

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

AUDITED FINANCIAL STATEMENTS

**For the Years Ended
September 30, 2018 and 2017**

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**SENIOR LIFE SERVICES OF MORGAN COUNTY, INC.
SEPTEMBER 30, 2018 and 2017**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
COMPARATIVE STATEMENT OF FINANCIAL POSITION	3
COMPARATIVE STATEMENT OF ACTIVITIES	4
COMPARATIVE STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-15
SUPPLEMENTAL INFORMATION	
STATEMENT OF ACTIVITIES BY PROGRAM 2018	16
STATEMENT OF ACTIVITIES BY PROGRAM 2017	17
SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS	18
INTERNAL CONTROL AND COMPLIANCE REPORTS	
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i>	19-20
MANAGEMENT LETTER & FINDINGS	21-22

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 comparative statement of financial position as of September 30, 2018 and 2017, 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 Senior Life Services of Morgan County, Inc, as of September 30, 2018 & 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental and Other Information

The accompanying schedule of revenues and schedule of expenditures of federal (and state) awards are 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 are 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 December 17, 2018, 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 & Bright A.C.

Elkins, West Virginia
December 17, 2018

Senior Life Services of Morgan County, Inc.
COMPARATIVE STATEMENT OF FINANCIAL POSITION
September 30, 2018 & 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and Equivalents	\$ 48,431	\$ 72,786
Accounts/Grants Receivable, net	162,802	151,594
Inventory	1,797	-
Prepaid Expenses	17,314	20,208
Total Current Assets	<u>\$ 230,344</u>	<u>\$ 244,588</u>
Fixed Assets		
Land	117,837	117,837
Building & Improvements	1,713,512	1,740,346
Furniture & Equipment	144,722	148,955
Vehicles	313,515	402,682
Accumulated Depreciation	<u>(843,432)</u>	<u>(830,315)</u>
Net Fixed Assets	<u>1,446,154</u>	<u>1,579,505</u>
Other Assets		
Endowment Held by Community Foundation	<u>15,707</u>	<u>15,325</u>
Total Other Assets	<u>15,707</u>	<u>15,325</u>
TOTAL ASSETS	<u><u>\$1,692,205</u></u>	<u><u>\$ 1,839,418</u></u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 22,105	\$ 14,631
Accrued Expenses	8,609	8,529
Accrued Compensation	63,070	67,481
Payroll Liabilities	4,227	2,870
Deferred Rental Income	4,084	937
Current Portion of Long-Term Debt	25,338	24,407
Total Current Liabilities	<u>\$ 127,433</u>	<u>\$ 118,855</u>
Long-Term Liabilities		
Mortgage Payable	<u>1,228,294</u>	<u>1,253,618</u>
Total Long-Term Liabilities	<u>1,228,294</u>	<u>1,253,618</u>
Total Liabilities	1,355,727	1,372,473
Net Assets		
Net Assets without Donor Restrictions	310,653	453,928
Net Assets with Donor Restrictions	<u>25,825</u>	<u>13,017</u>
Total Net Assets	<u>336,478</u>	<u>466,945</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,692,205</u></u>	<u><u>\$ 1,839,418</u></u>

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, 2018 & 2017

	2018	2017
REVENUES & SUPPORT		
Contributions	\$ 47,303	\$ 8,810
Grants		
Federal	169,329	142,219
State	390,283	361,112
Other	-	133
Program Service Fees	878,873	878,444
Project Income	33,827	31,925
Interest Income	1,111	1,594
Rental Income	53,414	52,617
In-Kind Rent Revenue	2,114	65,377
Other	11,243	18,757
	\$ 1,587,497	\$1,560,988
EXPENSES		
Program Services	\$ 1,322,758	\$1,406,812
Management and General	314,884	239,218
	\$ 1,637,642	\$1,646,030
TOTAL EXPENSES		
	\$ 1,637,642	\$1,646,030
CHANGE IN NET ASSETS	(50,145)	(85,042)
NET ASSETS, BEGINNING OF YEAR	466,945	551,987
Prior Period Adjustment (Note #11)	(80,322)	-
NET ASSETS, END OF YEAR	\$ 336,478	\$ 466,945

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, 2018 & 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (50,145)	\$ (85,042)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	58,915	54,539
(Increase)Decrease in Operating Assets:		
Accounts/Grants Receivable	(11,208)	38,890
Inventory	(1,797)	-
Prepaid Expenses	2,894	(5,341)
Endowment Held by Community Foundation	(382)	(1,453)
Increase(Decrease) in Operating Liabilities:		
Accounts Payable	7,474	4,605
Accrued Expenses	80	4,937
Deferred Rental Income	3,147	937
Accrued Compensation	(4,411)	(2,150)
Payroll Liabilities	1,357	(730)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,924	9,192
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(5,886)	(69,943)
NET CASH USED IN INVESTING ACTIVITIES	(5,886)	(69,943)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan Principle Payments	(24,393)	(23,497)
NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES	(24,393)	(23,497)
NET INCREASE(DECREASE) IN CASH AND EQUIVALENTS	(24,355)	(84,248)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	72,786	157,034
CASH AND EQUIVALENTS, END OF YEAR	\$ 48,431	\$ 72,786

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, 2018 & 2017

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

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 donor restrictions and net assets with donor restrictions (both permanent and temporary).

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 Donor Restrictions - These are resources over which the Board of Directors has discretionary control.

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

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

Basis of Presentation (Continued)

Net Assets With Donor 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 donor restrictions are reclassified to net assets without donor restrictions 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, 2018 and 2017.

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 open to examination by the Internal Revenue Service.

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.

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

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

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, 2018 and 2017, 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 account for uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of the uncollected accounts. In addition to the allowance method management reviews private pay account balances at the end of each fiscal year, and identifies accounts for collectability. For fiscal years ending September 30, 2018 and 2017 bad debt was recognized in the amounts of \$14,786 and \$21,216, respectively. The allowance for doubtful accounts was \$2,900 as of September 30, 2018 and 2017.

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.

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 \$10,197 and \$4,917 for the years ended September 30, 2018 and 2017, respectively.

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

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

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, 2018 and 2017 were \$19,413 and \$25,048, 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 \$2,114 and \$5,444 for the years ended September 30, 2018 and 2017, respectively.

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.

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, 2018 and 2017.

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 \$2,384 and \$2,521 for the years ended September 30, 2018 and 2017, 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 the report was available for release, for items requiring adjustment or disclosure in these financial statements.

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

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:

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 \$50,891 and \$51,183 for the fiscal years ended September 30, 2018 and 2017, 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 \$98,744 and \$90,095 for this program for the fiscal years ended September 30, 2018 and 2017, 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, 2018 and 2017, the Organization received \$176,732 and \$174,190, 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, 2018 and 2017, the Organization received \$40,799 and \$34,755, respectively, for this program.

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 2. Significant Grant Funding and Programs (Continued)

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, 2018 and 2017, the Organization received \$129,172 and \$154,570, respectively, for this program.

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 \$812,651 and \$804,814 for services provided to eligible members for the years ended September 30, 2018 and 2017, respectively.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at September 30:

	<u>2018</u>	<u>2017</u>
WV DHHR	\$ 51,459	\$ 53,380
Veterans Administration	25,373	28,567
NEMT	0	10,567
Demand Response Transportation	4,435	3,718
Private Pay	<u>46,629</u>	<u>22,019</u>
	\$ 127,896	\$ 118,251
Less Allowance for Doubtful Accounts	<u>(2,900)</u>	<u>(2,900)</u>
	<u>\$ 124,996</u>	<u>\$ 115,351</u>

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 4. Grants Receivable

Grants receivable consisted of the following at September 30:

	<u>2018</u>	<u>2017</u>
Upper Potomac Area Agency on Aging Inc.		
LIFE	\$ 10,883	\$ 22,127
III-B	9,930	2,435
III-C	2,005	0
WV Bureau of Senior Services		
FAIR/Lighthouse	<u>14,988</u>	<u>\$ 11,681</u>
	<u>\$ 37,806</u>	<u>\$ 36,243</u>

Note 5. Property and Equipment

Property and Equipment consisted of the following on September 30:

	<u>2018</u>	<u>2017</u>
Building & Improvements	\$ 1,713,512	\$ 1,740,346
Land	117,837	117,837
Furniture & Equipment	144,722	148,955
Vehicles	<u>313,515</u>	<u>402,682</u>
Subtotal	\$ 2,289,586	\$ 2,409,820
Accumulated Depreciation	<u>(843,432)</u>	<u>(830,315)</u>
Property and Equipment, net	<u>\$ 1,446,154</u>	<u>\$ 1,579,505</u>

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.

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 6. Endowment (Continued)

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, 2018, 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, 2018 and 2017 was \$15,707 and \$15,325, respectively.

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, 2019, 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 \$894.50 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 years ended September 30, 2018 and 2017 was \$6,000 and \$4,600, respectively. The future required minimum lease payments are as follows:

Year Ended September 30, 2019	<u>6,000</u>
Total	<u>\$ 6,000</u>

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 7. Lease Agreements - Revenue (Continued)

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.

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, 2018 and 2017 was \$1,278,025 and \$1,301,522, respectively. Principle maturities over the next five years are:

2019	25,338
2020	26,305
2021	27,308
2022	28,415
2023	29,499
Thereafter	<u>1,116,767</u>
Total	<u>\$ 1,253,632</u>

Note 9. Support Concentrations

The Organization receives approximately 35.25% of its support from government grants and 51.19% of its support 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, 2018 and 2017, all deposits were fully insured by the FDIC.

Senior Life Services of Morgan County, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2018 & 2017

Note 11. Prior Period Adjustment

A prior period adjustment was necessary to bring fixed assets and accumulated depreciation to actuals based on the fixed asset schedule. Fixed assets was credited \$82,996, and accumulated depreciation was debited \$2,674, netting to a total prior period adjustment against unrestricted net assets of \$80,322.

Note 12. Lease Agreements - Expense

On January 23, 2018, the Organization entered into a sixty-three month lease agreement with EverBank Commercial Finance, concerning a copier lease with Document Solutions, at \$125 per month.

Note 13. Line of Credit

The Organization has a line of credit at Citizens Bank of West Virginia, with a limit of \$40,000. The current interest rate is 5.75%. This line is renewed annually. The balance on the line of credit at September 30, 2018 & 2017 was \$0 each year.

Senior Life Services of Morgan County, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2018

	III-C			III-E	LIFE	FAIR/ Lighthouse	In-Home Care	Other Programs	Subtotal	General Fund	TOTALS
	III-B	Congregate	Home- Delivered								
GRANT REVENUES											
Federal	\$ 26,457	\$ 40,800	\$ 43,132	\$ 6,341				\$ 52,599	\$ 169,329		\$ 169,329
State	24,434	7,200	7,612		176,732	169,971		4,334	390,283		390,283
Local									-		-
Total Grant Revenues	50,891	48,000	50,744	6,341	176,732	169,971	-	56,933	559,612		559,612
OTHER REVENUES											
Contributions		10						\$ 132	\$ 142	\$ 47,161	\$ 47,303
Service Fees		1,297	165			30	812,651	64,730	878,873		878,873
Project Income	497	9,112	5,075			18,849	146	148	33,827		33,827
Interest Income									-	1,111	1,111
Rental Income									-	53,414	53,414
In-Kind Rent									-	2,114	2,114
Other		100							100	11,143	11,243
Total Other Revenues	497	10,519	5,240	-	-	18,879	812,797	65,010	912,942	114,943	1,027,885
TOTAL REVENUES	\$ 51,388	\$ 58,519	\$ 55,984	\$ 6,341	\$ 176,732	\$ 188,850	\$ 812,797	\$ 121,943	\$ 1,472,554	\$ 114,943	\$ 1,587,497
EXPENSES											
Personnel	20,126	28,783	33,127		106,488	137,789	743,222	66,532	1,136,067	42,619	1,178,686
Food & Disposables	74	19,065	20,414						39,553		39,553
Travel							31,886	372	32,258	523	32,781
Depreciation									-	58,915	58,915
Communication/Utilities	2,410	516	520		19,443	1,048	6,531	1,157	31,625	86,366	117,991
Supplies	1,444	59	59		4,005	215	755	122	6,659	2,392	9,051
Insurance	3,607	318	477		3,559	1,272	3,598	358	13,189	13,079	26,268
Interest									-	48,166	48,166
Professional Fees					960				960	11,336	12,296
Advertising	9	51	51		1,476	12	488	214	2,301	83	2,384
Repairs & Maintenance	217	471	51		48,802	133	2,177	108	51,959	21,488	73,447
Rent				2,114	5,400				7,514	600	8,114
Bad Debt Expense									-	14,786	14,786
Other		60			132		334	147	673	14,531	15,204
Indirect	5,578	7,978	9,182	-	29,515	38,191	205,999	18,441	314,884	(314,884)	-
TOTAL EXPENSES	33,465	57,301	63,881	2,114	219,780	178,660	994,990	87,451	1,637,642	-	1,637,642
	\$ 17,923	\$ 1,218	\$ (7,897)	\$ 4,227	\$ (43,048)	\$ 10,190	\$ (182,193)	\$ 34,492	\$ (165,088)	\$ 114,943	\$ (50,145)

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, 2017

	III-C			III-E	LIFE	FAIR/ Lighthouse	In-Home Care	Other Programs	Subtotal	General Fund	TOTALS
	III-B	Congregate	Home- Delivered								
GRANT REVENUES											
Federal	\$ 29,367	\$ 34,955	\$ 44,604	\$ 6,327	\$ -	\$ -	\$ -	\$ 26,966	\$ 142,219	\$ -	\$ 142,219
State	21,816	5,045	5,491		174,190	154,570			361,112		361,112
Local								133	133		133
Total Grant Revenues	51,183	40,000	50,095	6,327	174,190	154,570	-	27,099	503,464		503,464
OTHER REVENUES											
Contributions									-	8,810	8,810
Service Fees		549	105		1,400		804,814	71,576	878,444		878,444
Project Income	20	10,164	2,556			19,125		60	31,925		31,925
Interest Income									-	1,594	1,594
Rental Income									-	52,617	52,617
In-Kind Rent								65,377	65,377		65,377
Other								16,909	16,909	1,848	18,757
Total Other Revenues	20	10,713	2,661	-	1,400	19,125	804,814	153,922	992,655	64,869	1,057,524
TOTAL REVENUES	\$ 51,203	\$ 50,713	\$ 52,756	\$ 6,327	\$ 175,590	\$ 173,695	\$ 804,814	\$ 181,021	\$ 1,496,119	\$ 64,869	\$ 1,560,988
EXPENSES											
Personnel	38,480	32,008	40,763		112,422	124,529	749,305	70,480	1,167,987		1,167,987
Food & Disposables		21,633	24,426						46,059	2,822	48,881
Travel					20,433		34,900		55,333	781	56,114
Depreciation									-	54,539	54,539
Communication/Utilities	1,414	1,115	892		16,562	1,833	7,625	916	30,357	86,838	117,195
Supplies	2,093	135	188		2,260	388	3,163	335	8,562	663	9,225
Insurance	2,705	238	358		2,900	954	9,008	358	16,521	9,345	25,866
Interest									-	48,407	48,407
Professional Fees									-	6,458	6,458
Advertising	273	25	35		1,037	72	824	255	2,521		2,521
Repairs & Maintenance	106	176	534		18,128	157	786	1,640	21,527	13,889	35,416
Rent				5,444	5,950				11,394		11,394
Bad Debt			384			6,492	14,058	282	21,216		21,216
Loss on Sale of Fixed Assets									-	9,773	9,773
Other			8				5,422	19,905	25,335	5,703	31,038
Indirect	7881	6,556	8,349		23,025	25,505	153,467	14,435	239,218	(239,218)	-
TOTAL EXPENSES	52,952	61,886	75,937	5,444	202,717	159,930	978,558	108,606	1,646,030	-	1,646,030
	\$ (1,749)	\$ (11,173)	\$ (23,181)	\$ 883	\$ (27,127)	\$ 13,765	\$ (173,744)	\$ 72,415	\$ (149,911)	\$ 64,869	\$ (85,042)

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

Senior Life Services of Morgan County, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS
For the Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<i>Pass-Through Programs from Upper Potomac Area Agency on Aging:</i>		
U.S. Department of Health & Human Services:		
Administration for Community Living Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044	\$ 26,457
Administration for Community Living Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052	\$ 6,341
Administration for Community Living Special Programs for the Aging Title III Part C Nutrition Services	93.045	\$ 83,932
Administration for Community Living Medicare Improvements for Patients and Providers	93.071	\$ 1,000
Administration for Community Living Senior Medicare Patrol Fraud, Erros & Abuse Prevention	93.048	\$ 2,000
<i>Total US Department of Health & Human Services</i>		<u>\$ 119,730</u>
<i>Pass-Through Program from WV Department of Transportation:</i>		
United States Department of Transportation:		
Federal Transit Administration Formula Grants for Rural Areas	20.509	\$ 49,599
<i>Total US Department of Transportation</i>		<u>\$ 49,599</u>
<i>Total Expenditures of Federal Awards</i>		<u><u>\$ 169,329</u></u>
STATE:		
LIFE	7/1/17-6/30/18	2018 \$ 129,867
LIFE	7/1/18-6/30/19	2019 46,865
Lighthouse	7/1/17-6/30/18	2018 88,152
Lighthouse	7/1/18-6/30/19	2019 41,020
FAIR	7/1/17-6/30/18	2018 28,461
FAIR	7/1/18-6/30/19	2019 12,338
IIIB	10/1/17-9/30/18	24,434
IIIC	10/1/17-9/30/18	14,812
Others	10/1/17-9/30/18	4,334
<i>Total Expenditures of State Awards</i>		<u>\$ 390,283</u>
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		<u><u>\$ 559,612</u></u>

The accompanying notes are an integral part of this schedule.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
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 comparative statement of financial position as of September 30, 2018 and 2017, the related comparative statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2018.

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 identified a deficiency in internal control that we consider to be a significant deficiency, noted as 2017-1 in the management letter on page 21-22. 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 considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams & Bright A.C.

Elkins, West Virginia
December 17, 2018

MANAGEMENT LETTER

To the Board of Directors
Senior Life Services of Morgan County, Inc.
Berkeley Springs, West Virginia

Our audit on the financial statements of Senior Life Services of Morgan County, Inc., for the years ended September 30, 2018 and 2017, highlighted areas where we would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since our audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

SIGNIFICANT DEFICIENCIES

2017-1 LACK OF SEGREGATION OF DUTIES

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

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

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

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

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

Response: We concur with the finding and recommendation.

2017-2 BAD DEBT RECOGNITION

Criteria: Accounting standards require recognition of bad debts as they are able to be identified.

Condition: The current invoicing process does not address aged, outstanding/unpaid items.

Cause: Improper receivables reporting.

Effect: The financial statements could be materially misstated.

Recommendation: We recommend reviewing outstanding/unpaid items monthly to determine if they should be written-off as bad debt.

Response: We concur with the finding and recommendation.

After you have had the opportunity to review these comments and recommendations, we would be pleased to discuss those points that you desire. We would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve Senior Life Services of Morgan County, Inc.

Williams & Bright A. C.

Elkins, West Virginia
December 17, 2018