

Pendleton Senior & Family Services, 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

Pendleton Senior & Family Services, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pendleton Senior and Family Services, Inc.
Franklin, WV 26807

Report on Financial Statements

We have audited the accompanying financial statements of Pendleton Senior and Family Services, 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 Pendleton Senior and Family Services, 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 (and state) 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 23, 2017, on our consideration of Pendleton Senior and Family Services, 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 Pendleton Senior and Family Services, Inc.'s internal control over financial reporting and compliance.

Williams & Associates A.C.

Elkins, West Virginia
June 23, 2017

Pendleton Senior & Family Services, Inc.
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2016

	<u>2015</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash & Equivalents	\$ 140,715	\$ 35,769
Accounts Receivable	90,797	83,310
Grants Receivable	35,314	49,362
Prepaid Expenses	1,566	7,326
Inventory	8,877	8,971
Total Current Assets	<u>277,269</u>	<u>184,738</u>
Fixed Assets		
Property & Equipment	2,042,465	2,122,061
Accumulated Depreciation	<u>(1,107,037)</u>	<u>(1,209,871)</u>
Fixed Assets, net	<u>935,428</u>	<u>912,190</u>
TOTAL ASSETS	<u><u>\$ 1,212,697</u></u>	<u><u>\$ 1,096,928</u></u>
 LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 3,582	\$ 15,318
Payroll Tax Liabilities	4,053	7,162
Accrued Wages	54,178	23,768
Deferred Compensation	17,000	7,002
Line of Credit	-	13,800
Due on Settlement Claim	2,000	-
Total Current Liabilities	<u>80,813</u>	<u>67,050</u>
Long-Term Liabilities		
OPEB Liability	192,622	203,836
Total Long-Term Liabilities	<u>192,622</u>	<u>203,836</u>
Total Liabilities	<u>273,435</u>	<u>270,886</u>
Net Assets		
Net Assets, Unrestricted	939,262	826,042
Total Net Assets	<u>939,262</u>	<u>826,042</u>
LIABILITIES & NET ASSETS	<u><u>\$ 1,212,697</u></u>	<u><u>\$ 1,096,928</u></u>

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

Pendleton Senior & Family Services, Inc.
COMPARATIVE STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2015 and 2016

	2015	2016
REVENUE & SUPPORT		
Grant Revenues:		
Federal	\$ 31,867	\$ 60,378
State	144,470	182,047
Nutrition	98,343	99,905
LIFE	190,313	201,271
Program Service Fees	439,109	372,494
Project Income	57,407	57,783
Interest & Dividends	57	35
Contributions	8,191	14,847
Fundraising	2,645	3,090
Other Income	-	2,118
TOTAL REVENUE & SUPPORT	972,402	993,968
 EXPENSES		
Program Service Expenses	644,600	748,565
Management and General	341,271	358,623
TOTAL EXPENSES	985,871	1,107,188
 INCREASE(DECREASE) IN NET ASSETS	 (13,469)	 (113,220)
 NET ASSETS, Beginning of Year	 952,731	 939,262
 NET ASSETS, End of Year	 \$ 939,262	 \$ 826,042

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

Pendleton Senior & Family Services, Inc.
STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2015 and 2016

	2015	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(Decrease) in Net Assets	\$ (13,469)	\$ (113,220)
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	69,743	74,022
(Increase)Decrease in Accounts Receivable	(12,831)	7,487
(Increase)Decrease in Grants Receivable	5,995	(14,048)
(Increase)Decrease in Prepaid Expenses	1,129	(5,760)
(Increase)Decrease in Other Current Assets	1,763	(94)
Increase(Decrease) in Accounts Payable	(6,936)	11,736
Increase(Decrease) in Payroll Tax Liabilities	979	3,109
Increase(Decrease) in Accrued Wages	1,421	(30,410)
Increase(Decrease) in Deferred Compensation	6,166	(9,998)
Increase(Decrease) in OPEB Liability	10,748	11,214
Increase(Decrease) in Due on Settlement Claim	2,000	(2,000)
Net cash provided(used) by operating activities	66,708	(67,962)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of Fixed Assets	(4,961)	(50,784)
Net Cash provided(used) by financing activities	(4,961)	(50,784)
CASH FLOWS FROM INVESTING ACTIVITIES		
Line of Credit Proceeds		28,000
Line of Credit Payments	-	(14,200)
Net Cash provided(used) by investing activities	-	13,800
Increase(Decrease) in Cash	61,747	(104,946)
Cash Balance, Beginning of Year	78,968	140,715
Cash Balance, End of Year	\$ 140,715	\$ 35,769

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

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2016

Note 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Pendleton Senior & Family Services, Inc., is presented to assist in understanding the Organization's financial statements.

Organization

Pendleton Senior & Family Services, Inc. is a private, nonprofit Organization, funded by state and federal monies and charitable donations that provides assistance to the elderly and eligible disabled of Pendleton County, West Virginia.

Basis of Accounting

The financial statements of Pendleton Senior & Family Services, 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 prior three years remain subject to examination by the Internal Revenue Service.

Pendleton Senior & Family Services, 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.

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, as well as the Veterans Administration. In addition, the Organization uses the direct write-off method for accounting for bad debts. As of the years ended September 30, 2015 and 2016, all accounts receivable are deemed collectible.

Grants receivable represent amounts invoiced by the Organization to grantor agencies under the terms of their grant agreements. As of the years ended September 30, 2015 and 2016, all grants receivable are deemed collectible.

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 \$1,000. Maintenance and repairs are expensed when incurred.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2016

Note 1. Summary of Significant Accounting Principles (Continued)

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 for the years ended September 30, 2015 and 2016.

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. Grant revenues for the years ended September 30, 2015 and 2016 were \$464,993 and 543,601, respectively.

Pendleton Senior & Family Services, 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 at September 30:

	<u>2015</u>	<u>2016</u>
WV DHHR	\$ 56,174	\$ 68,728
WV DHHS for Medical Transport Services	0	2,189
Veterans Administration	33,901	12,009
Tiny Toys Daycare – Meals Served	460	384
Sliding Fee Clients – Homemaker Services	<u>262</u>	<u>0</u>
	<u>\$ 90,797</u>	<u>\$ 83,310</u>

Grants receivable consisted of the following at September 30:

	<u>2015</u>	<u>2016</u>
LIFE	\$ 14,653	\$ 19,881
FAIR/Lighthouse	13,105	12,842
Title III-B	4,556	9,968
Title III-E	0	1,227
Title III-C Nutrition	0	5,444
MIPPA	<u>3,000</u>	<u>0</u>
	<u>\$ 35,314</u>	<u>\$ 49,362</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2015</u>	<u>2016</u>
Land	\$ 62,500	\$ 62,500
Buildings & Improvements	1,471,686	1,471,686
Equipment	<u>508,279</u>	<u>587,875</u>
Total Fixed Assets	2,042,465	2,122,061
Less accumulated depreciation	<u>(1,107,037)</u>	<u>(1,209,871)</u>
Net property and equipment	<u>\$ 935,428</u>	<u>\$ 912,190</u>

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2016

Note 4. Retirement Plan

The Organization sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. Full-time employees are eligible to participate in the plan. Employee contributions are voluntary and are made on a pretax basis. Currently employer contributions are 9.5% of the employee's earnings for those hired before March 2000 and 4% of earnings for employees hired after that date. The employer's share of retirement payments for the years ended September 30, 2015 and 2016 was \$13,686 and \$11,716, respectively, and is included in payroll & benefits costs on the statement of activities by program.

Note 5. Cash Deposits

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. All the carrying values are the same as market value. As of September 30, 2015 and 2016, all deposits were fully insured by the FDIC.

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*.

Note 7. Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2015 and 2016 was \$872 and \$152, respectively.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2016

Note 8. Other Post Employment Benefits (OPEB)

The Organization contributes to the West Virginia Retiree Health Care Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). The Trust provides medical benefits to retired employees. West Virginia Code §16D assigns PEIA with the administration of the WV OPEB plan. PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. The report may be obtained by writing to Public Employees Insurance Agency, 1900 Kanawha Blvd, East, Charleston, WV 25305.

West Virginia Code §5-16D-6 requires PEIA to bill the entire annual required contribution (ARC) beginning July 1, 2007 to employers. PEIA is only required to collect the minimum annual employer payment (MAEP), which is only a component of the ARC. Employers are required to record OPEB expense equal to the billed ARC and reflect a liability in their financial statements for any unpaid portion of the ARC.

The following shows the components of the Organization's annual OPEB cost for the years ended September 30, 2015 and 2016, the amount actually contributed to the plan and changes in the Agency's net OPEB obligations.

	<u>2015</u>	<u>2016</u>
Annual Required Contributions (ARC)	\$ 17,945	\$ 19,826
Adjustments	<u>0</u>	<u>0</u>
Annual OPEB cost	\$ 17,945	\$ 19,826
Contributions made	<u>(7,197)</u>	<u>(8,612)</u>
Increase in OPEB liability	\$ 10,748	\$ 11,214
OPEB Liability, Beginning of Year	<u>\$ 181,874</u>	<u>\$ 192,622</u>
OPEB Liability, End of Year	<u>\$ 192,622</u>	<u>\$ 203,836</u>

Note 9. Support Concentration

Pendleton Senior & Family Services, Inc. receives about 54% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 37% 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.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2016

Note 10. Contingencies

The Organization receives grant funding from federal and state agencies. The grant expenditures are subject to audit by the granting agencies. These audits are conducted to insure compliance with conditions of the grant award. Instances of noncompliance could result in grant awards being repaid. Any potential adjustments are believed to be immaterial.

Risks from torts or lawsuits are mitigated by maintaining insurance with the West Virginia Board of Risk. As of the years ended September 30, 2015 and 2016 the Organization had no current torts or lawsuits brought against them.

Note 11. Subsequent Events

Management has evaluated events subsequent to the balance sheet date through the date of the independent accountants' report, the date on which the financial statements were available to be issued, for items requiring adjustment or disclosure in these financial statements.

Note 12. Line of Credit

The Organization has a line of credit with Pendleton County Bank with a credit limit of \$60,000 and an interest rate equal to prime, which was 3.25% and 3.50% as of September 30, 2015 and 2016, respectively. The outstanding balance on this line of credit as of September 30, 2015 and 2016 was \$0 and \$13,800, respectively.

Note 13. Transportation Grants

The Organization is the recipient of grants from the WV Department of Transportation, Division of Public Transit. These grants provide funds for the Organization to purchase vehicles, covering 80% of total costs, leaving the Organization responsible for the remaining 20%. For the year ended September 30, 2015 the Organization did not receive a grant. For the year ended September 30, 2016 the Organization received grant funds totaling \$28,593 toward the purchase of a 2015 multi-passenger van, with total price of \$35,741. The title of the van remains with the WV Division of Public Transit until the van reaches 100,000 miles or four years has passed.

Note 14. Due on Settlement Claim

During the year, Pendleton Senior & Family Services settled an alleged age discrimination case filed by an employee. The settlement was negotiated without a court hearing. The settlement amount was \$16,000 and as of September 30, 2015, \$14,000 had been paid. The remaining \$2,000 balance was paid by December 31, 2015.

Pendleton Senior & Family Services, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2015

	PROGRAM SERVICES							Management and General	TOTAL
	III-B	III-C	III-E	SHIP/SHINE/ MIPPA	LIFE	Other Programs	Total Programs		
Revenue & Support									
Federal Revenue	26,841		5,026				31,867		31,867
Nutrition Revenue		98,343					98,343		98,343
State Revenue	13,055			7,750		123,665	144,470		144,470
LIFE Revenue (2014-15)					129,981		129,981		129,981
LIFE Revenue (2015-16)					60,332		60,332		60,332
Program Service Fees					838	438,271	439,109		439,109
Project Income	3,742	45,550			8,115		57,407		57,407
Contributions						8,191	8,191		8,191
Interest Income						57	57		57
Fundraising Income						2,645	2,645		2,645
Total Revenue & Support	43,638	143,893	5,026	7,750	199,266	572,829	972,402	-	972,402
Expenses									
Payroll & Benefits	14,194	68,282		7,433	41,903	399,365	531,177	167,897	699,074
Communications & Utilities							-	36,419	36,419
Food & Disposables		50,485					50,485		50,485
Transportation					19,871		19,871		19,871
Equipment & Repairs							-	12,761	12,761
Office Supplies		1,883	345			1,307	3,535	9,990	13,525
Travel & Training						3,575	3,575	3,856	7,431
Depreciation							-	69,743	69,743
Professional Fees							-	7,039	7,039
Training						3,961	3,961	-	3,961
Insurance							-	11,462	11,462
Other Expenses	10,416	11,972	5,026			5,178	32,592	21,508	54,100
Indirect Expenses	24,066	17,384	1,330		110,696	187,199	340,675	(340,675)	-
Total Expenses	48,676	150,006	6,701	7,433	172,470	600,585	985,871	-	985,871
Change in Net Assets	\$ (5,038)	\$ (6,113)	\$ (1,675)	\$ 317	\$ 26,796	\$ (27,756)	\$ (13,469)	\$ -	\$ (13,469)

The notes are an integral part of these financial statements.

Pendleton Senior & Family Services, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2016

	PROGRAM SERVICES						Management and General	TOTAL	
	III-B	III-C	III-E	SHIP/SHINE/ MIPPA	LIFE	Other Programs			Total Programs
Revenue & Support									
Federal Revenue	26,841		4,944			28,593	60,378	60,378	
Nutrition Revenue		99,905					99,905	99,905	
State Revenue	13,055			2,000		166,992	182,047	182,047	
LIFE Revenue (2015-16)					146,844		146,844	146,844	
LIFE Revenue (2016-17)					54,427		54,427	54,427	
Program Service Fees						372,494	372,494	372,494	
Project Income	3,349	42,985				11,449	57,783	57,783	
Contributions						14,847	14,847	14,847	
Interest Income						35	35	35	
Miscellaneous Income						2,118	2,118	2,118	
Fundraising Income						3,090	3,090	3,090	
Total Revenue & Support	43,245	142,890	4,944	2,000	201,271	599,618	993,968	-	993,968
Expenses									
Payroll & Benefits	17,390	98,028		5,048	130,990	375,904	627,360	185,667	813,027
Communications & Utilities	1,255		1,100				2,355	44,442	46,797
Food & Disposables		32,931					32,931		32,931
Transportation					22,125		22,125		22,125
Equipment & Repairs							-	16,840	16,840
Office Supplies	2,303		324		9,265	661	12,553	5,308	17,861
Travel & Training				42		2,792	2,834	1,394	4,228
Depreciation							-	74,022	74,022
Professional Fees							-	11,236	11,236
Training						2,314	2,314	-	2,314
Insurance							-	15,486	15,486
Other Expenses	21,212	4,698	5,475			14,708	46,093	4,228	50,321
Indirect Expenses	1,296	8,088	224	-	54,529	294,486	358,623	(358,623)	-
Total Expenses	43,456	143,745	7,123	5,090	216,909	690,865	1,107,188	-	1,107,188
Change in Net Assets	\$ (211)	\$ (855)	\$ (2,179)	\$ (3,090)	\$ (15,638)	\$ (91,247)	\$ (113,220)	\$ -	\$ (113,220)

The notes are an integral part of these financial statements.

Pendleton Senior & Family Services, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS
For the Fiscal Year Ended September 30, 2016

	Grant Identification Number	Expenditures
FEDERAL:		
U.S. Department of Health and Human Services:	93.044	\$ 26,841
Administration for Community Living Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers		
Administration for Community Living Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052	4,944
Administration for Community Living Special Programs for othe Aging Title III Part C Nutrition Services (includes expenditures of state awards)	93.045	99,905
United States Department of Transportation:	20.509	28,593
Federal Transit Administration Formula Grants for Rural Areas		
<i>Total Expenditures of Federal Awards</i>		\$ 160,283
STATE:		
LIFE	7/1/15-6/30/16	2016
LIFE	7/1/16-6/30/17	2017
Lighthouse	7/1/15-6/30/16	2016
Lighthouse	7/1/16-6/30/17	2017
FAIR	7/1/15-6/30/16	2016
FAIR	7/1/16-6/30/17	2017
Community Partnership		28,264
III-B		13,055
L.I.E.A.P.		1,513
MIPPA & SHIP		2,000
<i>Total Expenditures of State Awards</i>		\$ 383,318
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		\$ 543,601

The notes are an integral part of these financial statements.

Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
Elkins, WV 26241

Certified Public Accountant

Phone: 304-637-9110
Fax: 304-637-9006

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
Pendleton Senior and Family Services, 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 Pendleton Senior and Family Services, Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015 and 2016, the related statement 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 23, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pendleton Senior and Family Services, 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 Pendleton Senior and Family Services, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Pendleton Senior and Family Services, 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 Pendleton Senior and Family Services, 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 23, 2017

Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
Elkins, WV 26241

Certified Public Accountant

Phone: 304-637-9110
Fax: 304-637-9006

MANAGEMENT LETTER

Pendleton Senior and Family Services, Inc.
PO Box 9
231 Mill Road
Franklin, WV 26807

Our audit of the financial statements of Pendleton Senior and Family Services, 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 Pendleton Senior and Family Services, 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.

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 Pendleton Senior and Family Services, Inc.

Williams & Associates A.C.

Elkins, West Virginia
June 23, 2017