

**HARRISON COUNTY
SENIOR CITIZENS CENTER, INC.
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014**

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HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Harrison County Senior Citizens Center, Inc.
Clarksburg, West Virginia

I have audited the accompanying financial statements of **Harrison County Senior Citizens Center, Inc.** (a West Virginia not-for-profit organization) which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Harrison County Senior Citizens Center, Inc.** as of September 30, 2015 and 2014, and the changes in its net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. Certain conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 8. The financial statements do not include any adjustments related to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Organization be unable to continue as a going concern.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements of **Harrison County Senior Citizens Center, Inc.** as a whole. The accompanying schedule of federal and state awards for year ended September 30, 2015 on page 20 is presented for purposes of additional analysis, and is 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 my 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*, I have also issued my report dated February 1, 2016, on my consideration of **Harrison County Senior Citizens Center, Inc.'s** internal control over financial reporting and on my 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 my 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 **Harrison County Senior Citizens Center, Inc.'s** internal control over financial reporting and compliance.



February 1, 2016

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2015 and 2014

	ASSETS	
	2015	2014
Current assets		
Cash and cash equivalents	\$ -	\$ 38,126
Grants and allocations receivable	99,665	89,212
Accounts receivable	3,895	4,307
Prepaid expenses	6,198	13,433
Inventory	2,185	2,185
Total current assets	<u>111,943</u>	<u>147,263</u>
Property and equipment		
Land	5,000	5,000
Building and improvements	567,086	567,086
Furniture and fixtures	60,018	53,858
Equipment	12,120	12,120
Vehicles	360,522	324,781
Less: accumulated depreciation	(438,964)	(367,838)
Net property and equipment	<u>565,782</u>	<u>595,007</u>
Other assets		
Certificate of deposit	18,062	18,017
Total assets	<u><u>695,787</u></u>	<u><u>760,287</u></u>
	LIABILITIES AND NET ASSETS	
Current liabilities		
Disbursements in excess	20,044	-
Line of credit	13,186	-
Accounts payable	16,756	17,755
Accrued payroll and payroll taxes	38,871	37,543
Accrued compensated absences	20,235	37,471
Total current liabilities	<u>109,092</u>	<u>92,769</u>
Net assets		
Unrestricted	481,616	547,614
Temporarily restricted net assets	86,967	101,887
Permanently restricted net assets	18,112	18,017
Total net assets	<u>586,695</u>	<u>667,518</u>
Total liabilities and net assets	<u><u>\$ 695,787</u></u>	<u><u>\$ 760,287</u></u>

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

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

STATEMENT OF ACTIVITIES

Year ended September 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and support				
State grants and financial assistance	\$ 810,509	\$ -	\$ -	\$ 810,509
Federal financial assistance	106,227	28,593	-	134,820
Harrison County grants and assistance	133,713	-	-	133,713
Meal program service revenue	70,847	-	-	70,847
City of Clarksburg allocations	20,000	-	-	20,000
Contributions	19,047	-	50	19,097
Community service programs	12,491	-	-	12,491
Membership fees	12,178	-	-	12,178
Bingo and raffle	25,841	-	-	25,841
Less direct expense	(16,576)	-	-	(16,576)
Special events and activities	7,207	-	-	7,207
Less direct expense	(6,693)	-	-	(6,693)
Other income	1,517	-	-	1,517
Interest income	2	-	45	47
Net assets released from restrictions	43,513	(43,513)	-	-
Total revenue and support	<u>1,239,823</u>	<u>(14,920)</u>	<u>95</u>	<u>1,224,998</u>
Expenses				
Program activities:				
Program expenses	1,049,648	-	-	1,049,648
Supporting activities:				
Management and general	231,227	-	-	231,227
Fundraising	24,946	-	-	24,946
Total expenses	<u>1,305,821</u>	<u>-</u>	<u>-</u>	<u>1,305,821</u>
Change in net assets	(65,998)	(14,920)	95	(80,823)
Net assets - beginning of year	<u>547,614</u>	<u>101,887</u>	<u>18,017</u>	<u>667,518</u>
Net assets - end of year	<u>\$ 481,616</u>	<u>\$ 86,967</u>	<u>\$ 18,112</u>	<u>\$ 586,695</u>

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2015

	<u>Program expenses</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries and wages	\$ 699,176	\$ 146,027	\$ 18,371	\$ 863,574
Payroll taxes and related expenses	61,600	12,928	1,521	76,049
Utilities and occupancy expenses	42,369	23,539	1,345	67,253
Supplies - Kinley Café	46,673	9,796	1,152	57,621
Vehicle expense	40,400	2,127	-	42,527
Program service expense	32,270	-	-	32,270
Insurance	21,152	4,439	522	26,113
Professional services	10,414	2,185	257	12,856
Supplies - building	7,482	4,157	237	11,876
Contract services	8,607	1,806	212	10,625
Office supplies and expense	7,311	1,534	181	9,026
Repairs and maintenance	4,586	2,548	145	7,279
Advertising and public awareness	4,923	1,425	130	6,478
Employee benefits	2,523	530	62	3,115
Licenses, permits, and fees	2,417	508	61	2,986
Bank fees	-	2,491	-	2,491
Travel and training expense	1,555	326	39	1,920
Interest expense	-	636	-	636
	<u>993,458</u>	<u>217,002</u>	<u>24,235</u>	<u>1,234,695</u>
Total expenses before depreciation				
Depreciation	56,190	14,225	711	71,126
	<u>\$ 1,049,648</u>	<u>\$ 231,227</u>	<u>\$ 24,946</u>	<u>\$ 1,305,821</u>

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

STATEMENT OF ACTIVITIES

Year ended September 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
State grants and financial assistance	\$ 803,097	\$ 41,414	\$ -	\$ 844,511
Community service programs	12,596	-	-	12,596
Membership fees	13,189	-	-	13,189
Contributions	14,130	-	50	14,180
City of Clarksburg allocations	18,500	-	-	18,500
Meal program service revenue	62,744	-	-	62,744
Harrison County grants and assistance	122,475	-	-	122,475
Federal financial assistance	168,869	-	-	168,869
Special events and activities	10,625	-	-	10,625
Less direct expense	(9,714)	-	-	(9,714)
Bingo and raffle	10,242	-	-	10,242
Less direct expense	(6,603)	-	-	(6,603)
Gain on sale of assets	8,450	-	-	8,450
Other income	6,705	-	-	6,705
Interest income	1,243	-	94	1,337
Net assets released from restrictions	37,263	(37,263)	-	-
Total revenue and support	<u>1,273,811</u>	<u>4,151</u>	<u>144</u>	<u>1,278,106</u>
Expenses				
Program activities:				
Program expenses	1,076,275	-	-	1,076,275
Supporting activities:				
Management and general	299,787	-	-	299,787
Fundraising	26,887	-	-	26,887
Total expenses	<u>1,402,949</u>	<u>-</u>	<u>-</u>	<u>1,402,949</u>
Change in net assets	(129,138)	4,151	144	(124,843)
Net assets - beginning of year	<u>676,752</u>	<u>97,736</u>	<u>17,873</u>	<u>792,361</u>
Net assets - end of year	<u>\$ 547,614</u>	<u>\$ 101,887</u>	<u>\$ 18,017</u>	<u>\$ 667,518</u>

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

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2014

	<u>Program expenses</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries and wages	\$ 675,845	\$ 191,455	\$ 18,790	\$ 886,090
Payroll taxes and related expenses	62,873	18,200	1,655	82,728
Utilities and occupancy expenses	43,725	23,229	1,366	68,320
Supplies - Kinley Café	50,777	14,699	1,336	66,812
Vehicle expense	47,043	2,476	-	49,519
Insurance	28,031	8,114	738	36,883
Contract services	23,247	6,729	612	30,588
Program service expense	19,071	-	-	19,071
Office supplies and expense	12,356	3,577	325	16,258
Supplies - building	9,729	5,168	304	15,201
Professional services	10,827	3,134	285	14,246
Repairs and maintenance	8,074	4,290	252	12,616
Employee benefits	8,164	2,363	215	10,742
Travel and training expense	6,762	1,958	178	8,898
Satellite center allocations	7,995	-	-	7,995
Advertising and public awareness	2,962	858	76	3,896
Licenses, permits, and fees	2,036	589	54	2,679
Interest expense	-	174	-	174
Bank fees	-	117	-	117
Miscellaneous expense	-	44	-	44
Total expenses before depreciation	<u>1,019,517</u>	<u>287,174</u>	<u>26,186</u>	<u>1,332,877</u>
Depreciation	56,758	12,613	701	70,072
	<u>\$ 1,076,275</u>	<u>\$ 299,787</u>	<u>\$ 26,887</u>	<u>\$ 1,402,949</u>

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

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

STATEMENTS OF CASH FLOWS

Years ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (80,823)	\$ (124,843)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,126	70,072
Gain on sale of assets	-	(8,450)
Change in:		
Grants and allocations receivable	(10,453)	(14,883)
Accounts receivable	412	15,773
Prepaid expenses	7,235	(6,854)
Accounts payable	(999)	7,225
Accrued payroll and payroll taxes	1,328	(6,995)
Accrued compensated absences	(17,236)	10,400
Net cash from operating activities	<u>(29,410)</u>	<u>(58,555)</u>
Cash flows from investing activities		
Net draws on line of credit	13,186	-
Redeemed certificates of deposit	-	110,140
Additions to certificates of deposit (reinvested interest)	(45)	(188)
Sale of property and equipment	-	8,450
Purchases of property and equipment	(41,901)	(118,419)
Net cash used from investing activities	<u>(28,760)</u>	<u>(17)</u>
Net change in cash	(58,170)	(58,572)
Cash - beginning of year	<u>38,126</u>	<u>96,698</u>
Cash (Disbursements in excess) - end of year	<u>\$ (20,044)</u>	<u>\$ 38,126</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 636	\$ 175
Noncash investing and financing activities:		
Value of Section 5310 vehicle contributed	\$ 28,593	\$ 42,414

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

1. Organization and Nature of Business

Harrison County Senior Citizens Center, Inc. (Organization), a not-for-profit organization, incorporated in West Virginia in 1967, provides a variety of programs and social services and serves as a focal point for the delivery of services to the senior citizens of Harrison County, West Virginia. Programs and services include in-home personal care and case management, a nursing clinic, a health insurance assistance program, transportation services, health and fitness services, a lunch program providing healthy and nutritious meals, as well as many other organized social activities and events. Through these programs and services, the Organization enriches the lives of older adults, responds to their needs and interests, supports their independence, and encourages their involvement in the community.

The Organization is supported by various federal, state, and county government grants, awards and financial assistance, as well as contributions from seniors and the local community.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting as contemplated by generally accepted accounting principles, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Codification Section 958.205 *Not-for-Profit Entities Presentation of Financial Statements* (ASC 958.205). Under ASC 958.205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor restrictions. The Organization's net assets and changes therein are classified and reported as follows:

Unrestricted net assets: represent resources whose use is not limited or restricted by donors.

Temporarily restricted net assets: represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled or otherwise removed by the organization's actions.

Permanently restricted net assets: represent resources whose use is limited by donor-imposed stipulations that neither expire or can be fulfilled or otherwise removed by the organization's actions.

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Additionally, the Organization follows FASB Codification Section 958.605 *Not-for-Profit Entities Revenue Recognition* (ASC 958.605). In accordance with ASC 958.605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the same reporting period in which the support is received. 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.

Contributions

Unconditional promises to give are recognized as revenue and included in grants and allocations receivable, in the period the promise is given. Such unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

Contributions of long-lived assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how those long-lived assets are to be used, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Grants and Accounts Receivable

Grants receivable and the related revenues are recorded when expenses applicable to grants operating on a cost reimbursement basis have been incurred. The Organization's grants receivable consist primarily of receivables from federal and state granting agencies and are deemed fully collectible; consequently, no provision for uncollectible accounts is considered necessary.

Accounts receivable is comprised of billings for services rendered. The Organization evaluates each accounts receivable individually and provides a charge to revenue that is appropriate, in the opinion of management, to absorb probable credit losses.

Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market.

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Donated Services

In accordance with ASC 905.605, donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the years ending September 30, 2015 and 2014 no services were received that met the criteria for recognition as donated services.

Functional Expenses

The costs of providing program and supporting activities have been presented on a functional basis in the statement of functional expenses, and are summarized in the statement of activities. Expenses are charged to program or supporting activities as incurred or are allocated based on actual or estimated time employees spend on each function, space utilization, or using a statistical basis.

Property and Equipment

Purchases of property and equipment are capitalized at cost. Donated assets are capitalized at the estimated fair value at the date of receipt. The Organization capitalizes purchased or donated property and equipment based on an assessment of the individual asset's useful life and cost or fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to fifty years.

Reclassifications

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

Income Taxes

For Federal tax purposes the Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and was determined not to be a private foundation by the Internal Revenue Service; however, the Organization remains subject to tax on any business income unrelated to its tax-exempt purpose.

The Organization follows Organization follows FASB Codification Section 740 *Accounting for Uncertainty in Income Taxes* (ASC 740). This guidance provides a recognition threshold and measurement process for uncertain tax positions, including any estimated penalties and interest associated with those uncertain tax positions. For years ended September 30, 2015 and 2014, there were no uncertain tax positions requiring accrual.

The Organization's Form 990, *Return of Organization Exempt from Income Tax* for the prior three (3) years are open to audit by the Internal Revenue Service.

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fair Value Measurements

FASB Codification Section 825 (ASC 825) *Financial Instruments* permits an entity to elect fair value as the initial and subsequent measurement attribute for certain financial statement assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value earnings. The adjustment to reflect the difference between fair value and the carrying amount is accounted for as cumulative effect adjustment to net assets as of the date of the adoption. The adoption of this pronouncement did not have an effect on the Organization's financial statements. The Organization did not elect the fair value methodology permitted under ASC 825 for any financial instrument or other item that is not currently required to be measured at fair value.

FASB Codification Section 820 (ASC 820) *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Under ASC 820, various inputs are used in determining the fair value of assets and liabilities. These inputs are summarized in a hierarchy that segregates fair value measurement in the three levels (levels 1, 2, and 3), determined by the nature of input as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted market price in an active market provides the most reliable evidence of fair value.
- Level 2 – Other significant observable inputs, including quoted prices of similar securities in active markets, quoted prices for identical securities in markets that are not active, and other market-corroborated inputs.
- Level 3 – Significant unobservable inputs, including the Organization's own assumptions in determining the fair value of investments, based on the best information available in the circumstances.

The adoption of ASC 820 did not have a significant impact on the Organization's financial statements. The fair value of the Organization's cash and cash equivalents, grants, allocations, and accounts, accounts payable, and accrued expenses approximate their carrying amounts due to the short-term nature of these instruments.

For the years ended September 30, 2015 and 2014, the Organization did not hold any assets or liabilities utilizing level 3 inputs for determining fair value.

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in various checking and savings accounts. The Organization considers all highly liquid investments with a remaining maturity date of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents associated permanently restricted cash balances are reported as part of long-term or other assets, and not included in cash and cash equivalents for cash flow statement purposes. At September 30, 2015 and 2014, the Organization held zero (\$0) cash equivalents.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

3. Concentration

The Organization maintains its cash accounts in financial institutions located in West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash balances at various times throughout the year may be in excess of amounts insured.

During the years ended September 30, 2015 and 2014, the Organization received a significant amount of support from the U.S Department of Health and Human Services and the West Virginia Bureau of Senior Services. A loss or substantial reduction in this funding may have a significant impact on the Organization.

4. Accrued Compensated Absences

Accrued compensated absences are included in these financial statements at the employee's current hourly rate at each respective years' end. In accordance with FASB Codification Section 710 *Compensation*, amounts accrued for future absences include amounts that are attributable to the employees' services already rendered, and those for which the employer has an obligation to make payment in the event an employee is terminated.

5. Line of Credit

The Organization maintains a \$17,500 revolving line of credit secured by an Organization's certificate of deposit. The line commands a 4% rate of interest and matures on October 11, 2015. The outstanding balance on this line of credit was \$13,186 and \$0 at September 30, 2015 and 2014, respectively.

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

6. Temporarily Restricted Assets

Temporarily restricted net assets includes the estimated restricted value of vehicles purchased with the assistance of, and pursuant to an agreement (Agreement) with, the State of West Virginia, acting by and through the Division of Public Transit of the Department of Transportation (Division). In accordance with the agreement...“the title(s) to and ownership of the vehicle(s), during the *useful life*, shall at all times remain with the Division”. *Useful life*, as used in the Agreement, means at least 100,000 miles or four years, whichever comes first, from the date of the signing of the Agreement by the Division. At the conclusion of this period of *useful life*, the Division will transfer title(s) of the vehicles to the Organization.

Temporarily restricted net assets are comprised of the following at September 30, 2015 and 2014:

	2015	2014
Section 5310 vehicles	<u>\$ 86,967</u>	<u>\$ 101,887</u>

7. Permanently Restricted and Endowment Funds

A member of the community contributed funds and designated a portion (Principal) as permanently restricted. The restriction further stipulates that one half (1/2) of the interest or earnings on the Principal is to be applied back and included as permanently restricted, and the remaining one half (1/2) is to be unrestricted as to use.

The Financial Accounting Standards Board (FASB) defines an endowment as “an established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit organization. The use of the assets may be permanently restricted, temporarily restricted, or unrestricted”.

For the purposes of these financial statements, the Organization has interpreted this definition to include amounts dedicated to building funds for perpetuity. Endowment funds and changes therein for the years ended September 30, 2015 and 2014 is reflected below.

	2015	2014
Endowment – beginning of year	\$ 18,017	\$ 17,873
Endowment activity:		
Contributions	50	50
Interest earned	45	188
Amount appropriated for expenditure	<u>-</u>	<u>(94)</u>
Endowment – end of year	<u>\$ 18,112</u>	<u>\$ 18,017</u>

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

8. Going Concern

At September 30, 2015, the condition of the Organization, when considered in the aggregate, indicates there is substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time. This doubt relates to the assumption that the Organization will be unable to meet its obligations as they become due without disposition of assets outside the normal course of operations, restructuring or assumption of additional debt to finance operations, forced revisions of its operations, or similar actions. Management and those charged with governance believe the Organization has sufficient opportunities for support to mitigate the adverse effects of the conditions and events that have cause this substantial doubt.

9. Subsequent Events

FASB Codification Section 855 *Subsequent Events* (ASC 855) establishes general accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or available to be issued. ASC 855 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. In preparing these financial statements, the Organization has evaluated transactions for potential recognition or disclosure through February 1, 2016, the date the financial statements were available to be issued. During this period no material subsequent events were noted that require recognition or disclosure under ASC 855.

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

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

To the Board of Directors
Harrison County Senior Citizens Center, Inc.
Clarksburg, West Virginia

I have audited the financial statements of **Harrison County Senior Citizens Center, Inc.** (a not-for-profit organization) as of and for the year ended September 30, 2015, and have issued my report thereon dated February 1, 2016. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered **Harrison County Senior Citizens Center, Inc.'s** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Harrison County Senior Citizens Center, Inc.'s** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.


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.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 15-01 and 15-02, that I consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Harrison County Senior Citizens Center, Inc.'s** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board, management, others within the organization and the federal and West Virginia awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


February 1, 2016

HARRISON COUNTY SENIOUR CITIZENS CENTER, INC.

SCHEDULE OF FINDINGS AND RESPONSES

September 30, 2015

15-01 Segregation of Duties

Condition: The Organization has a limited number of personnel with responsibility for accounting and financial reporting matters. As a result, there is a lack of segregation of duties over the initiation, authorization, recording, and reporting of transactions and the preparation and review of financial reports by persons sufficiently independent of the transactions.

Criteria: Segregation of duties is a critical piece of the internal control framework. This key internal control element dictates that duties should be aligned so that no one individual controls too many critical aspects of a process or transaction.

Cause: Limited staff decreases the ability to provide for segregation of some accounting processes.

Effect: Increased potential that fraud and abuse could occur.

Recommendation: Responsibility for initiation, authorization, recording, and reporting of transactions should be segregated to the extent possible. Although complete segregation of duties is not feasible given the limited staff available, management has been mindful and resourceful in its efforts to segregate duties and is commended for its efforts. I recommend continued review and assessment in this area of internal control, as this key internal control is vital to ensure errors or irregularities are detected and prevented in a timely basis in the normal course of business. It is incumbent upon the board to remain strong and active; additionally, the board should recognize that its scope of oversight of the internal control system applies to all major areas of control, to include: operations, compliance with laws and regulations, and financial reporting.

Management Response: Management and the board will remain vigilant in their efforts to consider the control environment, assess risks, monitor activities, and improve policies and procedures when deficiencies are identified.

HARRISON COUNTY SENIOUR CITIZENS CENTER, INC.

SCHEDULE OF FINDINGS AND RESPONSES

September 30, 2015

15-02 Drafting Financial Statements

Condition: The Organization does not have adequate staff to prepare the financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria: Reliable financial reporting requires that financial statements conform with GAAP. Preparing financial statements is the culminating step of financial reporting.

Cause: Limited staff and time decreases the ability to prepare financial statements in conformity with GAAP.

Effect: Increased potential that fraud and abuse could occur.

Recommendation: The Organization should engage the services of a certified public accountant or other professional with the expertise and ability to prepare financial statements in conformity with GAAP, with the understanding that preparing the financial statements in conformity with GAAP includes not only the broad guidelines of general application, but also detailed practices and procedures. GAAP includes pronouncements of authoritative bodies designated by the AICPA to establish accounting principles.

Management Response: It is not cost efficient to hire additional professionals to prepare financial statements in accordance with GAAP, but we will ensure there is always a member of management or governance with the skills, knowledge and experience to evaluate and assume responsibility for GAAP basis financial statements.

SUPPLEMENTARY SCHEDULE

HARRISON COUNTY SENIOUR CITIZENS CENTER, INC.

SUPPLEMENTARY SCHEDULE

September 30, 2015

1. Schedule of Federal and State Awards

Significant federal grant support and expenditures consists of the following for year ending September 30, 2015:

	<u>CFDA</u>	<u>Support</u>	<u>Expenditures</u>
U.S DHHS through:			
Belomar Regional Council			
Title IIIB	93.044	\$ 70,049	\$ 70,049
Title IIIE	93.052	<u>32,178</u>	<u>32,178</u>
		<u>\$ 102,227</u>	<u>\$ 102,227</u>
 U.S. FTA through:			
WV Dept. of Transportation			
5310 Grant Program	20.513	<u>\$ 20,593</u>	<u>\$ 20,593</u>

Significant state grant and award receipts and expenditures consists of the following for year ending September 30, 2015:

	<u>Grant, Contract, or Commitment Number</u>	<u>Support</u>	<u>Expenditures</u>
WV Bureau of Senior Services			
Fair and Lighthouse	IH1505	\$ 176,186	\$ 176,186
Fair and Lighthouse	IH1605	62,518	62,518
Other state funds	Various	23,863	23,863
 WV Bureau of Senior Services through:			
Belomar Regional Council			
Title IIIB		72,253	72,253
L.I.F.E Program		150,792	150,792
L.I.F.E Program		<u>42,247</u>	<u>42,247</u>
		<u>\$ 527,859</u>	<u>\$ 527,859</u>

Basis of Presentation

The accompanying schedule of federal and state grants and awards includes the significant federal and state grant and award activity of ***Harrison County Senior Citizens Center, Inc.*** and is presented on the accrual basis of accounting.