



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

To the Board of Directors  
Central Texas Senior Ministry  
501 W. Waco Drive  
Waco, TX 76707

Gentlemen:

In planning and performing our audit of the financial statements of Central Texas Senior Ministry for the year ended September 30, 2008, we considered the Ministry's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit, we noted no matters that involved material weaknesses in internal accounting control or opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our recommendations from the prior year audit for strengthening internal controls and operating efficiencies, and the resolutions noted regarding those matters during the current year audit. This letter does not affect our report dated December 23, 2008, on the combined financial statements of Central Texas Senior Ministry.

*Pattillo, Brown & Hill,*  
LLP

December 23, 2008

**CENTRAL TEXAS SENIOR MINISTRY**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2008 AND 2007**

**WITH INDEPENDENT AUDITORS' REPORT**



# CENTRAL TEXAS SENIOR MINISTRY

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SEPTEMBER 30, 2008 AND 2007

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Central Texas Senior Ministry  
Waco, Texas

We have audited the accompanying statements of financial position of Central Texas Senior Ministry (the "Ministry") (a nonprofit organization) as of September 30, 2008 and 2007, and the related statements of activities and cash flows, for the years then ended. These financial statements are the responsibility of the Ministry's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Ministry's 2007 financial statements and, in our report dated December 21, 2007, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ministry as of September 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included on pages 10 to 13 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 audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2008, on our consideration of the Ministry's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Ministry taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments and Nonprofit Organizations*," and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Pattella, Brown & Hill, LLP". The signature is written in black ink and is positioned in the center of the page.

December 23, 2008

**CENTRAL TEXAS SENIOR MINISTRY**

**STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 249,923	\$ 24,069
Endowment	40,000	40,000
Grants receivable	81,277	318,389
Accounts receivable	-	2,538
Property and equipment	1,752,076	1,990,860
Less accumulated depreciation	<u>( 1,080,527)</u>	<u>( 1,249,351)</u>
 Total Assets	 <u>\$ 1,042,749</u>	 <u>\$ 1,126,505</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 102,260	\$ 176,198
Notes payable	<u>85,500</u>	<u>117,500</u>
Total Liabilities	<u>187,760</u>	<u>293,698</u>
Net Assets:		
Unrestricted	<u>854,989</u>	<u>832,807</u>
Total Net Assets	<u>854,989</u>	<u>832,807</u>
 Total Liabilities and Net Assets	 <u>\$ 1,042,749</u>	 <u>\$ 1,126,505</u>

**The accompanying notes are an integral part of these financial statements.**

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**CENTRAL TEXAS SENIOR MINISTRY**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

(With Summarized Financial Information for the Year Ended September 30, 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2008</u>	<u>Totals 2007</u>
<b>PUBLIC SUPPORT AND REVENUE</b>					
Public Support:					
Grants	\$ -	\$ 1,909,601	\$ -	\$ 1,909,601	\$ 1,550,177
Total Public Support	<u>-</u>	<u>1,909,601</u>	<u>-</u>	<u>1,909,601</u>	<u>1,550,177</u>
Revenue:					
Project income	-	221,572	-	221,572	210,681
Contributions	323,083	5,716	-	328,799	293,588
Other	-	173,883	-	173,883	195,443
Total Revenue	<u>323,083</u>	<u>401,171</u>	<u>-</u>	<u>724,254</u>	<u>699,712</u>
Other Changes:					
Net assets released from restrictions by:					
Expenditure for designated purposes	<u>2,310,772</u>	<u>( 2,310,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>2,633,855</u>	<u>-</u>	<u>-</u>	<u>2,633,855</u>	<u>2,249,889</u>
<b>EXPENSES</b>					
Administration	225,748	-	-	225,748	193,612
Area Coordinator	214,570	-	-	214,570	157,356
Center Activities Coordinator	131,123	-	-	131,123	122,240
Other salaries	499,528	-	-	499,528	466,739
Other benefits	34,906	-	-	34,906	31,905
Insurance	61,432	-	-	61,432	58,100
Inspection and licenses	5,686	-	-	5,686	1,542
Repair and maintenance	99,100	-	-	99,100	125,503
Gasoline and oil	185,342	-	-	185,342	128,934
Travel	9,623	-	-	9,623	9,821
Equipment and building maintenance	9,366	-	-	9,366	7,717
Telephone	22,963	-	-	22,963	23,814
Rent	12,992	-	-	12,992	11,410
Utilities	18,353	-	-	18,353	18,872
Raw food	764,174	-	-	764,174	691,161
Therapeutic	15,090	-	-	15,090	16,706
Consumables	12,035	-	-	12,035	14,021
Other	90,769	-	-	90,769	76,530
Fund raising	90,366	-	-	90,366	62,110
Dues and publications	2,129	-	-	2,129	3,830
Depreciation	104,648	-	-	104,648	75,202
Interest	1,730	-	-	1,730	530
Total Expenses	<u>2,611,673</u>	<u>-</u>	<u>-</u>	<u>2,611,673</u>	<u>2,297,655</u>
<b>CHANGE IN NET ASSETS</b>	22,182	-	-	22,182	( 47,766)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>832,807</u>	<u>-</u>	<u>-</u>	<u>832,807</u>	<u>880,573</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 854,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,989</u>	<u>\$ 832,807</u>

The accompanying notes are an integral part of these financial statements.

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**CENTRAL TEXAS SENIOR MINISTRY**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 22,182	\$( 47,766)
Adjustments to reconcile excess of revenue over expenses to net cash provided (used) by operating activities		
Depreciation	104,648	75,202
Changes in:		
Grants receivable	237,112	( 101,529)
Accounts receivable	2,538	12,190
Prepaid expenses	-	4,295
Accounts payable	( 73,938)	24,497
Gain on sale of fixed assets	-	413
Net Cash Provided (Used) by Operating Activities	<u>292,542</u>	<u>( 32,698)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	( 34,688)	( 33,444)
Net Cash Used by Investing Activities	<u>( 34,688)</u>	<u>( 33,444)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of debt	( 32,000)	( 26,928)
Proceeds from debt	-	20,000
Net Cash Used by Financing Activities	<u>( 32,000)</u>	<u>( 6,928)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	225,854	( 73,070)
<b>CASH, BEGINNING OF YEAR</b>	<u>24,069</u>	<u>97,139</u>
<b>CASH, END OF YEAR</b>	<u>\$ 249,923</u>	<u>\$ 24,069</u>

The accompanying notes are an integral part of these financial statements.

# CENTRAL TEXAS SENIOR MINISTRY

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Central Texas Senior Ministry (the "Ministry"), have been prepared on the accrual basis. The Ministry has adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenue, and requires the Ministry to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Unrestricted net assets include funds which have no donor-imposed restrictions or whose restrictions have been satisfied. The Ministry has determined that any donor-imposed restrictions for current budgeted programs and activities are generally met within the operating cycle of the Ministry and, therefore, the Ministry's policy is to record these net assets as unrestricted. Temporarily restricted net assets includes funds for which donor-imposed restrictions have not been met. Permanently restricted net assets include funds which are solely restricted by the donor for a specific purpose until all monies are used. To ensure observance of limitations and restrictions placed on the use of the resources available to the Ministry, the accounts of the Ministry are maintained in accordance with principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or specified objectives.

Central Texas Senior Ministry is a subrecipient of federal funds through the Heart of Texas Council of Governments and Waco Transit. Central Texas Senior Ministry also receives support through contributions from the community and local churches.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Actual results could differ from these estimates.

The following is a summary of the more significant policies:

#### **Cash and Cash Equivalents**

The Ministry considers cash and cash equivalents to be cash on hand, in banks, interest-bearing deposits and highly liquid investments purchased with an original maturity of three months or less.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Cash Donations

All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Net assets restricted by outside sources are so indicated and are distinguished from unrestricted funds.

### Donated Materials, Equipment and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Ministry's program services and in its fund raising campaigns.

### Property and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets. Expenditures for normal maintenance and repairs are charged to operations, while expenditures for betterments and major renewals are capitalized. Retirements are recorded by removing the cost and accumulated depreciation from the accounts, reflecting any gain or loss in the results of operations in the period of the sale or retirement.

### Use of Estimates

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

### Accounts Receivable and Allowance for Doubtful Accounts

The Ministry uses the allowance method for financial statement purposes. Management reviews accounts receivable on a periodic basis and records a provision for doubtful accounts based on the review of outstanding receivables, historical collection information, and existing economic conditions.

### Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended September 30, 2007, from which the summarized information was derived.

## 2. FEDERAL INCOME TAX

Central Texas Senior Ministry is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

## 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2008</u>	<u>2007</u>
Building	\$ 884,045	\$ 884,045
Leasehold improvements	82,788	83,778
Furniture and equipment	253,481	261,420
Vehicles	<u>550,837</u>	<u>761,617</u>
	1,771,151	1,990,860
Less accumulated depreciation	<u>( 1,099,602)</u>	<u>( 1,249,351)</u>
	<u>\$ 671,549</u>	<u>\$ 741,509</u>

Depreciation charged as an expense for the years ended September 30, 2008 and 2007, was \$104,648 and \$75,202, respectively.

Central Texas Senior Ministry completed renovation of the building at Fifth and Waco Drive. It was placed in service as the Ministry's headquarters in May of 1999. Total cost of renovation was \$554,045, financed by a line of credit from Synergy Bank to be repaid by private contributions for that purpose. The annual lease of the land is a one-dollar payment to the Trustees of the Madison Alexander and Martha Roane Cooper Foundation. Annual rent is due on or before January 1 of each calendar year, ending December 31, 2035.

**4. NOTES PAYABLE**

The Ministry's short-term and long-term debt consists of the following:

	<u>2008</u>	<u>2007</u>
Christian Mission Concerns building mortgage, due in monthly installments of \$1,000 until January 2014, secured by land and building. Although no interest rate is stated, an interest rate of 5% is used to compute interest and principal payments.	\$ 85,500	\$ 97,500
Synergy Bank line of credit, due January 1, 2008, secured by accounts receivable, with an interest rate of 7.25%.	<u>-</u>	<u>20,000</u>
	<u>\$ 85,500</u>	<u>\$ 117,500</u>

Future scheduled maturities of loans are as follows:

<u>Years Ending September 30,</u>	
2009	\$ 12,000
2010	12,000
2011	12,000
2012	12,000
2013	12,000
Thereafter	<u>25,500</u>
	<u>\$ 85,500</u>

**5. RECLASSIFICATIONS**

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

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## **SUPPLEMENTAL INFORMATION**

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**CENTRAL TEXAS SENIOR MINISTRY**

**SCHEDULE OF GRANT REVENUE**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>2008</u>
<b>GRANT REVENUE</b>	
Section 5311 Transportation	S 255,846
Title IIIB - 5310 Transportation	97,388
Title III C1 - Senior Center	151,974
Title III C2 - Home Delivered Meals	447,222
Title XIX - Transportation	595,822
Title XIX - Meals - Home Delivered Meals	9,351
Department of Agriculture - Home Delivered Meals	<u>351,998</u>
Total Grant Revenue	<u>S 1,909,601</u>

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**CENTRAL TEXAS SENIOR MINISTRY**  
**COMBINING SCHEDULE OF EXPENSES FOR**  
**PROGRAM AND SUPPORTING SERVICES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
<b>EXPENSES</b>			
Administration	\$ 120,741	\$ 105,007	\$ 225,748
Area Coordinator	214,570	-	214,570
Center Activities Coordinator	131,123	-	131,123
Other salaries	466,870	32,658	499,528
Other benefits	34,906	-	34,906
Insurance	61,432	-	61,432
Inspection and licenses	5,686	-	5,686
Repair and maintenance	99,100	-	99,100
Gasoline and oil	185,342	-	185,342
Travel	9,623	-	9,623
Equipment and building maintenance	5,357	4,009	9,366
Telephone	22,963	-	22,963
Rent	12,992	-	12,992
Utilities	18,029	324	18,353
Raw food	764,174	-	764,174
Therapeutic	15,090	-	15,090
Consumables	12,035	-	12,035
Other	44,985	45,784	90,769
Fund raising	-	90,366	90,366
Dues and publications	-	2,129	2,129
Depreciation	-	104,648	104,648
Interest	-	1,730	1,730
Total Expenses	<u>\$ 2,225,018</u>	<u>\$ 386,655</u>	<u>\$ 2,611,673</u>

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**CENTRAL TEXAS SENIOR MINISTRY**  
**SCHEDULE OF EXPENSES FOR PROGRAM SERVICES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Senior Center</u>	<u>Meals on Wheels</u>	<u>Transportation</u>	<u>Total</u>
<b>EXPENSES</b>				
Administration	\$ 26,320	\$ -	\$ 94,421	\$ 120,741
Area Coordinator	86,300	128,270	-	214,570
Center Activities Coordinator	36,353	94,770	-	131,123
Other salaries	7,300	4,926	454,644	466,870
Other benefits	-	-	34,906	34,906
Insurance	1,183	7,697	52,552	61,432
Inspection and licenses	-	-	5,686	5,686
Repair and maintenance	-	-	99,100	99,100
Gasoline and oil	-	-	185,342	185,342
Travel	480	9,143	-	9,623
Equipment and building maintenance	4,981	376	-	5,357
Telephone	7,486	899	14,578	22,963
Rent	5,655	7,337	-	12,992
Utilities	14,817	3,212	-	18,029
Raw food	145,448	618,726	-	764,174
Therapeutic	-	15,090	-	15,090
Consumables	3,702	8,333	-	12,035
Other	3,433	( 350)	41,902	44,985
Total Expenses	<u>\$ 343,458</u>	<u>\$ 898,429</u>	<u>\$ 983,131</u>	<u>\$ 2,225,018</u>

**CENTRAL TEXAS SENIOR MINISTRY**  
**SCHEDULE OF EXPENSES FOR SUPPORTING SERVICES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Management/ General</u>	<u>Fund Raising</u>	<u>Total</u>
<b>EXPENSES</b>			
Administration	\$ 105,007	\$ -	\$ 105,007
Other salaries	32,658	-	32,658
Equipment and building maintenance	4,009	-	4,009
Utilities	324	-	324
Other	45,784	-	45,784
Fund raising	-	90,366	90,366
Dues and publications	2,129	-	2,129
Depreciation	104,648	-	104,648
Interest	<u>1,730</u>	<u>-</u>	<u>1,730</u>
Total Expenses	<u>\$ 296,289</u>	<u>\$ 90,366</u>	<u>\$ 386,655</u>

# **SINGLE AUDIT SECTION**

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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**

To the Board of Directors  
Central Texas Senior Ministry  
Waco, Texas

We have audited the financial statements of the Central Texas Senior Ministry (the “Ministry”) as of and for the year ended September 30, 2008, and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Central Texas Senior Ministry’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ministry’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ministry’s internal control over financial reporting.

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

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

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

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of management 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.

A handwritten signature in cursive script, reading "Patricia Brown-Hill".

December 23, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Central Texas Senior Ministry  
Waco, Texas

**Compliance**

We have audited the compliance of the Central Texas Senior Ministry (the “Ministry”) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. The Ministry’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 each of its major federal programs is the responsibility of the Ministry’s management. Our responsibility is to express an opinion on the Ministry’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 Nonprofit 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 Ministry’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 the Ministry’s compliance with those requirements.

In our opinion, the Ministry complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

## Internal Control Over Compliance

The management of Central Texas Senior Ministry 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 the Ministry's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness the Ministry's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. 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 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.

A handwritten signature in cursive script that reads "Pettibone, Brown & Hill, LLP". The signature is written in black ink and is positioned in the lower right quadrant of the page.

December 23, 2008

**CENTRAL TEXAS SENIOR MINISTRY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Pass-through Grantor's Number	Federal Grantor/ Pass-through Grantor/Program Title	CFDA Number	Expenditures Indirect Costs and Refunds
<b>FEDERAL AWARDS:</b>			
<b><u>U. S. Department of Transportation</u></b>			
Passed through Texas Department of Transportation:			
N/A	Section 5310 Transportation	20.513	\$ 172,264
N/A	Section 5311 Transportation	20.509	<u>255,846</u>
	Total Passed through Texas Department of Transportation		<u>428,110</u>
	Total U. S. Department of Transportation		<u>428,110</u>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed through Heart of Texas Council of Governments:			
SUP-2001-011	Title III B - Grants for Supportive Services and Senior Centers	93.044	4,902
SUP-2001-011	Title III C1 - Nutrition Services	93.045	152,561
SUP-2001-011	Title III C2 - Nutrition Services	* 93.045	<u>447,222</u>
	Total Passed through Heart of Texas Council of Governments		<u>604,685</u>
N/A	Passed through City of Waco:		
	Title XIX - Waco Transit	* 93.778	<u>728,327</u>
	Total Passed through City of Waco		<u>728,327</u>
	Total U. S. Department of Health and Human Services		<u>1,333,012</u>
	Total Federal Awards		<u>1,761,122</u>
<b>STATE AWARDS:</b>			
<b><u>Texas Department of Agriculture</u></b>			
Direct Programs:			
N/A	Home Delivered Meal Grant Program	N/A	<u>351,998</u>
	Total Texas Department of Agriculture		<u>351,998</u>
<b><u>Texas Department of Aging and Disability Services</u></b>			
Direct Programs:			
	Title XIX - Meals - Home Delivered Meals	N/A	<u>9,351</u>
	Total Texas Department of Aging and Disability Services		<u>9,351</u>
	Total State Awards		<u>361,349</u>
	Total Federal and State Awards		<u>\$ 2,122,471</u>

\* Major program

**CENTRAL TEXAS SENIOR MINISTRY**

**NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**SEPTEMBER 30, 2008**

**1. GENERAL**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of Central Texas Senior Ministry. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards. There were no federal awards received directly from federal agencies during the year ended September 30, 2008.

**2. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The accrual basis of accounting is described in Note 1 of the financial statements.

**CENTRAL TEXAS SENIOR MINISTRY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**Summary of Auditors' Results**

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133	None
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The Ministry was classified as a low-risk auditee in the context of OMB Circular A-133
Major federal program	Title III C2 - Nutrition Services, CFDA #93.045 Title XIX - Waco Transit, CFDA #93.778

**Findings Relating to the Financial Statements Which are  
Required to be Reported in Accordance With Generally  
Accepted Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None

**CENTRAL TEXAS SENIOR MINISTRY**

**SUMMARY SCHEDULE OF  
PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

None