

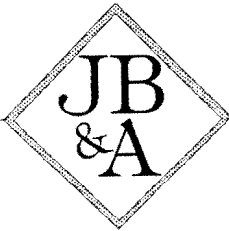
MCDOWELL COUNTY COMMISSION ON AGING, INC.

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

SEPTEMBER 30, 2017

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JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017, 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

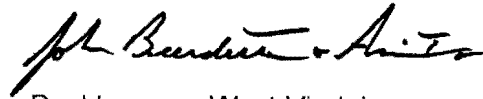
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McDowell County Commission on Aging, Inc. as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting 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 13, 2018, 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 13, 2018

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017**

ASSETS

Current Assets

Cash and cash equivalents	\$ 113,231
Accounts receivable, net	50,446
Grants receivable	98,461
Prepaid expenses	<u>15,653</u>
Total current assets	<u>277,791</u>

Property and equipment, net	<u>124,326</u>
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TOTAL ASSETS	<u><u>\$ 402,117</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 10,323
Accrued compensation	43,780
Accrued payroll taxes	<u>7,008</u>
Total current liabilities	<u>61,111</u>

Net Assets

Unrestricted	341,006
Temporarily restricted	<u> </u>
Total net assets	<u>341,006</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 402,117</u></u>
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The accompanying notes are an integral part of this statement.

MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Federal financial assistance	\$ 411,939	\$	\$ 411,939
State grants	405,424		405,424
Donations	39,510		39,510
Medicaid fees	609,923		609,923
Project income	49,269		49,269
Interest income	9		9
Other	5,114		5,114
Net assets released from restrictions:			
Restrictions released with time	<u> </u>	<u> </u>	<u> </u>
Total Revenue and Support	<u>1,521,188</u>	<u> </u>	<u>1,521,188</u>
EXPENSES			
Program Services			
Title III-B	73,470		73,470
Title III-D	5,808		5,808
Title III-C - congregate	43,819		43,819
Title III-C - home delivered	246,226		246,226
Title III-E	48,219		48,219
5310 Grant	73,471		73,471
LIFE	110,771		110,771
Personal Care	882,921		882,921
Management & general	39,637		39,637
Total Expenses	<u>1,524,342</u>	<u> </u>	<u>1,524,342</u>
Change in Net Assets	(3,154)		(3,154)
NET ASSETS AT BEGINNING, RESTATED	<u>344,160</u>	<u> </u>	<u>344,160</u>
NET ASSETS AT END OF YEAR	<u>\$ 341,006</u>	<u>\$</u>	<u>\$ 341,006</u>

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, 2017**

	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	\$ 49,149	\$ 3,042	\$ 17,087	\$ 120,097	\$ 35,487	\$ 50,077	\$ 40,082	\$ 719,138	\$	\$ 1,034,159
Fringe benefits	6,133	353	2,145	14,375	4,338	6,322	4,964	89,738		128,368
Travel			177	911	80	147		20,729		22,044
Printing and supplies	1,634		2,181	5,287		1,413	17,006	5,866		33,387
Repairs and maintenance	1,286		2,305	24,727		1,835	29,462	1,485		61,100
Communications and utilities	2,737		3,006	12,807	38	1,780	132	7,967		28,467
Other	856	2,413	2,194	1,065	8,276		2,829	8,256	1,562	27,451
Rawfood			10,247	52,379						62,626
Disposables	261		2,064	9,535		148		3,559		15,567
Transportation/Trip	6,301		7	9		6,591		360		13,268
Professional services	1,304		671	1,937		1,136		10,424		15,472
Insurance	3,809		1,335	2,697		4,022	16,296	15,399		43,558
Rent			400	400						800
Depreciation									38,075	38,075
	<u>\$ 73,470</u>	<u>\$ 5,808</u>	<u>\$ 43,819</u>	<u>\$ 246,226</u>	<u>\$ 48,219</u>	<u>\$ 73,471</u>	<u>\$ 110,771</u>	<u>\$ 882,921</u>	<u>\$ 39,637</u>	<u>\$ 1,524,342</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, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (3,154)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	38,075
(Increase) decrease in operating assets:	
Accounts and grants receivable	36,946
Prepaid expenses	(1,977)
Increase (decrease) in operating liabilities:	
Accounts payable	(6,466)
Accrued wages and taxes payable	<u>(15,247)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>48,177</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(90,907)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(90,907)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH USED IN FINANCING ACTIVITIES	<u> </u>
Decrease in cash and cash equivalents	(42,730)
CASH AND CASH EQUIVALENTS, beginning of year	<u>155,961</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 113,231</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

Grant funds 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. Lighthouse and FAIR are drawn down per unit of service as are Medicare and Waiver personal care services. The 5310 Transportation grant is drawn down by passenger trip unit.

Total federal and state grant revenues for the year ended September 30, 2017, was \$411,939 and \$405,424 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, 2017, consisted of the following:

IIIB	\$ 6,722
IIIC	15,358
IIIE	566
LIFE	41,633
Lighthouse	23,456
5310 Grant	5,245
FAIR	5,481

Total	\$ 98,461
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Note 3. Property and Equipment

Property and equipment consisted of the following at September 30, 2017:

Land and building	\$ 168,199
Vehicles	367,498
Equipment	58,462

	594,159
Less accumulated depreciation	469,833

Total	\$ 124,326
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**MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 4. Concentration

The Organization receives about 54 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 40 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, 2017.

Note 7. Subsequent Events

Management has evaluated subsequent events through June 13, 2018, 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, 2017**

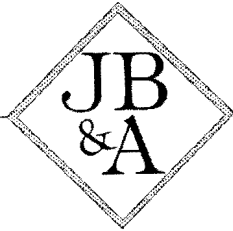
	Title III-B	Title III-D	Title III-C		Title III-E	5310 Transportation	LIFE	Personal Care	Other Programs	Totals (Memorandum Only)
			Congregate	Home Delivered						
Federal grants	\$ 42,295	\$ 4,937	\$ 41,764	\$ 189,399	\$ 30,308	\$ 54,486	\$	\$	\$ 48,750	\$ 411,939
State grants	28,656	871								207,769
State LIFE allocated			3,068	11,445	10,103	13,576	(67,471)	13,029	16,250	
State grant FAIR								35,671		35,671
State grant Lighthouse								151,984		151,984
State grant Data Entry								5,000		5,000
State grant MP DOTS									5,000	5,000
Donations					8,276				31,234	39,510
Contractual revenues								609,923		609,923
Project income	572		7,634	7,969	4,255	3,157		19,188	6,494	49,269
Interest income									9	9
Other Income									5,114	5,114
Total	\$ 71,523	\$ 5,808	\$ 52,466	\$ 208,813	\$ 52,942	\$ 71,219	\$ 110,771	\$ 834,795	\$ 112,851	\$ 1,521,188

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, 2017**

	Grant Period	Grant Identificaiton Number	State Expenditures
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2018	IH1847	\$ 30,536
Lighthouse	June 30, 2017	IH1747	121,448
FAIR	June 30, 2018	IH1847	8,131
FAIR	June 30, 2017	IH1747	27,540
Data Entry	June 30, 2018	IH1847	5,000
MP DOTS	July 31, 2018	MPDOTS1803	5,000
Total Direct Programs			197,655
Pass through Awards:			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2017	21738-05	28,656
IIID	June 30, 2017	21738-05	871
LIFE	June 30, 2018	21805-05	41,633
LIFE	June 30, 2017	21705-05	136,609
Total pass-through awards			207,769
TOTAL EXPENDITURES OF STATE AWARDS			\$ 405,424

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



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017, 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 13, 2018.

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.

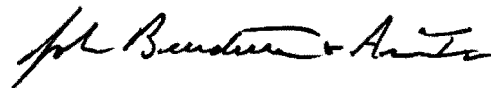
Compliance and Other Matters

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 13, 2018 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 13, 2018



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, 2017, 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 13, 2018, 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 13, 2018