-	-	2,030	2,315	4,181	1,423	923	-	-	923	-	286	12,081	-	4,386	16,467	16,926
Total expenses	\$ 797,355	\$ 141,213	\$ 88,005	\$ 401,842	\$ 464,475	\$ 316,273	\$ 131,749	\$ 135,503	\$ 98,045	\$ 61,189	\$ 13,605	\$ 48,663	\$ 2,697,917	\$ 26,188	\$ 201,835	\$ 2,925,940	\$ 2,686,745

See Accompanying Notes to Financial Statements.

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for 2009)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 173,562	\$ 30,677
Adjustments to reconcile change in net assets to cash flows provided by (used in) operating activities:		
Depreciation	16,467	16,925
Effects of changes in operating assets and liabilities:		
Accounts receivable	(57,167)	38,976
Prepaid expenses	(29,996)	(4,322)
Accounts payable	34,910	(482)
Accrued liabilities	(22,441)	37,559
Net cash provided by (used in) operating activities	115,335	119,333
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,602)	(2,850)
Net cash provided by (used in) investing activities	(6,602)	(2,850)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	-	(7,480)
Net cash provided by (used in) financing activities	-	(7,480)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	108,733	109,003
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	113,338	4,335
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 222,071	\$ 113,338
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 13	\$ 23

See Accompanying Notes to Financial Statements.

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kenosha Area Family and Aging Services, Inc. is a private, not-for-profit organization that was started in 1969 to serve residents of Kenosha County, Wisconsin. The mission of the Organization is to support the development of healthy families and prevent the abuse and neglect of children and the elderly. Services provided by the Organization include home delivered meals, congregate meals, transportation, friendly visitors, group respite care, benefit assistance, information and assistance, outreach, parenting skills training, parenting classes and volunteer management.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

NET ASSETS

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Unrestricted

Unrestricted net assets include all net assets which are neither temporarily or permanently restricted.

Temporarily Restricted

Temporarily restricted net assets include contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted

Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

CASH EQUIVALENTS

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

PROPERTY AND EQUIPMENT

The Organization capitalizes expenditures for property and equipment exceeding \$1,000.00 at cost if purchased, or at estimated fair market value on the date of receipt if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation expense amounted to \$16,466 for 2010 and \$16,926 for 2009.

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

FUNCTIONAL EXPENSES

Salaries and benefits are allocated based on the applicable time spent on the programs. Other expenditures are charged to the program benefited by the expenditure based on employee estimates and formulas.

INCOME TAXES

No provisions or benefit for income taxes has been included in these financial statements since the entity is exempt under section 501(c)(3) of the Internal Revenue Code. The Organization had no unrelated business income for the year ended December 31, 2010.

RENTS

The Organization rents various locations for its adult nutrition program on a month to month basis.

NOTE B – NOTE PAYABLE – LINE OF CREDIT

The Organization has a line of credit with a bank. The line of credit is for \$197,500 and has an outstanding balance of \$ 0.00 (\$ 0.00 in 2009). Interest is to be paid monthly at the index rate plus 2.50%. The effective rate at December 31, 2010 was 6.5%. The rate can not be lower than 6.5% or higher than the maximum rate allowed by law. The bank credits the loan balance with cash deposits and charges the loan balance with cash disbursements on a daily basis. The line is secured by a mortgage on the real estate.

NOTE C – RETIREMENT PLAN

All qualified employees participate in a tax deferred 403(B) plan administered by Mutual of America. Employer contributions to the plan amounted to \$38,072 in 2010 and \$34,014 in 2009.

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following:

Debt Retirement Fund	\$ 500
Westosha Center	2,390
Adult Nutrition Program	13,167
Meals on Wheels Program	122,100
	<u>\$ 138,157</u>

NOTE E – CHANGE IN ACCOUNTING PRINCIPLE

The Organization has adapted new software to enable the determination of accrued compensated absences for vacation and sick leave pay and have changed the method of recognizing these costs from when paid to when accrued. It is impracticable to determine the period specific effects of this accounting change, so the change has been recorded as a liability as of the beginning of the earliest period for which the retrospective application is practicable. Accrued compensated absences as of December 31, 2010 are \$60,006. The opening fund balance has been adjusted for accrued compensated absences as of January 1, 2010 in the amount of \$59,408.

NOTE F – LITIGATION

During the year a lawsuit was filed against the Organization and its insurer. Management believes that the resolution of this matter will not have a material effect on the Organization's financial position or results of operation.

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 22, 2011, the date the financial statements were available to be issued.

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
SCHEDULE OF PROGRAM SUPPORT, REVENUE AND EXPENSES
YEAR ENDED DECEMBER 31, 2010

	Information and Assistance	Community Living Program	R.S.V.P.	Meals on Wheels	Family Services	Adult Nutrition	Volunteer Transport	Daybreak	Benefit Specialist	Friendly Visitor	Camp	Westosha Director	Total Program Services
UNRESTRICTED NET ASSETS													
GOVERNMENT SUPPORT													
Kenosha County Department of Children and Family Services	858,013	154,517	-	138,710	-	270,229	100,545	16,416	104,000	60,200	-	41,500	1,744,130
Kenosha County Division of Aging Services	-	-	-	122,993	-	-	1,036	40,075	-	-	19,115	-	183,219
Community/Family Care	-	-	-	-	15,392	-	-	-	-	-	-	-	15,392
Medical Assistance	-	-	72,065	-	-	-	-	-	-	-	-	-	72,065
Corporation for National Service Wisconsin Department of Health and Family Services-R.S.V.P.	-	-	10,326	-	-	-	-	-	-	-	-	-	10,326
Community Development Block Grant	-	-	-	-	-	-	5,000	-	-	-	-	-	5,000
COMMUNITY SUPPORT													
Contributions	-	-	3,446	40,364	3,260	550	6,052	2,143	-	2,987	-	5,098	63,900
United Way of Kenosha County, Inc.	-	-	-	20,649	-	-	-	-	-	-	-	-	20,649
Special Events & Fundraising	-	-	8,610	17,476	-	-	145	-	317	1,580	-	-	28,128
REVENUE													
Client program contribution revenue	-	-	-	18,342	-	69,619	-	-	759	475	-	5,331	94,527
Client payments	-	-	-	88,715	-	-	29,071	133,477	-	-	3,983	-	255,246
Total support and revenue	858,013	154,517	94,447	447,249	512,267	340,398	141,849	192,111	105,076	65,242	23,098	51,929	2,986,196
EXPENSES													
Allocation of management and general expenses	60,733	13,321	6,015	29,590	34,837	24,156	9,466	8,518	7,044	4,057	828	3,270	201,835
Total expenses	858,088	154,534	94,020	431,432	499,312	340,429	141,215	144,021	105,089	65,246	14,433	51,933	2,899,752
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>\$ (75)</u>	<u>(17)</u>	<u>\$ 427</u>	<u>\$ 15,817</u>	<u>\$ 12,955</u>	<u>\$ (31)</u>	<u>\$ 634</u>	<u>\$ 48,090</u>	<u>\$ (13)</u>	<u>\$ (4)</u>	<u>\$ 8,665</u>	<u>\$ (4)</u>	<u>\$ 86,444</u>

See Auditor's Report.

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
SCHEDULE OF PROGRAM SUPPORT, REVENUE AND EXPENSES - FAMILY SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Family Preservation</u>	<u>Family Support</u>	<u>Teen Parent</u>	<u>Child Care</u>	<u>PNCC</u>	<u>Total</u>
SUPPORT						
Kenosha County Department of Children and Family Services	\$ 248,130	\$ 169,500	\$ 67,725	\$ 8,260	\$ -	\$ 493,615
State of Wisconsin Department of Health Services	-	-	-	-	15,392	15,392
Contributions	2,260	1,000	-	-	-	3,260
Total support and revenue	<u>250,390</u>	<u>170,500</u>	<u>67,725</u>	<u>8,260</u>	<u>15,392</u>	<u>512,267</u>
EXPENSES						
Salaries	153,243	114,963	46,357	4,404	8,347	327,314
Payroll taxes	12,370	10,162	3,974	380	709	27,595
Employee benefits	31,245	17,991	9,627	996	1,918	61,777
Professional fees	1,072	731	292	36	113	2,244
Telephone	3,142	1,909	469	234	234	5,988
Postage	230	137	3	1	1	372
Supplies	2,467	1,798	393	48	148	4,854
Utilities	1,221	833	333	41	128	2,556
Equipment supplies, repairs and rent	453	311	124	16	46	950
Building maintenance	827	551	215	30	67	1,690
Subscriptions, publications and dues	801	1,808	-	-	-	2,609
Travel expense	6,904	4,881	2,427	199	434	14,845
Conferences and training	667	802	-	-	-	1,469
Insurance	188	128	51	6	20	393
Depreciation expense	2,527	1,082	426	53	93	4,181
Other	3,942	1,442	-	-	251	5,638
Subtotal	<u>221,299</u>	<u>159,529</u>	<u>64,691</u>	<u>6,444</u>	<u>12,509</u>	<u>464,475</u>
Allocation of management and general expenses	16,656	11,343	4,534	557	1,747	34,837
Total expenses	<u>237,955</u>	<u>170,872</u>	<u>69,225</u>	<u>7,001</u>	<u>14,256</u>	<u>499,312</u>
NET SUPPORT OVER (UNDER) EXPENSES	<u>\$ 12,435</u>	<u>\$ (372)</u>	<u>\$ (1,500)</u>	<u>\$ 1,259</u>	<u>\$ 1,136</u>	<u>\$ 12,955</u>

See Auditor's Report

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED DECEMBER 31, 2010

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of Health and</u>		
<u>Human Services - Division of Social Services</u>		
Passed through Kenosha County Department of Human Services - Division of Aging Services		
Grants for Supportive Services and Senior Centers	93.044	\$ 96,182
Programs for the Aging - Title III Nutrition Services	93.045	341,920
Special Programs for the Aging	93.048	154,844
National Family Caregiver Support	93.052	3,168
Nutrition Services Incentive Program	93.053	49,586
Medicare Enrollment Assistance	93.071	6,000
Social Services Block Grant	93.667	529,333
Aging Congregate Nutrition Services for States	93.707	16,652
Medical Assistance Program	93.778	357,578
Centers for Medicare and Medicaid Services	93.779	8,500
Passed through Kenosha County Department of Human Services - Division of Children and Family Services		
Promoting Safe and Stable Families	93.556	61,800
Temporary Assistance for Needy Families	93.558	10,977
Stephanie Tubbs Jones Child Welfare	93.645	783
Block Grant for Prevention of Substance Abuse	93.959	71,958
Foster Care-Title IV E	93.658	13,229
Social Services Block Grant	93.667	22,870
Passed through Community Care/Family Care Centers for Medicare and Medicaid services		
	93.779	129,407
Passed through Wisconsin Department of Health and Family Services		
Medical Assistance Program - PNCC	93.778	15,392
<u>Corporation for National Community Service</u>		
Retired Senior and Volunteer Program	94.002	72,065
<u>U.S. Department of Housing and Urban Development</u>		
Passed through the City of Kenosha		
Community Development Block Grant	14.218	<u>5,000</u>
Total expenditures of federal awards		<u>\$ 1,967,244</u>

* Program contains Recovery Act funds

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED DECEMBER 31, 2010

<u>STATE GRANTOR/ PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>STATE IDENTIFYING NUMBER</u>	<u>STATE EXPENDITURES</u>
<u>Wisconsin Department of Health and Family Services</u>		
Passed through Kenosha County Department of Human Services - Division of Aging Services		
Benefit Specialist	435.560320	\$ 41,982
Senior Community Services	435.560330	9,147
ALZH Family Support	435.560381	13,164
Elder Abuse Service	435.560490	994
Passed through Kenosha County Department of Human Services - Division of Children and Family Services		
Block Grant for Prevention of Substance Abuse	435.540000	55,538
Promoting Safe and Stable Families	435.561000	227,389
Bright Futures Initiative	437.354000	29,071
Passed through Community Care/Family Care Programs for Aging		
	435.540075	53,811
<u>Wisconsin Department of Health and Family Services</u>		
Retired Senior and Volunteer Program	435.560390	<u>10,326</u>
Total expenditures of state awards		<u>\$ 441,422</u>

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
NOTE TO SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2010

NOTE 1 – BASIS OF PRESENTATION

The accompanying "Schedule of Expenditures of Federal and State Awards" includes the federal and state grant activity of Kenosha Area Family and Aging Services, 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 and Local Governments, and Non-Profit Organizations* and the *DHS Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with *Government Auditing Standards*
and the *DHS Audit Guide*

Board of Directors
Kenosha Area Family and Aging Services, Inc.

We have audited the financial statements of Kenosha Area Family and Aging Services, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated August 22, 2011. 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 and the *DHS Audit Guide*, issued by the Wisconsin Department of Health and Family Services.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kenosha Area Family and Aging Services, Inc.'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 Kenosha Area Family and Aging Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 misstatements on a timely basis. A material weakness is a deficiency, or combination of control 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kenosha Area Family and Aging Services, 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* or the *DHS Audit Guide*.

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

Villani Becker & Larsen, S.C.
Villani, Becker & Larsen, S.C.
Certified Public Accountants

Kenosha, Wisconsin
August 22, 2011

Independent Auditor's 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
Kenosha Area Family and Aging Services, Inc.

Compliance

We have audited Kenosha Area Family and Aging Services, Inc.'s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of are applicable to each of Kenosha Area Family and Aging Services, Inc.'s federal programs for the year ended December 31, 2010. Kenosha Area Family and Aging Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Kenosha Area Family and Aging Services, Inc.'s management. Our responsibility is to express an opinion on Kenosha Area Family and Aging Services, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kenosha Area Family and Aging Services, 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. Our audit does not provide a legal determination of Kenosha Area Family and Aging Services, Inc.'s compliance with those requirements.

In our opinion, Kenosha Area Family and Aging Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of Kenosha Area Family and Aging Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Kenosha Area Family and Aging Services, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 Kenosha Area Family and Aging Services, 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 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.

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 material weaknesses, as defined above.

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


Villani, Becker & Larsen, S.C.
Certified Public Accountants

Kenosha, Wisconsin
August 22, 2011

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2010

A. Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued? | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Reportable condition(s) identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|--------------------|
| 4. Internal control over major program: | |
| a. Material weakness(es) identified? | No |
| b. Reportable condition(s) identified not considered to be material weaknesses? | None Reported |
| 5. Type of auditor's report issued on compliance for major programs? | Unqualified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | No |
| 7. Identification of major programs: | |
| <u>Name of Federal Program</u> | <u>CFDA NUMBER</u> |
| Social Services Block Grant | 93.667 |
| Medical Assistance | 93.778 |
| Special Programs for the Aging - Nutrition | 93.045 |
| 8. Dollar threshold used to distinguish between Type A and Type B programs? | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

B. Financial Statement Findings

No matters were reported

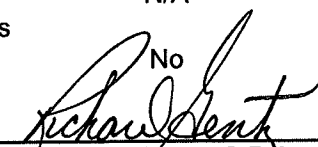
C. Federal and State Award Findings and Questioned Costs

No matters were reported

D. Other Issues

- | | |
|--|-----|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>DHS Audit Guide</i> : | |
| Department of Health and Family Services | No |
| Department of Workforce Development | N/A |
| Department of Corrections | N/A |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | No |

4. Name and signature of auditor


 Richard Gentz, C.P.A.
 August 22, 2011

5. Date of report

KENOSHA AREA FAMILY AND AGING SERVICES, INC.
SCHEDULE OF STATUS OF PRIOR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

There were no findings or questioned costs in the prior year.