
Pendleton Senior and Family Services Inc.

**INDEPENDENT AUDITOR'S REPORT
AND RELATED FINANCIAL STATEMENTS**

**For the Years Ended
September 31, 2023 and 2022**

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Pendleton Senior and Family Services, Inc.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pendleton Senior and Family Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pendleton Senior and Family Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pendleton Senior and Family Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pendleton Senior and Family Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis and is 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 August 28, 2024, 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 on pages 15-16. 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
August 28, 2024

Pendleton Senior and Family Services, Inc.
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Equivalents	\$ 196,836	\$ 102,905
Accounts Receivable	16,944	37,016
Grants Receivable	31,722	58,962
Prepaid Expenses	5,654	6,581
Inventory	2,826	1,769
Total Current Assets	253,982	207,233
Fixed Assets		
Property and Equipment	2,276,754	2,276,754
Accumulated Depreciation	(1,574,176)	(1,498,678)
Fixed Assets, net	702,578	778,076
TOTAL ASSETS	\$ 956,560	\$ 985,309
 LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 363	\$ 7,406
Accrued Payroll Expenses	22,760	22,851
Deferred Compensation	17,695	20,797
Total Current Liabilities	40,818	51,054
Total Liabilities	40,818	51,054
Net Assets		
Net Assets Without Restrictions	915,742	934,255
Total Net Assets	915,742	934,255
LIABILITIES AND NET ASSETS	\$ 956,560	\$ 985,309

See the accompanying notes and independent auditor's report.

Pendleton Senior and Family Services, Inc.
COMPARATIVE STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2023 and 2022

	2023	2022
REVENUE AND SUPPORT		
Grant Revenues:		
Federal	\$ 89,711	\$ 97,460
State	375,541	386,009
Local	10,000	-
Program Service Fees	262,501	278,477
Project Income	39,559	43,405
Interest and Dividends	152	79
Contributions	35,321	71,460
Rental Income	3,055	-
Other Income	2,179	3,010
TOTAL REVENUE AND SUPPORT	818,019	879,900
 EXPENSES		
Program Service Expenses	503,472	563,812
Management and General	333,060	343,151
TOTAL EXPENSES	836,532	906,963
 INCREASE(DECREASE) IN NET ASSETS	 (18,513)	 (27,063)
 NET ASSETS, Beginning of Year	 934,255	 961,318
 NET ASSETS, End of Year	 \$ 915,742	 \$ 934,255

See accompanying notes and independent auditor's report.

Pendleton Senior and Family Services, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended September 30, 2023 and 2022

	PROGRAM SERVICES								
	III-B	III-C	III-D and III-E	IN-HOME SERVICES	LIFE	Other	Total Programs	Management and General	TOTAL
2023									
Expenses									
Payroll and Benefits	\$36,225	\$ 92,148	\$ 7,826	\$ 75,357	\$ 54,616	\$144,330	\$ 410,502	\$ 140,093	\$ 550,595
Communications and Utilities							-	29,045	29,045
Food and Disposables	175	58,646				1,114	59,935		59,935
Repairs and Maintenance	8,275	8,781			2,059		19,115	11,310	30,425
Insurance							-	21,442	21,442
Office Supplies		757				99	856	2,600	3,456
Depreciation							-	75,497	75,497
Professional Fees							-	16,776	16,776
Travel			87	1,666		1,816	3,569	6,684	10,253
Other Expenses	55	26	30	30	1,391	7,963	9,495	29,613	39,108
Program Expenses	44,730	160,358	7,943	77,053	58,066	155,322	503,472	333,060	836,532
Indirect Expenses	3,071							(333,060)	
Functional Expenses	\$47,801	\$160,358	\$ 7,943	\$ 77,053	\$ 58,066	\$155,322	\$ 503,472	\$ -	\$ 836,532
2022									
Expenses									
Payroll and Benefits	\$31,256	\$ 95,162	\$ 7,229	\$ 76,048	\$ 53,182	\$189,335	\$ 452,212	\$ 115,002	\$ 567,214
Communications and Utilities							-	40,175	40,175
Food and Disposables		69,078				5,478	74,556		74,556
Repairs and Maintenance	11,041	10,061		70	99		21,271	20,662	41,933
Insurance							-	18,648	18,648
Office Supplies		2,351					2,351	20,808	23,159
Depreciation							-	73,605	73,605
Professional Fees							-	22,184	22,184
Travel				2,700		2,750	5,450	2,561	8,011
Other Expenses	150	430		251	1,398	5,743	7,972	29,506	37,478
Program Expenses	42,447	177,082	7,229	79,069	54,679	203,306	563,812	343,151	906,963
Indirect Expenses	10,215	49,122	193	5,944	122,156	155,521	343,151	(343,151)	-
Functional Expenses	\$52,662	\$226,204	\$ 7,422	\$ 85,013	\$176,835	\$358,827	\$ 906,963	\$ -	\$ 906,963

See accompanying notes and independent auditor's report.

Pendleton Senior and Family Services, Inc.
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(Decrease) in Net Assets	\$ (18,513)	\$ (27,063)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	75,497	73,605
(Increase)Decrease in Accounts Receivable	20,073	(6,658)
(Increase)Decrease in Grants Receivable	27,240	5,073
(Increase)Decrease in Prepaid Expenses	927	(151)
(Increase)Decrease in Inventory	(1,057)	1,132
Increase(Decrease) in Accounts Payable	(7,043)	3,333
Increase(Decrease) in Accrued Payroll	(91)	(4,374)
Increase(Decrease) in Deferred Compensation	(3,102)	6,926
Net cash provided by (used in) operating activities	93,931	51,823
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of Fixed Assets	-	(42,009)
Net Cash provided by (used in) financing activities	-	(42,009)
Increase(Decrease) in Cash	93,931	9,814
Cash Balance, Beginning of Year	102,905	93,091
Cash Balance, End of Year	\$ 196,836	\$ 102,905

See accompanying notes and independent auditor's report.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies

Organization

Pendleton Senior & Family Services, Inc. (PSFS) is a private, nonprofit organization, funded by state and federal monies, program service fees for providing in-home care services through the WV Department of Health and Human Services, as well as 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, PSFS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without restrictions, and net assets with restrictions.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of PSFS 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 PSFS 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 PSFS. There were no permanently restricted net assets as of September 30, 2023 and 2022.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes

PSFS was determined to be 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.

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, PSFS 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 PSFS 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, the Veterans Administration, as well as private pay clients. No allowance for uncollectible accounts has been established. Uncollectible accounts are written off in the period management determines that collection is not probable. Management believes all receivables as of September 30, 2023 and 2022 are collectible.

Grants receivable represent amounts invoiced by PSFS to grantor agencies under the terms of their grant agreements. As of the years ended September 30, 2023 and 2022, all grants receivable are deemed collectible.

PSFS uses the direct write-off method for accounting for bad debts wherein accounts are written off in the period management determines that collection is not probable. Management believes the difference between this method and the allowance method is immaterial.

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, 2023 and 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

PSFS 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. PSFS has adopted a capitalization policy in the amount of \$1,000. All equipment/vehicles purchased with grant monies must be disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed when incurred.

Revenue Recognition

Contributions are recognized when the donor makes a promise to PSFS that is, in substance, unconditional. Contributions that are restricted by the donor 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-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, 2023 and 2022.

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which PSFS requests reimbursement for monies already spent. This is utilized for the LIFE program grant.
- 2 – On an as needed basis in which PSFS requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-D, and Title III-E 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 must 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, 2023 and 2022 were \$475,252 and \$493,320, respectively.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Reclassifications – Certain amounts in the 2022 financial statements have been reclassified to conform with current year presentation. Such reclassifications had no effect on net assets or the change in net assets.

Fair Value of Financial Instruments

The following methods and assumptions were used by PSFS in estimating the fair value disclosures for financial instruments:

The carrying amounts reported in the statements of assets, liabilities, and net assets approximate fair value because of the short maturities of those instruments.

Note 2. 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). All the carrying values are the same as market value. As of September 30, 2023 and 2022, all deposits were fully insured by the FDIC.

Note 3. Accounts and Grants Receivable

Accounts receivable consisted of the following on September 30:

	2023	2022
WV DHHR for Homemaker Services	\$ 11,618	\$ 35,035
Veterans Administration	3,499	792
Private Pay	450	1,189
	\$ 15,567	\$ 37,016

Grants receivable consisted of the following on September 30:

	2023	2022
WV Bureau of Senior Services		
FAIR/Lighthouse	\$ 6,023	\$ 5,430
Upper Potomac Area Agency on Aging Inc		
LIFE	13,642	25,125
Title III-E	756	0
Title III-C Nutrition	11,301	28,407
	\$ 31,722	\$ 58,962

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2023 and 2022

Note 4. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note 5. Property and Equipment

Property and equipment consisted of the following on September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 62,500	\$ 62,500
Buildings and Improvements	1,622,025	1,622,025
Equipment	<u>592,229</u>	<u>592,229</u>
Total Fixed Assets	2,276,754	2,276,754
Less accumulated depreciation	<u>(1,574,176)</u>	<u>(1,498,678)</u>
Net property and equipment	<u>\$ 702,578</u>	<u>\$ 778,076</u>

Depreciation expense was \$75,497 and \$73,605 for the years ended September 30, 2023 and 2022, respectively.

Note 6. Retirement Plan

PSFS sponsors employer matched individual retirement accounts (IRAs) administered by Edward Jones. Employee participation is voluntary and employer contributions are 5% of participating employee's earnings. The employer share of retirement payments for the years ended September 30, 2023 and 2022 were \$5,246 and \$6,403, respectively, and is included in personnel costs on the statement of functional expenses.

Note 7. Donated Services

PSFS 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 8. Advertising

Advertising costs are expensed when incurred. Advertising costs for the years ended September 30, 2023 and 2022 were \$1,580 and \$1,634, respectively.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2023 and 2022

Note 9. Transportation Grants

PSFS is the recipient of grants from the WV Department of Transportation, Division of Public Transit. These grants provide funds for PSFS to purchase vehicles, covering 80% of total costs, leaving PSFS responsible for the remaining 20%. For the years ended September 30, 2023 and 2022, PSFS did not receive any vehicles under these grants.

Note 10. Support Concentration

PSFS receives a significant portion of its support from the West Virginia Department of Health and Human Resources for providing services to the community under the Medicaid Waiver (Title XIX) and Personal Care programs. Any significant reduction in the level of support received from these programs could have a material effect on PSFS's programs and activities.

Note 11. Contingencies

PSFS receives grant funding from federal and state agencies. The grant expenditures are subject to audit by the granting agencies. These audits are conducted to ensure 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, 2023 and 2022, PSFS had no current torts or lawsuits brought against them.

Note 12. 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.

Note 13. Total Columns

The accompanying financial statements reflect totals of all net assets and activities. The totals are shown for memorandum purposes only and do not reflect the elimination of interagency activities using principles of consolidation. Memorandum total columns are not required components of the financial statements and are presented for analytical purposes only.

Pendleton Senior & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2023 and 2022

Note 14. Subsequent Events

Management has evaluated events subsequent through August 28, 2024, the date on which the financial statements were available to be issued, for items requiring adjustment or disclosure in these financial statements.

Note 15. Liquidity and Funds Availability

PSFS has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The following reflects PSFS's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year.

Financial Assets at September 30:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$196,836	\$ 102,905
Accounts Receivable	16,944	37,016
Grants Receivable	<u>31,722</u>	<u>58,962</u>
Financial Assets available to meet cash needs for general expenditures, liabilities, and other obligations within one year.	<u>\$245,502</u>	<u>\$ 198,883</u>

Pendleton Senior & Family Services, Inc.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended September 30, 2023

	<u>Grant ID</u>	<u>Term</u>	<u>Expenditures</u>
<i>Direct Programs</i>			
WV Bureau of Senior Services:			
Lighthouse	IH2336	7/1/22-6/30/23	\$ 25,813
FAIR	IH2336	7/1/22-6/30/23	18,868
Lighthouse	IH2436	7/1/23-6/30/24	13,023
FAIR	IH2436	7/1/23-6/30/24	4,976
Client Tracking	IH2436	7/1/23-6/30/24	<u>5,000</u>
Total WV Bureau of Senior Services			<u>67,680</u>
 <i>Pass-through Programs:</i>			
Upper Potomac Area Agency on Aging Inc:			
Legislative Initiative for the Elderly (LIFE)	22304	7/1/22-6/30/23	138,196
Legislative Initiative for the Elderly (LIFE)	22404	7/1/23-6/30/24	40,456
III-B	22337	10/1/22-9/30/23	17,124
III-C Nutrition	22337	10/1/22-9/30/23	<u>112,085</u>
<i>Total Expenditures of State Awards</i>			<u>307,861</u>
 TOTAL EXPENDITURES OF STATE AWARDS			 <u><u>\$ 375,541</u></u>

See accompanying notes and independent auditor's report.

INDEPENDENT AUDITOR'S 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 & Family Services, Inc.

We have audited, in accordance with the 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 & Family Services, Inc. (a nonprofit organization), which comprise the comparative statement of financial position as of September 30, 2023 and 2022, 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, and have issued our report thereon dated August 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pendleton Senior & Family Services, Inc. internal control over financial reporting (internal control) as a basis for designing 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 & Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Pendleton Senior & 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pendleton Senior & 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-01.

Pendleton Senior & Family Services, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Pendleton Senior & Family Services, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Pendleton Senior & Family Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of 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, P.C.

Elkins, West Virginia
August 28, 2024

Pendleton Senior and Family Services, Inc.
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2023

2023-01 Segregations of Duties

This is a recurring finding.

Criteria: Analysis of the internal control system indicated a lack of segregation of duties.

Condition: Responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction should be assigned to different individuals.

Cause: Responsibilities of approval, execution, recording and custody are not distributed among the office staff to the best degree possible. However, we recognize that complete segregation of duties is not economically feasible.

Effect: Because of the lack of segregated duties, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts 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.

Recommendation: Responsibilities of approval, execution, recording and custody be distributed among the office staff to the degree possible. We recommend that the Board remain involved in the financial affairs of PSFS to provide oversight and independent review functions and to continue exercising due diligence and professional skepticism in relation to PSFS's financial operations.

View of Responsible Officials and Corrective Action: To the extent possible, PSFS has segregated its duties. Any further segregation of duties would not be economically feasible.

Status: This condition was reported in the prior year's audit report.