

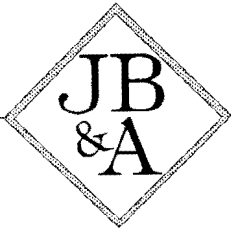
MCDOWELL COUNTY COMMISSION ON AGING, INC.

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2016

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10
SUPPLEMENTAL INFORMATION	
Schedule of Revenues and Support	11
Schedule of Expenditures of State Awards	12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	13-14
MANAGEMENT LETTER	15



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
McDowell County Commission on Aging, Inc.
Welch, West Virginia

We have audited the accompanying financial statements of McDowell County Commission on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, 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 McDowell County Commission on Aging, Inc. as of September 30, 2016, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and support and schedule of expenditures of state awards, are presented for purposes of additional analysis and are 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 20, 2017, on our consideration of McDowell County Commission 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 McDowell County Commission on Aging, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
June 20, 2017

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016**

ASSETS

Current Assets

Cash and cash equivalents	\$ 155,961
Accounts receivable, net	66,316
Grants receivable	119,537
Prepaid expenses	<u>13,676</u>
Total current assets	<u>355,490</u>

Property and equipment, net	<u>71,494</u>
-----------------------------	---------------

TOTAL ASSETS	<u><u>\$ 426,984</u></u>
---------------------	---------------------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 16,789
Accrued compensation	48,002
Accrued payroll taxes	<u>18,033</u>
Total current liabilities	<u>82,824</u>

Net Assets

Unrestricted	344,160
Temporarily restricted	<u> </u>
Total net assets	<u>344,160</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 426,984</u></u>
---	---------------------------------

The accompanying notes are an integral part of this statement.

MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Federal financial assistance	\$ 349,682	\$	\$ 349,682
State grants	465,440		465,440
Donations	36,510		36,510
Medicaid fees	653,832		653,832
Project income	57,502		57,502
Interest income	10		10
Other	14,834		14,834
Net assets released from restrictions:			
Restrictions released with time			
Total Revenue and Support	1,577,810		1,577,810
 EXPENSES			
Program Services			
Title III-B	74,838		74,838
Title III-D	5,290		5,290
Title III-C - congregate	47,023		47,023
Title III-C - home delivered	209,523		209,523
Title III-E	46,393		46,393
5310 Grant	68,303		68,303
LIFE	111,910		111,910
Personal Care	1,018,705		1,018,705
Management & general	54,273		54,273
Total Expenses	1,636,258		1,636,258
Change in Net Assets	(58,448)		(58,448)
NET ASSETS AT BEGINNING, RESTATED	402,608		402,608
NET ASSETS AT END OF YEAR	\$ 344,160	\$	\$ 344,160

The accompanying notes are an integral part of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Title III-B	Title III-D	Title III-C		Title III-E	5310 Grant	LIFE	Personal Care	Management and General	Totals (Memorandum Only)
			Congregate	Home Delivered						
Salaries and wages	\$ 51,074	\$ 2,942	\$ 20,691	\$ 109,358	\$ 35,296	\$ 46,877	\$ 38,809	\$ 837,220	\$ 7,264	\$ 1,149,531
Fringe benefits	6,109	682	2,529	13,335	4,301	5,556	8,111	99,992	911	141,526
Travel			4			232	119	23,694		24,049
Printing and supplies	1,846		1,366	2,770		1,226	14,019	4,988	17	26,232
Repairs and maintenance	3,169		1,072	11,841		3,822	33,950	3,392	473	57,719
Communications and utilities	2,345		2,344	8,167	48	2,338	2,191	12,646		30,079
Other	336	1,666	1,595	1,723	6,748	78	4,214	2,815	3,556	22,731
Rawfood			13,855	51,004						64,859
Disposables	53		1,788	5,938				3,617		11,396
Transportation/Trip	4,964		16	56		4,361		6,533	4,654	20,584
Professional services	785		314	1,256		279		5,903	3,510	12,047
Insurance	4,157		1,449	4,075		3,534	10,497	17,905		41,617
Depreciation									33,888	33,888
	<u>\$ 74,838</u>	<u>\$ 5,290</u>	<u>\$ 47,023</u>	<u>\$ 209,523</u>	<u>\$ 46,393</u>	<u>\$ 68,303</u>	<u>\$ 111,910</u>	<u>\$ 1,018,705</u>	<u>\$ 54,273</u>	<u>\$ 1,636,258</u>

The accompanying notes are an integral part of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (58,448)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	33,888
Gain on sale of building	(6,901)
(Increase) decrease in operating assets:	
Accounts and grants receivable	49,070
Prepaid expenses	(9,777)
Increase (decrease) in operating liabilities:	
Accounts payable	(2,738)
Accrued wages and taxes payable	12,847
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>17,941</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of building	<u>23,000</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>23,000</u>

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH USED IN FINANCING ACTIVITIES	<u> </u>
Increase in cash and cash equivalents	40,941
CASH AND CASH EQUIVALENTS, beginning of year	<u>115,020</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 155,961</u></u>

The accompanying notes are an integral part of this statement.

MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The McDowell County Commission on Aging, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in McDowell County, West Virginia. The purpose of the Organization is to study the needs of the seniors, to encourage, promote and aid in the establishment of programs for the seniors, to conduct programs of public education in the problems of aging, to utilize opportunities to establish demonstration programs, and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the McDowell County Commission on Aging, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. 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.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

Inventories

Inventories of raw food, materials and supplies are deemed immaterial and are accordingly expensed as purchased.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 5,000 capitalization policy whereby all property and equipment over \$ 5,000 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Federal Grants

Grants Monies are received on a reimbursement basis; this is utilized for Title III-B, Title III-D, Title III-E, Title VII, and LIFE grants. Upon completion of a grant year, any unexpended grants have to be approved for carryover to the next grant year.

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any expended monies are restricted for future Title III-C program operating expenses.

Total federal and state grant revenues for the year ended September 30, 2016, was \$349,682 and \$467,145 respectively.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that effect the reported amounts of assets and liabilities, the disclosure 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.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Note 2. Grants Receivable

Grants receivable at September 30, 2016, consisted of the following:

IIIB	\$	9,761
IIIC		50,056
IIID		1,864
LIFE		28,218
Lighthouse		15,360
5310 Grant		9,619
FAIR		4,659

Total		\$ 119,537
		=====

Note 3. Property and Equipment

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

Land and building	\$	143,199
Vehicles		340,113
Equipment		58,462

		541,774
Less accumulated depreciation		470,280

Total		\$ 71,494
		=====

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 4. Concentration

The Organization receives about 52 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 42 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

Note 5. Contingent Liabilities

In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 6. Net Assets

There were no restricted net assets at September 30, 2016.

Note 7. Subsequent Events

Management has evaluated subsequent events through June 20, 2017, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

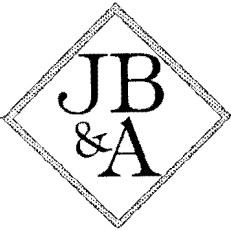
	Title III-B	Title III-D	Title III-C		Title III-E	Personal Care	Other Programs	LIFE	Totals (Memorandum Only)
			Congregate	Home Delivered					
Federal financial assistance	\$ 42,295	\$ 4,937	\$ 37,456	\$ 187,346	\$ 30,308	\$	\$ 47,340	\$	\$ 349,682
State grants	28,656	871						204,931	234,458
State LIFE allocated			3,683	26,310	9,929	49,312	11,619	(100,853)	
State grant Fair						54,880			54,880
State grant Lighthouse						174,016			174,016
Sate grant Community Partnership MIPPA							1,086		1,086
Donations					6,748		1,000		1,000
Contractual revenues						653,832	29,762		36,510
Project income	352		6,781	18,849	4,115	24,402	3,003		653,832
Interest income							10		57,502
Other Income							14,834		10
									14,834
Total	\$ 71,303	\$ 5,808	\$ 47,920	\$ 232,505	\$ 51,100	\$ 956,442	\$ 108,654	\$ 104,078	\$ 1,577,810

The accompanying independent auditor's report and notes are integral parts of this schedule.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Community Partnership Grants	June 30, 2016	FY2016	\$ 1,086
Lighthouse	June 30, 2016	IH1647	125,500
Lighthouse	June 30, 2017	IH1747	48,516
FAIR	June 30, 2016	IH1647	40,866
FAIR	June 30, 2017	IH1747	14,014
MIPPA	September 30, 2016	MIPPA1546	<u>1,000</u>
Total Direct Programs			<u>230,982</u>
Pass through Awards			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2016	21638-05	28,656
IIID	June 30, 2016	21638-05	871
LIFE	June 30, 2016	21605-05	150,819
LIFE	June 30, 2017	21705-05	<u>54,112</u>
Total pass-through awards			<u>234,458</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 465,440</u>

The accompanying independent auditor's report and notes are integral parts of this schedule.



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

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

To the Board of Directors
McDowell County Commission on Aging, Inc.
Welch, 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 McDowell County Commission on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, 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 20, 2017.

Internal Control Over Financial Reporting

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

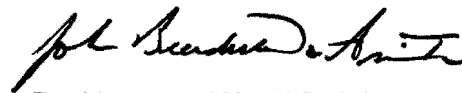
Compliance and Other Matters

As part of obtaining reasonable assurance about whether McDowell County Commission 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*.

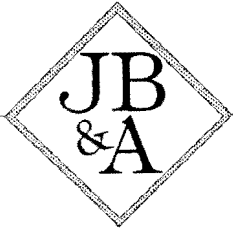
We noted certain other matters that we reported to management of McDowell County Commission on Aging, Inc. in a separate letter dated June 20, 2017 on page 15.

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.



Buckhannon, West Virginia
June 20, 2017



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

MANAGEMENT LETTER

To the Senior Management and
The Board of Directors of
McDowell County Commission on Aging, Inc.
Welch, West Virginia

In planning and performing our audit of the financial statements of McDowell County Commission on Aging, Inc. for the year ended September 30, 2016, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 20, 2017, on the financial statements of McDowell County Commission on Aging, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Segregation of Duties

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

We wish to thank the Director and her staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

Buckhannon, West Virginia
June 20, 2017