

**Upshur County Senior Citizens
Opportunity Center, Inc.**

Audited Financial Statements

September 30, 2015

Williams & Associates, A.C.
204 Davis Avenue, Post Office Box 2727
Elkins, West Virginia 26241
(304) 637-9110

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities & Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-11
SUPPLEMENTAL INFORMATION	
Schedule of Activities by Program (includes Functional Expenses)	12
Schedule of Expenditures of Federal & State Awards	13
GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	14-15
MANAGEMENT INFORMATION	
Management Letter	16-17

Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
Elkins, WV 26241
Phone: 304-637-9110
Fax: 304-637-9006

Certified Public Accountant

40 East Main Street
Buckhannon, WV 26201
Phone: 304-473-0007
Fax: 304-473-0009

INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Upshur County Senior Citizens Opportunity Center, Inc.
28 N Kanawha Street
Buckhannon, WV 26201

Report on the Financial Statements

We have audited the accompanying financial statements of Upshur County Senior Citizens Opportunity Center, 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 Upshur County Senior Citizens Opportunity Center, 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 schedules of revenues and support and expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2016, on our consideration of Upshur County Senior Citizens Opportunity Center, 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 Upshur County Senior Citizens Opportunity Center, Inc.'s internal control over financial reporting and compliance.

Williams & Associates, A.C.

Elkins, West Virginia
June 20, 2016

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENTS OF FINANCIAL POSITION
September 30, 2014 & 2015

	2014	2015
ASSETS		
Current Assets		
Cash & Equivalents	\$ 167,933	\$ 169,072
Investments	181,023	167,039
Accounts Receivable	42,103	38,750
Grants Receivable	52,925	43,525
Prepaid Expenses	4,426	9,641
Inventory	2,907	2,907
Total Current Assets	\$ 451,317	\$ 430,934
Property & Equipment, net	1,044,803	977,573
TOTAL ASSETS	\$ 1,496,120	\$ 1,408,507
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 6,370	\$ 6,948
Payroll Tax Liabilities	4,880	5,604
Employee Benefits Payable	1,348	5,089
Accrued Wages	40,067	44,274
Deferred Compensation	32,182	23,891
Total Current Liabilities	\$ 84,847	\$ 85,806
TOTAL LIABILITIES	84,847	85,806
Net Assets		
Unrestricted	1,411,273	1,322,701
TOTAL NET ASSETS	1,411,273	1,322,701
TOTAL LIABILITIES & NET ASSETS	\$ 1,496,120	\$ 1,408,507

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

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2014 & 2015

	<u>2014</u>	<u>2015</u>
REVENUE AND SUPPORT		
Public Support	\$ 3,028	\$ 18,120
Grant Revenues	875,086	859,285
Program Service Fees	507,479	471,250
Interest/Dividend Income	6,432	1,327
Royalty Income	3,030	2,017
Project Income	33,061	23,480
Other	13,266	-
	<u>1,441,382</u>	<u>1,375,479</u>
EXPENSES		
Program Services	1,280,310	1,323,506
Management and General	260,778	134,210
	<u>1,541,088</u>	<u>1,457,716</u>
TOTAL EXPENSES		
	<u>1,541,088</u>	<u>1,457,716</u>
NET INCOME(LOSS)	(99,706)	(82,237)
Unrealized Gain(Loss) on Investments	13,180	(7,985)
Gain(Loss) on Disposal of Fixed Assets	(25,882)	1,650
	<u>(112,408)</u>	<u>(88,572)</u>
CHANGE IN NET ASSETS		
	<u>(112,408)</u>	<u>(88,572)</u>
NET ASSETS, Beginning of Year	<u>1,523,681</u>	<u>1,411,273</u>
NET ASSETS, End of Year	<u>\$ 1,411,273</u>	<u>\$ 1,322,701</u>

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

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(88,572)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		67,231
(Increase)Decrease in Accounts Receivable		16,760
(Increase)Decrease in Grants Receivable		(4,006)
(Increase)Decrease in Prepaid Expenses		(5,214)
Increase(Decrease) in Accounts Payable		578
Increase(Decrease) in Payroll Tax Liabilities		328
Increase(Decrease) in Employee Benefits Payable		4,134
Increase(Decrease) in Accrued Wages		(4,085)
Increase(Decrease) in Deferred Compensation		<u>-</u>
 NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES		 \$ (12,846)

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in Investments		<u>13,985</u>
 NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES		 <u>13,985</u>

INCREASE(DECREASE) IN CASH & EQUIVALENTS 1,139

CASH & EQUIVALENTS, 10/1/14 167,933

CASH & EQUIVALENTS, 9/30/15 \$ 169,072

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

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Upshur County Senior Citizens Opportunity Center, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Upshur County, West Virginia. The purpose of the Organization is to enhance the quality of life for older persons and to help them to remain independent and active.

This summary of significant accounting policies of Upshur County Senior Citizens Opportunity Center, Inc., is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of Upshur County Senior Citizens Opportunity Center, 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.

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (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.

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 are deemed collectible.

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. The Organization uses the allowance method to determine collectibility of grants receivable. As of September 30, 2015, all grants receivable are deemed collectible.

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. The Organization capitalizes purchases in the amount of \$500 that have an estimated life of more than one year.

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

Investments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Organization determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instruments.

The Organization measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at the lower of cost or market on a first in-first out (FIFO) basis.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The last three years of returns are open to audit.

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

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, but 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 \$143.

Note 2. Receivables

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

COACT	\$ 13,437
LIFE	17,058
Title III-C	<u>13,030</u>
Total Grants Receivable	<u>\$ 43,525</u>

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

WV DHHR	\$ 29,784
VA Program	2,072
Others	<u>6,894</u>
Total Accounts Receivable	<u>\$ 38,750</u>

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

Note 3. Investments

Investments are stated at fair value and consist of U.S. Government Agency Obligations and U.S. Treasury Bills. The cost and estimated market value of investment securities at September 30, 2015 are as follows:

	Original Cost	Gross Unrealized Gain(Loss)	Estimated Market Value
Edward Jones	<u>\$ 176,757</u>	<u>(\$ 9,718)</u>	<u>\$ 167,039</u>

Note 4. Property and Equipment

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

Land	\$ 250,470
Buildings	829,360
Improvements	422,344
Vehicles	109,111
Office Furniture & Equipment	<u>537,422</u>
Total Fixed Assets	2,148,707
Less accumulated depreciation	<u>(1,171,134)</u>
Net property and equipment	<u>\$ 977,573</u>

Note 5. Retirement Program

Certain employees are eligible to be included in the organization's retirement program. The employee contributes 4.5% of his/her gross wages which is combined with 9.5% contributed by Upshur County Senior Citizens Opportunity Center, Inc. The covered employees are eligible to draw benefits upon retirement. Retirement expenses for the year ended September 30, 2015 was \$23,824.

Note 7. Support Concentration

Upshur County Senior Citizens Opportunity Center, Inc., receives approximately 32.8% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs and 52.9% of its support from government grants. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

Note 8. Subsequent Events

Management has evaluated subsequent events the date of issuance of the audit report and determined that no other disclosures were needed.

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

Note 9. Split-Interest Agreement (Trust)

The Organization is also the beneficiary of a perpetual trust created on October 6, 1994 by Lowe Bartlett Armstrong and held by JPMorgan Chase Bank, NA. The Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The funds held in trust remain the property of the trust therefore they are not reflected on the Statement of Financial Position.

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

	Programs								Subtotal	Admin	TOTAL	
	III-B	III-C	III-D	III-E	LIFE	COACT	IN-HOME	MEDICAID				OTHER
Grant Revenues												
Federal	34,817		431	6,548		48,500			2,000	92,296	92,296	
Nutrition		142,422								142,422	142,422	
LIFE					192,404					192,404	192,404	
State & Other	19,394			2,223		241,007	166,539		3,000	432,163	432,163	
Other Revenues												
Program Service Fees					276			452,030	18,944	471,250	471,250	
Project Income		23,480								23,480	23,480	
Donations	155	16,186								16,341	1,779	18,120
Interest/Dividends										-	1,327	1,327
Royalty Income										-	2,017	2,017
Total Revenues	54,366	182,088	431	8,771	192,680	289,507	166,539	452,030	23,944	1,370,356	5,123	1,375,479
Expenses												
Personnel	42,180	135,097		5,625	103,464	120,712	127,258	320,088	23,420	877,844	47,398	925,242
Taxes/Benefits	4,955	19,259		504	16,136	29,448	11,385	39,905		121,592		121,592
Contractual	13,950				12,550					26,500		26,500
Advertisement		143								143		143
Depreciation										-	67,230	67,230
Disposables		7,748								7,748		7,748
Repairs & Maintenance	14	1,196			479	134			1,731	3,554	6,445	9,999
Office Supplies/Postage	159	115			4,435	2,709		35		7,453		7,453
Professional Fees					4,002					4,002		4,002
Raw Food		54,952								54,952		54,952
Training/Travel/Meetings	215	316		3	6,830	5,429	1,396	17,525	573	32,287	1,455	33,742
Utilities/Communications	8	14,798			9,436	4,874				29,116		29,116
Insurance					17,801					17,801		17,801
Other	2,017	16,165			125	116,114		2,213	3,880	140,514	11,682	152,196
Indirect	6,332	20,734		823	16,066	20,171	18,624	48,356	3,104	134,210	(134,210)	-
Total Expenses	69,830	270,523	-	6,955	191,324	299,591	158,663	428,122	32,708	1,457,716	-	1,457,716
Net Income(Loss)	(15,464)	(88,435)	431	1,816	1,356	(10,084)	7,876	23,908	(8,764)	(87,360)	5,123	(82,237)
Unrealized Gain(Loss) on Investments										-	(7,985)	(7,985)
Gain(Loss) on Disposal of Assets										-	1,650	1,650
Change in Net Assets	(15,464)	(88,435)	431	1,816	1,356	(10,084)	7,876	23,908	(8,764)	(87,360)	(1,212)	(88,572)

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

Upshur County Senior Citizens Opportunity Center, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS
For the Year Ended September 30, 2015

	Grant Identification Number	Expenditures
FEDERAL:		
U.S. Department of Health and Human Services:	93.044	\$ 48,500
Administration on Aging		
Special Programs for the Aging Title III Part A		
Grants for Supportive Services and Senior Centers		
Administration on Aging	93.044	34,817
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration on Aging	93.052	6,548
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration on Aging	93.045	142,422
Special Programs for the Aging Title III Part C		
Nutrition Services		
Administration on Aging	93.043	431
Special Programs for the Aging Title III Part D		
Disease Prevention and Health Promotion Services		
Centers for Medicare and Medicaid Services	93.626	2,000
Affordable Care Act		
State Health Insurance Assistance Program		
<i>Total Expenditures of Federal Awards</i>		\$ 234,718
STATE:		
LIFE	7/1/14-6/30/15	2015 \$ 140,583
LIFE	7/1/15-6/30/16	2016 51,821
Lighthouse	7/1/14-6/30/15	2015 132,805
Lighthouse	7/1/15-6/30/16	2016 1,976
FAIR	7/1/14-6/30/15	2015 31,439
FAIR	7/1/15-6/30/16	2016 319
Community Partnership Grants		3,000
III-B		19,394
III-E		2,223
COACT		241,007
<i>Total Expenditures of State Awards</i>		\$ 624,567
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		\$ 859,285

The notes are an integral part of these financial statements.

Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
Elkins, WV 26241
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Fax: 304-637-9006

Certified Public Accountant

40 East Main Street
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Phone: 304-473-0007
Fax: 304-473-0009

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
Upshur County Senior Citizens Opportunity Center, Inc.
Buckhannon, West Virginia 26201

We have audited the financial statements of Upshur County Senior Citizens Opportunity Center, Inc., (a non-profit organization) as of and for the year ended September 30, 2015, and have issued a report thereon dated June 20, 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 Upshur County Senior Citizens Opportunity 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 our audit and, accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance, which we have reported to management of Upshur County Senior Citizens Opportunity Center, Inc., in a separate letter dated June 20, 2016, and included in this audit report on page 16-17.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Upshur County Senior Citizens Opportunity Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing my 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 Upshur County Senior Citizens Opportunity Center, Inc., in a separate letter dated June 20, 2016, and included in this audit report on page 16-17.

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 20, 2016

Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
Elkins, WV 26241
Phone: 304-637-9110
Fax: 304-637-9006

Certified Public Accountant

40 East Main Street
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MANAGEMENT LETTER

To the Board of Directors
Upshur County Senior Citizens Opportunity Center, Inc.
Buckhannon, West Virginia

Our audit on the financial statements of the Upshur County Senior Citizens Opportunity Center, 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 Upshur County Senior Citizens Opportunity Center, 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.

Revenues and Receivables

During our audit we noted that grant revenues were not properly recorded and classified. Federal, state and other grant revenue should be separated in the financial statements. We also noted that grants receivable were not always recorded in the proper periods. Care should be exercised in recording and classifying revenues, as well as accruing receivables appropriately.

Indirect Cost Allocation

During our audit we noted that indirect costs were not allocated appropriately to programs. A system for posting indirect costs and allocating them to programs should be implemented immediately.

Stale-dated Checks

During our audit we noted several stale-dated paychecks on the payroll account reconciliation. These checks should be reissued, if possible. If the address of the employee is unknown and cannot be reasonably attained, the amounts should be submitted to the State Treasurer's Office Unclaimed Property Division.

There were also stale-dated checks on the general fund and accounts payable account reconciliations. These checks need investigated and either reissued or voided with a journal entry to the current fiscal year.

Retirement

We noted during our audit that 403(b) contributions are not being accurately recorded to programs. There is an error in the payroll setup wherein the system is not posting the transactions appropriately. This error should be corrected immediately.

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 Upshur County Senior Citizens Opportunity Center, Inc.

Williams & Associates, A.C.

Elkins, West Virginia

June 20, 2016