

Pendleton Senior & Family Services, Inc.

Audited Financial Statements

September 30, 2017 & 2016

Audited by

**Williams & Bright, AC
427 Kerens Avenue, Post Office Box 2727
Elkins, West Virginia 26241**

Pendleton Senior & Family Services, Inc.
TABLE OF CONTENTS
For the Years Ended September 30, 2017 and 2016

INDEPENDENT AUDITORS' REPORT	1
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 Financial Statements	6-12
SUPPLEMENTAL INFORMATION	
Statement of Activities by Program (includes Functional Expenses)	13-14
Schedule of Expenditures of Federal & State Awards	15
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	16-17
MANAGEMENT INFORMATION	
Management Letter	18-19

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 comparative statement of financial position as of September 30, 2017 and 2016, and the related comparative 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, 2017 & 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 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 September 7, 2018, 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 & Bright A.C.

Elkins, West Virginia
September 7, 2018

Pendleton Senior & Family Services, Inc.
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash & Equivalents	\$ 49,946	\$ 35,769
Accounts Receivable	40,738	83,310
Grants Receivable	29,188	49,362
Prepaid Expenses	7,296	7,326
Inventory	5,991	8,971
Total Current Assets	133,159	184,738
 Fixed Assets		
Property & Equipment	2,125,519	2,122,061
Accumulated Depreciation	(1,277,985)	(1,209,871)
Fixed Assets, net	847,534	912,190
 TOTAL ASSETS	 \$ 980,693	 \$ 1,096,928
 LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 8,769	\$ 15,318
Payroll Tax Liabilities	8,163	7,162
Accrued Wages	22,189	23,768
Deferred Compensation	10,811	7,002
Line of Credit	15,000	13,800
Total Current Liabilities	64,932	67,050
 Long-Term Liabilities		
OPEB Liability	210,547	203,836
Total Long-Term Liabilities	210,547	203,836
Total Liabilities	275,479	270,886
 Net Assets		
Net Assets Without Restrictions	705,214	826,042
Total Net Assets	705,214	826,042
 LIABILITIES & NET ASSETS	 \$ 980,693	 \$ 1,096,928

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUE & SUPPORT		
Grant Revenues:		
Federal	\$ 10,573	\$ 60,378
State	173,060	182,047
Nutrition	93,217	99,905
LIFE	190,796	201,271
Program Service Fees	411,452	372,494
Project Income	71,114	57,783
Interest & Dividends	46	35
Contributions	10,206	14,847
Fundraising	2,340	3,090
Other Income	164	2,118
TOTAL REVENUE & SUPPORT	<u>962,968</u>	<u>993,968</u>
EXPENSES		
Program Service Expenses	762,161	748,565
Management and General	321,635	358,623
TOTAL EXPENSES	<u>1,083,796</u>	<u>1,107,188</u>
INCREASE(DECREASE) IN NET ASSETS	(120,828)	(113,220)
NET ASSETS, Beginning of Year	<u>826,042</u>	<u>939,262</u>
NET ASSETS, End of Year	<u>\$ 705,214</u>	<u>\$ 826,042</u>

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, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(Decrease) in Net Assets	\$ (120,828)	\$ (113,220)
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	68,746	74,022
(Increase)Decrease in Accounts Receivable	42,572	7,487
(Increase)Decrease in Grants Receivable	20,174	(14,048)
(Increase)Decrease in Prepaid Expenses	30	(5,760)
(Increase)Decrease in Other Current Assets	2,980	(94)
Increase(Decrease) in Accounts Payable	(4,547)	11,736
Increase(Decrease) in Payroll Tax Liabilities	(1,001)	3,109
Increase(Decrease) in Accrued Wages	(1,579)	(30,410)
Increase(Decrease) in Deferred Compensation	3,809	(9,998)
Increase(Decrease) in OPEB Liability	6,711	11,214
Increase(Decrease) in Due on Settlement Claim	-	(2,000)
Net cash provided(used) by operating activities	17,067	(67,962)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of Fixed Assets	(4,090)	(50,784)
Net Cash provided(used) by financing activities	(4,090)	(50,784)
CASH FLOWS FROM INVESTING ACTIVITIES		
Line of Credit Proceeds	134,106	28,000
Line of Credit Payments	(132,906)	(14,200)
Net Cash provided(used) by investing activities	1,200	13,800
Increase(Decrease) in Cash	14,177	(104,946)
Cash Balance, Beginning of Year	35,769	140,715
Cash Balance, End of Year	\$ 49,946	\$ 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, 2017 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 two classes of net assets: net assets without restriction, and net assets with restriction.

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:

Net Assets without Restrictions

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

Net Assets with Restrictions

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, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are 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, 2017 and 2016.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2017 and 2016

Note 1. Summary of Significant Accounting Principles (Continued)

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal income tax. The agency's Forms 990 *Return of Organization Exempt from income Tax* are open to examination by the Internal Revenue Service for three years after they are filed.

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.

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, 2017 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, 2017 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.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2017 and 2016

Note 1. Summary of Significant Accounting Principles (Continued)

Property and Equipment

The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must be disposed of in accordance with the grantor agency's policies. The Organization has adopted a capitalization policy in the amount of \$1,000. Maintenance and repairs are expensed when incurred.

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 net assets without 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 restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions. There were no restricted net assets for the years ended September 30, 2017 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, 2017 and 2016 were \$467,646 and 543,601, respectively.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2017 and 2016

Note 2. Accounts and Grants Receivable

Accounts receivable consisted of the following at September 30:

	<u>2017</u>	<u>2016</u>
WV DHHR	\$ 18,264	\$ 68,728
WV DHHS for Medical Transport Services	506	2,189
Veterans Administration	21,631	12,009
Tiny Toys Daycare – Meals Served	<u>337</u>	<u>384</u>
	<u>\$ 40,738</u>	<u>\$ 83,310</u>

Grants receivable consisted of the following at September 30:

	<u>2017</u>	<u>2016</u>
LIFE	\$ 14,155	\$ 19,881
FAIR/Lighthouse	9,936	12,842
Title III-B	1,303	9,968
Title III-E	3,794	1,227
Title III-C Nutrition	<u>0</u>	<u>5,444</u>
	<u>\$ 29,188</u>	<u>\$ 49,362</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 62,500	\$ 62,500
Buildings & Improvements	1,471,686	1,471,686
Equipment	<u>591,333</u>	<u>587,875</u>
Total Fixed Assets	2,125,519	2,122,061
Less accumulated depreciation	<u>(1,277,985)</u>	<u>(1,209,871)</u>
Net property and equipment	<u>\$ 847,534</u>	<u>\$ 912,190</u>

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2017 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, 2017 and 2016 was \$8,128 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 noninterest 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, 2017 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, 2017 and 2016 was \$1,301 and \$152, respectively.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2017 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, 2017 and 2016, the amount actually contributed to the plan and changes in the Agency's net OPEB obligations.

	<u>2017</u>	<u>2016</u>
Annual Required Contributions (ARC)	\$ 13,664	\$ 19,826
Adjustments	<u>0</u>	<u>0</u>
Annual OPEB cost	\$ 13,664	\$ 19,826
Contributions made	<u>(6,953)</u>	<u>(8,612)</u>
Increase in OPEB liability	\$ 6,711	\$ 11,214
OPEB Liability, Beginning of Year	<u>\$ 203,836</u>	<u>\$ 192,622</u>
OPEB Liability, End of Year	<u>\$ 210,547</u>	<u>\$ 203,836</u>

Note 9. Support Concentration

Pendleton Senior & Family Services, Inc. receives nearly 49% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 20% 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, 2017 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, 2017 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 4.25% and 3.50% as of September 30, 2017 and 2016, respectively. The outstanding balance on this line of credit as of September 30, 2017 and 2016 was \$15,000 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, 2017 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. Functional Allocation of Expenses

The cost of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, expenses not directly related to a specific program have been allocated among the programs according to each program's percentage of total revenue.

Pendleton Senior & Family Services, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2017

	PROGRAM SERVICES							Management and General	TOTAL
	III-B	III-C	III-E	IN-HOME SERVICES	LIFE	Local	Total Programs		
Revenue & Support									
Federal Revenue	5,862		4,711				10,573		10,573
Nutrition Revenue		93,217					93,217		93,217
State Revenue	13,055			155,005		5,000	173,060		173,060
LIFE Revenue (2015-16)					149,562		149,562		149,562
LIFE Revenue (2016-17)					41,234		41,234		41,234
Program Service Fees						411,452	411,452		411,452
Project Income	3,172	29,463			8,880	29,599	71,114		71,114
Contributions						10,206	10,206		10,206
Interest Income						46	46		46
Fundraising Income						2,340	2,340		2,340
Other Expenses						164	164		164
Total Revenue & Support	22,089	122,680	4,711	155,005	199,676	458,807	962,968	-	962,968
Expenses									
Payroll & Benefits	23,758	98,598	2,962	253,563	52,711	268,722	700,314	125,177	825,491
Communications & Utilities		1,098					1,098	43,381	44,479
Food & Disposables		41,509				7,645	49,154		49,154
Transportation	3,028	1,943			9,804	3,002	17,777	899	18,676
Equipment & Repairs		1,292					1,292	2,995	4,287
Insurance							-	13,715	13,715
Interest Income							-	523	523
Office Supplies							-	18,624	18,624
Depreciation							-	68,746	68,746
Professional Fees							-	6,493	6,493
Travel		515				750	1,265	1,903	3,168
Other Expenses	1,508	7,021			1,130	5,360	15,019	15,421	30,440
Indirect Expenses	1,207	5,437	95	97,933	127,916	65,289	297,877	(297,877)	-
Total Expenses	29,501	157,413	3,057	351,496	191,561	350,768	1,083,796	-	1,083,796
Change in Net Assets	\$ (7,412)	\$ (34,733)	\$ 1,654	\$ (196,491)	\$ 8,115	\$ 108,039	\$ (120,828)	\$ -	\$(120,828)

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, 2017

	Grant Identification Number	Expenditures
FEDERAL:		
U.S. Department of Health and Human Services:	93.044	\$ 5,862
Administration for Community Living		
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration for Community Living	93.052	4,711
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration for Community Living	93.045	93,217
Special Programs for othe Aging Title III Part C		
Nutrition Services (includes expenditures of state awards)		
<i>Total Expenditures of Federal Awards</i>		\$ 103,790
STATE:		
LIFE	7/1/16-6/30/17	2017 \$ 149,562
LIFE	7/1/17-6/30/18	2018 41,234
Lighthouse	7/1/16-6/30/17	2017 84,808
Lighthouse	7/1/17-6/30/18	2018 32,668
FAIR	7/1/16-6/30/17	2017 25,298
FAIR	7/1/17-6/30/18	2018 7,231
Client Tracking	7/1/17-6/30/18	2018 5,000
UPAAA		5,000
III-B		13,055
<i>Total Expenditures of State Awards</i>		\$ 363,856
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		\$ 467,646

The notes are an integral part of these financial statements.

**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
Pendleton Senior & Family Services, Inc.
Franklin, West Virginia

We have audited the financial statements of the Pendleton Senior & Family Services, Inc. (a non-profit organization) as of and for the years ended September 30, 2017 and 2016, and have issued a report thereon dated September 7, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Pendleton Senior & Family Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an object of my audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Pendleton Senior & Family Services, Inc., in a separate letter dated September 7, 2018, and included in this audit report on page 18.

Internal Control Over Financial Reporting

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

internal control components does not reduce to a relatively low level the risk that misstatements in an amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting in its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Pendleton Senior & Family Services, Inc., in a separate letter dated September 7, 2018, and included in this audit report on page 18.

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 & Bright, A.C.

Elkins, West Virginia
September 7, 2018

MANAGEMENT LETTER

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

Our audit on the financial statements of Pendleton Senior and Family Services, Inc., for the years ended September 30, 2017 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 all-inclusive of the areas where improvements may be necessary.

Internal Control

During our audit we noted that bank statements and reconciliations were reviewed by appropriate personnel; however, the reviewer did not inquire about significant outdated outstanding transactions, resulting in overstatement of income and assets.

Revenues and Receivables

During our audit we noted that grant revenues were not properly recorded. We also noted that grants receivable were not always recorded in the proper periods. Care should be exercised in recording revenues, as well as accruing receivables appropriately.

Expenses and Payables

During our audit we noted that expenses were not recorded in the proper periods. Care should be exercised in recording expenses, as well as using the payables system in the accounting software to properly accrue the related liabilities.

Payroll

During our audit we noted that appropriate journal entries for payroll were not made. In addition, payment of these liabilities were entered directly as expenses. Entries for payroll should include all related liabilities and be posted to the appropriate accounts.

Failure to File Forms 1099-MISC

During our audit we noted that all appropriate IRS Forms 1099-MISC were not filed according to IRS guidelines. The organization should implement a procedure wherein these forms are filed timely and accurately.

Chart of Accounts and Class Tracking

During our audit we noted that a proper chart of accounts and class list was not present. The organization should develop a proper chart of accounts and class list that will accurately reflect all transactions.

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 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.

Recommendation

We recommend that the Organization contract with an accounting professional familiar with non-profit accounting to assist with implementing these recommendations.

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 & Bright, A.C.

Elkins, West Virginia
September 7, 2018