

Hardy County Committee on Aging, Inc.

Audited Financial Statements

For the Years Ended
September 30, 2018 and 2017

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Hardy County Committee on Aging, Inc.
TABLE OF CONTENTS
For the Years Ended September 30, 2018 and 2017

INDEPENDENT AUDITORS' REPORT	1-2
-------------------------------------	------------

FINANCIAL STATEMENTS

Comparative Statement of Financial Position	3
Comparative Statement of Activities & Changes in Net Assets	4
Comparative Statement of Cash Flows	5
Notes to Financial Statements	6-15

SUPPLEMENTAL INFORMATION

Statement of Activities by Program (includes Functional Expenses) 2018	16
Statement of Activities by Program (includes Functional Expenses) 2017	17
Schedule of Expenditures of Federal & State Awards	18

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	19-20
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MANAGEMENT INFORMATION

Management Letter	21
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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 comparative statements of financial position as of September 30, 2018 and 2017, and the related comparative 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, 2018 and 2017, 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 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 13, 2019, 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 & Bright A.C.

Elkins, West Virginia

June 13, 2019

Hardy County Committee on Aging, Inc.
COMPARATIVE STATEMENT OF FINANCIAL POSITION
September 30, 2018 and 2017

ASSETS

Current Assets	2018	2017
Cash & Equivalents	\$ 122,424	\$ 185,305
Certificates of Deposit	141,564	100,653
Investments	14,443	11,100
Accounts Receivable	25,662	26,909
Grants Receivable	25,661	38,855
Prepaid Expenses	2,751	3,445
Inventory	8,445	8,716
Total Current Assets	340,950	374,983

Fixed Assets

Land	671,906	703,180
Buildings & Equipment	2,605,961	2,552,575
Accumulated Depreciation	(1,321,136)	(1,240,092)
Total Fixed Assets	1,956,731	2,015,663

TOTAL ASSETS

\$ 2,297,681	\$ 2,390,646
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LIABILITIES & NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 19,741	\$ 25,573
Accrued Wages	48,715	37,994
Deferred Compensation	19,909	25,567
Deferred Revenue	8,000	8,000
Deferred Rental Income	6,364	6,364
Line of Credit	7,998	62,700
Current Portion of Long-term Debt	71,820	75,507
Total Current Liabilities	182,547	241,705

Long-Term Liabilities

Mortgage Payable (Net of Current Portion)	-	378,901
OPEB Liability	-	296,598
Total Long-Term Liabilities	-	675,499

Total Liabilities	182,547	917,204
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Net Assets

Net Assets Without Restrictions	1,960,566	1,291,578
Net Assets With Restrictions	154,568	181,864
Total Net Assets	2,115,134	1,473,442

LIABILITIES & NET ASSETS

\$ 2,297,681	\$ 2,390,646
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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, 2018 and 2017

	2018			2017		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
REVENUE & SUPPORT						
Grant Revenues:						
Federal	\$ 35,015		\$ 35,015	\$ 36,350		\$ 36,350
State	349,777		349,777	404,170		404,170
Nutrition	116,703		116,703	120,077		120,077
Program Service Fees	183,957		183,957	193,107		193,107
Project Income	26,918		26,918	25,616		25,616
Rental Income, net	106,555		106,555	106,708		106,708
Contributions	16,837		16,837	13,156		13,156
Investment Income	473	635	1,108	329	107	436
Unrealized Gain(Loss) on Investments		3,343	3,343		1,950	1,950
Other Income	231		231	10	336	346
Net Gain(loss) on Sale of Assets		402,074	402,074		(1,000)	
Net Assets Released from Restrictions	433,348	(433,348)	-	1,000	(1,000)	-
TOTAL REVENUE & SUPPORT	<u>\$ 1,269,814</u>	<u>\$ (27,296)</u>	<u>\$ 1,242,518</u>	<u>\$ 900,523</u>	<u>\$ 1,393</u>	<u>\$ 901,916</u>
EXPENSES						
Program Service Expenses	\$ 665,302		\$ 665,302	\$ 690,700		\$ 690,700
Management & General	227,219		227,219	347,989		347,989
TOTAL EXPENSES	<u>\$ 892,521</u>	<u>\$ -</u>	<u>\$ 892,521</u>	<u>\$ 1,038,689</u>	<u>\$ -</u>	<u>\$ 1,038,689</u>
INCREASE(DECREASE) IN NET ASSETS OPERATING	\$ 377,293	\$ (27,296)	\$ 349,997	\$ (138,166)	\$ 1,393	\$ (136,773)
NON-OPERATING INCREASE(DECREASE) CHANGE IN BEFORE INCOME TAXES	296,599		296,599			
PROVISION FOR INCOME TAXES	\$ 673,892	\$ (27,296)	\$ 646,596	\$ (138,166)	\$ 1,393	\$ (136,773)
INCREASE(DECREASE) IN NET ASSETS	<u>(4,904)</u>	<u>-</u>	<u>(4,904)</u>	<u>(2,700)</u>	<u>-</u>	<u>(2,700)</u>
NET ASSETS, Beginning of Year	\$ 668,988	\$ (27,296)	\$ 641,692	\$ (140,866)	\$ 1,393	\$ (139,473)
NET ASSETS, End of Year	<u>\$ 1,291,578</u>	<u>\$ 181,864</u>	<u>\$ 1,473,442</u>	<u>\$ 1,432,444</u>	<u>\$ 180,471</u>	<u>\$ 1,612,915</u>
	<u>\$ 1,960,566</u>	<u>\$ 154,568</u>	<u>\$ 2,115,134</u>	<u>\$ 1,291,578</u>	<u>\$ 181,864</u>	<u>\$ 1,473,442</u>

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, 2018 and 2017

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2018</u>	<u>2017</u>
Increase(Decrease) in Net Assets	\$ 641,692	\$ (139,473)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	81,045	73,500
Unrealized Gain (Loss) on Investments	(3,343)	(1,950)
Gain on Sale of Real Estate	(402,074)	-
Loss on demolition of buildings (undepreciated basis)	-	67,302
(Increase)Decrease in Accounts Receivable	1,247	(10,165)
(Increase)Decrease in Grants Receivable	13,194	25,414
(Increase)Decrease in Prepaid Expenses	694	2,488
(Increase)Decrease in Inventory	272	170
Increase(Decrease) in Accounts Payable	(5,832)	6,057
Increase(Decrease) in Accrued Wages	10,722	(1,337)
Increase(Decrease) in Deferred Compensation	(5,658)	1,758
Increase(Decrease) in Deferred Revenue	-	6,364
Increase(Decrease) in OPEB Liability	<u>(296,599)</u>	<u>16,486</u>
Net cash provided by (used in) operating activities	<u>35,360</u>	<u>46,614</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Proceeds from Sale of Property	433,348	0
Purchases of Equipment	(53,388)	-
Increase(Decrease) in Certificates of Deposit	<u>(40,911)</u>	<u>(139)</u>
Net Cash provided by (used in) financing activities	<u>339,049</u>	<u>(139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	30,000	97,700
Payments on Line of Credit	(84,702)	(35,000)
Principle Payments on Long-Term Debt	<u>(382,588)</u>	<u>(71,586)</u>
Net Cash provided by (used in) investing activities	<u>(437,290)</u>	<u>(8,886)</u>
INCREASE(DECREASE) IN CASH	(62,881)	37,589
CASH BALANCE, Beginning of Year	<u>185,305</u>	<u>147,716</u>
CASH BALANCE, End of Year	<u><u>\$ 122,424</u></u>	<u><u>\$ 185,305</u></u>
SUPPLEMENTARY DISCLOSURE:		
Cash paid during the year for:		
Interest paid	\$ 8,406	\$ 28,607
Income taxes paid	\$ 4,904	\$ 2,700

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, 2018 and 2017

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 Accounting Standards Codification 958-205, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions (both temporary and permanent).

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, 2018 and 2017 of \$4,904 and \$2,700, respectively. The organization's returns for the prior three years remain open to examination by the Internal Revenue Service.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2018 and 2017

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017

Note 1. Summary of Significant Accounting Policies (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, 2018 and 2017

Note 1. Summary of Significant Accounting Policies (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 net assets without restrictions 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 net assets with donor restrictions.

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, 2018 and 2017 were \$501,495 and \$560,597, respectively.

Note 2. Certificates of Deposit

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

2018

	<u>Balance</u>
Pendleton County Bank, 5-year, 1.14%, maturing 2/27/23	\$ 12,480
Grant County Bank, 1-year, 0.33%, maturing 9/7/20	19,431
Grant County Bank, 1-year, 0.33%, maturing 9/7/20	17,702
Grant County Bank, 1-year, 0.33%, maturing 10/02/18	40,724
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/19	37,227
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/19	<u>14,000</u>
Total Certificates of Deposit as of September 30, 2018	<u>\$141,564</u>

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2018 and 2017

Note 2. Certificates of Deposit (Continued)

2017

	<u>Balance</u>
Pendleton County Bank, 5-year, 1.14%, maturing 2/27/23	\$ 12,293
Grant County Bank, 1-year, 0.33%, maturing 9/7/19	19,431
Grant County Bank, 1-year, 0.33%, maturing 9/7/19	17,702
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/18	37,227
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/18	<u>14,000</u>
Total Certificates of Deposit as of September 30, 2017	<u>\$100,653</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,

2018

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments, permanently restricted	<u>\$4,513</u>	<u>\$14,443</u>	<u>\$9,930</u>

2017

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments, permanently restricted	<u>\$4,513</u>	<u>\$11,100</u>	<u>\$6,587</u>

Note 4. Accounts Receivable

Accounts receivable consisted of the following as of September 30,

	<u>2018</u>	<u>2017</u>
WV DHHR	\$ 7,250	\$ 9,523
Veterans Administration	10,137	9,111
Rent Receivable	<u>8,275</u>	<u>8,275</u>
	<u>\$ 25,662</u>	<u>\$ 26,909</u>

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2018 and 2017

Note 5. Grants Receivable

Grants receivable consisted of the following as of September 30,

	2018	2017
LIFE	\$ 16,595	\$ 21,849
Title IIC	2,765	5,138
Title IID	0	1,012
FAIR/Lighthouse	6,301	10,856
	\$ 25,661	\$ 38,855

Note 6. Property and Equipment

Property and equipment consisted of the following as of September 30,

	2018	2017
Land	\$ 671,906	\$ 703,180
Buildings	2,214,592	2,214,593
Equipment	391,369	337,982
Total Fixed Assets	3,277,867	3,255,755
Less accumulated depreciation	(1,321,136)	(1,240,092)
Net property and equipment	\$ 1,956,731	\$ 2,015,663

Depreciation expense for years ended September 30, 2018 and 2017 was \$81,045 and \$73,500, 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. In October, 2017, the Organization sold 151 acres of land for \$450,000. A portion of the net proceeds - \$300,000 – was used to pay down the principal due on the mortgage, expediting the maturity date.

Future scheduled maturities for years ending September 30 are:

2019	71,820
	\$ 71,820

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2018 and 2017

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, 2018 and 2017 were \$20,166 and \$21,715, respectively, and is included in payroll & benefits 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, 2018 and 2017, 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, 2018 and 2017 were \$412 and \$528, 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, 2018 and 2017, the organization had \$19,909 and \$25,567, respectively, in accrued compensated absences.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2018 and 2017

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 or <http://peia.wv.gov>.

OPEB Liability – All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB unfunded accumulated benefit obligation.

For prior years, total OPEB expense consisted of amounts currently due to fund the "pay as you go" retiree subsidy and additional amounts billed to participating employers for their portion of the overall plan's Annual Required Contribution (ARC). The "pay as you go" amounts are included with fringe benefits in the accompanying Statements of Activities. The amounts billed from the Trust for the ARC are not required to be paid by the participating employers. OPEB costs were accrued based upon invoices received from PEIA based upon actuarially determined amounts. In accordance with professional standards, such amounts billed but unpaid were recorded as expenses with a liability for the cumulative amounts billed and unpaid.

For 2018, the Trust changed its method of accounting based on new Government Accounting Standards. In conjunction with this change, the Trust ceased billing participating employers for their portion of the ARC, and also withdrew/forgave all prior unpaid and outstanding ARC billings. As a result, the organization is no longer required by professional standards to record a liability for its unpaid ARC billings or for its allocated portion of the plan's unfunded accumulated benefit obligation. The amount of OPEB liability no longer required to be recorded by professional standards was \$296,599. This amount is reflected as a non-operating increase in net assets during the year ended September 30, 2018.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2018 and 2017

Note 15. Other Post Employment Benefits (OPEB) (Continued)

Since all unpaid prior ARC billings have been withdrawn/forgiven, and it is not considered probable the organization will withdraw from the plan and be required to make any payments in excess of the "pay as you go" amount for their allocated portion of the unfunded accumulated benefit obligation, this amount is not required to be recorded as a liability by the organization.

The West Virginia Legislature has passed legislation to provide alternate funding sources for the Trust/OPEB unfunded accumulated benefit obligation. In addition, the PEIA Finance Board imposed limits on the retiree subsidy currently provided for PEIA premiums for retirees. Future increases in the subsidy will be limited to no more than 3% per year. These actions are expected to ultimately fund the full accumulated benefit obligation.

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.

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.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2018 and 2017

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.

	2018	2017
Cash	\$ 1,094	\$ 459
Certificate of deposit	51,227	51,227
Investments	14,443	11,100
Receivable	87,804	87,804
Land	0	31,274
Total permanently restricted net assets	\$ 154,568	\$ 181,864

Note 19. 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 balance on the line of credit as of September 30, 2018 or 2017 was \$7,998 and \$62,700, respectively.

Note 20. Income Taxes

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

	2018	2017
Current taxes	\$ 4,904	\$ 2,700
Deferred taxes	0	0
	\$ 4,904	\$ 2,700

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, 2018

	Program Services						Subtotal	Management & General	Total
	III-B	III-C	III-D	III-E	LH/FAIR	In-Home Services			
Revenue & Support									
Grant Revenue									
Federal	\$27,539	\$ -	\$1,012	\$6,464	\$ -	\$ -	\$ -	\$ -	\$ 35,015
Nutrition	116,703								116,703
State Grants Via UPAAA	15,911	18,696				163,788			15,911
LIFE Grants					150,382			1,000	182,484
Other State Grants								1,000	151,382
Total Grants Revenues	43,450	135,399	1,012	6,464	150,382	-	163,788	1,000	501,495
Other Revenues									
Program Service Fees	5,114	7,484			20,109	97,370	53,880		183,957
Project Income	26,918								26,918
Rental Income, net									
Contributions		2,522							2,522
Interest Income									
Unrealized Interest Income - Stock									
Gain on Sale of Assets									
Other Income									
Total Other Revenues	5,114	36,924	-	-	20,109	97,370	53,880	-	213,397
Total Revenue & Support	48,564	172,323	1,012	6,464	170,491	97,370	163,788	54,880	714,892
Expenses									
Payroll & Benefits	41,618	119,644	1,299	8,437	95,520	113,519	72,240	31,317	483,594
Printing & Supplies	12,424								12,424
Communications & Utilities									
Transportation/Mileage	5,667	4,994			40,341	31,729	13,899	12,333	108,963
Professional Fees									
Raw Food	46,200						6,625		52,825
Repairs & Maintenance	3,767								3,767
Training			95					1,926	2,021
Insurance									
Other	1,328						96	284	1,708
Depreciation									
Program Services	47,285	188,357	1,394	8,437	135,861	145,248	86,235	52,485	665,302
Management & General	6,841	26,185		1,341	9,074	16,456	66,502	100,820	227,219
Total Expenses	54,126	214,542	1,394	9,778	144,935	161,704	152,737	153,305	892,521
Change in Net Assets -Operating	(5,562)	(42,219)	(382)	(3,314)	25,556	(64,334)	11,051	(98,425)	(177,629)
									527,626
									741,023
									1,242,518
									116,345
									16,388
									22,623
									108,963
									9,593
									52,825
									15,970
									2,021
									16,695
									2,811
									4,519
									30,561
									227,219
									892,521
									(227,219)
									-
									892,521
									349,997

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, 2017

	Program Services							Subtotal	Management & General	Total
	III-B	III-C	III-D	III-E	LH/FAIR	Services	LIFE			
Revenue & Support										
Grant Revenue	\$27,808	\$ -	\$1,012	\$7,530	\$ -	\$ -	\$ -	\$ -	\$ 36,350	\$ 36,350
Federal	120,077								120,077	120,077
Nutrition		11,150				181,071			15,911	15,911
State Grants Via UPAAA									192,221	192,221
LIFE Grants					158,038			38,000	196,038	196,038
Other State Grants										
Total Grants Revenues	43,719	131,227	1,012	7,530	158,038	-	181,071	38,000	560,597	560,597
Other Revenues										
Program Service Fees	4,742			154,329				34,036	193,107	193,107
Project Income		25,616							25,616	25,616
Rental Income, net									106,708	106,708
Contributions		925						108	925	13,156
Interest Income									108	437
Unrealized Interest Income - Stock										1,950
Other Income								345	345	345
Total Other Revenues	4,742	26,541	-	-	-	154,329	-	34,489	220,101	341,319
Total Revenue & Support	48,461	157,768	1,012	7,530	158,038	154,329	181,071	72,489	780,698	901,916
Expenses										
Payroll & Benefits	33,290	138,410		8,442	112,285	142,550	60,773		495,750	640,846
Printing & Supplies		10,269							10,269	26,271
Communications & Utilities										23,364
Transportation/Mileage					43,196	47,340		8,758	123,634	123,634
Professional Fees										10,361
Raw Food		40,267						6,942	47,209	47,209
Repairs & Maintenance		6,154							6,154	31,159
Training		395					15	1,289	1,699	1,699
Insurance										13,839
Interest										1,538
Other		4,815	1,170						5,985	8,946
Depreciation										22,520
Net (Gain)Loss on Assets										87,303
Program Services	38,915	219,025	1,170	8,442	155,481	189,890	60,788	16,989	690,700	1,038,689
Management & General	6,277	26,232		1,341	104,958	102,494	58,545	48,142	347,989	(347,989)
Total Expenses	45,192	245,257	1,170	9,783	260,439	292,384	119,333	65,131	1,038,689	-
Change in Net Assets -Operating	3,269	(87,489)	(158)	(2,253)	(102,401)	(138,055)	61,738	7,358	(257,991)	121,218
										(136,773)

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, 2018

	Grant Identification Number	Expenditures
FEDERAL:		
U.S. Department of Health and Human Services:	93.044	\$ 27,539
Administration for Community Living		
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration for Community Living	93.043	1,012
Special Programs for the Aging Title III Part D		
Disease Prevention and Health Promotion Services		
Administration for Community Living	93.052	6,464
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration for Community Living	93.045	116,703
Special Programs for Aging Title III Part C		
Nutrition Services (includes expenditures of state awards)		
<i>Total Expenditures of Federal Awards</i>		\$ 151,718
STATE:		
LIFE	7/1/18-9/30/18	2019 \$ 44,116
LIFE	7/1/17-6/30/18	2018 138,368
Lighthouse	7/1/18-9/30/18	2019 22,072
Lighthouse	7/1/17-6/30/18	2018 84,656
FAIR	7/1/18-9/30/18	2019 10,577
FAIR	7/1/17-6/30/18	2018 28,077
III-B		15,911
Client Tracking: Lighthouse		5,000
MIPPA		1,000
<i>Total Expenditures of State Awards</i>		\$ 349,777
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		\$ 501,495

The notes are an integral part of these financial statements.

**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 comparative statement of financial position as of September 30, 2018 and 2017, the related comparative 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 13, 2019.

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 & Bright, A.C.

Elkins, West Virginia
June 13, 2019

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, 2018 and 2017, 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 & Bright, A.C.

Elkins, West Virginia
June 13, 2019