

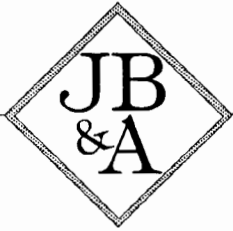
COMMISSION ON AGING FAMILY SERVICES, INC.

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

SEPTEMBER 30, 2018

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to financial statements	8-12
SUPPLEMENTAL INFORMATION	
Schedule of Revenues and Support	13-14
Schedule of Expenditures of State Awards	15
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>	16-17
MANAGEMENT LETTER	18-19



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
Commission on Aging Family Services, Inc.
Petersburg, West Virginia

We have audited the accompanying financial statements of Commission on Aging Family Services, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, 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 Commission on Aging Family Services, Inc. as of September 30, 2018, 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 27, 2019, on our consideration of Commission on Aging Family Services, 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 Commission on Aging Family Services, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
June 27, 2019

**COMMISSION ON AGING FAMILY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018**

ASSETS

Current Assets

Cash and cash equivalents	\$ 226,250
Accounts receivable	77,218
Grants receivable	61,233
Prepaid expenses	5,888
Investment	<u>270,237</u>

Total current assets 640,826

Property and Equipment, net 478,186

TOTAL ASSETS \$ 1,119,012

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 9,037
Accrued wages payable	47,336
Accrued annual leave	36,132
Deferred revenue	<u>1,500</u>

Total current liabilities 94,005

Other Liabilities

OPEB - PEIA 305,828

Net Assets

Unrestricted 719,179

Temporarily restricted

Total net assets 719,179

TOTAL LIABILITIES AND NET ASSETS \$ 1,119,012

The accompanying notes are an integral part of this statement.

COMMISSION ON AGING FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal financial assistance	\$ 184,303	\$	\$ 184,303
State grant allocations	391,129		391,129
County Commission	13,000		13,000
Donations and match	40,101		40,101
Contractual personal care	785,850		785,850
Project income	59,521		59,521
Investment income	8,289		8,289
Unrealized gain	15,203		15,203
Other income	7,962		7,962
 Net assets released from restrictions:			
Restrictions released with time			
Restrictions satisfied with payments			
 Total Revenue and Support	1,505,358		1,505,358
 EXPENSES			
Program Services			
Title III-B	68,681		68,681
Title III-E	12,646		12,646
Title III-C-congregate	76,538		76,538
Title III-C -home delivered	76,298		76,298
VA	34,396		34,396
Lighthouse	161,325		161,325
FAIR	65,896		65,896
Personal care	665,337		665,337
LIFE	105,747		105,747
Other programs	1,514		1,514
Management and general	310,524		310,524
 Total Expenses	1,578,902		1,578,902
 Change in Net Assets	(73,544)		(73,544)
 NET ASSETS AT BEGINNING OF YEAR	792,723		792,723
 NET ASSETS AT END OF YEAR	\$ 719,179	\$	\$ 719,179

The accompanying notes are an integral part of this statement.

COMMISSION ON AGING FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Title III-B	Title III-E	Title III-C		VA
			Congregate	Home Delivered	
Salaries and wages	\$ 27,274	\$ 7,612	\$ 26,631	\$ 35,275	\$30,246
Fringe benefits	4,866	1,082	3,287	5,162	3,397
Travel	115	39	112	118	621
Printing and supplies	155	38	22		
Repairs and maintenance	12,848		177		
Communications and utilities	1,014		2,649	1,998	
Other	76	69	3,866	1,559	132
Depreciation					
Raw food			25,156	19,053	
Disposables			4,888	5,333	
Insurance	5,000				
Professional/Contractual					
Inkind rent	17,333	3,806	9,750	7,800	
	<u>\$ 68,681</u>	<u>\$12,646</u>	<u>\$ 76,538</u>	<u>\$ 76,298</u>	<u>\$34,396</u>

**COMMISSION ON AGING FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>Lighthouse</u>	<u>FAIR</u>	<u>Personal Care</u>	<u>LIFE</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Totals (Memorandum Only)</u>
\$ 142,362	\$ 58,496	\$ 595,371	\$ 66,051	\$ 1,071	\$ 107,932	\$ 1,098,321
14,646	6,285	56,922	10,064	308	131,983	238,002
3,843	887	10,893	2,006	57	-	18,691
		263	3,041		6,011	9,530
			14,223		7,094	34,342
			9,666		6,114	21,441
474	228	1,888	574	78	18,588	27,532
					13,789	13,789
					1,063	45,272
			122		239	10,582
					8,629	13,629
					9,082	9,082
					38,689	38,689
<u>\$ 161,325</u>	<u>\$ 65,896</u>	<u>\$ 665,337</u>	<u>\$ 105,747</u>	<u>\$ 1,514</u>	<u>\$ 310,524</u>	<u>\$ 1,578,902</u>

The accompanying notes are an integral part of this statement.

**COMMISSION ON AGING FAMILY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (73,544)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	13,789
Unrealized gain on investments	(15,203)
(Increase) decrease in operating assets:	
Accounts and grants receivable	(24,973)
Prepaid expense	3,745
Increase (decrease) in operating liabilities:	
Accounts payable	2,473
Accrued wages and fringes	3,417
NET CASH USED IN OPERATING ACTIVITIES	<u>(90,296)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	(140,196)
Investment distribution	<u>126,000</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(14,196)</u>

Decrease in cash and cash equivalents	(104,492)
CASH AND CASH EQUIVALENTS, beginning of year	<u>330,742</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 226,250</u></u>

The accompanying notes are an integral part of this statement.

**COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The Commission on Aging Family Services, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizen in Grant County, West Virginia. The purpose of the organization is to assist elderly persons and their families regardless of race, religion, creed, or color in finding and making use of their resources; to establish and maintain programs and services which are appropriate and realistic to the elderly; to establish the value of human life, dignity, of self-worth, an atmosphere of respect, trust, and support; to make the elderly an integral part of the community allowing them to live with dignity and a purposeful life throughout their golden years and to help avoid institutionalization.

The summary of significant accounting policies of the Commission on Aging Family Services, Inc. is presented to assist in understanding the Commission's financial statements. The financial statements and note are the representation of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of Commission on Aging Family Services, 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. 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 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.

**COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization capitalizes all purchases of equipment at cost and all donated equipment at fair market value. This recorded basis is depreciated using the straight-line method over the assets' estimated useful life. All equipment and/or vehicles purchased with grant monies must have approval from the grantor agency to dispose of such equipment and the method of disposition. The Organization capitalizes equipment with an estimated useful life of at least five years and a basis of at least \$1,000. 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 And State Grant Revenue

Grant monies are received on a reimbursement basis for Title III-B, Title III-D, Title III-E, Title VII and LIFE grants. Upon completion of a grant year, any unexpended grant funds has 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.

Total federal and state grant revenues for the year ended September 30, 2018, were \$184,303 and \$391,129, respectively.

**COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Donated Services

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in relation to such volunteer services.

Donated Facilities

The Organization's facilities are owned by the Grant County Commission. These facilities are leased to the Organization for free and are therefore recorded at fair value as in-kind contributions and in-kind rent expense in the financial statements. The Organization has recorded in-kind rent of \$38,689 for the year ended September 30, 2018.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the year ended September 30, 2018.

Expense Allocation

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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.

**COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 2. Investments

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	-----	-----	-----	-----
Edward Jones				
Bonds	\$ 131,083	\$ 10,331	\$	\$ 141,414
Mutual Funds	94,560	34,263		128,823
	-----	-----	-----	-----
Total	\$ 225,643	\$ 44,594	\$	\$ 270,237
	=====	=====	=====	=====

Note 3. Receivables

Receivables at September 30, 2018, consisted of the following:

Accounts Receivable	
Contractual revenues – Personal care	\$ 77,218
	=====
Grants Receivable	
LIFE	\$ 15,797
FAIR	7,960
Lighthouse	22,468
III-C	2,008
County Commission	13,000

Total	\$ 61,233
	=====

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2018:

Building improvements	\$ 518,765
Vehicles	125,660
Equipment, furniture and fixtures	144,668

	789,093
Less accumulated depreciation	310,907

Total	\$ 478,186
	=====

**COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 5. Concentration

The Organization receives about 39 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 53 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 6. 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 this audit is not believed to be material.

Note 7. Retirement Program

Certain employees are eligible to be included in the Commission's defined contribution retirement program. The employee contributes 4.5% of his/her gross wages. It is combined with 9.5% contributed by the Commission on Aging Family Services, Inc. The covered employees are eligible to draw benefits upon retirement. Service contributions to the retirement program were \$27,403 for the year ended September 30, 2018.

Note 8. Other Post-Employment Benefits (OPEB Plan)

The Commission participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The total liability for post-retirement benefits as calculated by PEIA was \$305,828 as of September 30, 2018.

Note 7. Endowment Fund

The Commission on Aging Family Services, Inc. is the beneficiary of an endowment held by the Tucker Community Foundation and currently invested under a trust agreement with Citizens Bank of West Virginia. Fund distributions occur at the discretion of the Tucker Community Foundation. The balance of this fund as of September 30, 2018 was \$11,784.

Note 8. Subsequent Events

Management has evaluated subsequent events through June 27, 2019, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**COMMISSION ON AGING FAMILY SERVICES, INC.
SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Title III-B	Title III-C		Title III-E	Lighthouse
		Congregate	Home Delivered		
Federal financial assistance	\$ 27,170	\$ 46,494	\$ 45,673	\$ 5,567	\$
State grant	15,270				146,260
County Commission			10,000		
Donations and match	17,333	9,750	7,800	3,806	
Contractual - Personal Care					
Project income	1,521	23,649	7,260	930	14,960
Investment income	7,225			1,064	
Unrealized gain on investment					
Other income					
	<u>\$ 68,519</u>	<u>\$ 79,893</u>	<u>\$ 70,733</u>	<u>\$ 11,367</u>	<u>\$ 161,220</u>

**COMMISSION ON AGING FAMILY SERVICES, INC.
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>FAIR</u>	<u>DHHR</u>	<u>Other Programs</u>	<u>LIFE</u>	<u>VA</u>	<u>Totals (Memorandum Only)</u>
Federal financial assistance	\$	\$	\$ 8,341	\$	\$ 51,058	\$ 184,303
State grant	36,357			193,242		391,129
County Commission			3,000			13,000
Donations and match			1,412			40,101
Contractual - Personal Care		785,850				785,850
Project income	6,530		3,842	829		59,521
Investment income						8,289
Unrealized gain on investment			15,203			15,203
Other income			7,962			7,962
	<u>\$ 42,887</u>	<u>\$ 785,850</u>	<u>\$ 39,760</u>	<u>\$ 194,071</u>	<u>\$ 51,058</u>	<u>\$ 1,505,358</u>

The accompanying independent auditor's report is an intergral part of this schedule.

**COMMISSION ON AGING FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Grant Period	Grant Identificaiton Number	State Expenditures
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2018	IH1829	105,900
Lighthouse	June 30, 2019	IH1929	40,360
FAIR	June 30, 2018	IH1829	28,397
FAIR	June 30, 2019	IH1929	7,960
Total Direct Programs			182,617
Pass through Awards			
Upper Potomac Area Agency on Aging			
IIIB State	June 30, 2018	21837	15,270
LIFE	June 30, 2018	21804	160,047
LIFE	June 30, 2019	21904	33,195
Total pass-through awards			208,512
TOTAL EXPENDITURES OF STATE AWARDS			\$ 391,129

The accompanying independent auditor's report is an integral part 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
Commission on Aging Family Services, Inc.
Petersburg, 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 Commission on Aging Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, 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 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Commission on Aging Family Services, 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 Commission on Aging Family Services, 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.

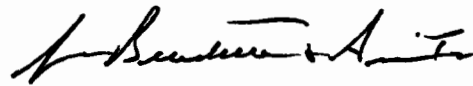
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Commission on Aging Family Services, 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*.

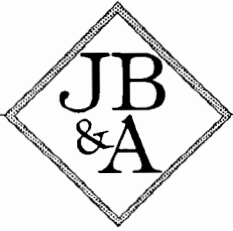
We noted certain other matters that we reported to management of Commission on Aging Family Services, Inc. in a separate letter dated June 27, 2019 on pages 18 and 19.

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 27, 2019



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

MANAGEMENT LETTER

To the Board of Directors
and Senior Management
Commission on Aging Family Services, Inc.
Petersburg, West Virginia

In planning and performing our audit of the financial statements of Commission on Aging Family Services, Inc. for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter dated June 27, 2019, on pages 16 and 17, contains our communication of significant deficiencies or material weaknesses in the Organization's internal control. This letter does not affect our report dated June 27, 2019, on the financial statements of Commission on Aging Family Services, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss them 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:

Accrual Basis Accounting Records

The Organization's policy is to prepare its financial statement on the accrual basis of accounting and therefore all accrued revenue and expenses should be recorded in the general ledger at year end.

Accrued liabilities and accounts receivable should be recorded in the general ledger at September 30, 2018. Although acceptable for the auditor to help convert the Organization from cash to accrual basis there are advantages for maintaining books on the accrual basis. The most important being more accurate financial reporting with better matching of income and expenses during the year.

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

Allocation of Employee Benefits

Employee health insurance and worker's compensation insurance are not being allocated to the programs to which they relate. The total of these insurance benefits are being charged to administration rather than to the programs to which the payroll is charged.

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

This report is intended solely for the information and use of management, Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Brenton A. Smith". The signature is fluid and cursive, with a large initial "B" and "A".

Buckhannon, West Virginia
June 27, 2019