

**LINCOLN COUNTY OPPORTUNITY
COMPANY, INC.
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2015
WITH INDEPENDENT AUDITOR'S REPORTS**

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lincoln County Opportunity Company, Inc.
Hamlin, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Lincoln County Opportunity Company, Inc., (a non-profit organization), which comprise the statement of financial position as of September 30, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain a 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 qualified audit opinion.

Basis for Qualified Opinion

As explained in Note 1 to the financial statements, property and equipment purchases have been charged to expense in the accompanying financial statements. Accounting principles generally accepted in the United States of America require purchases of property and equipment to be capitalized and depreciated over their estimated useful lives. The effects on the accompanying financial statements of the failure to capitalize purchases of property and equipment and depreciate them over their estimated useful lives have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Lincoln County Opportunity Company, Inc. as of September 30, 2015, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of Support and Revenue, Expenses and Changes in Net Assets; and Grant Support, Revenue and Expenses Compared to Grant Budgets (Non-GAAP basis); and Expenditures of Federal and State Awards presented on pages 13 through 21 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, except as described in Note 11 to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of Lincoln County Opportunity Company, 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 Lincoln County Opportunity Company, Inc.'s internal control over financial reporting and compliance.

Huntington, West Virginia
June 24, 2016

Ware & Hall PLLC

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 852,722
Grants receivable	65,629
Accounts receivable	457,240
Prepaid expenses	<u>11,142</u>
TOTAL CURRENT ASSETS	1,386,733

INVESTMENTS

4,677,878

PROPERTY AND EQUIPMENT

3,122,405

OTHER ASSETS

Security deposits	<u>4,936</u>
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TOTAL OTHER ASSETS

4,936

TOTAL ASSETS

\$ 9,191,952

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 24,907
Accrued annual leave	92,612
Accrued payroll	96,284
Payroll taxes withheld and accrued	37,063
Current portion of employment contract liability	82,290
Security deposits payable	4,936
Due to other entities	<u>174,970</u>

TOTAL CURRENT LIABILITIES

513,062

LONG-TERM LIABILITIES

Employment contract liability, less current portion included above	<u>798,874</u>
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TOTAL LONG-TERM LIABILITIES

798,874

TOTAL LIABILITIES

1,311,936

NET ASSETS

Unrestricted	4,757,611
Investment in property and equipment	<u>3,122,405</u>
TOTAL NET ASSETS	<u>7,880,016</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 9,191,952

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Grants:	
Federal/State/pass-through	\$ 747,318
In-kind matching	16,530
Program income	2,856,035
Investment income	(212,437)
Other income	<u>149,244</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>3,556,690</u>

EXPENSES

PROGRAM SERVICES

CSBG	6,659
Title IIIB - Senior Citizens	25,853
Title IIIC-1 Congregate Nutrition	52,747
Title IIIC-2 Home Delivered Nutrition	102,894
Title IIID - Disease Prevention and Health Promotion and Medication Management	2,388 12,467
Title IIIE - Caregiver	4,998
Health Benefits/SHIP	32,722
Life	286,002
Lighthouse	71,132
FAIR	61,070
Transportation	44,588
Veterans	<u>2,132,962</u>
Personal care	2,836,482

TOTAL PROGRAM SERVICES

SUPPORTING SERVICES

Management and general	<u>766,813</u>
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TOTAL EXPENSES

3,603,295

CHANGE IN UNRESTRICTED NET ASSETS (46,605)

TEMPORARILY RESTRICTED NET ASSETS -0-

PERMANENTLY RESTRICTED NET ASSETS -0-

CHANGE IN NET ASSETS (46,605)

NET ASSETS, BEGINNING OF YEAR 4,804,216

NET ASSETS, END OF YEAR \$ 4,757,611

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (46,605)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
Unrealized loss on investments	403,123
Realized (gain) on sale of investments	(190,501)
(Increase) decrease in operating assets:	
Grants receivable	9,638
Accounts receivable	(190,320)
Prepaid expenses	818
Increase (decrease) in operating liabilities:	
Accounts payable	(816)
Accrued annual leave	28,068
Accrued payroll	16,365
Payroll taxes withheld and accrued	8,554
Employment contract liability	(97,977)
Due to other entities	<u>(18,161)</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(77,814)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(843,598)
Sales of investments	<u>867,449</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>23,851</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(53,963)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>906,685</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>852,722</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for:	
Interest	\$ <u><u>-0-</u></u>
Income tax	\$ <u><u>-0-</u></u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - Lincoln County Opportunity Company, Inc. is a non-profit agency which provides services to low income individuals and families and the elderly in Lincoln County, West Virginia. Lincoln County Opportunity Company, Inc.'s headquarters is located in Hamlin, West Virginia. Lincoln County Opportunity Company, Inc. also operates a number of Senior Citizens Centers throughout Lincoln County. The Organization is funded primarily through grants and other agreements with the federal and state governments.

ACCOUNTS RECEIVABLE- Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectibility. Once it is determined by management that the account will not be collected, it is charged-off as a bad debt.

PROPERTY AND EQUIPMENT - Property and equipment is charged to expense in the period during which it is purchased in the accompanying financial statements. Accounting principles generally accepted in the United States of America require purchases of property and equipment to be capitalized and depreciated over their estimated useful lives. The effects of this departure on the accompanying financial statements cannot be reasonably determined.

The property and equipment acquired is owned by Lincoln County Opportunity Company, Inc. while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sales proceeds therefrom, is subject to funding source regulations.

To provide a means of accountability over property and equipment purchases, Lincoln County Opportunity Company, Inc. also records the cost of such items as an asset with an offset to property and equipment net assets. Therefore, the effect of property and equipment purchases and disposals does not appear in the investing activities section of the statement of cash flows.

INVENTORY - Inventory is considered immaterial and, therefore, is charged to expense in the period during which it is purchased instead of being recognized as an asset and being expensed as it is used.

REVENUE AND EXPENSE RECOGNITION - The financial statements have been prepared on the accrual basis of accounting. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Funds received in advance of incurring qualifying expenses are recorded as deferred revenue. Revenue from fee for service contracts is recognized in the accompanying financial statements when the services have been provided.

DONATED SERVICES, SPACE AND OTHER - Donated (in-kind) matching is required by certain funding sources. Donated hourly services are valued at the federally established minimum wage. Donated space is valued at the estimated fair rental value. Donated other is valued at the estimated fair market value at the date of receipt.

CASH EQUIVALENTS - The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES - Lincoln County Opportunity Company, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes the Organization is no longer subject to income tax examination for the years prior to 2012.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONTRIBUTIONS - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions received by the Organization have been unrestricted and therefore have been reported as increases in unrestricted net assets.

INVESTMENTS - Investments are comprised of long-term annuity accounts and balanced multi-asset funds which are reported at fair value. Unrealized gains and losses are included in the change in unrestricted net assets.

ADVERTISING COSTS - Advertising costs totaling \$30,678 are charged to operations when incurred.

NOTE 2 - SUMMARY OF GRANT AGREEMENTS

The following summarizes grant awards which were active during the period October 1, 2014 through September 30, 2015:

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
Federal Assistance		
Department of Health and Human Services		
Southwestern Community Action Council, Inc.:		
CSBG	01/01/14 - 12/31/14	\$ 30,000
West Virginia State University, Metro Area Agency on Aging:		
Title IIIB - 21536	10/01/14 - 09/30/15	31,536
Title IIIC	10/01/14 - 09/30/15	78,710
Title IIIE - 21536	10/01/14 - 09/30/15	9,350
Title IIID - 21536	10/01/14 - 09/30/15	1,921
West Virginia Bureau of Senior Services:		
Health Benefits/SHIP - MIPPA 1420	10/01/13 - 09/30/15	2,900
Health Benefits/SHIP - MIPPA 1520	10/01/14 - 09/30/15	2,500
Health Benefits/SHIP - MIPPA 1614	04/01/15 - 03/31/16	3,250
Senior Medicare Patrol - SMP 1614	06/01/15 - 05/31/16	2,000

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 - SUMMARY OF GRANT AGREEMENTS (CONTINUED)

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
State Assistance		
West Virginia State University, Metro Area Agency on Aging:		
Title IIIB - 21536	10/01/14 - 09/30/15	\$ 23,815
Title IIIC	10/01/14 - 09/30/15	54,878
Title III E - 21536	10/01/14 - 09/30/15	3,117
Title IIID - 21536	10/01/14 - 09/30/15	128
LIFE - 21503 - Lincoln	07/01/14 - 06/30/15	179,051
LIFE - 21603 - Lincoln	07/01/15 - 06/30/16	179,231
LIEAP	10/01/14 - 09/30/15	655
West Virginia Bureau of Senior Services:		
In-Home Services - IH1520	07/01/14 - 06/30/15	216,290
In-Home Services - IH1558	07/01/14 - 06/30/15	87,000
In-Home Services - IH1620	07/01/15 - 06/30/16	242,215
In-Home Services - IH1658	07/01/15 - 06/30/16	87,000
Senior Grant - SC21006A	07/01/13 - 06/30/15	7,500
Senior Grant - SC21317	07/01/12 - 06/30/13	49,250
Marketplace Consumer Assistance Program - MCAP 1407	08/01/13 - 06/30/15	55,618

NOTE 3 - INVESTMENTS

Investments as of September 30, 2015 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Annuities			
AXA Equitable Life Insurance Company	\$ 683,598	\$ 651,708	\$ (31,890)
Jackson National Life Insurance Company	2,804,096	3,716,615	912,519
Pacific National Life Insurance Company	<u>226,596</u>	<u>302,218</u>	<u>75,622</u>
Total Annuities	<u>3,714,290</u>	<u>4,670,541</u>	<u>956,251</u>
Balanced Multi-Asset Funds			
MFS Moderate Allocation	<u>8,926</u>	<u>7,337</u>	<u>(1,589)</u>
Total	\$ <u>3,723,216</u>	\$ <u>4,677,878</u>	\$ <u>954,662</u>

The following summarizes the investment return for the year ended September 30, 2015 inclusive of interest earned on cash and cash equivalents:

Interest and Dividends	\$ 185
Realized Gains	190,501
Unrealized Gains (Losses)	<u>(403,123)</u>
Total Investment Return	\$ <u>(212,437)</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment of Lincoln County Opportunity Company, Inc. consists of the following:

Land	\$ 124,498
Buildings	1,654,567
Improvements	436,308
Furniture, Fixtures and equipment	505,008
Vehicles	<u>402,024</u>
Total Property And Equipment	\$ <u>3,122,405</u>

NOTE 5 - DEFINED CONTRIBUTION BENEFIT PLAN

Lincoln County Opportunity Company, Inc. sponsors a noncontributory defined contribution pension plan that covers all regular employees with over one year of service. Pension costs include current service costs, which are accrued and funded on a current basis. Pension expense charged to operations during the year ended September 30, 2015 totaled \$132,186.

NOTE 6 - LEASES

Lincoln County Opportunity Company, Inc. leases centers for the Senior Citizens Program and other facilities and equipment under operating leases on an annual, monthly or daily basis. For the year ended September 30, 2015, total rent expense amounted to \$2,726. An additional \$5,901 was recorded as *in-kind* space costs which represents the fair market value of facilities provided at no charge.

NOTE 7 - DONATED SERVICES

Lincoln County Opportunity Company, Inc. received services from volunteers for the Title III C Nutrition program and recorded the related in-kind revenue and expenses with values of \$10,629.

NOTE 8 - COST ALLOCATION

Lincoln County Opportunity Company, Inc. has adopted a cost allocation plan whereby each program is charged its fair share of the general administration costs of the Agency as a direct charge. Space costs, maintenance fees and utilities are allocated to the programs based on square footage of building space used by the program. Copy costs, telephone usage, and standard agency forms are allocated to the programs based on usage of each program.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization provides various services to the elderly and low income individuals of Lincoln County, West Virginia on a third-party reimbursement basis. The Organization bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Grants and accounts receivable have been adjusted for all known uncollectible accounts.

The Organization maintains cash balances with various financial institutions. All accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. In addition, cash balances can be secured by adequate bond or other securities held by the banking institution in the account holder's name. As of September 30, 2015, all deposits were covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Organization's name.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 10 - EMPLOYMENT CONTRACT LIABILITY

The Organization had an employment contract with their previous Executive Director who retired in July, 2014. The agreement provides for the payment of accrued sick and annual leave totaling \$435,767 and \$275,000 for split-dollar life insurance purchased by the Executive Director. The amount, totaling \$710,767 is payable in one hundred forty two monthly installments of \$5,000 and one final installment of \$767. In the event of death, any remaining unpaid balance will be paid to the decedent's beneficiaries under the same terms. At September 30, 2015, the total outstanding commitment, inclusive of \$240,444 of payroll related taxes accrued, amounted to \$881,164.

NOTE 11 - BUDGETARY REPORTING BASIS

Except for the treatment of property and equipment as described in Note 1, the accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying schedule of grant support, revenue and expenses compared to grant budgets contained on page 17 is prepared on a basis which differs from the financial statements in the following areas:

- 1) Encumbrances are reported as expenditures in the year in which they are budgeted.
- 2) With the exception of per-diem reimbursement contracts, revenue is recognized at the time the grant is awarded as opposed to when qualifying expenses have been incurred.

NOTE 12 - FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its financial instruments based on the fair value hierarchy established by the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification which specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of the fair value hierarchy based on these two types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in an active market for identical assets and liabilities at the measurement date.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

The hierarchy requires the use of observable market data when available. When determining fair value measurements, the Organization utilizes active and observable market prices for identical assets and liabilities whenever possible and classifies such items as Level 1. When identical assets and liabilities are not traded in active markets, the Organization utilizes market observable data for similar assets and liabilities in an active market, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market and classifies such items as Level 2. When observable data is not available, the Organization uses alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. Items valued using such internally generated valuation techniques are based on the lowest level of input that is significant to the valuation.

Fair values of assets measured on a recurring basis at September 30, 2015 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
INVESTMENTS				
Annuities				
AXA Equitable Life Insurance Company	\$ 651,708	\$ 651,708	\$ -0-	\$ -0-
Jackson National Life Insurance Company	3,716,615	2,581,345	-0-	1,135,270
Pacific National Life Insurance Company	<u>302,218</u>	<u>302,218</u>	<u>-0-</u>	<u>-0-</u>
Total Annuities	<u>4,670,541</u>	<u>3,535,271</u>	<u>-0-</u>	<u>1,135,270</u>
Balanced Multi-Asset Funds				
MFS Moderate Allocation	<u>7,337</u>	<u>7,337</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>4,677,878</u>	\$ <u>3,542,608</u>	\$ <u>-0-</u>	\$ <u>1,135,270</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements at the reporting date using significant unobservable inputs (Level 3) are as follows:

Beginning Balance	\$ 1,937,891
Investment Income (Loss)	-0-
Unrealized/Realized Gain (Loss) Including Changes in Net Assets, Reported in Investment Income	35,253
Purchases	-0-
Sales	<u>(837,874)</u>
Ending Balance	\$ <u>1,135,270</u>

The amount of total gains and (losses) for the period included in change in net assets, reported in investment income, attributable to the change in unrealized gains and losses relating to assets still held at September 30, 2015 was \$40,345.

The Organization utilizes the services of an independent third party investment broker to value their instruments on a recurring basis. The following describes the valuation methodologies used to measure financial instruments at fair value on a recurring basis.

Investments

The Organization uses quoted market prices in an active market when available, these investments consist of variable rate annuities and balanced multi-asset funds and are included in Level 1. The quoted market prices are provided by an independent third party investment broker.

When observable inputs are not available, the Organization uses fair value measurements provided by an independent third party investment broker utilizing model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market. These investments are included in Level 3 and consist of fixed rate annuities.

NOTE 13 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to September 30, 2015 through June 24, 2016 (the date the final statements were available to be issued) for possible adjustments to, or disclosure in, the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification.

ADDITIONAL INFORMATION

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2015

	<u>CSBG</u>	<u>Title IIIB Senior Citizens</u>	<u>Title IIIC-1 Congregate Nutrition</u>	<u>Title IIIC-2 Home-Delivered Nutrition</u>
SUPPORT AND REVENUE				
Grant revenue-federal/state/pass-through	\$ 3,877	\$ 55,351	\$ 47,502	\$ 86,086
In-kind matching	-0-	5,562	3,826	6,803
Program income	-0-	-0-	3,847	15,248
Investment income	-0-	-0-	20	-0-
Other income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>3,877</u>	<u>60,913</u>	<u>55,195</u>	<u>108,137</u>
EXPENSES				
Salaries and benefits	5,783	11,775	21,593	63,566
Travel and training	-0-	500	176	6,002
Consumable supplies	83	1,791	1,004	791
Buildings	-0-	-0-	538	538
Vehicles and equipment	295	1,295	1,319	3,037
Insurance	114	1,000	119	-0-
Occupancy	-0-	600	300	300
Contractual and Consultants	-0-	-0-	-0-	-0-
Telephone and utilities	466	8,550	3,773	3,773
Program costs	207	-0-	22,241	23,019
Other	-0-	-0-	306	308
Volunteer Labor - nonfunded	-0-	-0-	3,826	6,803
Other costs - nonfunded	<u>-0-</u>	<u>5,562</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>6,948</u>	<u>31,073</u>	<u>55,195</u>	<u>108,137</u>
INCREASE (DECREASE) IN NET ASSETS	(3,071)	29,840	-0-	-0-
NET ASSETS - BEGINNING OF YEAR	-0-	-0-	-0-	-0-
TRANSFER IN (OUT)	<u>3,071</u>	<u>(29,840)</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS - END OF YEAR	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

<u>Title III D</u> <u>Disease</u> <u>Prevention and</u> <u>Health Promotion</u>	<u>Title III D</u> <u>Medication</u> <u>Management</u>	<u>Title III E</u> <u>Caregiver</u>	<u>Health</u> <u>Benefits/SHIP</u>	<u>LIFE</u>
\$ 1,611	\$ 438	\$ 9,350	\$ 3,200	\$ 186,659
339	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
1,950	438	9,350	3,200	186,659
1,611	438	12,436	4,614	8,060
-0-	-0-	-0-	384	776
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	14	-0-	23,886
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	17	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
<u>339</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
1,950	438	12,467	4,998	32,722
-0-	-0-	(3,117)	(1,798)	153,937
-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>3,117</u>	<u>1,798</u>	<u>(153,937)</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2015

	Lighthouse In-Home <u>Services</u>	<u>FAIR</u>	<u>Transportation</u>
SUPPORT AND REVENUE			
Grant revenue-federal/state/pass-through	\$ 229,884	\$ 89,948	\$ -0-
In-kind matching	-0-	-0-	-0-
Program income	-0-	-0-	35,259
Investment income	-0-	-0-	-0-
Other income	<u>7,295</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>237,179</u>	<u>89,948</u>	<u>35,259</u>
EXPENSES			
Salaries and benefits	287,134	71,339	44,072
Travel and training	14,860	3,133	8,688
Consumable supplies	151	37	-0-
Buildings	-0-	-0-	-0-
Vehicles and equipment	89	86	683
Insurance	-0-	-0-	-0-
Occupancy	-0-	-0-	-0-
Contractual and consultants	-0-	-0-	-0-
Telephone and utilities	625	104	3,825
Program costs	-0-	-0-	-0-
Other	371	-0-	5,124
Volunteer labor - nonfunded	-0-	-0-	-0-
Other costs - nonfunded	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>303,230</u>	<u>74,699</u>	<u>62,392</u>
INCREASE (DECREASE) IN NET ASSETS			
	(66,051)	15,249	(27,133)
NET ASSETS - BEGINNING OF YEAR	-0-	-0-	-0-
TRANSFER IN (OUT)	<u>66,051</u>	<u>(15,249)</u>	<u>27,133</u>
NET ASSETS - END OF YEAR	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

<u>Veteran's Administration</u>	<u>Medicaid</u>	<u>Medicaid Waiver</u>	<u>Other Programs</u>	<u>Total</u>
\$ -0-	\$ -0-	\$ -0-	\$ 33,412	\$ 747,318
-0-	-0-	-0-	-0-	16,530
77,686	1,822,040	901,955	-0-	2,856,035
-0-	(16,079)	(8,385)	(187,993)	(212,437)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>141,949</u>	<u>149,244</u>
<u>77,686</u>	<u>1,805,961</u>	<u>893,570</u>	<u>(12,632)</u>	<u>3,556,690</u>
43,789	1,374,768	726,731	475,998	3,153,707
1,586	29,706	27,304	4,012	97,127
1,139	16,728	18,119	4,206	44,049
-0-	-0-	-0-	3,000	4,076
119	7,764	7,319	22,541	68,447
-0-	17,747	7,911	2,516	29,407
-0-	-0-	-0-	-0-	1,200
-0-	966	1,029	16,400	18,395
144	21,071	8,631	4,692	55,671
-0-	6,018	6,036	-0-	57,521
-0-	15,831	16,318	18,907	57,165
-0-	-0-	-0-	-0-	10,629
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,901</u>
<u>46,777</u>	<u>1,490,599</u>	<u>819,398</u>	<u>552,272</u>	<u>3,603,295</u>
30,909	315,362	74,172	(564,904)	(46,605)
-0-	-0-	-0-	4,804,216	4,804,216
<u>(30,909)</u>	<u>(315,362)</u>	<u>(74,172)</u>	<u>518,299</u>	<u>-0-</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>4,757,611</u></u>	\$ <u><u>4,757,611</u></u>

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
SENIOR CITIZENS PROGRAM - TITLE IIIB,
DISEASE PREVENTION AND HEALTH PROMOTION,
AND MEDICATION MANAGEMENT - TITLE IIID, AND
CAREGIVER - TITLE IIIE - GRANT NUMBER 21536
GRANT PERIOD OCTOBER 1, 2014 TO SEPTEMBER 30, 2015**

		<u>Actual</u>			
	<u>Budget</u>	<u>IIIB</u>	<u>IIID</u>	<u>IIIE</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE					
Federal	\$ 42,807	\$ 31,536	\$ 1,921	\$ 9,350	\$ -0-
State	23,943	23,815	128	-0-	-0-
In-kind - matching	<u>5,901</u>	<u>5,562</u>	<u>339</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>72,651</u>	<u>60,913</u>	<u>2,388</u>	<u>9,350</u>	<u>-0-</u>
EXPENSES					
Personnel	13,824	11,775	2,049	-0-	-0-
Travel	500	500	-0-	-0-	-0-
Printing and supplies	2,336	2,336	-0-	-0-	-0-
Building space	600	600	-0-	-0-	-0-
Communications and utilities	8,550	8,550	-0-	-0-	-0-
Program costs	42,307	29,840	-0-	12,467	-0-
Other	<u>1,750</u>	<u>1,750</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>69,867</u>	<u>55,351</u>	<u>2,049</u>	<u>12,467</u>	<u>-0-</u>
GRANTEE'S SHARE	<u>5,901</u>	<u>5,562</u>	<u>339</u>	<u>-0-</u>	<u>-0-</u>
GRAND TOTAL	<u>75,768</u>	<u>60,913</u>	<u>2,388</u>	<u>12,467</u>	<u>-0-</u>
(DECREASE) INCREASE IN NET ASSETS	(3,117)	-0-	-0-	(3,117)	-0-
TRANSFERS IN (OUT)	3,117	-0-	-0-	3,117	-0-
Net assets from prior years not reprogrammed	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS, SEPTEMBER 30, 2015	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2015**

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Pass-through Number</u>	<u>Agency/ Program Period</u>
FEDERAL AWARDS		
Department of Health and Human Services		
Pass-through Southwestern Community Action Council, Inc: CSBG	N/A	01/01/14 - 12/31/14
Pass-through West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Senior Citizens	21536	10/01/14 - 09/30/15
Title IIIC Nutrition Services	N/A	10/01/14 - 09/30/15
Title IIID Disease Prevention and Health Promotion	21536	10/01/14 - 09/30/15
Title IIID Medication Management	21536	10/01/14 - 09/30/15
Title IIIE Caregiver	21536	10/01/14 - 09/30/15
Pass-through West Virginia Bureau of Senior Services:		
Health Benefits/SHIP	MIPPA1420	10/01/13 - 09/30/15
Health Benefits/SHIP	MIPPA 1520	10/01/14 - 09/30/15
Total Federal Awards		

STATE AWARDS

**West Virginia State University, Metro Area
Agency on Aging**

Title IIIB Senior Citizens	21536	10/01/14 - 09/30/15
Title IIIC Nutrition Services	N/A	10/01/14 - 09/30/15
Title IIID Disease Prevention and Health Promotion	21536	10/01/14 - 09/30/15

<u>Program or Award Amount</u>	<u>Expenditures</u>
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\$ 30,000	\$ 3,877
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31,536	31,536
78,710	78,710

1,483	1,483
438	438
9,350	9,350

2,900	700
<u>2,500</u>	<u>2,500</u>

	<u>128,594</u>
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23,815	23,815
54,878	54,878

128	128
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LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2015

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Agency/ Pass-through Number</u>	<u>Program Period</u>
STATE AWARDS (CONTINUED)		
West Virginia State University, Metro Area Agency on Aging (Continued)		
LIFE	21503 - Lincoln	07/01/14 - 06/30/15
LIFE	21603 - Lincoln	07/01/15 - 06/30/16
LIEAP	N/A	10/01/14 - 09/30/15
West Virginia Bureau of Senior Services		
In-Home Services	IH1520	07/01/14 - 06/30/15
In-Home Services	IH1620	07/01/15 - 06/30/16
In-Home Services	IH1558	07/01/14 - 06/30/15
In-Home Services	IH1658	07/01/15 - 06/30/16
Senior Grant	SC21317	07/01/12 - 06/30/13
Senior Grant	SC21006A	07/01/13 - 06/30/15
Marketplace Consumer Assistant Program	MCAP1407	08/01/13 - 06/30/15
Total State Awards		
Total Federal and State awards		

<u>Program or Recognized</u>	<u>Expenditures</u>
\$ 179,051	\$ 178,951
179,231	7,708
655	655
216,290	151,450
242,215	71,886
87,000	70,388
87,000	26,108
49,250	8,434
7,500	4,840
55,618	<u>19,483</u>
	<u>618,724</u>
	\$ <u>747,318</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
AND ON COMPLIANCE**

Ware & Hall, PLLC

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

Board of Directors
Lincoln County Opportunity
Company, Inc.
Hamlin, 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 Lincoln County Opportunity Company, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, 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 24, 2016 which was qualified because the Organization expenses property and equipment purchases as opposed to capitalizing the assets and depreciating them over their estimated useful lives.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County Opportunity Company, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is intended 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.

Huntington, West Virginia
June 24, 2016

Ware & Hall PLLC