

**Hardy County Committee on Aging, Inc.**

**Audited Financial Statements**

For the Years Ended  
September 30, 2015 and 2016

**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 AUDITORS' REPORT

To the Board of Directors  
Hardy County Committee on Aging, Inc.  
Moorefield, WV 26836

### Report on Financial Statements

We have audited the accompanying financial statements of the Hardy County Committee on Aging, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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.

### Auditors' 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 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 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 the Hardy County Committee on Aging, Inc., as of September 30, 2015 & 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Supplemental and Other Information

The statement of activities by program is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal (and state) awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200. *Uniform Administrative Requirements, Code Principles, and Audit Requirements for Federal Awards*, and is also 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 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 19, 2017, on our consideration of the 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 the Hardy County Committee on Aging, Inc's internal control over financial reporting and compliance.

*Williams & Associates A.C.*

Elkins, West Virginia  
June 19, 2017

**Hardy County Committee on Aging, Inc.**  
**COMPARATIVE STATEMENT OF FINANCIAL POSITION**  
**September 30, 2015 and 2016**

**ASSETS**

<b>Current Assets</b>	<b>2015</b>	<b>2016</b>
Cash & Equivalents	\$ 154,576	\$ 147,716
Certificates of Deposit	100,375	100,514
Investments	6,885	9,150
Accounts Receivable	25,862	16,744
Grants Receivable	58,591	64,269
Insurance Proceeds Receivable	26,100	-
Prepaid Expenses	6,730	5,933
Inventory	6,327	8,887
<b>Total Current Assets</b>	<u>385,446</u>	<u>353,213</u>
 <b>Fixed Assets</b>		
Land	703,180	703,180
Buildings & Equipment	2,598,345	2,676,076
Accumulated Depreciation	(1,102,114)	(1,222,792)
<b>Total Fixed Assets</b>	<u>2,199,411</u>	<u>2,156,464</u>
 <b>TOTAL ASSETS</b>	<u><u>\$ 2,584,857</u></u>	<u><u>\$ 2,509,677</u></u>

**LIABILITIES & NET ASSETS**

<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 19,254	\$ 19,516
Accrued Wages	52,751	39,330
Deferred Compensation	23,942	23,809
Deferred Revenue	-	8,000
Current Portion of Long-term Debt	67,659	71,476
<b>Total Current Liabilities</b>	<u>163,606</u>	<u>162,131</u>
 <b>Long-Term Liabilities</b>		
Mortgage Payable (Net of Current Portion)	526,021	454,518
OPEB Liability	260,898	280,113
<b>Total Long-Term Liabilities</b>	<u>786,919</u>	<u>734,631</u>
 <b>Total Liabilities</b>	<u>950,525</u>	<u>896,762</u>
 <b>Net Assets</b>		
Net Assets, Unrestricted	1,456,395	1,432,444
Net Assets, Permanently Restricted	177,937	180,471
<b>Total Net Assets</b>	<u>1,634,332</u>	<u>1,612,915</u>
 <b>LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 2,584,857</u></u>	<u><u>\$ 2,509,677</u></u>

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

**Hardy County Committee on Aging, Inc.**  
**COMPARATIVE STATEMENT OF ACTIVITIES**  
**For the Years Ended September 30, 2015 and 2016**

	2015			2016		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
<b>REVENUE &amp; SUPPORT</b>						
Grant Revenues:						
Federal	\$ 37,290		\$ 37,290	\$ 35,274		\$ 35,274
State	380,513		380,513	419,988		419,988
Nutrition	130,566		130,566	121,913		121,913
Program Service Fees	171,247		171,247	214,160		214,160
Project Income	28,852		28,852	27,887		27,887
Rental Income, net	93,676		93,676	105,319		105,319
Contributions	12,200		12,200	22,140		22,140
Investment Income	397	104	501	333	103	436
Unrealized Gain(Loss) on Investments		(180)	(180)		2,265	2,265
Other Income	27,536	500	28,036	10,223	1,166	11,389
Net Assets Released from Restrictions	5,550	(5,550)	-	1,000	(1,000)	-
<b>TOTAL REVENUE &amp; SUPPORT</b>	<b>\$ 887,827</b>	<b>\$ (5,126)</b>	<b>\$ 882,701</b>	<b>\$ 958,237</b>	<b>\$ 2,534</b>	<b>\$ 960,771</b>
<b>EXPENSES</b>						
Program Service Expenses	\$ 666,384		\$ 666,384	\$ 715,631		\$ 715,631
Management & General	237,396		237,396	260,609		260,609
<b>TOTAL EXPENSES</b>	<b>\$ 903,780</b>	<b>\$ -</b>	<b>\$ 903,780</b>	<b>\$ 976,240</b>	<b>\$ -</b>	<b>\$ 976,240</b>
<b>INCREASE(DECREASE) IN NET ASSETS BEFORE INCOME TAXES</b>	\$ (15,953)	\$ (5,126)	\$ (21,079)	\$ (18,003)	\$ 2,534	\$ (15,469)
<b>PROVISION FOR INCOME TAXES</b>	(8,325)	-	(8,325)	(5,948)		(5,948)
<b>INCREASE(DECREASE) IN NET ASSETS</b>	<b>\$ (24,278)</b>	<b>\$ (5,126)</b>	<b>\$ (29,404)</b>	<b>\$ (23,951)</b>	<b>\$ 2,534</b>	<b>\$ (21,417)</b>
<b>NET ASSETS, Beginning of Year</b>	<b>\$ 1,480,673</b>	<b>\$ 183,063</b>	<b>\$ 1,663,736</b>	<b>\$ 1,456,395</b>	<b>\$ 177,937</b>	<b>\$ 1,634,332</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 1,456,395</b>	<b>\$ 177,937</b>	<b>\$ 1,634,332</b>	<b>\$ 1,432,444</b>	<b>\$ 180,471</b>	<b>\$ 1,612,915</b>

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

**Hardy County Committee on Aging, Inc.**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**For the Years Ended September 30, 2015 and 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2015</u>	<u>2016</u>
Increase(Decrease) in Net Assets	\$ (29,404)	\$ (21,417)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	77,806	77,504
Unrealized Loss on Investments	180	(2,265)
(Increase)Decrease in Accounts Receivable	(5,196)	9,118
(Increase)Decrease in Grants Receivable	(12,930)	(5,678)
(Increase)Decrease in Insurance Proceeds Receivable	(26,100)	26,100
(Increase)Decrease in Prepaid Expenses	(1,563)	797
(Increase)Decrease in Inventory	(1,528)	(2,560)
Increase(Decrease) in Accounts Payable	1,837	262
Increase(Decrease) in Accrued Wages	2,221	(13,421)
Increase(Decrease) in Deferred Compensation	935	(133)
Increase(Decrease) in Deferred Revenue	-	8,000
Increase(Decrease) in OPEB Liability	21,734	19,215
Net cash provided by (used in) operating activities	<u>27,992</u>	<u>95,522</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Equipment	(12,775)	(34,558)
Increase(Decrease) in certificates of deposit	33,872	(138)
Net Cash provided by (used in) financing activities	<u>21,097</u>	<u>(34,696)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principle payments on long-term debt	<u>(61,162)</u>	<u>(67,686)</u>
Net Cash provided by (used in) investing activities	<u>(61,162)</u>	<u>(67,686)</u>
<b>INCREASE(DECREASE) IN CASH</b>	(12,073)	(6,860)
<b>CASH BALANCE, Beginning of Year</b>	<u>166,649</u>	<u>154,576</u>
<b>CASH BALANCE, End of Year</b>	<u>\$ 154,576</u>	<u>\$ 147,716</u>
<b>SUPPLEMENTARY DISCLOSURE:</b>		
Cash paid during the year for:		
Interest paid	\$ 36,747	\$ 31,335
Income taxes paid	\$ 8,325	\$ 5,948
Noncash Investing Transaction:		
Receipt of Donated Truck	\$ -	\$ 5,000

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

**Hardy County Committee on Aging, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Years Ended September 30, 2015 and 2016**

**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.



**Hardy County Committee on Aging, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Years Ended September 30, 2015 and 2016**

**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). Hardy County Committee on Aging, Inc. has unrelated business income relating to rental revenue, taxed under Internal Revenue Code Section 528 as a corporation. This resulted in an income tax expense for years ended September 30, 2015 and 2016 of \$8,325 and \$5,948, respectively. The organization's returns for the prior three years 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, 2015 and 2016, 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, 2015 and 2016, 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**  
**For Years Ended September 30, 2015 and 2016**

**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**  
**For Years Ended September 30, 2015 and 2016**

**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, 2015 and 2016 were \$548,369 and \$577,175, respectively.

**Note 2. Certificates of Deposit**

The organization had the following certificates of deposits on:

**September 30, 2015**

	<u>Balance</u>
Pendleton County Bank, 5-year, 1.14%, maturing 2/27/18	\$ 12,015
Grant County Bank, 1-year, 0.33%, maturing 9/7/16	19,431
Grant County Bank, 1-year, 0.33%, maturing 9/7/16	17,702
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/16	37,227
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/16	<u>14,000</u>
Total Certificates of Deposit as of September 30, 2015	<u>\$100,375</u>

**Hardy County Committee on Aging, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Years Ended September 30, 2015 and 2016**

**Note 2. Certificates of Deposit (Continued)**

**September 30, 2016**

	<u>Balance</u>
Pendleton County Bank, 5-year, 1.14%, maturing 2/27/18	\$ 12,154
Grant County Bank, 1-year, 0.33%, maturing 9/7/17	19,431
Grant County Bank, 1-year, 0.33%, maturing 9/7/17	17,702
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/17	37,227
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/17	<u>14,000</u>
Total Certificates of Deposit as of September 30, 2016	<u>\$100,514</u>

**Note 3. Investments**

Investments are stated at fair value and consist of common stock. Fair values and appreciation (depreciation) are summarized below as of September 30, 2015 and 2016:

**September 30, 2015**

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments, permanently restricted	<u>\$4,513</u>	<u>\$6,885</u>	<u>\$2,372</u>

**September 30, 2016**

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments, permanently restricted	<u>\$4,513</u>	<u>\$9,150</u>	<u>\$4,637</u>

**Note 4. Accounts Receivable**

Accounts receivable consisted of the following as of September 30, 2015 and 2016:

	<u>2015</u>	<u>2016</u>
WV DHHR	\$ 13,953	\$ 10,876
Veterans Administration	7,381	4,368
Rent Receivable	<u>4,528</u>	<u>1,500</u>
	<u>\$ 25,862</u>	<u>\$ 16,744</u>

**Hardy County Committee on Aging, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Years Ended September 30, 2015 and 2016**

**Note 5. Grants Receivable**

Grants receivable consisted of the following as of September 30, 2015 and 2016:

	<u>2015</u>	<u>2016</u>
LIFE	\$ 9,755	\$ 18,500
Title IIIB	0	8,179
Title IIIC	28,943	24,629
Title IIID	837	812
FAIR/Lighthouse	19,056	12,149
	<u>\$ 58,591</u>	<u>\$ 64,269</u>

**Note 6. Property and Equipment**

Property and equipment consisted of the following as of September 30, 2015 and 2016:

	<u>2015</u>	<u>2016</u>
Land	\$ 703,180	\$ 703,180
Buildings	2,338,094	2,338,094
Equipment	<u>260,251</u>	<u>337,982</u>
Total Fixed Assets	3,301,525	3,379,256
Less accumulated depreciation	<u>(1,102,114)</u>	<u>(1,222,792)</u>
Net property and equipment	<u>\$ 2,199,411</u>	<u>\$ 2,156,464</u>

Depreciation expense for years ended September 30, 2015 and 2016 was \$77,806 and \$77,504, respectively.

**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 on the Michael Medical Building.

Future scheduled maturities for years ending September 30 are:

2017	71,476
2018	75,507
2019	79,767
2020	84,266
2021	89,019
Thereafter	<u>125,959</u>
	<u>\$ 525,994</u>

**Hardy County Committee on Aging, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Years Ended September 30, 2015 and 2016**

**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 years ended September 30, 2015 and 2016 were \$19,915 and \$20,712, respectively, and is included in payroll & benefits 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 the years ended September 30, 2015 and 2016, 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 years ended September 30, 2015 and 2016 were \$400 and \$360, respectively.

**Note 12. Prepaid Expenses**

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

**Note 13. Compensated Absences**

Amounts owed to employees for earned but unused vacation time are accrued as a liability in the statement of financial position. For the years ended September 30, 2015 and 2016, the organization had \$23,942 and \$23,809, respectively, in accrued compensated absences.

**Hardy County Committee on Aging, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Years Ended September 30, 2015 and 2016**

**Note 14. Subsequent Events**

Management has evaluated events subsequent to the balance sheet date through the date of the independent auditors' 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 years ended September 30, 2015 and 2016, the amount actually contributed to the plan and changes in the Agency's net OPEB obligations.

	<u>2015</u>	<u>2016</u>
Annual Required Contributions (ARC)	\$ 36,145	\$ 33,600
Adjustments	<u>0</u>	<u>0</u>
Annual OPEB cost	\$ 36,145	\$ 33,600
Contributions made	<u>(14,411)</u>	<u>(14,385)</u>
Increase in OPEB liability	\$ 21,734	\$ 19,215
OPEB Liability, Beginning of Year	<u>\$ 239,164</u>	<u>\$ 260,898</u>
OPEB Liability, End of Year	<u>\$ 260,898</u>	<u>\$ 280,113</u>

**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. These risks are mitigated by maintaining insurance with the West Virginia Board of Risk.

**Hardy County Committee on Aging, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Years Ended September 30, 2015 and 2016**

**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.

	<u>2015</u>	<u>2016</u>
Cash	\$ 747	\$ 1,016
Certificate of deposit	51,227	51,227
Investments	6,885	9,150
Receivable	87,804	87,804
Land	<u>31,274</u>	<u>31,274</u>
Total permanently restricted net assets	<u>\$ 177,937</u>	<u>\$ 180,471</u>

**Note 91. Line of Credit**

The Organization has a line of credit at Grant County Bank in Moorefield, WV, with a limit of \$150,000. The current interest rate is 5.0%. This line is renewed annually. There was no balance on the line of credit as of September 30, 2015 or 2016.



**Hardy County Committee on Aging, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Years Ended September 30, 2015 and 2016**

**Note 20. Income Taxes**

The provision for federal and state income taxes consisted of the following at September 30, 2015 and 2016:

	2015	2016
Current taxes	\$ 8,325	\$ 5,948
Deferred taxes	0	0
	\$ 8,325	\$ 5,948

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

**Note 21. Support Concentration**

The Hardy County Committee on Aging, Inc. receives a significant amount of its support from the West Virginia Department of Health and Human Resources for providing services to the community under the Medicaid Waiver (Title XIX) and personal care programs. Any significant decrease in the level of support received from these programs could have a material effect on the Agency's programs and activities.

**Hardy County Committee on Aging, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2015**

	Program Services								Management & General	Total
	III-B	III-C	III-D	III-E	SHIP	In-Home Services	LIFE	Local		
<b>Revenue &amp; Support</b>										
Grant Revenue										
Federal	\$26,423	\$ -	\$837	\$2,313	\$7,000	\$ -	\$ -	\$ -	\$36,573	\$36,573
Nutrition		131,283							131,283	131,283
State Grants Through Area Agency on Aging	15,911								15,911	15,911
LIFE Grants		55,879				121,101			176,980	176,980
Other State Grants						164,622		23,000	187,622	187,622
<b>Total Grants Revenues</b>	<b>42,334</b>	<b>187,162</b>	<b>837</b>	<b>2,313</b>	<b>7,000</b>	<b>164,622</b>	<b>121,101</b>	<b>23,000</b>	<b>548,369</b>	<b>- 548,369</b>
Other Revenues										
Program Service Fees								171,247	171,247	171,247
Project Income		28,852						-	28,852	28,852
Rental Income, net								93,676	93,676	93,676
Contributions								12,200	12,200	12,200
Interest Income								501	501	501
Net Gain(Loss) on Disposal of Assets								(180)	(180)	(180)
Other Income								28,036	28,036	28,036
<b>Total Other Revenues</b>	<b>-</b>	<b>28,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305,480</b>	<b>334,332</b>	<b>- 334,332</b>
<b>Total Revenue &amp; Support</b>	<b>42,334</b>	<b>216,014</b>	<b>837</b>	<b>2,313</b>	<b>7,000</b>	<b>164,622</b>	<b>121,101</b>	<b>328,480</b>	<b>882,701</b>	<b>- 882,701</b>
<b>Expenses</b>										
Payroll & Benefits	15,156	116,234		2,695	6,718	124,311	53,598	148,989	467,701	152,889 620,590
Printing & Supplies		2,577						4,056	6,633	7,420 14,053
Communications & Utilities									-	21,633 21,633
Transportation/Mileage		10,291					4,727	87,299	102,317	102,317
Professional Fees								60	60	8,997 9,057
Raw Food		48,308						10,667	58,975	58,975
Repairs & Maintenance		13,223							13,223	4,273 17,496
Training								2,064	2,064	2,064
Insurance									-	19,288 19,288
Other		8,194	985		297			5,935	15,411	300 15,711
Depreciation									-	22,596 22,596
Indirect Expenses	7,150	24,872		1,037		44,977	59,869	99,491	237,396	(237,396) -
<b>Total Expenses</b>	<b>22,306</b>	<b>223,699</b>	<b>985</b>	<b>3,732</b>	<b>7,015</b>	<b>169,288</b>	<b>118,194</b>	<b>358,561</b>	<b>903,780</b>	<b>- 903,780</b>
<b>Change in Net Assets Before Income Taxes</b>	<b>20,028</b>	<b>(7,685)</b>	<b>(148)</b>	<b>(1,419)</b>	<b>(15)</b>	<b>(4,666)</b>	<b>2,907</b>	<b>(30,081)</b>	<b>(21,079)</b>	<b>- (21,079)</b>

The accompanying notes are an integral part of these financial statements

**Hardy County Committee on Aging, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2016**

	Program Services								Management & General	Total	
	III-B	III-C	III-D	III-E	SHIP	In-Home Services	LIFE	Local			Subtotal
<b>Revenue &amp; Support</b>											
Grant Revenue											
Federal	\$ 27,808		\$ 1,012	\$ 6,454	\$ 5,500				\$ 40,774		\$ 40,774
Nutrition		121,913							121,913		121,913
State Grants Through Area Agency on Aging	15,911								15,911		15,911
LIFE Grants		36,992					161,567		198,559		198,559
Other State Grants		5,000				195,018			200,018		200,018
<b>Total Grants Revenues</b>	<b>43,719</b>	<b>163,905</b>	<b>1,012</b>	<b>6,454</b>	<b>5,500</b>	<b>195,018</b>	<b>161,567</b>	<b>-</b>	<b>577,175</b>	<b>-</b>	<b>577,175</b>
Other Revenues											
Program Service Fees								192,020	192,020		192,020
Project Income	2,150	25,686		51		22,140			50,027		50,027
Rental Income, net								105,319	105,319		105,319
Contributions								22,140	22,140		22,140
Interest Income								436	436		436
Unrealized Gain on Investments								2,265	2,265		2,265
Other Income								11,389	11,389		11,389
<b>Total Other Revenues</b>	<b>2,150</b>	<b>25,686</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>22,140</b>	<b>-</b>	<b>333,569</b>	<b>383,596</b>	<b>-</b>	<b>383,596</b>
<b>Total Revenue &amp; Support</b>	<b>45,869</b>	<b>189,591</b>	<b>1,012</b>	<b>6,505</b>	<b>5,500</b>	<b>217,158</b>	<b>161,567</b>	<b>333,569</b>	<b>960,771</b>	<b>-</b>	<b>960,771</b>
<b>Expenses</b>											
Payroll & Benefits	18,976	121,584		4,610	4,923	136,149	49,071	181,498	516,811	149,236	666,047
Printing & Supplies		9,214				318	80	10,530	20,142	6,444	26,586
Communications & Utilities									-	23,873	23,873
Transportation/Mileage	3,400	11,410			39	49,092	6,013	49,471	119,425	470	119,895
Professional Fees									-	8,278	8,278
Raw Food		38,979						8,888	47,867		47,867
Repairs & Maintenance		4,073							4,073	27,723	31,796
Training			200					2,535	2,735		2,735
Insurance									-	11,833	11,833
Other		3,587	991						4,578	6,228	10,806
Depreciation									-	26,524	26,524
Indirect Expenses	6,509	27,975					52,663	173,462	260,609	(260,609)	-
<b>Total Expenses</b>	<b>28,885</b>	<b>216,822</b>	<b>1,191</b>	<b>4,610</b>	<b>4,962</b>	<b>185,559</b>	<b>107,827</b>	<b>426,384</b>	<b>976,240</b>	<b>-</b>	<b>976,240</b>
<b>Change in Net Assets Before Income Taxes</b>	<b>16,984</b>	<b>(27,231)</b>	<b>(179)</b>	<b>1,895</b>	<b>538</b>	<b>31,599</b>	<b>53,740</b>	<b>(92,815)</b>	<b>(15,469)</b>	<b>-</b>	<b>(15,469)</b>

The accompanying notes are an integral part of these financial statements

**Hardy County Committee on Aging, Inc.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS**  
**For the Fiscal Year Ended September 30, 2016**

	Grant Identification Number	Expenditures
<b>FEDERAL:</b>		
U.S. Department of Health and Human Services:	93.044	\$ 27,808
Administration for Community Living Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers		
Administration for Community Living Special Programs for the Aging Title III Part D Disease Prevention and Health Promotion Services	93.043	1,012
Administration for Community Living Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052	6,454
Administration for Community Living Special Programs for Aging Title III Part C Nutrition Services (includes expenditures of state awards)	93.045	121,913
Centers for Medicare & Medicaid Services	93.779	5,500
CMS Research, Demonstration & Evaluations State Health Insurance Assistance Program (SHIP)		
<i>Total Expenditures of Federal Awards</i>		\$ 162,687
<b>STATE:</b>		
LIFE	7/1/16-6/30/17	2017 \$ 68,458
LIFE	7/1/15-6/30/16	2016 93,109
Lighthouse	7/1/16-6/30/17	2017 34,369
Lighthouse	7/1/15-6/30/16	2016 112,984
FAIR	7/1/16-6/30/17	2017 14,408
FAIR	7/1/15-6/30/16	2016 33,257
III-B		15,911
III-C		41,992
<i>Total Expenditures of State Awards</i>		\$ 414,488
<b>TOTAL EXPENDITURES OF FEDERAL &amp; STATE AWARDS</b>		<b>\$ 577,175</b>

The notes are an integral part of these financial statements.

# Williams & Associates, A.C.

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Certified Public Accountant

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## **Independent Auditors' 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 of  
Hardy County Committee on Aging, Inc.

We have audited, 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, the financial statements of the Hardy County Committee on Aging, Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015 and 2016, the related statement of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the Hardy County Committee on Aging, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 on 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.*

Elkins, West Virginia

June 19, 2017

# Williams & Associates, A.C.

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Elkins, WV 26241

Certified Public Accountant

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## MANAGEMENT LETTER

To the Board of Directors  
Hardy County Committee on Aging, Inc.  
Moorefield, West Virginia 26836

Our audit on the financial statements of Hardy County Committee on Aging, Inc., for the years ended September 30, 2015 and 2016, 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 19, 2017