

To the Board of Directors and Executive Director of  
Douglas County Senior Services, Inc.

In planning and performing our audit of the financial statements of Douglas County Senior Services, Inc. as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Douglas County Senior Services, Inc.'s internal control over financial reporting (internal control) 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We consider the following deficiencies in Douglas County Senior Services, Inc.'s internal control to be a material weaknesses:

*Ineffective Controls over Financial Statement Presentation*

During our audit, we noted there was an inadequate design of internal control over the preparation of the financial statements being audited. It is the Organization's policy to present their financial statements and notes in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), but the current financial reporting process does not ensure conformity with U.S. GAAP presentation. Ineffective controls exist over preparation of financial statements if client controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of financial statements, including the related footnotes.

We noted that the recording of grant revenue and expenses is not performed in accordance with U.S. GAAP. Grant revenue is recorded on a cash basis when grant monies are received. Expenses incurred on credit cards are recorded as of the credit card statement date and individual charges are not entered into the general ledger. We recommend revenue be recorded in the month the grant monies are earned, and individual credit card charges be entered as of the receipt date.

The financial statements required a restatement of fixed assets and net assets. Fixed assets donated or paid by grantors were not recorded in the general ledger. Fixed assets partially paid for by donors or grantor agencies were not recorded at their full cost basis, but rather only the amount of funds paid by the Organization. All donated fixed assets should be recorded at their fair market value. All fixed assets partially paid for by others should be recorded at their full cost.

These vehicles were identified and added to the fixed assets at fair market value at the date received and depreciation was calculated to determine the net asset effect and net book value of the assets. We recommend that all donated and partially funded fixed assets be recorded when received.

We recommend the Board of Directors and management review the disclosure requirements for the Company and the impact of the current year adjustments on the financial reporting process. Once this review is complete, the Organization should then perform a risk assessment to determine the best way to implement appropriate internal controls over financial reporting to ensure conformity with GAAP.

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. We consider the following deficiencies in Douglas County Senior Services, Inc.'s internal control to be significant deficiencies:

#### Grant reporting

During our audit, we noted the grant expenses reported under the KDOT grants do not agree to the general ledger for the period being reported on. This is due to credit card expenses for fuel and repairs and maintenance of vehicles not being recorded on the date of activity, as well as payroll expense reporting being calculated based on the days each employee worked per the timesheets, instead of the payroll date as listed in the QuickBooks general ledger.

We recommend that the reporting of grant expenses be prepared utilizing the information maintained in the QuickBooks general ledger in order to support the expenses being reported from accounting records.

We also noted fixed assets, primarily vehicles, purchased under grants, were not recorded in the general ledger, or were recorded at amounts equal to the cash portion the Organization paid for the asset.

We recommend all assets purchased partially under grants be recorded at their full cost, not just the amount of cash spent for the transaction by the Organization, and the amount covered by grant should be recorded as grant income.

#### Physical inventory of fixed assets

During our audit we noted, the Organization has not inventoried all fixed assets, considering it impractical to do so. However, we recommend that the Organization at least inspect all fully depreciated assets, whether or not currently recorded in the Organization's books. An appropriate level of management should interview operations personnel to determine the physical handling and security of fully depreciated assets and to inquire about any unusual activity, including unusual movement, theft, or personal use of the assets.

#### Payroll timesheet approval

During our audit, we noted payroll timesheets and mileage reimbursement requests of supervisors are not reviewed and approved. We recommend that all timesheets and mileage reimbursements of supervisors be approved by the Executive Director or other outside party.

#### Approval of purchases and bills

During our audit, we noted bills and purchase receipts are not being reviewed and approved by management prior to being paid. Per discussion with management, additional controls have been put in place in 2014.

#### Review of bank statement reconciliations

During our audit, we noted bank reconciliations were not reviewed by any individual outside the accounts payable / bank reconciliation process.

We recommend that bank reconciliations be reviewed by an individual outside of the accounts payable / bank reconciliation process and evidence of such review is documented with signature or initials of the reviewer.

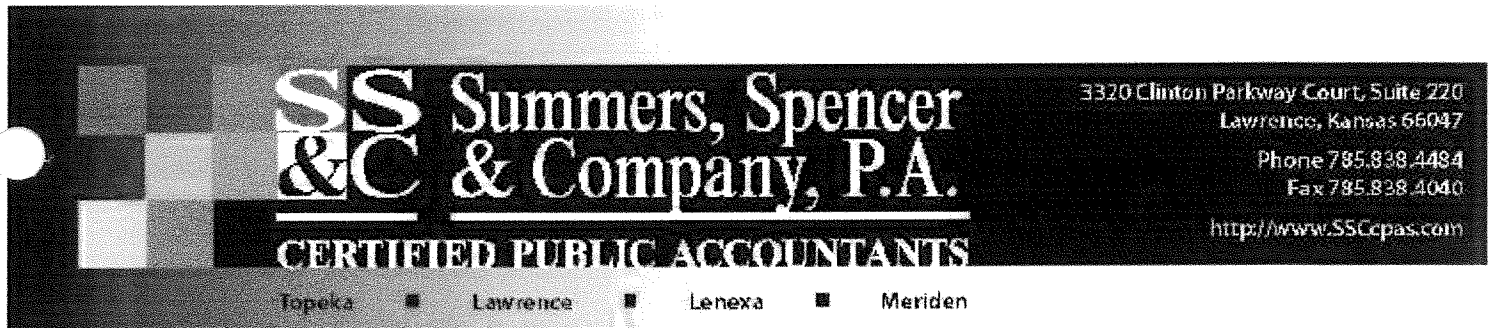
This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Summers, Spencer & Company P.A.*

Summers, Spencer & Company, P.A.

Lawrence, Kansas

September 19, 2014



September 19, 2014

To the Board of Directors and Executive Director of  
Douglas County Senior Service, Inc.

We have audited the financial statements of Douglas County Senior Services, Inc. for the year ended December 31, 2013, and have issued our report thereon dated September 19, 2014. Professional standards require that we provide you with the following information about our responsibilities under auditing standards generally accepted in the United States of America, 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 July 31, 2014. Professional standards also require that we communicate to you the following information related to our audit.

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Douglas County Senior Services, Inc. are described in Note 2 to the financial statements. During 2013, the Organization recorded the in-kind donation of the value of the free rents and certain restatements were required to conform with generally accepted accounting principles. The unrestricted net assets as of December 31, 2012 were increased by \$84,696 for the effect of adding previously donated and grant funded fixed assets. Temporarily restricted net assets were reduced by \$62,950 for the adjustment to the treatment of state funded vehicles. The total increase to net assets was \$21,746.

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 estimate affecting the financial statements was:

Management's estimate of the amounts allocated to specific functions (program and general and administrative) included the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. 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 fair value measurement which includes certain accounting estimates.

*Difficulties Encountered in Performing the Audit*

We encountered no 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.

A summary of the material entries, other than those related to recorded in-kind rents and fixed asset corrections, is below:

- To adjust net assets for 2012 audit adjustments not entered in general ledger, increasing net assets by \$19,784 and income by \$33,994,
- To capitalize leasehold improvements made to the Senior Meals Site and record depreciation expense, increasing income by \$7,912, and
- To reclassify monies received for the sale of a vehicle not completed until 2014, decreasing income by \$1,100.

*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 September 19, 2014, a copy of which is attached.

*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 Organization'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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Information in Documents Containing Audited Financial Statements*

This information is intended solely for the use of Board of Directors and management of Douglas County Senior Services, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Summers, Spencer & Company P.A.*

Summers, Spencer & Company, P.A.

Lawrence, Kansas