

**Webster County Senior Citizens, Inc.**

**Audited Financial Statements**

For the Years Ended  
September 30, 2015 and 2016

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

**Webster County Senior Citizens, Inc.**  
**TABLE OF CONTENTS**  
**For the Years Ended September 30, 2015 and 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>Comparative Statement of Financial Position</b>	<b>3</b>
<b>Comparative Statement of Activities &amp; Changes in Net Assets</b>	<b>4</b>
<b>Comparative Statement of Cash Flows</b>	<b>5</b>
<b>Notes to Financial Statements</b>	<b>6-10</b>
<b>SUPPLEMENTAL INFORMATION</b>	
<b>Statement of Activities by Program (includes Functional Expenses)</b>	<b>11-12</b>
<b>Schedule of Expenditures of Federal Awards</b>	<b>13</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>14-15</b>
<b>MANAGEMENT INFORMATION</b>	
<b>Management Letter</b>	<b>16</b>

# Williams & Associates, A.C.

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## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying financial statements of Webster County Senior Citizens, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2016, and the related statements of activities 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.

### Auditors' 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 reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Webster County Senior Citizens, Inc., as of September 30, 2015 & 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### Supplemental and Other Information

The statement of activities by program is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200. *Uniform Administrative Requirements, Code Principles, and Audit Requirements for Federal Awards*, and is also 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 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 22, 2017, 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 22, 2017

**Webster County Senior Citizens, Inc.**  
**COMPARATIVE STATEMENT OF FINANCIAL POSITION**  
**September 30, 2015 and 2016**

	<b>2015</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Equivalents	\$ 480,934	\$ 418,280
Accounts Receivable	67,624	46,316
Grants Receivable	42,304	41,712
Prepaid Expenses	8,326	8,128
Other Current Assets	4,485	4,882
Total Current Assets	603,673	519,318
<b>Fixed Assets</b>		
Property & Equipment	530,909	530,561
Accumulated Depreciation	(363,468)	(385,909)
Fixed Assets, net	167,441	144,652
<b>TOTAL ASSETS</b>	<b>\$ 771,114</b>	<b>\$ 663,970</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	11,780	11,776
Payroll Tax Liabilities	11,656	13,862
Accrued Wages	39,956	14,923
Deferred Compensation	14,487	17,149
Current Portion of Long-Term Debt	2,196	2,097
Total Current Liabilities	80,075	59,807
<b>Long-term Liabilities</b>		
Notes Payable	4,476	1,932
Total Long-term Liabilities	4,476	1,932
<b>TOTAL LIABILITIES</b>	84,551	61,739
<b>Net Assets</b>		
Net Assets, Unrestricted	686,563	602,231
Total Net Assets	686,563	602,231
<b>LIABILITIES &amp; NET ASSETS</b>	<b>771,114</b>	<b>663,970</b>

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

**Webster County Senior Citizens, Inc.**  
**COMPARATIVE STATEMENT OF ACTIVITIES**  
**For the Years Ended September 30, 2015 and 2016**

	<u>2015</u>	<u>2016</u>
<b>REVENUE &amp; SUPPORT</b>		
Grant Revenues:		
Federal	\$ 200,728	\$ 179,002
State	158,955	159,938
LIFE	214,024	199,899
Program Services	727,136	596,189
Project Income	40,211	43,308
Contributions	2,184	8,065
Fundraising	1,600	1,007
Other Income	10,640	28,265
<b>TOTAL REVENUE &amp; SUPPORT</b>	<u>1,355,478</u>	<u>1,215,673</u>
 <b>EXPENSES</b>		
Program Service Expenses	<u>1,350,758</u>	<u>1,300,005</u>
<b>TOTAL EXPENSES</b>	<u>1,350,758</u>	<u>1,300,005</u>
 <b>INCREASE(DECREASE) IN NET ASSETS</b>	4,720	(84,332)
 <b>NET ASSETS, Beginning of Year</b>	<u>681,843</u>	<u>686,563</u>
 <b>NET ASSETS, End of Year</b>	<u><u>\$ 686,563</u></u>	<u><u>\$ 602,231</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, 2015 and 2016**

	<b>2015</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase(Decrease) in Net Assets	\$ 4,720	\$ (84,332)
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	26,832	22,789
(Increase)Decrease in Accounts Receivable	9,811	21,308
(Increase)Decrease in Grants Receivable	20,833	592
(Increase)Decrease in Prepaid Expenses	3,974	198
(Increase)Decrease in Other Current Assets	782	(397)
Increase(Decrease) in Accounts Payable	(9,417)	(4)
Increase(Decrease) in Payroll Tax Liabilities	870	2,205
Increase(Decrease) in Accrued Wages	31,399	(25,034)
Increase(Decrease) in Deferred Compensation	(57)	2,661
Net cash provided by (used in) by operating activities	<u>89,747</u>	<u>(60,014)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	<u>(8,495)</u>	<u>-</u>
Net cash provided by (used in) by investing activities	<u>(8,495)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Long-term Liabilities	<u>(2,089)</u>	<u>(2,642)</u>
Net cash provided by (used in) by financing activities	<u>(2,089)</u>	<u>(2,642)</u>
Increase(Decrease) in Cash	79,163	(62,656)
Cash Balance, Beginning of Year	<u>401,771</u>	<u>480,934</u>
Cash Balance, End of Year	<u>\$ 480,934</u>	<u>\$ 418,278</u>

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

**Webster County Senior Citizens, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2015 and 2016**

**Note 1. Summary of Significant Accounting Policies**

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 Webster County Senior Citizens, Inc., is presented to assist in understanding the Organization's financial statements.

Basis of Accounting

The financial statements of 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 and 2016.

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**  
**For the Years Ended September 30, 2015 and 2016**

**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 in interest and non-interest bearing checking and savings accounts 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. All the carrying values are the same as market value.

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 and 2016, 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 and 2016, 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 and 2016.

**Webster County Senior Citizens, Inc..**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2015 and 2016**

**Note 1. Summary of Significant Accounting Principles (Continued)**

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.

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 years ended September 30, 2015 and 2016 were \$40 and \$559, respectively.

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**  
**For the Years Ended September 30, 2015 and 2016**

**Note 2. Accounts and Grants Receivable**

Accounts receivable consisted of the following as of September 30:

	<u>2015</u>	<u>2016</u>
WV DHHR	\$ 57,013	\$ 40,764
Veterans Administration	<u>10,611</u>	<u>5,552</u>
	<u>\$ 67,624</u>	<u>\$ 46,316</u>

Grants receivable consisted of the following as of September 30:

	<u>2015</u>	<u>2016</u>
LIFE	\$ 13,090	\$ 12,723
FAIR/Lighthouse	13,632	14,460
LIEAP	538	0
Title III-B	0	651
Title III-C	14,777	13,430
Title III-E	<u>267</u>	<u>448</u>
	<u>\$ 42,304</u>	<u>\$ 41,712</u>

**Note 3. Property and Equipment**

Property and equipment consisted of the following as of September 30:

	<u>2015</u>	<u>2016</u>
Land	\$ 1,000	\$ 1,000
Buildings & Improvements	240,870	240,870
Vehicles	149,965	149,617
Equipment	<u>139,074</u>	<u>139,074</u>
Total Fixed Assets	530,909	530,561
Less accumulated depreciation	<u>(363,468)</u>	<u>(385,909)</u>
Net property and equipment	<u>\$ 167,441</u>	<u>\$ 144,652</u>

Depreciation expense for years ended September 30, 2015 and 2016 was \$26,832 and \$22,789, respectively.

**Webster County Senior Citizens, Inc..**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2015 and 2016**

**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 as of September 30, 2015 and 2016 was \$6,672 and \$4,029, respectively.

Maturities of long-term debt outstanding at September 30, 2016 are as follows:

2017	2,292
2018	1,737
	<u>4,029</u>
	\$ <u>4,029</u>

**Note 5. Support Concentration**

Webster County Senior Citizens, Inc. receives about 44% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 43% 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.

**Note 6. Donated Services**

The organization has a number of volunteers who have donated time and services in carrying out its programs and activities. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services as defined by FASB ASC 958-605, *Not-for-Profit Entities: Recognition Principles*.

**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
<b>Revenue &amp; Support</b>									
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
<b>Total Revenue &amp; Support</b>	<b>51,756</b>	<b>194,456</b>	<b>1,115</b>	<b>10,317</b>	<b>656,527</b>	<b>198,692</b>	<b>163,747</b>	<b>78,868</b>	<b>1,355,478</b>
<b>Expenses</b>									
Payroll & Benefits	27,608	84,883		3,477	752,864	106,808	87,497	44,248	1,107,385
Communications & Utilities	3,645	9,798			3,006	2,828			19,277
Food & Disposables		84,791							84,791
Transportation		7,456							7,456
Equipment & Repairs	2,487	6,214			4,801	8,239			21,741
Office & Supplies					4,800	3,731			8,531
Travel & Training	6,292				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	4,830		167	1,876					6,873
Other Expenses	9,958	1,411	1,072		6,897	1,394		1,700	22,432
<b>Total Expenses</b>	<b>54,820</b>	<b>194,553</b>	<b>1,239</b>	<b>5,353</b>	<b>802,698</b>	<b>131,818</b>	<b>87,497</b>	<b>72,780</b>	<b>1,350,758</b>
<b>Change in Net Assets</b>	<b>\$ (3,064)</b>	<b>\$ (97)</b>	<b>\$ (124)</b>	<b>\$ 4,964</b>	<b>\$ (146,171)</b>	<b>\$ 66,874</b>	<b>\$ 76,250</b>	<b>\$ 6,088</b>	<b>\$ 4,720</b>

The notes are an integral part of these financial statements.

**Webster County Senior Citizens, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2016**

	III-B/ Asst Trans	III-C	III-E	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs
<b>Revenue &amp; Support</b>								
Federal & Nutrition Revenue	\$ 27,384	\$ 147,131	\$ 4,487					\$ 179,002
State Revenue (2015-16)						115,529		115,529
State Revenue (2016-17)						44,409		44,409
LIFE Revenue (2015-16)	16,765				138,134			154,899
LIFE Revenue (2016-17)					45,000			45,000
Program Service Fees				\$ 525,098			71,091	596,189
Project Income	5,238	24,256			2,174	11,409	231	43,308
Contributions							8,065	8,065
Fundraising				120			887	1,007
Other Income	4,830	12,703	1,852	8,796			84	28,265
<b>Total Revenue &amp; Support</b>	<b>54,217</b>	<b>184,090</b>	<b>6,339</b>	<b>534,014</b>	<b>185,308</b>	<b>171,347</b>	<b>80,358</b>	<b>1,215,673</b>
<b>Expenses</b>								
Payroll & Benefits	25,682	103,586	2,997	656,250	117,246	108,871	35,844	1,050,476
Communications & Utilities	3,356	10,882		1,189	5,693			21,120
Food & Disposables		79,635						79,635
Transportation		6,981						6,981
Equipment & Repairs	1,723	4,626		13,065	3,905			23,319
Office & Supplies				7,787	2,333			10,120
Travel & Training	6,874			3,748	691			11,313
Depreciation							22,789	22,789
Professional Fees				12,003	11,516			23,519
Advertising				559				559
Insurance				8,726	8,457			17,183
Rent	4,830	11,473	1,852					18,155
Other Expenses	6,380			3,321	3,197		1,938	14,836
<b>Total Expenses</b>	<b>48,845</b>	<b>217,183</b>	<b>4,849</b>	<b>706,648</b>	<b>153,038</b>	<b>108,871</b>	<b>60,571</b>	<b>1,300,005</b>
<b>Change in Net Assets</b>	<b>\$ 5,372</b>	<b>\$ (33,093)</b>	<b>\$ 1,490</b>	<b>\$(172,634)</b>	<b>\$ 32,270</b>	<b>\$ 62,476</b>	<b>\$ 19,787</b>	<b>\$ (84,332)</b>

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, 20116**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<i>Pass-Through Programs from Upper Potomac Area Agency on Aging:</i>			
U.S. Department of Health & Human Services:			
Administration for Community Living Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044	21636-12	\$ 27,384
Administration for Community Living Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052	21636-12	\$ 4,487
Administration for Community Living Special Programs for the Aging Title III Part C Nutrition Services	93.045		\$ 147,131
<i>Total US Department of Health &amp; Human Services</i>			<u>\$ 179,002</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 179,002</u></u>

**The accompanying notes are an integral part of this schedule.**

# Williams & Associates, A.C.

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## **Independent Auditors' 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**

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

We have audited, 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, the financial statements of Webster County Senior Citizens, Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015 and 2016, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Webster County Senior Citizens, 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 Webster County Senior Citizens, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Webster County Senior Citizens, 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 Webster County Senior Citizens, Inc's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing on 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.

*Williams & Associates A. C.*

Elkins, West Virginia

June 22, 2017

# Williams & Associates, A.C.

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Certified Public Accountant

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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 Webster County Senior Citizens, Inc., for the years ended September 30, 2015 and 2016, 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 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 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 Webster County Senior Citizens, Inc.

*Williams & Associates A.C.*

Elkins, West Virginia  
June 22, 2017