

Webster County Senior Citizens, Inc.

Audited Financial Statements

September 30, 2015

Audited by

**Williams & Associates, AC
204 Davis Avenue, Post Office Box 2727
Elkins, West Virginia 26241**

Webster County Senior Citizens, Inc.
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INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Webster County Senior Citizens, Inc.
148 Court Street
Webster Springs, WV 26288

Report on the Financial Statements

We have audited the accompanying financial statements of Webster County Senior Citizens, Inc. which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, changes in net assets, 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 the 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 the Webster County Senior Citizens, Inc. as of September 30, 2015, and the results of activities and changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities by program and the schedule of expenditures of federal 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 17, 2016, on our consideration of Webster County Senior Citizens, 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 Webster County Senior Citizens, Inc.'s internal control over financial reporting and compliance.

Williams & Associates, A.C.

Elkins, West Virginia
June 17, 2016

Webster County Senior Citizens, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2014 and 2015

	2014	2015
ASSETS		
Current Assets		
Cash & Equivalents	\$ 401,771	\$ 480,934
Accounts Receivable	77,435	67,624
Grants Receivable	63,137	42,304
Prepaid Expenses	12,300	8,326
Other Current Assets	5,267	4,485
Total Current Assets	559,910	603,673
Fixed Assets		
Property & Equipment	522,414	530,909
Accumulated Depreciation	(336,636)	(363,468)
Fixed Assets, net	185,778	167,441
TOTAL ASSETS	\$ 745,688	\$ 771,114
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 21,197	11,780
Payroll Tax Liabilities	10,786	11,656
Accrued Wages	8,557	39,956
Deferred Compensation	14,544	14,487
Current Portion of Long-Term Debt	2,105	2,196
Total Current Liabilities	57,189	80,075
Long-term Liabilities		
Notes Payable	6,656	4,476
Total Long-term Liabilities	6,656	4,476
TOTAL LIABILITIES	63,845	84,551
Net Assets		
Net Assets, Unrestricted	681,843	686,563
Total Net Assets	681,843	686,563
LIABILITIES & NET ASSETS	\$ 745,688	771,114

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

Webster County Senior Citizens, Inc.
STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2014 and 2015

	<u>2014</u>	<u>2015</u>
REVENUE & SUPPORT		
Grant Revenues:		
Federal	\$ 213,124	\$ 200,728
State	179,371	158,955
LIFE	188,463	214,024
Program Services	878,007	727,136
Project Income	40,578	40,211
Contributions	2,933	2,184
Fundraising	1,279	1,600
Other Income	17,544	10,640
TOTAL REVENUE & SUPPORT	<u>1,521,299</u>	<u>1,355,478</u>
 EXPENSES		
Program Service Expenses	<u>1,506,346</u>	<u>1,350,758</u>
TOTAL EXPENSES	<u>1,506,346</u>	<u>1,350,758</u>
 INCREASE(DECREASE) IN NET ASSETS	14,953	4,721
 Net Gain(Loss) on Disposal of Assets	300	-
 NET ASSETS, Beginning of Year	<u>666,590</u>	<u>681,843</u>
 NET ASSETS, End of Year	<u><u>\$ 681,843</u></u>	<u><u>\$ 686,564</u></u>

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

Webster County Senior Citizens, Inc.
STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2014 and 2015

	<u>2014</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(Decrease) in Net Assets	\$ 15,253	\$ 4,720
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	29,610	26,832
(Increase)Decrease in Accounts Receivable	8,813	9,811
(Increase)Decrease in Grants Receivable	(27,308)	20,833
(Increase)Decrease in Prepaid Expenses	4,223	3,974
(Increase)Decrease in Other Current Assets	(957)	782
Increase(Decrease) in Accounts Payable	10,702	(9,417)
Increase(Decrease) in Payroll Tax Liabilities	4,594	870
Increase(Decrease) in Accrued Wages	(33,627)	31,399
Increase(Decrease) in Deferred Compensation	670	(57)
Net cash provided(used) by operating activities	<u>11,973</u>	<u>89,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds for Sale of Fixed Assets	300	-
Purchases of Fixed Assets	<u>(31,479)</u>	<u>(8,495)</u>
Net cash provided(used) by investing activities	<u>(31,179)</u>	<u>(8,495)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Proceeds	10,944	-
Repayment of Long-term Liabilities	<u>(2,233)</u>	<u>(2,089)</u>
Net cash provided(used) by financing activities	<u>8,711</u>	<u>(2,089)</u>
Increase(Decrease) in Cash	(10,495)	79,163
Cash Balance, Beginning of Year	<u>412,266</u>	<u>401,771</u>
Cash Balance, End of Year	<u>\$ 401,771</u>	<u>\$ 480,934</u>

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

Webster County Senior Citizens, Inc..
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 1. Summary of Significant Accounting Policies

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

This summary of significant accounting policies of the Webster County Senior Citizens, Inc., is presented to assist in understanding the Organization's financial statements.

Basis of Accounting

The financial statements of the Webster County Senior Citizens, 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 in its Statements of Accounting Standards Codification 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under ASC 958-205, 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.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. These are resources over which the Board of Directors has discretionary control.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or with the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Resources subject to a donor restriction that they be maintained permanently by the Organization. There were no permanently restricted net assets as of September 30, 2015.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The Organization's returns for the last three years remain subject to examination by the Internal Revenue Service.

Webster County Senior Citizens, Inc..
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 1. Summary of Significant Accounting Principles (Continued)

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. The Organization maintains all of its cash at one bank which, at times, is in excess of federally insured limits. Management monitors the soundness of this financial institution and feels the Organization's risk is negligible. The Organization has not experienced any losses in such accounts.

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs. In addition, the Organization uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of September 30, 2015, all accounts receivable were deemed collectible.

Grants receivable represent amounts invoiced by the Organization to grantor agencies under the terms of their grant agreements. As of September 30, 2015, all grants receivable were deemed collectible.

Revenue Recognition

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. There were no temporarily or permanently restricted net assets as of September 30, 2015.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at cost, as determined by the last purchase price, on a first-in, first-out basis.

Webster County Senior Citizens, Inc..
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 1. Summary of Significant Accounting Principles (Continued)

Property and Equipment

The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must be disposed of in accordance with the grantor agency's policies. The Organization has adopted a capitalization policy in the amount of \$1000. Maintenance and repairs are expensed when incurred.

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.
- 2 – On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, and Title III-D/MM grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year. If approval is denied, the money has to be reimbursed to the grantor.
- 3 – Title III-C grant funds are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.

Operating expenditures made against federal and state grants are subject to audit by the Grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2015 were \$40.

Subsequent Events

Management has reviewed events subsequent to the balance sheet date through the date of the independent accountant's report, which is the date of release, for items requiring adjustment or disclosure in these financial statements.

Webster County Senior Citizens, Inc..
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 2. Accounts and Grants Receivable

Accounts receivable consisted of the following at September 30, 2015:

WV DHHR	\$	57,013
Veterans Administration		10,611
		\$ 67,624

Grants receivable consisted of the following at September 30, 2015:

LIFE	\$	13,090
FAIR/Lighthouse		13,632
LIEAP		538
Title III-C		14,777
Title III-E		267
		\$ 42,304

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30, 2015:

Land	\$	1,000
Buildings & Improvements		240,870
Vehicles		149,965
Equipment		139,074
Total Fixed Assets		530,909
Less accumulated depreciation		(363,468)
Net property and equipment		\$ 167,441

Note 4. Long-Term Liabilities

Details of the Organization's long-term indebtedness are as follows:

United Bank Inc. – On August 7, 2013, the Organization financed the purchase of a 2011 Jeep Liberty. The principal amount of \$10,944 is paid in monthly installments of \$203.08 over a 60-month term at 4.25% per annum. The balance on this account at September 30, 2015 was \$6,672.

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 4. Long-Term Liabilities (continued)

Maturities of long-term debt outstanding at September 30, 2015 are as follows:

2016	2,197
2017	2,292
2018	<u>2,183</u>
	<u>\$ 6,672</u>

Note 5. Support Concentration

Webster County Senior Citizens, Inc. receives about 42% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 48% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

Webster County Senior Citizens, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2015

	III-B/ Asst Trans	III-C	III-D	III-E	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs
Revenue & Support									
Federal & Nutrition Revenue	\$ 27,394	\$ 166,219	\$ 948	\$ 5,629				\$ 538	\$ 200,728
State Revenue (2014-15)							116,463		116,463
State Revenue (2015-16)		49					42,443		42,492
LIFE Revenue (2014-15)	16,765					147,169			163,934
LIFE Revenue (2015-16)						50,090			50,090
Program Service Fees					\$ 653,748			73,388	727,136
Project Income	2,767	28,188		2,812		1,433	4,841	170	40,211
Contributions								2,184	2,184
Fundraising					253			1,347	1,600
Other Income	4,830		167	1,876	2,526			1,241	10,640
Total Revenue & Support	51,756	194,456	1,115	10,317	656,527	198,692	163,747	78,868	1,355,478
Expenses									
Payroll & Benefits	27608	84,883		3,477	752,864	106,808	87,497	44,248	1,107,385
Communications & Utilities	3645	9,798			3,006	2,828			19,277
Food & Disposables		84,791							84,791
Transportation		7,456							7,456
Equipment & Repairs	2487	6,214			4,801	8,239			21,741
Office & Supplies					4,800	3,731			8,531
Travel & Training	6292				1,980	818			9,090
Depreciation								26,832	26,832
Professional Fees					17,519	8,000			25,519
Advertising					40				40
Insurance					10,791				10,791
Rent	4830		167	1,876					6,873
Other Expenses	9958	1,411	1,072		6,897	1,394		1,700	22,432
Total Expenses	54,820	194,553	1,239	5,353	802,698	131,818	87,497	72,780	1,350,758
Change in Net Assets	\$ (3,064)	\$ (97)	\$ (124)	\$ 4,964	\$ (146,171)	\$ 66,874	\$ 76,250	\$ 6,088	\$ 4,720

The notes are an integral part of these financial statements.

Webster County Senior Citizens, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Pass-Through Programs from Upper Potomac Area Agency on Aging:			
U.S. Department of Health & Human Services:			
Administration of Aging Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044		\$ 27,394
Administration on Aging Special Programs for the Aging Title III Part D Disease Prevention and Health Promotion Services	93.043		\$ 948
Administration on Aging Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052		\$ 5,629
Administration on Aging Special Programs for the Aging Title III Part C Nutrition Services	93.045		\$ 166,219
Administration for Children & Families Low-Income Home Energy Assistance	93.568		\$ 538
<i>Total US Department of Health & Human Services</i>			<u>\$ 200,728</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 200,728</u></u>

The accompanying notes are an integral part of this schedule.

Williams & Associates, A.C.

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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
Webster County Senior Citizens, Inc.
Webster Springs, WV 26288

We have audited the financial statements of the Webster County Senior Citizens, Inc. (a non-profit organization) as of and for the year ended September 30, 2015, and have issued a report thereon dated June 17, 2016. 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.

Compliance

As part of obtaining reasonable assurance about whether the Webster County Senior Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, 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 is not an object of my audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Webster County Senior Center, Inc., in a separate letter dated June 17, 2016, and included in this audit report on page 15.

Internal Control Over Financial Reporting

In planning and performing my audit, we considered the Webster County Senior Citizens, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the

internal control components does not reduce to a relatively low level the risk that misstatements in an amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Webster County Senior Citizens, Inc., in a separate letter dated June 17, 2016, and included in this audit report on page 15.

This report is intended solely for the information and use of the board of directors, management, and West Virginia Bureau of Senior Services and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Associates, A.C.

Elkins, West Virginia

June 17, 2016

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MANAGEMENT LETTER

To the Board of Directors
Webster County Senior Citizens, Inc.
Webster Springs, West Virginia

Our audit on the financial statements of the Webster County Senior Citizens, Inc., for the year ended September 30, 2015, highlighted areas where we would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since our audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

Segregations of Duties

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

Federal Deposit Insurance Limits

During our audit we noted that the Webster County Senior Citizens, Inc.'s deposit accounts regularly exceeded the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Organization should consider ways of insuring all deposit funds, including, but not limited to, opening accounts at multiple banks, using the Certificate of Deposit Account Registry Services (CDARS), etc.

After you have had the opportunity to review these comments and recommendations, we would be pleased to discuss those points that you desire. We would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve the Webster County Senior Citizens, Inc.

Williams & Associates, A.C.

Elkins, West Virginia
June 17, 2016