

**Independent Auditor's Report
and Related Financial Statements**

WOOD COUNTY SENIOR CITIZENS ASSOCIATION

For the Year Ended September 30, 2018

WOOD COUNTY SENIOR CITIZENS ASSOCIATION
Table of Contents
For the Year Ended September 30, 2018

	<u>Page</u>
Board Members	1
Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Activities	5
Statement of Revenues, Functional Expenses by Program and Change in Net Assets	6
Statement of Cash Flows	8
Notes to the Financial Statements	9
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 <i>Government Auditing Standards</i>	16
Schedule of Findings	18
Prior Year Schedule of Findings	19

WOOD COUNTY SENIOR CITIZENS ASSOCIATION

Board Members

Michael Seely - President

Thomas Betz – Vice President

Richard Hayhurst - Secretary Treasurer

Karyl Krulicki

Mary Rader

Deloris Chancey

Norine Davis

Dan Poling

Dale Stanley

Eric Koski

Ron Schleicher

Michele Wilson

Stephen P. Glaser, CPA

1021 7th Avenue
St. Albans, WV 25177

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wood County Senior Citizens Association
Parkersburg, West Virginia

Report on Financial Statements

We have audited the accompanying financial statements of Wood County Senior Citizens Association (WCSCA) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

WCSCA 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.

Auditor's 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. 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 Wood County Senior Citizens Association as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

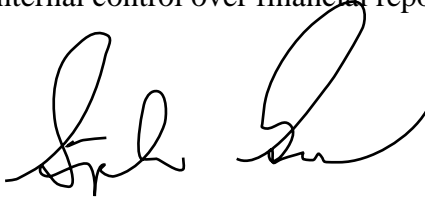
Substantial Doubt about WCSCA's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the WCSCA will continue as a going concern. As discussed in Note 9 to the financial statements, WCSCA has suffered recurring significant reductions in net assets, has a net deficiency in net assets, and has stated that substantial doubt exists about its ability to continue as a going concern.

WCSCA management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2019, on our consideration of the Wood County Senior Citizens Association'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 Wood County Senior Citizens Association's internal control over financial reporting and compliance.



Stephen P. Glaser, CPA
St. Albans, West Virginia
February 20, 2019

**Wood County Senior Citizens Association
Statement of Financial Position
Fiscal Year Ending September 30, 2018**

ASSETS	
Current Assets:	
Cash	\$ 18,036
Accounts Receivable	135,000
Prepaid Expenses	<u>452</u>
Total Current Assets	153,488
Capital Assets:	
Land	198,252
Building, Improvements, and Equipment	1,545,878
Accumulated Depreciation	<u>(1,269,775)</u>
Total Net Capital Assets	<u>474,355</u>
Total Assets	627,843
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts Payable	65,843
Accrued Payroll	23,497
Accrued Annual Leave	14,413
Payroll Taxes Withheld and Accrued	1,064
Deferred Revenue-Fair Program	3,922
Current Portion of Notes Payable	<u>46,647</u>
Total Current Liabilities	155,387
Long-term Liabilities:	
Note Payable-First Neighborhood Bank	281,479
Note Payable-MOVADC	173,119
Debt Payable IRS	<u>256,989</u>
Total Long-term Liabilities	<u>711,587</u>
Total Liabilities	866,974
Net Assets	
Without donor restrictions	(239,132)
With donor restrictions	<u>-</u>
Total Net Assets	<u>(239,132)</u>
Total Liabilities and Net Assets	<u><u>\$ 627,843</u></u>

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

Wood County Senior Citizens Association
Statement of Activities
Fiscal Year Ending September 30, 2018

	Net assets	
	without donor <u>restrictions</u>	with donor <u>restrictions</u>
OPERATING REVENUES		
Grant Revenue - Federal	\$ 452,338	\$ -
Grant Revenue - State	571,324	-
Grant Revenue - Fee for Service	70,165	-
Program Income	86,682	-
Rental Income	82,824	-
Other Income	<u>30,182</u>	<u>-</u>
Total operating revenues	1,293,514	-
OPERATING EXPENSE		
Program expense		
Title IIIB Senior Citizens	166,471	-
Title IIIC Nutrition	286,671	-
Title IIID Activities	5,047	-
Title IIIE Caregiver	32,121	-
LIFE	192,280	-
SHIP	30,997	-
Veterans Health	33,894	-
Lighthouse	161,017	-
Alzheimer-FAIR	119,632	-
In Home Care Data Entry	5,804	-
Meals on Wheels Pet Grant	1,500	-
5310 Transportation	<u>42,205</u>	<u>-</u>
Total program expense	1,077,639	-
Supporting services expense		
General and Administrative	37,941	-
Rental Expenses	102,366	-
Depreciation Expense	53,004	-
Interest Expense Notes	20,396	-
Interest Expense IRS	<u>11,762</u>	<u>-</u>
Total supporting services expense	<u>225,469</u>	<u>-</u>
Total Operating Expenses	<u>1,303,108</u>	<u>-</u>
Gain (loss) from operations / change in net assets	(9,594)	-
Net Assets,		
Beginning of year, restated	<u>(229,538)</u>	<u>-</u>
End of year	<u>\$ (239,132)</u>	<u>\$ -</u>

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

Wood County Senior Citizens Association
Statement of Revenue, Functional Expense by Program, and Change in Net Assets
Fiscal Year Ending September 30, 2018

	Title III B Senior Citizen Transport	Title III C Nutrition	Title III D Senior Activities	Title III E Caregiver	LIFE	SHIP	Veterans Health
REVENUE							
Grant Revenue - Federal	\$ 59,318	\$ 283,576	\$ 913	\$ 35,735	\$ -	\$ -	\$ -
Grant Revenue - State	56,374	10,299	-	-	239,513	33,000	-
Grant Revenue - Fee for Service	-	-	-	-	-	-	34,867
Program Income	18,621	38,621	3,404	2,934	-	-	-
In Kind Income	23,586	2,398	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-	-
Total Revenues	<u>157,899</u>	<u>334,893</u>	<u>4,318</u>	<u>38,669</u>	<u>239,513</u>	<u>33,000</u>	<u>34,867</u>
EXPENSES							
Salaries and Wages	94,603	98,780	289	27,454	72,788	23,974	27,504
Fringe Benefits and Payroll Taxes	25,223	21,522	35	3,631	12,122	2,191	3,970
Travel	-	4,487	-	486	299	162	1,374
Communications	-	-	-	-	4,085	-	76
Utilities	-	53	-	-	28,945	-	-
Insurance	6,933	7,335	-	273	2,271	170	892
Fiscal & Administrative	-	-	-	-	37,941	-	-
Program Supplies	-	-	-	-	-	-	77
Consumables	166	5,156	728	-	11,936	-	-
Printing/Copying	-	150	-	-	725	-	-
Subscription and Fees	-	355	-	277	-	-	-
Repairs and Maintenance	-	6,794	-	-	30,888	-	-
Vehicle Costs	15,960	5,793	-	-	12,228	-	-
Consultant/Contractual	-	348	-	-	10,703	4,500	-
Advertising	-	-	-	-	638	-	-
Program Costs	-	-	3,598	-	-	-	-
Food and Food Supplies	-	132,143	-	-	-	-	-
Training/Development	-	1,355	397	-	110	-	-
Miscellaneous	23,586	2,398	-	-	4,541	-	-
Interest Expense	-	-	-	-	-	-	-
Depreciation Expense	10,324	922	-	-	11,080	-	-
Total Expenses	<u>176,796</u>	<u>287,593</u>	<u>5,047</u>	<u>32,121</u>	<u>241,300</u>	<u>30,997</u>	<u>33,894</u>
Increase (Decrease) due to program activity	<u>\$ (18,897)</u>	<u>\$ 47,301</u>	<u>\$ (729)</u>	<u>\$ 6,547</u>	<u>\$ (1,786)</u>	<u>\$ 2,003</u>	<u>\$ 973</u>

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

Wood County Senior Citizens Association
Statement of Revenue, Functional Expense by Program, and Change in Net Assets
(continued)
Fiscal Year Ending September 30, 2018

	Lighthouse	Alzheimer FAIR	In Home Care Data Entry	Meals on Wheels Pet Grant	5310 Transportation	Property and Building	TOTAL
REVENUE							
Grant Revenue - Federal	\$ -	\$ -	\$ -	\$ -	\$ 72,796	\$ -	\$ 452,338
Grant Revenue - State	133,279	97,198	1,660	-	-	-	571,324
Grant Revenue - Fee for Service	15,583	19,715	-	-	-	-	70,165
Program Income	-	-	-	-	21,399	1,704	86,682
In Kind Income	-	-	-	-	4,184	-	30,168
Interest Income	-	-	-	-	-	14	14
Rental Income	-	-	-	-	-	82,824	82,824
Total Revenues	<u>148,862</u>	<u>116,913</u>	<u>1,660</u>	<u>-</u>	<u>98,379</u>	<u>84,542</u>	<u>1,293,514</u>
EXPENSES							
Salaries and Wages	133,571	103,955	5,202	-	28,047	12,758	628,925
Fringe Benefits and Payroll Taxes	16,360	11,262	602	-	3,783	1,271	101,973
Travel	7,703	2,374	-	-	-	-	16,887
Communications	319	-	-	-	-	-	4,481
Utilities	-	-	-	-	-	38,200	67,199
Insurance	1,084	831	-	-	714	2,455	22,958
Fiscal & Administrative	-	-	-	-	-	-	37,941
Program Supplies	-	-	-	-	-	-	77
Consumables	-	328	-	-	5	326	18,644
Printing/Copying	150	-	-	-	-	-	1,025
Subscription and Fees	277	277	-	-	-	23	1,209
Repairs and Maintenance	-	-	-	-	-	46,551	84,233
Vehicle Costs	-	-	-	-	9,656	-	43,636
Consultant/Contractual	209	209	-	-	-	-	15,969
Advertising	-	396	-	-	-	-	1,034
Program Costs	1,345	-	-	1,500	-	-	6,443
Food and Food Supplies	-	-	-	-	-	-	132,143
Training/Development	-	-	-	-	-	-	1,862
Miscellaneous	-	-	-	-	-	782	31,307
Interest Expense	-	-	-	-	-	20,396	20,396
Depreciation Expense	-	-	-	-	-	30,678	53,004
Total Expenses	<u>161,017</u>	<u>119,632</u>	<u>5,804</u>	<u>1,500</u>	<u>42,205</u>	<u>153,441</u>	<u>1,291,346</u>
Increase (Decrease) due to program activity	<u>\$ (12,156)</u>	<u>\$ (2,719)</u>	<u>\$ (4,144)</u>	<u>\$ (1,500)</u>	<u>\$ 56,174</u>	<u>\$ (68,899)</u>	<u>2,168</u>
IRS debt interest expense							<u>11,762</u>
Increase (Decrease) in Net Assets							<u>\$ (9,594)</u>

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

Wood County Senior Citizens Association
Statement of Cash Flows
Fiscal Year Ending September 30, 2018

Cash flows from operating activities:	
Cash Received from Customers	\$ 1,246,119
Cash Paid to suppliers and employees	<u>(1,242,610)</u>
Net cash provided (used) by operating activities	3,509
Cash flows from financing activities	
Deferred revenue additions (reduction)	3,922
Additions (Reduction) on long-term debt	<u>176,086</u>
Net cash provided by financing activities	180,009
Cash flows from investing activities	
Purchase of property and equipment	<u>(215,848)</u>
Net cash provided by investing activities	<u>(215,848)</u>
Net increase (decrease) in cash and equivalents	(32,330)
Cash and equivalents, beginning	<u>50,366</u>
Cash and equivalents, ending	<u>\$ 18,036</u>
Reconciliation of operating Income	
Operating income (loss)	\$ (9,594)
Adjustments [non operational and non cash]	
Depreciation	53,004
(Increase) decrease in grants receivable	(52,113)
(Increase) decrease in prepaid expenses	4,718
Increase (decrease) compensated absence	(169)
Increase (decrease) in accounts payable	<u>7,663</u>
Total Adjustments	<u>13,103</u>
Net cash provided (used) by operating activities	<u>\$ 3,509</u>

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

Wood County Senior Citizens Association
Notes to the Financial Statements
For the Year Ended September 30, 2018

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major accounting principles employed in the preparation of the accompanying financial statements are summarized as follows:

Organization

Wood County Senior Citizens Association, Inc. (WCSCA) is a not-for-profit corporation in the State of West Virginia and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to federal and state income taxes. Exception is for income derived on income that is unrelated to WCSCA's exempt purpose. WCSCA is not classified as a private foundation.

Adoption of new accounting standard During 2018

WCSCA elected the early adopted ASU 2016-14. Presentation of Financial Statements of Not-for-Profit Entities. The standard addresses the complexity and understandability of net asset, classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about investment return and functional expenses, including allocation methodologies and presentation of a statement of functional expenses as part of the basic financial statements. The WCSCA has adjusted the presentation of these financial statements accordingly.

Nature of Activities

WCSCA was formed to promote programs and activities related to aging, encourage participation of older persons in the programs and activities, and diminish social isolation of the elderly through the group activities and programs; as well as informing the public of the special problems of the elderly and informing the elderly of their rights and responsibilities.

Federal Support – Through US Department of Health and Human Services – Passed through Northwestern Area Agency on Aging - programs Title III B Senior Citizens CFDA 93.044, Title III C Nutrition CFDA 93.045, Title III D Activities CFDA 93.043, and Title III E Caregiver Program CFDA 93.052; and, through US Department of Transportation-Federal Transit Authority - Passed through WV Department of Transportation-Division of Public Transit 5310 Transportation CFDA 20.513

State Support – West Virginia Bureau of Senior Services – Lighthouse, SHIP, LIFE, FAIR with matching support for Title III B Title III C

Net Assets With and Without Donor Restricted

WCSCA reports grants and other assets as with donor restricted net assets if they are received with donor stipulations that permanently limits the use of the donated assets. When a donor restriction

expires, that is, when a stipulated restriction ends, or purpose is accomplished the with donor restricted net assets are reclassified as without donor restricted net assets and reported as such. At September 30, 2018, WCSCA had no donor restricted net assets.

Revenue and Expense Recognition

The financial statements of WCSCA are prepared on the accrual basis of accounting whereby revenues, other than donations, are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

Cash and cash equivalents include deposits with original maturities of less than three months and consist of interest and non-interest earning deposits with local financial institutions as of September 30, 2018.

	Carrying Value	Bank Balance
WCSCA	\$ 18,036	\$124,235

Capital Assets

Capital assets include property, buildings, and equipment are defined by WCSCA as assets with an initial, individual cost of \$5,000 and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased as constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of individual assets are not capitalized. Buildings include all costs needed to complete for the purpose of the structure for use with component cost being an aggerate total of all construction and equipment to initially complete the building. Land is carried at cost with all other capital assets being carried at cost les accumulated depreciation.

WCSCA's capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10-20 years
Furniture and Equipment	10-5 years
Vehicles	5 years

Functional Allocation of Expenditures

The expenditures of providing the various programs and other activities has been summarized on a functional basis in the statement of revenues, functional expenses by program and change in net assets. The expenditures are first allocated based on benefit to either senior services or property expenditures then each of these the expenditures are further separated as being either direct or joint expenditures with the joint expenditures being further allocated among the cost objectives based on benefit to each of the objective.

Senior service costs are expense incurred for the delivery of the senior programs being the primary mission of the organization with property cost being incurred to provide building space for supporting the senior programs with the excess building spaces being available to be rented out on a leased basis. The rental income in excess of the incurred cost to maintain building areas available to rent are committed to be used to offset cost for the delivery of the senior services

Direct expenditures are expenses that can be easily and readily identified as costs benefiting only one program/cost objective. Most cost can be identified as being as being a direct expense. Employees record their efforts by cost objective that they are working to advancing that cost objective with their associated payroll cost following the same program/cost objective.

Joint expenditures are expenses are not easily and readily identified as an individual programs costs or benefits multiple programs. In addition to the overall joint expenditures benefiting multiple programs some direct program expenditures are considered internal joint program expenditures such in the nutrition program director and cooks labor.

WCSCA maintains a cost allocation plan that to define the benefiting ratios among the various program/cost objectives for the joint expenditures and the plan is reviewed on a yearly basis to adjust these ratios as is applicable. A copy of the allocation plan is available by contacting executive director at 914 Market Street Parkersburg WV 26101 or 304-485-6748.

Operations

Management of WCSCA acknowledges that, to the best of their ability, all assets received have been used for the purpose for which they were contributed or have been accumulated to allow management to conduct the operations and programs of WCSCA as effectively and efficiently as possible.

Accounts Receivable and Concentration of Credit Risk

WCSCA provides various services to the elderly and low-income individuals on a third-party reimbursement basis. WCSCA bills the various funding sources in accordance with the contractual agreements without requiring collateral or any other security. Accounts and grants receivable have been adjusted for all known uncollectible accounts. An allowance for bad debts has not been set up as the amount is not considered material. Charitable adjustments related to non-billable services due to inadequate patient income levels are recognized when services occurred. Discounts related to billable services that are based on patient income levels and other contractual requirements are recognized and recorded upon final collection settlement. Such uncollectible amounts at the statements of financial position date are considered insignificant.

Use of Estimates

The preparation of financial statements in conformity with the 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 revenue and expenses during the reporting period.

NOTE 2 CAPITAL ASSETS

The allocation of the original cost of land, buildings and improvements, furniture and equipment program equipment, vehicles, and paving purchased by utilizing federal and state allocated funds, and purchased with other revenue sources are as follows for the fiscal year ended:

	Totals			Totals	
	October 1, 2017	Additions	Deletions	September 30, 2018	
Capital assets not being depreciated:					
Land	\$ 198,252	\$ -	\$ -	\$ 198,252	
Capital assets being depreciated:					
Building	1,112,677	194,927	-	1,307,603	
Furniture & Equipment	54,142	-	-	54,142	
Vehicles	163,211	20,921	-	184,132	
Total capital assets being depreciated	1,330,030	215,848	-	1,545,878	
Less accumulated depreciation for:					
Building	1,011,952	40,821	-	1,052,773	
Furniture & Equipment	49,491	1,859	-	51,350	
Vehicles	155,328	10,324	-	165,652	
Total accumulated depreciation	1,216,770	53,004	-	1,269,774	
Total capital assets being depreciated, net	113,260	162,843	-	276,103	
Total capital assets, net	\$ 311,513	\$ 162,843	\$ -	\$ 474,356	

Depreciation expense for 2018 was \$922 Nutrition, LIFE \$11,080, Senior Citizen Transportation \$10,324 and Property and Building rental \$30,678 for a total depreciation expense of \$53,004.

NOTE 3 NOTES PAYABLE

Notes payable at September 30, 2018 are comprised of the following:

- Note to First Neighborhood Bank, maturing in 2028 with an interest estimated variable rate of 7.75% and monthly payments of \$3,535. This agreement is secured by a deed of trust for property at 914 Market Street. First Neighborhood agreed to reduction in interest to 6% through August 1, 2023 then a variable rate of prime plus 2% and reduced monthly payment to \$3,400 through August 2020.
- Note to Mid-Ohio Valley Area Development Corporation, maturing in 2025 with an interest rate of 2% and monthly payments of \$2,553. This agreement is secured by a Deed of Trust against property at Market Street and Williamstown.

Change in notes payable are as follows:

	Balance			Balance	Due within
	October 1, 2017	Additions	Reductions	September 30, 2018	One Year
First Neighborhood Bank	\$ 324,921	\$ -	\$ 23,676	\$ 301,245	\$ 23,375
MOVADC	-	200,000	-	200,000	26,881
Total Notes payable	\$ 324,921	\$ 200,000	\$ 23,676	\$ 501,245	\$ 50,256

The approximate future commitments for principal reduction on long-term debt for the next five years and in the aggregate, are as follows:

Year Ending			
September 30,	Principal	Interest	Total
2019	\$ 50,257	\$ 21,179	\$ 71,436
2020	52,362	19,209	71,571
2021	55,984	17,072	73,056
2022	58,276	14,780	73,056
2023	60,195	12,861	73,056
Thereafter	<u>224,173</u>	<u>32,875</u>	<u>257,048</u>
Total	<u>\$ 501,245</u>	<u>\$ 117,977</u>	<u>\$ 619,223</u>

NOTE 4 COMPENSATED ABSENCES

Eligible employees of WCSCA are entitled to paid vacation, paid sick days, and personal days off depending on length of service and other factors. Such compensated absences were \$14,413 at September 30, 2018 and have been recorded as “Accrued annual leave” in the statement of financial position.

Change in compensated absence is as follows:

	Balance			Balance
	<u>October 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2018</u>
Compensated Absence	<u>\$ 14,582</u>	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ 14,413</u>

NOTE 5 DEFERRED REVENUE

Clients receiving in home care are billed according to state policies referred to as cost share to help stretch the state dollars allocated to these programs. Clients are billed monthly and recorded as revenue in the month invoiced. The state accounts for these cost share dollars towards the next year grant award. The state grant for these programs runs July 1 to June 30. Therefore, at September 30, 2018 we have \$3,922.18 of client billings received during the 7/1/17-6/30/18 grant year that had not been utilized under the new grant year 7/1/18-6/30/19. These billings were used in the October 2018 period. We have not recognized the client billings from 7/1/18-9/30/18 as deferred revenue as a portion of these billings WCSCA is allowed to keep in the current grant year based upon the number of assessments and reassessments performed and the final tally is not available until grant end.

NOTE 6 RENTAL LEASES

WCSCA owns a building with mailing address of 912, 914 and 916 Market Street, Parkersburg, West Virginia in which certain offices in the building areas are rented to area businesses. At September 30, 2018, most rental lease contracts could be cancelled with a thirty-day or sixty-day

notice. Other property owned by WCSCA is leased on an occasional basis for specific activities of various organizations

NOTE 7 COMMITMENTS, CONTINGENCIES, AND CREDIT RISK ASSESSMENT

WCSCA provides senior health and welfare services to those in need over the Mid-Ohio Valley (WOOD County) region within West Virginia. WCSCA grants credit for the services provided to substantially all its patients without regard to the patients’ ability to pay.

WCSCA receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and revenue sharing. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to the grantors. In addition, the grants could be subjected to an audit by the grantor agencies and any disallowed claims resulting from such audits could be a liability to WCSCA. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of WCSCA at September 30, 2018.

NOTE 8 IRS BACK TAXES DEBT

The debt payable to IRS balance of \$256,989 is the result of unpaid 941 withholdings tax from the 2003 fiscal year and before which includes both the unpaid tax, interest, and penalties assessed by IRS. The minimum monthly payment per the repayment agreement has been established a \$1,000 per month. IRS continues to apply interest to the outstanding unpaid balance monthly therefore the yearly minimum payment on the obligation of \$12,000 is almost entirely used to satisfy the interest obligation only. WCSCA recoded an interest expense on the debt of \$11,762 during FY 2018.

Change in IRS back tax debt is as follows:

	Balance			Balance
	<u>October 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2018</u>
Debt Payable IRS	\$ 257,267	\$ -	\$ 278	\$ 256,989

NOTE 9 GOING CONCERN

As indicated in the accompanying financial statements, WCSCA showed a decrease in net assets of \$9,594 during the year ended September 30, 2018. As of that date, WCSCA’s total liabilities exceeded its total assets by \$239,132. In addition, WCSCA has suffered decreases in net assets for each of the last seven years. Those factors, as well as the uncertain conditions surrounding possible grant funding cuts, create an uncertainty about WCSCA’s ability to continue as a going concern. Management is developing plans to sell the current property at 912, 914 and 916 Market Street and relocate the senior operations to another building and during 2019 to significantly reduced operating costs. The ability of WCSCA to continue as a going concern is dependent on the success of these efforts. The financial statements do not include any adjustments that might be necessary if WCSCA is unable to continue as a going concern. The future ability of WCSCAs to continue is in doubt.

NOTE 10 PRIOR PERIOD ADJUSTMENT TO NET ASSETS

The following restatement was performed to net assets at the beginning of the year due to an error in the amount of IRS Debt was identified to be understated by \$10,169.

Net Assets 9/30/2017	\$ 219,369
Error in IRS debt understated by	<u>10,169</u>
Restated Net Assets 9/30/2017	<u>\$ 229,538</u>

NOTE 11 LIQUIDITY DISCLOSURES

WCSCA is substantially supported by State and Federal support for the delivery of Senior services in the Wood County West Virginia area. As part of WCSCA's liquidity management it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at September 30, 2018:

Financial Assets	
Cash	\$ 18,036
Accounts Receivable	135,000
Prepaid Expenses	<u>452</u>
Financial Assets available to meet cash needs for general expenditures within one year	<u>\$ 153,488</u>

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring after September 30, 2018 through the date of the Auditor's Report, which is the release date. No significant events were noted requiring adjustments to or disclosure in the financial statements.

WCSCA entered into a fiscal and management agreement dated January 1, 2018 with the Mid-Ohio Valley Regional Planning and Development Council (MOVRC). Under that agreement MOVRC provided services on a reimbursement basis to manage the staff and programs of the Wood County Senior Citizens Association (WCSCA) through December 31, 2018.

WCSCA board determined this is in the best interest of the WCSCA organization's future viability to terminate the agreement with MOVRC on 9/30/2018 with MOVRC providing the same level of service through 12/31/18. Then as of January 1, 2019 the WCSCA fiscal and administrative services were once again assumed by WCSCA Board until the end of January 2019 when the new hires of an executive director and accountant were completed.

Stephen P. Glaser CPA

1021 7th Avenue
St. Albans, WV 25177

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*

Board of Directors
Wood County Senior Citizens Association
Parkersburg, West Virginia

We have has 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 the governmental activities of Wood County Senior Citizens Association (WCSCA), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise WCSCA's basic financial statements, and have issued our report thereon dated February 20, 2019.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, we considered WCSCA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WCSCA's internal control. Accordingly, we do not express an opinion on the effectiveness of WCSCA'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.

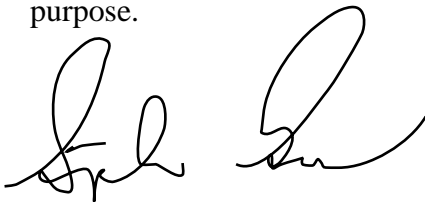
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit we did not 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 WCSCA'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 my 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 of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'S. P. Glaser', written in a cursive style.

Stephen P. Glaser, CPA
Saint Albans, West Virginia
February 20, 2019

WOOD COUNTY SENIOR CITIZENS ASSOICATION
Schedule of Findings
Fiscal Year Ending September 30, 2018

None

WOOD COUNTY SENIOR CITIZENS ASSOICATION
Prior Year Schedule of Findings
Fiscal Year Ending September 30, 2018

None