

Hardy County Committee on Aging, Inc.

Audited Financial Statements

September 30, 2013

Audited by

**Williams & Associates, AC
204 Davis Avenue, Post Office Box 2727
Elkins, West Virginia 26241**

Hardy County Committee on Aging, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hardy County Committee on Aging Inc
Moorefield, West Virginia

We have audited the accompanying financial statements of Hardy County Committee on Aging Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hardy County Committee on Aging Inc as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities by program on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, on our consideration of Hardy County Committee on Aging Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardy County Committee on Aging Inc's internal control over financial reporting and compliance.

Williams & Associates, A.C.

Williams & Associates, A.C.
Elkins, West Virginia
June 23, 2014

Hardy County Committee on Aging, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2013

ASSETS

Current Assets

Cash & Equivalents	\$ 155,948
Certificates of Deposit	134,859
Investments	6,255
Accounts Receivable	25,185
Grants Receivable	69,547
Prepaid Expenses	4,762
Inventory	4,014
Total Current Assets	<u>400,570</u>

Fixed Assets

Buildings & Equipment	3,309,420
Accumulated Depreciation	<u>(989,367)</u>
Fixed Assets, net	<u>2,320,053</u>

TOTAL ASSETS \$ 2,720,623

LIABILITIES & NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 25,143
Payroll Tax Liabilities	1,210
Accrued Wages	53,817
Deferred Compensation	22,342
Current Portion of Long-term Debt	60,626
Total Current Liabilities	<u>163,138</u>

Long-Term Liabilities

Mortgage Payable	650,664
OPEB Liability	<u>227,447</u>
Total Long-Term Liabilities	<u>878,111</u>

Total Liabilities 1,041,249

Net Assets

Net Assets, Unrestricted	1,493,989
Net Assets, Permanently Restricted	<u>185,385</u>
Total Net Assets	<u>1,679,374</u>

LIABILITIES & NET ASSETS \$ 2,720,623

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

Hardy County Committee on Aging, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

REVENUE & SUPPORT	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
Grant Revenues:			
Federal	37,946		37,946
State	440,284		440,284
Nutrition	128,939		128,939
Program Service Fees	196,511		196,511
Project Income	42,948		42,948
Rental Income, net	55,053		55,053
Contributions	10,025		10,025
Investment Income	645	195	840
Unrealized Gain(Loss) on Investments		(6,678)	(6,678)
Other Income	1,298	480	1,778
Net Assets Released from Restrictions	840	(840)	-
TOTAL REVENUE & SUPPORT	<u>914,489</u>	<u>(6,843)</u>	<u>907,646</u>
 EXPENSES			
Program Service Expenses	728,266		728,266
Management & General	258,579		258,579
TOTAL EXPENSES	<u>986,845</u>	<u>-</u>	<u>986,845</u>
 INCREASE(DECREASE) IN NET ASSETS BEFORE INCOME TAXES	<u>(72,356)</u>	<u>(6,843)</u>	<u>(79,199)</u>
 PROVISION FOR INCOME TAXES	<u>(5,279)</u>	<u>-</u>	<u>(5,279)</u>
 INCREASE(DECREASE) IN NET ASSETS	<u>(77,635)</u>	<u>(6,843)</u>	<u>(84,478)</u>
 NET ASSETS, Beginning of Year	<u>1,571,624</u>	<u>192,228</u>	<u>1,763,852</u>
 NET ASSETS, End of Year	<u><u>1,493,989</u></u>	<u><u>185,385</u></u>	<u><u>1,679,374</u></u>

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

Hardy County Committee on Aging, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Increase(Decrease) in Net Assets	\$ (84,478)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation	79,110
Unrealized Loss on Investments	6,678
(Increase)Decrease in Accounts Receivable	4,136
(Increase)Decrease in Grants Receivable	(35,190)
(Increase)Decrease in Prepaid Expenses	2,890
(Increase)Decrease in Inventory	2,492
Increase(Decrease) in Accounts Payable	8,465
Increase(Decrease) in Payroll Tax Liabilities	1,210
Increase(Decrease) in Accrued Wages	(232)
Increase(Decrease) in Deferred Compensation	(2,555)
Increase(Decrease) in OPEB Liability	<u>7,944</u>
Net cash provided by (used in) operating activities	<u>(9,530)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in certificates of deposit	<u>(283)</u>
Net Cash provided by (used in) financing activities	<u>(283)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Principle payments on long-term debt	<u>(70,273)</u>
Net Cash provided by (used in) investing activities	<u>(70,273)</u>

INCREASE(DECREASE) IN CASH (80,086)

CASH BALANCE, Beginning of Year 236,034

CASH BALANCE, End of Year \$ 155,948

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

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Hardy County Committee on Aging, Inc., is presented to assist in understanding the Organization's financial statements. These financial statements and notes are the representation of management, who is responsible for their integrity and objectivity. These accounting principles conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization

Hardy County Committee on Aging, Inc. is a nonprofit organization formed to provide a variety of social services to the elderly in Hardy County, WV. The organization is funded by various federal and state grant programs as well as program service fees for providing in-home care services through various programs of the WV Department of Health and Human Services.

Basis of Accounting

The financial statements of Hardy County Committee on Aging, Inc have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Accounting Standards Codification 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under ASC 958-205, the Organization 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.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. These are resources over which the Board of Directors has discretionary control.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or with the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Resources subject to a donor restriction that they be maintained permanently by the Organization. There were no permanently restricted net assets as of September 30, 2013.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Principles (Continued)

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The organizations returns for 2012, 2011, and 2010 remain subject to examination by the Internal Revenue Service.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs, the Veterans Administration, as well as amounts due from private pay clients. As of September 30, 2013, all accounts receivable are deemed collectible.

Grants receivable represent amounts invoiced by the Organization to grantor agencies under the terms of their grant agreements. As of September 30, 2013, all grants receivable are deemed collectible.

The Organization uses the direct write-off method for accounting for bad debts wherein accounts are written off in the period management determines that collection is not probable.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at cost, as determined by the last purchase price, on a first-in, first-out basis.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Principles (Continued)

Investments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Organization determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instruments.

The Organization measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Property and Equipment

The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must be disposed of in accordance with the grantor agency's policies. The Organization has adopted a capitalization policy in the amount of \$1000. Maintenance and repairs are expensed when incurred.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Principles (Continued)

Revenue Recognition

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.
- 2 – On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, and Title III-D/MM grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year. If approval is denied, the money has to be reimbursed to the grantor.
- 3 – Title III-C grant funds are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.

Operating expenditures made against federal and state grants are subject to audit by the Grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings. Grant revenues for the year ended September 30, 2013 were \$607,169.

Note 2. Certificates of Deposit

The organization had the following certificates of deposits on September 30, 2013:

	<u>Balance</u>
• Pendleton County Bank, 5-year, 1.14%, maturing 2/27/18	\$ 11,744
• Grant County Bank, 1-year, 0.43%, maturing 9/7/14	34,755
• Grant County Bank, 1-year, 0.43%, maturing 9/7/14	19,431
• Grant County Bank, 1-year, 0.43%, maturing 9/7/14	17,702
• Capon Valley Bank, 6-month, 0.25%, maturing 2/19/14	37,227
• Capon Valley Bank, 6-month, 0.25%, maturing 2/19/14	<u>14,000</u>
Total Certificates of Deposit as of September 30, 2013	<u>\$134,859</u>

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 3. Investments

Investments are stated at fair value and consist of common stock. Fair values and appreciation(depreciation) at September 30, 2013 are summarized below.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments, permanently restricted	<u>\$4,513</u>	<u>\$6,255</u>	<u>\$1,742</u>

Note 4. Accounts Receivable

Accounts receivable consisted of the following at September 30, 2013:

WV DHHR	\$ 12,714
Veterans Administration	5,009
Rent Receivable	<u>7,462</u>
	<u>\$ 25,185</u>

Note 5. Grants Receivable

Grants receivable consisted of the following at September 30, 2013:

LIFE	\$ 31,242
Title IIIC	6,171
Title IIID	846
FAIR/Lighthouse	23,654
Title IIIB	6,788
SHIP	437
MCAP	409
	<u>\$ 69,547</u>

Note 6. Property and Equipment

Property and equipment consisted of the following at September 30, 2013:

Land	\$ 703,180
Buildings	2,309,319
Equipment	<u>296,921</u>
Total Fixed Assets	3,309,420
Less accumulated depreciation	<u>(989,367)</u>
Net property and equipment	<u>\$ 2,320,053</u>

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 7. Mortgage Payable

Mortgage payable consists of a loan from Grant County Bank with an original principal amount of \$1,100,000 due in 240 monthly installments of \$8,221.25 which began in January 2013, bearing an interest rate of 5.5%, and secured by a deed of trust.

Future scheduled maturities for years ending September 30 are:

	2014	\$	60,626
	2015		64,046
	2016		67,659
	2017		71,476
	2018		75,507
	Thereafter		371,976
			\$ 711,290

Note 8. Retirement Plan

The organization sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. Full-time employees are eligible to participate in the plan. Employee contributions are voluntary and are made on a pretax basis. Currently employer contributions are 9.5% of the employee's earnings. The employer's share of retirement payments for the current year was \$23,433 and is included in personnel costs on the statement of activities by program.

Note 9. Cash Deposits

Cash consists of interest and non-interest bearing checking and savings accounts on deposit in institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. All the carrying values are the same as market value. As of September 30, 2013, all deposits were fully insured by the FDIC.

Note 10. Donated Services

The organization has a number of volunteers who have donated time and services in carrying out its programs and activities. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services as defined by FASB ASC 958-605 *Not-for-Profit Entities: Recognition Principles*.

Note 11. Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2013 were \$0.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 12. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

Note 13. Compensation Absences

Amounts owed to employees for earned but unused vacation time are accrued as a liability in the statement of financial position. As of September 30, 2013, the organization had \$22,342 in accrued compensated absences.

Note 14. Subsequent Events

Management has evaluated events subsequent to the balance sheet date through the date of the independent accountants' report, the date on which the financial statements were available to be issued, for items requiring adjustment or disclosure in these financial statements.

Note 15. Other Post Employment Benefits (OPEB)

The organization contributes to the West Virginia Retiree Health Care Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). The Trust provides medical benefits to retired employees. West Virginia Code §16D assigns PEIA with the administration of the WV OPEB plan. PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. The report may be obtained by writing to Public Employees Insurance Agency, 1900 Kanawha Blvd, East, Charleston, WV 25305.

West Virginia Code §5-16D-6 requires PEIA to bill the entire annual required contribution (ARC) beginning July 1, 2007 to employers. PEIA is only required to collect the minimum annual employer payment (MAEP), which is only a component of the ARC. Employers are required to record OPEB expense equal to the billed ARC and reflect a liability in their financial statements for any unpaid portion of the ARC.

The following shows the components of the organization's annual OPEB cost for the year ended September 30, 2013, the amount actually contributed to the plan and changes in the Agency's net OPEB obligations.

Annual Required Contributions (ARC)	\$ 24,984
Adjustments	<u>0</u>
Annual OPEB cost	\$ 24,984
Contributions made	<u>(17,040)</u>
Increase in OPEB liability	\$ 7,944
OPEB Liability, 10/1/12	<u>\$219,503</u>
OPEB Liability, 9/30/13	<u>\$227,447</u>

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 16. Contingencies

The organization receives grant funding from federal and state agencies. The grant expenditures are subject to audit by the granting agencies. These audits are conducted to insure compliance with conditions of the grant award. Instances of noncompliance could result in grant awards being repaid. Any potential adjustments are believed to be immaterial.

The organization is at risk of loss from various torts and lawsuits. These risks are mitigated by maintaining insurance with the West Virginia Board of Risk.

Note 17. Lease Agreements

A lease agreement was entered into on January 12, 1987 between the organization and the Henkel Addition Park for lot 12 of said Addition on Spring Avenue. This lease specifies that the lease term is for 99 years and the total lease amount was \$99 paid in full at the signing of the lease.

It was further agreed that an attractive building would be erected along with a sign designating the property as the Henkel Addition Park and that the organization would bear the cost of such sign. At the time of dissolution of the organization, or for all practical purposes should it be unable to continue to serve the public, the lease shall become null and void and all improvements and appurtenances placed on the property will become the property of Henkel Addition Park.

In accordance with the lease agreement, a brick building was constructed during 1989 with the majority of the monies contributed by the Hardy County Commission, through a Small Cities Block Grant from the State of West Virginia, and the remainder by the Hardy County Committee on Aging, Inc. Since a recent appraisal is not available for the land and building, a fair rental value was unable to be calculated and recorded as contributed support and rent expense in these financial statements.

Note 18. Permanently Restricted Assets

The statement of financial position includes the following assets which have been permanently restricted by the Circuit Court of Hardy County, West Virginia dated March 15, 1975 in reference to the Last Will and Testament of Edgar A. Hawse, deceased, for the development of a rest and retirement center.

Cash	\$	8,825
Certificate of deposit		51,226
Investments		6,255
Receivable		87,805
Land		<u>31,274</u>
Total permanently restricted net assets	\$	<u>185,385</u>

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 19. Income Taxes

The provision for federal and state income taxes consists of the following at September 30, 2013:

Current taxes	\$	5,279
Deferred taxes		<u>0</u>
	\$	<u>5,279</u>

There is no provision for deferred income taxes as depreciable lives and methods are not materially different for reporting and income tax purposes.

Hardy County Committee on Aging, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2013

	Program Services							Management & General	Total	
	III-B	III-C	III-D	III-E	SHIP	In-Home Services	LIFE			Local
Revenue & Support										
Grant Revenue										
Federal	\$ 27,591	\$ -	\$ 846	\$ 6,645	\$ 2,864	\$ -	\$ -	\$ -	\$ 37,946	\$ 37,946
Nutrition		128,939							128,939	128,939
State Grants through Area										
Agency on Aging	16,208	57,497					134,771		16,208	16,208
LIFE Grants									192,268	192,268
Other State Grants						204,399		27,409	231,808	231,808
Total Grants Revenues	43,799	186,436	846	6,645	2,864	204,399	134,771	27,409	607,169	607,169
Other Revenues										
Program Service Fees								196,511	196,511	196,511
Project Income		34,030						8,918	42,948	42,948
Rental Income, net								55,053	55,053	55,053
Contributions								10,025	10,025	10,025
Interest Income								840	840	840
Net Gain(Loss) on Disposal of Assets								(6,678)	(6,678)	(6,678)
Other Income								1,778	1,778	1,778
Total Other Revenues	-	34,030	-	-	-	-	-	266,447	300,477	300,477
Total Revenue & Support	43,799	220,466	846	6,645	2,864	204,399	134,771	293,856	907,646	907,646
Expenses										
Payroll & Benefits		122,339		3,844	6,622	77,725		315,813	526,343	138,065
Printing & Supplies		15,317	1,082					11,827	28,226	10,016
Communications & Utilities										24,460
Transportation/Mileage		12,243			301	6,974		87,515	107,033	107,033
Professional Fees										11,974
Raw Food		52,900							52,900	52,900
Repairs & Maintenance		4,248							4,248	24,434
Training								3,494	3,494	3,494
Insurance										24,950
Other		6,022							6,022	780
Depreciation										23,900
Indirect Expenses	23,250	36,759					48,160	150,410	258,579	(258,579)
Total Expenses	23,250	249,828	1,082	3,844	6,923	84,699	48,160	569,059	986,845	-
Change in Net Assets Before										
Income Taxes	20,549	(29,362)	(236)	2,801	(4,059)	119,700	86,611	(275,203)	(79,199)	(79,199)

The accompanying notes are an integral part of these financial statements

Williams & Associates, A.C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Hardy County Committee on Aging Inc
Moorefield, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hardy County Committee on Aging Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardy County Committee on Aging Inc's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Williams & Associates, A.C.

Williams & Associates, A.C.
Elkins, West Virginia
June 23, 2014

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MANAGEMENT LETTER

To the Board of Directors
Hardy County Committee on Aging, Inc
Moorefield, West Virginia

Our audit on the financial statements of Hardy County Committee on Aging, Inc., for the year ended September 30, 2013, highlighted areas where we would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since our audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

Segregations of Duties

During our audit we noted that two people perform most of the accounting and financial duties. As a result, many aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the Hardy County Committee on Aging, Inc. We recognize that the Organization is not large enough to make the employment of additional staff for the purpose of segregating duties practicable from a financial standpoint, but we are required, under our professional responsibilities, to describe the situation.

After you have had the opportunity to review these comments and recommendations, we would be pleased to discuss those points that you desire. We would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve Hardy County Committee on Aging, Inc.

Williams & Associates, A.C.
Elkins, West Virginia
June 23, 2014