

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

Audited Financial Statements

**September 30, 2018
& September 30, 2017**

Williams & Bright, A.C.
427 Kerens Avenue, Post Office Box 2727
Elkins, West Virginia 26241
(304) 637-9110

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Comparative Statement of Financial Position	3
Comparative Statement of Activities & Changes in Net Assets	4
Comparative Statement of Cash Flows	5
Notes to the Financial Statements	6-11
SUPPLEMENTAL INFORMATION	
Schedule of Activities by Program (includes Functional Expenses) 2018	12
Schedule of Activities by Program (includes Functional Expenses) 2017	13
Schedule of Expenditures of Federal & State Awards 2018	14
GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS	
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	15-16
MANAGEMENT INFORMATION	
Management Letter & Findings	17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Upshur County Senior Citizens Opportunity Center, Inc.
Buckhannon, WV 26201

Report on Financial Statements

We have audited the accompanying financial statements of the Upshur County Senior Citizens Opportunity Center, Inc. (a nonprofit organization), which comprise the comparative statement of financial position as of September 30, 2018 and 2017, and the related comparative statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 the Upshur County Senior Citizens Opportunity Center, Inc., as of September 30, 2018 and 2017, 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 accompanying statement of activities by program and schedule of 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 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 November 16, 2018, on our consideration of the 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 the Upshur County Senior Citizens Opportunity Center, Inc.'s internal control over financial reporting and compliance.

Williams & Bright A.C.

Elkins, West Virginia
November 16, 2018

Upshur County Senior Citizens Opportunity Center, Inc.
COMPARATIVE STATEMENT OF FINANCIAL POSITION
September 30, 2018 & 2017

	2018	2017
ASSETS		
Current Assets		
Cash & Equivalents	\$ 174,741	\$ 188,479
Investments	181,500	180,739
Accounts Receivable	45,699	60,196
Grants Receivable	77,980	40,253
Prepaid Expenses	3,729	7,775
Inventory	2,800	3,853
Total Current Assets	\$ 486,449	\$ 481,295
Property & Equipment, net	803,084	854,922
TOTAL ASSETS	\$ 1,289,533	\$ 1,336,217
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$ 8,443	\$ 1,992
Payroll Tax Liabilities	11,980	12,197
Employee Benefits Payable	3,997	4,737
Accrued Wages	31,484	26,829
Deferred Compensation	17,272	21,592
Total Current Liabilities	\$ 73,176	\$ 67,347
TOTAL LIABILITIES	73,176	67,347
Net Assets		
Net Assets without Donor Restrictions	1,216,357	1,268,870
TOTAL NET ASSETS	1,216,357	1,268,870
TOTAL LIABILITIES & NET ASSETS	\$ 1,289,533	\$ 1,336,217

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

Upshur County Senior Citizens Opportunity Center, Inc.
COMPARATIVE STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2018 & 2017

	2018	2017
REVENUE AND SUPPORT		
Public Support	\$ 3,702	\$ 5,852
Grant Revenues	1,128,740	901,637
Program Service Fees	457,353	416,170
Interest/Dividend Income	4,865	5,052
Royalty Income	449	95
Project Income	23,303	30,073
Realized Gain on Investment	3,751	-
Other	10,602	10,987
	1,632,765	1,369,866
EXPENSES		
Program Services	1,572,571	1,322,296
Management and General	111,840	80,340
	1,684,411	1,402,636
TOTAL EXPENSES		
	(51,646)	(32,770)
NET INCOME(LOSS)		
Unrealized Gain(Loss) on Investments	(867)	8,955
	(52,513)	(23,815)
CHANGE IN NET ASSETS		
NET ASSETS, Beginning of Year	1,268,870	1,292,685
NET ASSETS, End of Year	\$ 1,216,357	\$ 1,268,870

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

Upshur County Senior Citizens Opportunity Center, Inc.
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2018 & 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (52,513)	\$ (23,815)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	51,838	63,537
(Increase)Decrease in Accounts Receivable	14,497	(10,686)
(Increase)Decrease in Grants Receivable	(37,727)	31,778
(Increase)Decrease in Prepaid Expenses	4,046	1,285
(Increase)Decrease in Inventory	1,053	-
Increase(Decrease) in Accounts Payable & Accrued Expenses	6,451	(9,048)
Increase(Decrease) in Payroll Tax Liabilities	(217)	7,666
Increase(Decrease) in Employee Benefits Payable	(740)	(957)
Increase(Decrease) in Accrued Wages	4,655	(11,327)
Increase(Decrease) in Deferred Compensation	(4,320)	(4,523)
NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES	(12,977)	43,910
 CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase)Decrease in Investments	(761)	(6,909)
NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES	(761)	(6,909)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	-	(2,213)
NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES	-	(2,213)
 INCREASE(DECREASE) IN CASH & EQUIVALENTS	(13,738)	34,788
CASH & EQUIVALENTS, Beginning of Year	188,479	153,691
 CASH & EQUIVALENTS, End of Year	\$ 174,741	\$ 188,479

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

Upshur County Senior Citizens Opportunity Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

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 Accounting Standards Codification 958-205, formerly Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions (both temporary and permanent).

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.

Upshur County Senior Citizens Opportunity Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 1. Summary of Significant Accounting Policies (continued)

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, 2018 and 2017, 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 net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine collectability of grants receivable. As of September 30, 2018 and 2017, 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.

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.

Upshur County Senior Citizens Opportunity Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 1. Summary of Significant Accounting Policies (continued)

Investments (continued)

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' returns remain open to audit.

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.

Upshur County Senior Citizens Opportunity Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 1. Summary of Significant Accounting Policies (continued)

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, 2018 were \$70 and September 30, 2017 were \$0.

Note 2. Receivables

Grants receivable consisted of the following at September 30:

	<u>2018</u>	<u>2017</u>
COACT	\$ 23,667	\$ 0
LIFE	16,180	16,504
FAIR/Lighthouse	10,058	14,764
Title III	<u>28,075</u>	<u>8,985</u>
Total Grants Receivable	<u>\$ 77,980</u>	<u>\$ 40,253</u>

Accounts receivable consisted of the following at September 30:

	<u>2018</u>	<u>2017</u>
WV DHHR	\$ 29,309	\$ 23,660
VA Program	15,512	14,208
Others	<u>878</u>	<u>22,328</u>
Total Accounts Receivable	<u>\$ 45,699</u>	<u>\$ 60,196</u>

Upshur County Senior Citizens Opportunity Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

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 are as follows:

<u>2018</u>	<u>Original Cost</u>	<u>Gross Unrealized Gain(Loss)</u>	<u>Estimated Market Value</u>
Ameriprise Financial	<u>\$ 166,750</u>	<u>\$ 14,750</u>	<u>\$ 181,500</u>
 <u>2017</u>			
Ameriprise Financial	<u>\$ 166,750</u>	<u>\$ 13,989</u>	<u>\$ 180,739</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 250,470	\$ 250,470
Buildings	829,360	829,360
Improvements	422,344	422,344
Vehicles	41,303	41,303
Office Furniture & Equipment	<u>239,888</u>	<u>239,888</u>
Total Fixed Assets	1,783,365	1,783,365
Less accumulated depreciation	<u>(980,281)</u>	<u>(928,443)</u>
Net property and equipment	<u>\$ 803,084</u>	<u>\$ 854,922</u>

Note 5. Support Concentration

Upshur County Senior Citizens Opportunity Center, Inc., receives approximately 69% of its support from government grants and 21% 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. Subsequent Events

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

Upshur County Senior Citizens Opportunity Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 7. 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.

Note 8. Concentration of Credit Risk

Cash consists of interest and non interest-bearing checking and savings accounts on deposit in institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. As of the years ended September 30, 2018 and 2017, all deposits were fully insured by the FDIC.

Note 9. 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*.

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2018

	Programs									Subtotal	Admin	TOTAL
	III-B	III-C	III-E	LIFE	COACT	FAIR	Lighthouse	Waiver/COC	OTHER			
Grant Revenues												
Federal	19,880		8,666		48,500					77,046		77,046
Nutrition		103,474								103,474		103,474
LIFE	156	20,359		155,567		2,046	6,912			185,040		185,040
State & Other	30,384				593,211	24,658	114,928			763,181		763,181
Other Revenues												
Program Service Fees	1,679		857	9		6,767	13,053	343,920	91,067	457,352		457,352
Project Income		23,303								23,303		23,303
Donations		2,500								2,500	1,202	3,702
Interest/Dividends											4,865	4,865
Royalty Income											449	449
Realized Gain on Investments											3,751	3,751
Other Income		10,602								10,602		10,602
Total Revenues	52,099	160,238	9,523	155,576	641,711	33,471	134,893	343,920	91,067	1,622,498	10,267	1,632,765
Expenses												
Personnel	23,102	69,967	5,372	92,041	144,480	24,773	98,792	291,467	72,575	822,569	2,856	825,425
Taxes/Benefits	2,707	6,122	488	23,010	32,526	2,216	8,701	41,728	6,379	123,877	23,324	147,201
Contractual	26,500									26,500		26,500
Advertisement									70	70		70
Depreciation											51,838	51,838
Disposables		5,237								5,237		5,237
Repairs & Maintenance		2,218		2,227						4,445	375	4,820
Office Supplies/Postage	32	149		5,192	2,879		123	443	67	8,885	1,059	9,944
Professional Fees				4,463						4,463		4,463
Raw Food		44,944								44,944	1,054	45,998
Training/Travel/Meetings	604	1,671	509	712	4,919	649	2,891	6,995	545	19,495	2,099	21,594
Utilities/Communications		13,080		16,502	4,108					33,690		33,690
Insurance				13,279						13,279	5,091	18,370
Bad Debt											23,666	23,666
Other		9,783			452,697			2,637		465,117	478	465,595
Indirect	3,172	9,606	737	12,636	18,745	3,401	13,563	40,016	9,964	111,840	(111,840)	-
Total Expenses	56,117	162,777	7,106	170,062	660,354	31,039	124,070	383,356	89,530	1,684,411	-	1,684,411
Net Income(Loss)	(4,018)	(2,539)	2,417	(14,486)	(18,643)	2,432	10,823	(39,436)	1,537	(61,913)	10,267	(51,646)
Unrealized Gain(Loss) on Investments										-	(867)	(867)
Gain(Loss) on Disposal of Assets										-		
Change in Net Assets	(4,018)	(2,539)	2,417	(14,486)	(18,643)	2,432	10,823	(39,436)	1,537	(61,913)	9,400	(52,513)

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

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2017

	Programs								Subtotal	Admin	TOTAL	
	III-B	III-C	III-E	LIFE	COACT	FAIR	Lighthouse	Waiver/COC				OTHER
Grant Revenues												
Federal	32,609		3,430		48,500					84,539		84,539
Nutrition		110,277								110,277		110,277
LIFE	4,960	14,581		148,671		2,701	5,998		18,627	195,538		195,538
State & Other	22,611				326,000	29,719	132,953			511,283		511,283
Other Revenues												
Program Service Fees	1,153		382			9,351	17,511	287,328	100,445	416,170		416,170
Project Income		25,577							4,496	30,073		30,073
Donations		2,100								2,100	3,752	5,852
Interest/Dividends										-	5,052	5,052
Royalty Income										-	95	95
Other Income		10,987								10,987		10,987
Total Revenues	61,333	163,522	3,812	148,671	374,500	41,771	156,462	287,328	123,568	1,360,967	8,899	1,369,866
Expenses												
Personnel	30,049	84,629	2,027	106,997	125,241	33,141	117,605	243,979	68,074	811,742		811,742
Taxes/Benefits	3,910	7,661	179	28,385	28,894	3,036	13,548	52,450	6,256	144,319	13,585	157,904
Contractual	25,667			833						26,500		26,500
Advertisement										-		-
Depreciation										-	63,537	63,537
Disposables	7	5,564								5,571		5,571
Repairs & Maintenance		1,553		1,014	57					2,624	232	2,856
Office Supplies/Postage	30	10		3,157	1,160		263	821	15	5,456	284	5,740
Professional Fees				4,475						4,475		4,475
Raw Food		39,381								39,381		39,381
Training/Travel/Meetings	294	1,345	30	1,242	5,249	538	4,282	7,702	1,105	21,787	29	21,816
Utilities/Communications		13,417		6,963	4,790					25,170	2,129	27,299
Insurance				14,148						14,148		14,148
Other	1,000	350		11,158	207,921			22	672	221,123	544	221,667
Indirect	2,746	7,735	185	9,778	17,600	3,029	10,749	22,297	6,221	80,340	(80,340)	-
Total Expenses	63,703	161,645	2,421	188,150	390,912	39,744	146,447	327,271	82,343	1,402,636	-	1,402,636
Net Income(Loss)	(2,370)	1,877	1,391	(39,479)	(16,412)	2,027	10,015	(39,943)	41,225	(41,669)	8,899	(32,770)
Unrealized Gain(Loss) on Investments										-	8,955	8,955
Gain(Loss) on Disposal of Assets										-		-
Change in Net Assets	(2,370)	1,877	1,391	(39,479)	(16,412)	2,027	10,015	(39,943)	41,225	(41,669)	17,854	(23,815)

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, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<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 A Administration	93.044	\$ 48,500
Administration for Community Living Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044	\$ 19,880
Administration for Community Living Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052	\$ 8,666
Administration for Community Living Special Programs for the Aging Title III Part C Nutrition Services	93.045	<u>\$ 103,474</u>
<i>Total Expenditures of Federal Awards</i>		<u>\$ 180,520</u>
STATE:		
LIFE	7/1/17-6/30/18	2018
LIFE	7/1/18-6/30/19	2019
Lighthouse	7/1/17-6/30/18	2018
Lighthouse	7/1/18-6/30/19	2019
FAIR	7/1/17-6/30/18	2018
FAIR	7/1/18-6/30/19	2019
IIIB	10/1/16-9/30/17	
COACT	10/1/16-9/30/17	
		<u>\$ 139,844</u>
		<u>45,196</u>
		<u>95,776</u>
		<u>19,152</u>
		<u>22,260</u>
		<u>2,398</u>
		<u>22,611</u>
		<u>593,211</u>
<i>Total Expenditures of State Awards</i>		<u>\$ 940,448</u>
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		<u><u>\$ 1,120,968</u></u>

The accompanying notes are an integral part of this schedule.

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
Upshur County Senior Citizens Opportunity Center, 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 Upshur County Senior Citizens Opportunity Center, Inc (a nonprofit organization), which comprise the comparative statement of financial position as of September 30, 2018 and 2017, the related comparative 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 November 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Upshur County Senior Citizens Opportunity Center, 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 Upshur County Senior Citizens Opportunity Center, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Upshur County Senior Citizens Opportunity Center, 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 identified a deficiency in internal control that we consider to be a significant deficiency, noted as 2017-1 in the management letter on page 17-18. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Upshur County Senior Citizens Opportunity Center, 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 & Bright A.C.

Elkins, West Virginia
November 16, 2018

Williams & Bright, A.C.

CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

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

Our audit on the financial statements of Upshur County Senior Citizens Opportunity Center, Inc., for the years ended September 30, 2018 and 2017, 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.

SIGNIFICANT DEFICIENCIES

2017-1 LACK OF SEGREGATION OF DUTIES

Criteria: Internal control should be implemented to the degree possible to assign to different individuals the responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction.

Condition: The same employee is responsible for recording accounts receivable, reconciling the bank statements and posting journal entries.

Cause: The organization has limited staff and responsibilities for approving, executing, and recording transactions and custody of the resulting assets arising from financial transactions are not assigned to different individuals because the organization does not employ enough administrative staff members to make the necessary segregation possible.

Effect: More than a remote likelihood exists that a material misstatement of the financial statements will not be prevented or detected by the organization's internal controls.

Recommendation: We recommend responsibilities of approval, execution, recording and custody should be distributed among employees, management and the board of directors to the degree possible. However, we recognize that full and complete segregation of duties is not economically feasible.

Response: We concur with the finding and recommendation.

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 Upshur County Senior Citizens Opportunity Center, Inc.

Williams & Bright A.C.

Elkins, West Virginia
November 16, 2018