

**SENIOR LIFE SERVICES  
OF MORGAN COUNTY, INC.**

**AUDITED FINANCIAL STATEMENTS**

**For the Years Ended  
September 30, 2015 and 2016**

Williams & Associates, AC  
PO Box 2727  
Elkins, West Virginia 26241  
(304) 637-9110

**SENIOR LIFE SERVICES OF MORGAN COUNTY, INC.  
SEPTEMBER 30, 2015 and 2016**

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# 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

To the Board of Directors  
Senior Life Services of Morgan County Inc

### Report on Financial Statements

We have audited the accompanying financial statements of Senior Life Services of Morgan County, 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 Senior Life Services of Morgan County, 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 schedule of revenues 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 27, 2017, on our consideration of Senior Life Services of Morgan County, 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 Senior Life Services of Morgan County, Inc's internal control over financial reporting and compliance.

*Williams & Associates A.C.*

Elkins, West Virginia  
June 27, 2017

**Senior Life Services of Morgan County, Inc.**  
**COMPARATIVE STATEMENT OF FINANCIAL POSITION**  
**September 30, 2015 & 2016**

**ASSETS**

	<b>2015</b>	<b>2016</b>
Current Assets		
Cash and Equivalents	\$ 139,614	\$ 157,034
Accounts/Grants Receivable, net	232,731	190,484
Prepaid Expenses	13,435	14,867
Total Current Assets	<u>\$ 385,780</u>	<u>\$ 362,385</u>
Fixed Assets		
Land	117,837	117,837
Building & Improvements	1,718,612	1,751,346
Furniture & Equipment	146,465	146,465
Vehicles	288,436	334,465
Accumulated Depreciation	<u>(722,077)</u>	<u>(786,012)</u>
Net Fixed Assets	1,549,273	1,564,101
Other Assets		
Endowment Held by Community Foundation	<u>12,688</u>	<u>13,872</u>
Total Other Assets	<u>12,688</u>	<u>13,872</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$1,947,741</u></u></b>	<b><u><u>\$1,940,358</u></u></b>

**LIABILITIES & NET ASSETS**

Liabilities

Current Liabilities		
Accounts Payable	\$ 16,761	\$ 10,026
Accrued Compensation	73,591	69,631
Payroll Liabilities	5,284	3,600
Deferred Rental Income	9,928	3,592
Current Portion of Long-Term Debt	<u>22,646</u>	<u>23,510</u>
Total Current Liabilities	<u>\$ 128,210</u>	<u>\$ 110,359</u>
Long-Term Liabilities		
Mortgage Payable	<u>1,301,114</u>	<u>1,278,012</u>
Total Long-Term Liabilities	<u>1,301,114</u>	<u>1,278,012</u>
Total Liabilities	1,429,324	1,388,371
Net Assets		
Net Assets, Unrestricted	505,729	538,115
Net Assets, Temporarily Restricted	<u>12,688</u>	<u>13,872</u>
Total Net Assets	<u>518,417</u>	<u>551,987</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$1,947,741</u></u></b>	<b><u><u>\$1,940,358</u></u></b>

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

**Senior Life Services of Morgan County, Inc.**  
**COMPARATIVE STATEMENT OF ACTIVITIES**  
**For the Years Ended September 30, 2015 & 2016**

	<b>2015</b>	<b>2016</b>
<b>REVENUES &amp; SUPPORT</b>		
Contributions	\$ 2,819	\$ 5,862
Grants		
Federal	111,005	113,872
State	379,454	432,635
Other	560	377
Program Service Fees	912,986	924,459
Project Income	60,680	34,427
Interest Income	195	1,416
Rental Income	122,575	88,613
In-Kind Rent Revenue	5,444	37,310
Other	244,591	58,241
	<b>\$ 1,840,309</b>	<b>\$ 1,697,212</b>
<b>EXPENSES</b>		
Program Services	\$ 1,541,667	\$ 1,367,090
Management and General	210,004	296,552
	<b>\$ 1,751,671</b>	<b>\$ 1,663,642</b>
<b>CHANGE IN NET ASSETS</b>	<b>88,638</b>	<b>33,570</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>429,779</b>	<b>518,417</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 518,417</b>	<b>\$ 551,987</b>

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

**Senior Life Services of Morgan County, Inc.**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**For the Years Ended September 30, 2015 & 2016**

	<b>2015</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 88,638	\$ 33,570
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	74,329	63,935
(Increase)Decrease in Operating Assets:		
Accounts/Grants Receivable	(23,709)	42,247
Prepaid Expenses	8,139	(1,431)
Endowment Held by Community Foundation	329	(1,184)
Increase(Decrease) in Operating Liabilities:		
Accounts Payable	(9,339)	(6,721)
Deferred Rental Income	33	(10,870)
Accrued Compensation	(968)	1,167
Payroll Liabilities	4,077	(2,292)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>141,529</b>	<b>118,421</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(209,150)	(78,763)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(209,150)</b>	<b>(78,763)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan Principle Payments	(21,801)	(22,238)
<b>NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES</b>	<b>(21,801)</b>	<b>(22,238)</b>
<b>NET INCREASE(DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(89,422)</b>	<b>17,420</b>
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<b>229,036</b>	<b>139,614</b>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b>\$ 139,614</b>	<b>\$ 157,034</b>

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

Senior Life Services of Morgan County, Inc.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2015 & 2016

**Note 1. Organization and Summary of Significant Accounting Policies**

**Organization**

Senior Life Services of Morgan County, Inc. provides escort, transportation, nutrition, in-home care, case management and referral services to elderly citizens of Morgan County, West Virginia. The primary objective of the Organization is to assist the elderly with independent, in-home living arrangements. The Organization was established on November 29, 1971. The Organization relies on funding under Title III of the Older Americans Act of 1965, as amended; Lottery Direct Services Allocations from the State of West Virginia; nutritional funding from the U.S. Department of Agriculture; allocations from the United Way of Berkeley and Morgan counties; vehicle funding from the West Virginia Department of Transportation; and Medicaid service provider reimbursements. Without these funding sources, the Organization would not be a self-sustaining entity.

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting. Under this method, support is recognized in the period in which it is earned or committed to the Organization while expenses are recognized in the period the liability is incurred.

**Basis of Presentation**

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958-210-45, formerly known as Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements for Not-For-Profit Organizations* for the presentation of its financial statements.

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.



Senior Life Services of Morgan County, Inc.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2015 & 2016

**Note 1. Organization and Summary of Significant Accounting Policies**

**Income Taxes**

The Organization is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes, except on net income derived from unrelated business activities. Tax returns for the last three years are still subject to audit by the IRS.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the report period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Organization considers all highly liquid unrestricted investments with an initial maturity of six months or less to be cash equivalents.

**Accounts and Grants Receivable**

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

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, the Veterans Administration, as well as amounts due from private pay clients.

The Organization uses the allowance method to determine the uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of the uncollected accounts. The allowance for doubtful accounts was \$2,900 as of September 30, 2015 and 2016.

**Inventory**

The Organization considers inventories, such as raw food, fruit, frozen meals, and other inventories, such as office supplies, utilized in operations as expended at the time of purchase or donation. These amounts are considered immaterial and, therefore, do not appear in the Organization's financial statements.

Senior Life Services of Morgan County, Inc.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2015 & 2016

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Purchases of property and equipment having an estimated useful life of more than one year are capitalized at cost. Donated assets are capitalized at the estimated fair market value at time of receipt. In the absence of donor-imposed restrictions on the use of the assets, gifts of long-lived assets are reported as unrestricted support. Depreciation is calculated on all property and equipment using the straight-line or accelerated method based upon the estimated useful lives of the assets.

**Retirement Benefits**

The Organization provides a tax-sheltered annuity retirement plan to full-time employees who have elected to participate. The plan is funded through the purchase of a group insurance annuity contract. Employee contributions are voluntary and are made on a “pre-tax” basis. The contributions of each employee who participates are matched by employer contributions that are dollar-for-dollar up to 5% of the employee’s earnings. The employer’s contribution was \$12,965 and \$10,179 for the years ended September 30, 2015 and 2016, respectively.

**Compensated Absences**

The Organization reports accrued leave expenses in accordance with U.S. generally accepted accounting principles. The amount has been determined and included in the Statement of Financial Position line item “accrued compensation.” Accrued leave for the years ended September 30, 2015 and 2016 were \$21,842 and \$22,434, respectively.

**Contributed Facilities**

The Organization had a ten-year written lease for the donated use of a kitchen and office located in a building owned by the Morgan County Commission. Donated facilities are reflected as “in-kind rent” in the accompanying statement of activities at their estimated fair market value with an off-setting expense. In-kind rent was \$5,444 for the year ended September 30, 2015. The lease ended and there is no in-kind rent for the year ended September 30, 2016.

**Donated Services**

The Organization receives a significant amount of donated services from unpaid volunteers. No amounts have been recognized in the Statement of Activities because the criteria for recognition under FASB ASC 958-605-25-16, formerly known as SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, have not been satisfied.

Senior Life Services of Morgan County, Inc.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2015 & 2016

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

**Donated Services (Continued)**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received, if subject to reasonable estimation. There were no such donations for the years ended September 30, 2015 and 2016.

**Risk Management**

The Organization is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Organization participates in various insurance programs to mitigate this risk.

**Advertising**

Advertising costs are expensed as incurred and totaled \$1,915 and \$2,789 for the years ended September 30, 2015 and 2016, respectively.

**Subsequent Events**

Management has reviewed events subsequent to the balance sheet date through the date of the independent accountants' report, which is the date of release, for items requiring adjustment or disclosure in these financial statements.

**Note 2. Significant Grant Funding and Programs**

The WV Bureau of Senior Services (BOSS) administers the Older Americans Act for the State of West Virginia. BOSS, through the use of area agencies on aging, provides short and long range planning, acts as an advocate on behalf of the region's elderly, and monitors and assists the local senior centers. Funds are allocated to the area agencies on aging by a federally mandated formula. The Older Americans Act provides various programs to assist seniors, the significant programs in which the Organization participates are detailed below:

Senior Life Services of Morgan County, Inc.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2015 & 2016

**Note 2. Significant Grant Funding and Programs (Continued)**

Title III-B

This program provides grants to states for supportive services for seniors to include health, education, transportation, and various other services to assist older individuals. The Organization received \$51,183 and \$51,183 for the fiscal years ended September 30, 2015 and 2016, respectively, under this program.

Title III-C (Congregate and Home-Delivered Meals)

The purposes of this program are to provide nutrition services to reduce hunger and food insecurity, to promote socialization of older individuals and to promote health and well-being by providing access to nutrition and other disease prevention and health promotion services. The Organization received \$90,548 and \$93,310 for this program for the fiscal years ended September 30, 2015 and 2016, respectively.

In addition to the Older Americans Act, BOSS also administers other programs and grants on behalf of the State of West Virginia. The significant programs in which the Organization participates are detailed below:

Legislative Initiative for the Elderly (LIFE)

This program is funded by the State Legislature through lottery funds. The services provided by these funds are modeled after those provided by the Older Americans Act. Each county aging provider receives funds that are to be used to enhance and expand the services provided under the Older Americans Act. This program and the other State programs run on a fiscal year which ends June 30. For the fiscal years ended September 30, 2015 and 2016, the Organization received \$181,986 and \$200,120, respectively, for this program.

Family Alzheimer's In-Home Respite (FAIR)/Lighthouse

The FAIR program offers relief to family caregivers and provides one-on-one attention and individualized activities for persons with a written diagnosis of Alzheimer's disease or a related dementia. For the fiscal years ended September 30, 2015 and 2016, the Organization received \$34,755 and \$28,231, respectively, for this program.

The Lighthouse program is designed to assist those seniors who have functional needs in their homes, but whose income or assets disqualify them for Medicaid services. This program provides support in personal care, mobility, nutrition and housekeeping. For the fiscal years ended September 30, 2015 and 2016, the Organization received \$108,026 and \$134,609, respectively, for this program.

Senior Life Services of Morgan County, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended September 30, 2015 & 2016

**Note 2. Significant Grant Funding and Programs (Continued)**

The Organization also receives a significant amount of support from programs through the WV Department of Health and Human Services. The significant programs in which the Organization participates are detailed below:

Medicaid Waiver/Continuum of Care

The Medicaid Aged and Disabled Waiver program provides in-home health care for eligible members. To be eligible, the individual must be eighteen years of age or older, be a resident of West Virginia, require the same level of care provided by a nursing facility as determined by a comprehensive medical assessment and their services cannot exceed the average cost of nursing home care. The Organization received \$850,663 and \$846,756 for services provided to eligible members for the years ended September 30, 2015 and 2016, respectively.

**Note 3. Accounts Receivable**

Accounts receivable consisted of the following at September 30:

	<u>2015</u>	<u>2016</u>
WV DHHR	\$ 57,230	\$ 65,140
Veterans Administration	77,441	34,003
NEMT	6,350	8,138
Demand Response Transportation	4,573	2,842
Private Pay	<u>9,425</u>	<u>18,278</u>
	\$ 155,019	\$ 128,401
Less Allowance for Doubtful Accounts	<u>(2,900)</u>	<u>(2,900)</u>
	<u>152,119</u>	<u>\$ 125,501</u>

**Note 4. Grants Receivable**

Grants receivable consisted of the following at September 30:

	<u>2015</u>	<u>2016</u>
Upper Potomac Area Agency on Aging Inc.		
LIFE	\$ 25,127	\$ 30,694
III-B	0	10,258
III-C	0	2,225
WV Bureau of Senior Services		
FAIR/Lighthouse	<u>55,485</u>	<u>\$ 21,806</u>
	<u>\$ 80,612</u>	<u>\$ 64,983</u>

Senior Life Services of Morgan County, Inc.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2015 & 2016

**Note 5. Property and Equipment**

Property and Equipment consisted of the following on September 30:

	2015	2016
Building	\$ 1,498,316	\$ 1,529,581
Land	117,837	117,837
Leasehold Improvements	220,296	221,765
Furniture & Equipment	146,465	146,465
Vehicles	288,436	334,465
Subtotal	\$ 2,271,350	\$ 2,350,113
Accumulated Depreciation	(722,077)	(786,012)
Property and Equipment, net	\$ 1,549,273	\$ 1,564,101

**Note 6. Endowment**

The Organization is the beneficiary of the Senior Life Services of Morgan County, Inc., endowment fund established in 2009 and held by the Eastern West Virginia Community Foundation. The fund is intended to be a perpetual endowment for charitable purposes and shall be dedicated to the payment of grants from time to time. The Community Foundation maintains variance power over the fund (a) to modify any restriction or condition on the distribution of funds; (b) to replace any trustee, custodian or agent for breach of fiduciary duty; and (c) to replace any trustee, custodian or agent for failure to produce a reasonable rate of return of net income over a reasonable period of time, as determined by the Foundation's Board of Directors. Distributions from the fund are determined under the spending policy of the Foundation and can be made annually to the Organization. In the event the Organization has an emergency need, the Foundation, upon written request of the Organization's Board of Directors, may, at its discretion, make an excess distribution from the fund provided that only one such excess distribution may be made annually and at least \$5,000 must remain in the fund after such excess distribution. No distributions have been made from the fund and the Board of Directors has elected to reinvest all investment income from the fund until such time as the Board designates otherwise. The Organization has contributed \$7,500 to this fund as of September 30, 2016, which is reported as Endowment Held by Community Foundation in the Statement of Financial Position. The investment income, including gains and losses, are reported in the Statement of Activities net of investment expenses and administrative fees. The balance in this account at September 30, 2015 and 2016 was \$12,688 and \$13,872, respectively.

Senior Life Services of Morgan County, Inc.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2015 & 2016

**Note 7. Lease Agreements**

On January 26, 2012, the Organization entered into a one-year lease agreement with U.S. Silica Company, a Delaware corporation, for space at 106 Sand Mine Road, Berkeley Springs, WV, ending on February 28, 2017, at \$3,092 per month.

On August 1, 2016, the Organization entered into a five-year lease with Shenandoah Valley Medical Systems, Inc., a West Virginia non-profit corporation with IRS 501(c)(3) status, for space located at 106 Sand Mine Road, Berkeley Springs, WV, ending on July 31, 2021 at \$850 per month.

The Organization entered into an agreement with Mountaineer Community Health Organization to house a Paw Paw, WV service location. This agreement states that the Organization will lease approximately 3,500 square feet of the ground floor of the health care facility for at least 10 years. The service location opened in April 2005. The Organization provided \$125,000 to the Health Organization to assist with the construction of the new building as part of the agreement, which constituted payment in full for the first two years of occupancy. In years three through six, rent shall be \$280 per month. In years seven through ten, the amount of rent is negotiable, but cannot be increased by more than 1% per year. Rent expense for the year ended September 30, 2015 and 2016 was \$3,360 and \$4,020, respectively. The future required minimum lease payments are as follows:

Year Ended September 30, 2017	<u>6,000</u>
Total	<u>\$ 6,000</u>

On August 5, 2016, the Organization entered into a one-year lease with Bob Marggraf, an individual, for space at 106 Sand Mine Road, Berkeley Springs, WV, ending August 5, 2017, at \$152 per month.

On October 1, 2015, the Organization entered into a one-year lease with Audibel for space at 106 Sand Mine Road, Berkeley Springs, WV. This lease has been extended for five more years and ends on September 30, 2021. Rent is \$175 per month.

On November 1, 2015, the Organization entered into an eleven-month lease (initial term) with Andree Thrush, an individual, for space at 106 Sand Mine Road, Berkeley Springs, WV, at \$175/month.

Senior Life Services of Morgan County, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended September 30, 2015 & 2016

**Note 8. Mortgage Payable**

The Organization financed the purchase of land and building located at 106 Sand Mine Road, Berkeley Springs, WV, on January 26, 2012 through the United States Department of Agriculture (USDA) for \$1,400,000 at 3.75% for 35 years with a monthly payment of \$5,992. The balance of the note at September 30, 2015 and 2016 was \$1,323,760 and \$1,301,522, respectively. Principle maturities over the next five years are:

2017	23,510
2018	24,407
2019	25,338
2020	26,305
2021	27,308
Thereafter	<u>1,174,654</u>
 Total	 <u>\$ 1,301,522</u>

**Note 9. Support Concentrations**

The Organization receives approximately 50.18% of its revenues from the West Virginia Department of Health and Human Services under the Medicaid Waiver and Community Care programs. Any significant loss of this revenue could be detrimental to the Organization.

**Note 10. 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 the years ended September 30, 2015 and 2016, all deposits were fully insured by the FDIC.



## **SUPPLEMENTAL INFORMATION**

**Senior Life Services of Morgan County, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2015**

	III-C			III-E	SHIP	LIFE	FAIR/ Lighthouse	In-Home Care	Other Programs	Subtotal	General Fund	TOTALS
	III-B	Congregate	Home- Delivered									
<b>GRANT REVENUES</b>												
Federal	\$ 30,866	\$ 23,268	\$ 35,110	\$ 6,472					\$ 15,289	\$ 111,005		\$ 111,005
State	20,317	12,951	19,219		2,200	181,986	142,781		-	379,454		379,454
Local									560	560		560
<b>Total Grant Revenues</b>	<b>51,183</b>	<b>36,219</b>	<b>54,329</b>	<b>6,472</b>	<b>2,200</b>	<b>181,986</b>	<b>142,781</b>	<b>-</b>	<b>15,849</b>	<b>491,019</b>		<b>491,019</b>
<b>OTHER REVENUES</b>												
Donations									\$ 2,819	\$ 2,819		\$ 2,819
Service Fees		209	159			9,292	94	850,663	52,569	912,986		912,986
Project Income		10,215	1,122				48,927		416	60,680		60,680
Interest Income										-	195	195
Rental Income										-	122,575	122,575
In-Kind Rent	5,444									5,444		5,444
Other									244,591	244,591		244,591
<b>Total Other Revenues</b>	<b>5,444</b>	<b>10,424</b>	<b>1,281</b>	<b>-</b>	<b>-</b>	<b>9,292</b>	<b>49,021</b>	<b>850,663</b>	<b>300,395</b>	<b>1,226,520</b>	<b>122,770</b>	<b>1,349,290</b>
<b>TOTAL REVENUES</b>	<b>\$ 56,627</b>	<b>\$ 46,643</b>	<b>\$ 55,610</b>	<b>\$ 6,472</b>	<b>\$ 2,200</b>	<b>\$ 191,278</b>	<b>\$ 191,802</b>	<b>\$ 850,663</b>	<b>\$ 316,244</b>	<b>\$ 1,717,539</b>	<b>\$ 122,770</b>	<b>\$ 1,840,309</b>
<b>EXPENSES</b>												
Personnel	18,008	26,544	49,526		690	110,397	186,994	805,603	47,661	1,245,423		1,245,423
Food & Disposables		14,636	25,923						303	40,862		40,862
Travel								52,181	635	52,816		52,816
Depreciation										-	74,329	74,329
Communication/Utilities	2,574	1,106	1,108			17,013	1,447	7,329	846	31,423	77,813	109,236
Supplies	3,038	246	259			3,808	484	3,181	1,687	12,703		12,703
Insurance	1,451	465	697			3,435	1,278	9,082	349	16,757		16,757
Interest										-	50,102	50,102
Professional Fees									6,480	6,480		6,480
Advertising	215	4	6			1,289	11	388	3	1,916		1,916
Repairs & Maintenance		87	163			12,982			523	13,755	7,079	20,834
Rent	5,444					3,360				8,804		8,804
Other	66	6,917	9,809	2,157		22,427	1,744	11,558	56,050	110,728	681	111,409
Indirect	3037	4,476	8,351	-	116	18,615	31,531	135,841	8,037	210,004	(210,004)	-
	<b>33,833</b>	<b>54,481</b>	<b>95,842</b>	<b>2,157</b>	<b>806</b>	<b>193,326</b>	<b>223,489</b>	<b>1,025,163</b>	<b>122,574</b>	<b>1,751,671</b>	<b>-</b>	<b>1,751,671</b>
	<b>\$ 22,794</b>	<b>\$ (7,838)</b>	<b>\$ (40,232)</b>	<b>\$ 4,315</b>	<b>\$ 1,394</b>	<b>\$ (2,048)</b>	<b>\$ (31,687)</b>	<b>\$ (174,500)</b>	<b>\$ 193,670</b>	<b>\$ (34,132)</b>	<b>\$ 122,770</b>	<b>\$ 88,638</b>

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

**Senior Life Services of Morgan County, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2016**

	III-C			III-E	LIFE	FAIR/ Lighthouse	In-Home Care	Other Programs	Subtotal	General Fund	TOTALS
	III-B	Congregate	Home- Delivered								
<b>GRANT REVENUES</b>											
Federal	\$ 44,581	\$ 23,536	\$ 39,428	\$ 6,327					\$ 113,872		\$ 113,872
State	6,602	13,787	16,559		200,120	162,840		32,727	432,635		432,635
Local								377	377		377
Total Grant Revenues	51,183	37,323	55,987	6,327	200,120	162,840	-	33,104	546,884		546,884
<b>OTHER REVENUES</b>											
Donations				\$ 60			\$ 170		\$ 230	\$ 5,632	\$ 5,862
Service Fees		1,261			2,476	5,277	846,756	68,689	924,459		924,459
Project Income		11,243	2,213			20,824		147	34,427		34,427
Interest Income									-	1,416	1,416
Rental Income									-	88,613	88,613
In-Kind Rent								37,310	37,310		37,310
Other								48,559	48,559	9,682	58,241
Total Other Revenues	-	12,504	2,213	60	2,476	26,101	846,926	154,705	1,044,985	105,343	1,150,328
<b>TOTAL REVENUES</b>	<b>\$ 51,183</b>	<b>\$ 49,827</b>	<b>\$ 58,200</b>	<b>\$ 6,387</b>	<b>\$ 202,596</b>	<b>\$ 188,941</b>	<b>\$ 846,926</b>	<b>\$ 187,809</b>	<b>\$ 1,591,869</b>	<b>\$ 105,343</b>	<b>\$ 1,697,212</b>
<b>EXPENSES</b>											
Personnel	27,287	31,467	41,018		112,790	136,713	758,353	15,773	1,123,401	70,665	1,194,066
Food & Disposables		20,293	19,130					50	39,473		39,473
Travel							37,446	664	38,110		38,110
Depreciation									-	63,935	63,935
Communication/Utilities	3,503	593	836		16,381	1,197	6,997		29,507	98,475	127,982
Supplies	2,644	185	277		3,052	549	2,995	1,297	10,999		10,999
Insurance	2,597	469	703		7,096	1,667	8,895		21,427		21,427
Interest									-	49,666	49,666
Professional Fees									-	6,138	6,138
Advertising	133	13	19		357	39	915		1,476	1,313	2,789
Repairs & Maintenance	167	839	109		23,356	219	920		25,610	4,408	30,018
Rent					4,020				4,020		4,020
Other			474		21,139	15	5,275	46,164	73,067	1,952	75,019
Indirect	7203	8,307	10,828		29,774	36,089	200,188	4,163	296,552	(296,552)	-
	43,534	62,166	73,394	-	217,965	176,488	1,021,984	68,111	1,663,642	-	1,663,642
	\$ 7,649	\$ (12,339)	\$ (15,194)	\$ 6,387	\$ (15,369)	\$ 12,453	\$ (175,058)	\$ 119,698	\$ (71,773)	\$ 105,343	\$ 33,570

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

**Senior Life Services of Morgan County, Inc.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2016**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<i>Pass-Through Programs from Upper Potomac Area Agency on Aging:</i>			
<i>U.S. Department of Health &amp; Human Services:</i>			
Administration for Community Living Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044		\$ 44,581
Administration for Community Living Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052		\$ 6,327
Administration for Community Living Special Programs for the Aging Title III Part C Nutrition Services	93.045		\$ 62,964
<i>Total US Department of Health &amp; Human Services</i>			<u>\$ 113,872</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 113,872</u></u>

**The accompanying notes are an integral part of this schedule.**

# 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  
Senior Life Services of Morgan County, 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 Senior Life Services of Morgan County, Inc ( a nonprofit organization), which comprise the statement of financial position as of September 30, 2015 and 2016, the related states 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 27, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Senior Life Services of Morgan County, 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 Senior Life Services of Morgan County, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Senior Life Services of Morgan County, 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 Senior Life Services of Morgan County 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 consider 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 27, 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

To the Board of Directors  
Senior Life Services of Morgan County, Inc.  
106 Sand Mine Road, Suite 1  
Berkeley Springs, West Virginia

Our audit on the financial statements of Senior Life Services of Morgan County, Inc., for the year 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.

### Indirect Expenses

During our audit we noted that indirect expenses were not allocated to programs. Procedures should be implemented to ensure that indirect expenses are properly allocated to programs.

### 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 Senior Life Services of Morgan County, 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 Senior Life Services of Morgan County, Inc.

*Williams & Associates A.C.*

Elkins, West Virginia  
June 27, 2017