

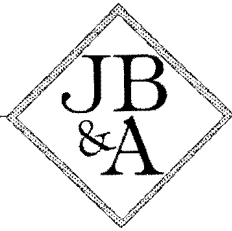
**COMMISSION ON AGING FAMILY SERVICES, INC.**

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

**SEPTEMBER 30, 2016**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to financial statements	8-12
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues and Support	13-14
Schedule of Expenditures of State Awards	15
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	16-17
<b>MANAGEMENT LETTER</b>	18-19



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Commission on Aging Family Services, Inc.  
Petersburg, West Virginia

We have audited the accompanying financial statements of Commission on Aging Family Services, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and cash flows for the year 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.

### **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 Commission on Aging Family Services, Inc. as of September 30, 2016, 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.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and support and schedule of expenditures of state awards, are presented for purposes of additional analysis and are 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 auditing 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 28, 2017, on our consideration of Commission on Aging Family Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission on Aging Family Services, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia  
June 28, 2017

**COMMISSION ON AGING FAMILY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2016**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 404,010
Accounts receivable	78,233
Grants receivable	33,807
Prepaid expenses	8,730
Investment	<u>352,392</u>

Total current assets 877,172

**Property and Equipment, net** 373,443

**TOTAL ASSETS** \$ 1,250,615

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	15,510
Accrued wages payable	52,207
Accrued annual leave	<u>33,848</u>

Total current liabilities 101,565

**Other Liabilities**

OPEB - PEIA	<u>294,140</u>
-------------	----------------

**Net Assets**

Unrestricted 854,910

Temporarily restricted                     

Total net assets 854,910

**TOTAL LIABILITIES AND NET ASSETS** \$ 1,250,615

The accompanying notes are an integral part of this statement.

**COMMISSION ON AGING FAMILY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 161,147	\$	\$ 161,147
State grant allocations	367,985		367,985
County Commission	10,000		10,000
Donations and match	31,274		31,274
Contractual personal care	836,113		836,113
Project income	52,347		52,347
Investment income	11,812		11,812
Unrealized gain	28,650		28,650
Other income	2,214		2,214
Net assets released from restrictions:			
Restrictions released with time			
Restrictions satisfied with payments			
Total Revenue and Support	1,501,542		1,501,542
<b>EXPENSES</b>			
Program Services			
Title III-B	56,125		56,125
Title III-E	8,633		8,633
Title III-C-congregate	87,223		87,223
Title III-C -home delivered	75,015		75,015
VA	16,421		16,421
Lighthouse	139,526		139,526
FAIR	36,317		36,317
Personal care	671,926		671,926
LIFE	98,486		98,486
Other programs	11,237		11,237
Management and general	335,083		335,083
Total Expenses	1,535,992		1,535,992
Change in Net Assets	(34,450)		(34,450)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	889,360		889,360
<b>NET ASSETS AT END OF YEAR</b>	\$ 854,910	\$	\$ 854,910

The accompanying notes are an integral part of this statement.

**COMMISSION ON AGING FAMILY SERVICES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Title III-B	Title III-E	Title III-C		VA
			Congregate	Home Delivered	
Salaries and wages	\$ 25,134	\$ 5,779	\$ 30,461	\$ 36,013	\$ 14,278
Fringe benefits	4,486	770	3,734	4,768	1,628
Travel		39	271	228	391
Printing and supplies	38	28			
Repairs and maintenance	10,633		52	40	
Communications and utilities	978				
Other	106	67	9,704	1,085	124
Depreciation					
Raw food			26,818	20,211	
Disposables			6,433	4,870	
Insurance	5,000				
Professional/Contractual					
Inkind rent	9,750	1,950	9,750	7,800	
	<u>\$ 56,125</u>	<u>\$ 8,633</u>	<u>\$ 87,223</u>	<u>\$ 75,015</u>	<u>\$ 16,421</u>

**COMMISSION ON AGING FAMILY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<u>Lighthouse</u>	<u>FAIR</u>	<u>Personal Care</u>	<u>LIFE</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Totals (Memorandum Only)</u>
\$ 124,440	\$ 32,160	\$ 604,379	\$ 63,189	\$ 8,959	\$ 101,191	\$ 1,045,983
12,257	3,522	55,459	9,162	1,396	173,567	270,749
2,468	436	10,109	1,385	144		15,471
			2,044	481	6,551	9,142
			8,219		3,385	22,329
			12,843		6,537	20,358
361	199	1,979	1,644	257	7,236	22,762
					24,435	24,435
					2,309	49,338
					25	11,328
					3,142	8,142
					6,705	6,705
						29,250
<u>\$ 139,526</u>	<u>\$ 36,317</u>	<u>\$ 671,926</u>	<u>\$ 98,486</u>	<u>\$ 11,237</u>	<u>\$ 335,083</u>	<u>\$ 1,535,992</u>

The accompanying notes are an integral part of this statement.



**COMMISSION ON AGING FAMILY SERVICES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (34,450)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	24,435
Unrealized gain on investments	(28,650)
(Increase) decrease in operating assets:	
Accounts and grants receivable	37,640
Prepaid expense	(3,105)
Increase (decrease) in operating liabilities:	
Accounts payable	21,670
Accrued wages and fringes	21,517
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>39,057</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed asset additions	(6,432)
Investment increase	<u>(3,419)</u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>(9,851)</u>

Increase in cash and cash equivalents	29,206
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>374,804</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 404,010</u></u>

The accompanying notes are an integral part of this statement.

**COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS**

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

The Commission on Aging Family Services, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizen in Grant County, West Virginia. The purpose of the organization is to assist elderly persons and their families regardless of race, religion, creed, or color in finding and making use of their resources; to establish and maintain programs and services which are appropriate and realistic to the elderly; to establish the value of human life, dignity, of self-worth, an atmosphere of respect, trust, and support; to make the elderly an integral part of the community allowing them to live with dignity and a purposeful life throughout their golden years and to help avoid institutionalization.

The summary of significant accounting policies of the Commission on Aging Family Services, Inc. is presented to assist in understanding the Commission's financial statements. The financial statements and note are the representation of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Basis of Accounting**

The financial statements of Commission on Aging Family Services, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Cash and Cash Equivalents**

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

**Allowance for Doubtful Accounts**

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

**Inventories**

Inventories of raw food, materials and supplies are deemed immaterial and are accordingly expensed as purchased.

**COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**Property and Equipment**

The Organization capitalizes all purchases of equipment at cost and all donated equipment at fair market value. This recorded basis is depreciated using the straight-line method over the assets' estimated useful life. All equipment and/or vehicles purchased with grant monies must have approval from the grantor agency to dispose of such equipment and the method of disposition. The Organization capitalizes equipment with an estimated useful life of at least five years and a basis of at least \$1,000. Maintenance and repairs are expensed as incurred.

**Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

**Federal And State Grant Revenue**

Grant monies are received on a reimbursement basis for Title III-B, Title III-D, Title III-E, Title VII and LIFE grants. Upon completion of a grant year, any unexpended grant funds has to be approved for carryover to the next grant year.

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Lighthouse and FAIR are drawn down per unit of service as are Medicare and Waiver personal care services.

Total federal and state grant revenues for the year ended September 30, 2016, were \$161,147 and \$367,985, respectively.

**COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Donated Services**

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in relation to such volunteer services.

**Donated Facilities**

The Organization's facilities are owned by the Grant County Commission. These facilities are leased to the Organization for free and are therefore recorded at fair value as in-kind contributions and in-kind rent expense in the financial statements. The Organization has recorded in-kind rent of \$29,250 for the year ended September 30, 2016.

**Advertising**

Advertising costs are expensed as incurred. There were no advertising costs for the year ended September 30, 2016.

**Expense Allocation**

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that effect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed.

**COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 2. Investments**

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	-----	-----	-----	-----
Edward Jones				
Bonds	\$ 131,822	\$ 17,092	\$	\$ 148,914
Mutual Funds	168,618	34,860		203,478
	-----	-----	-----	-----
Total	\$ 300,440	\$ 51,952	\$	\$ 352,392
	=====	=====	=====	=====

**Note 3. Receivables**

Receivables at September 30, 2016, consisted of the following:

Accounts Receivable	
Contractual revenues – Personal care	\$ 78,233
	=====
Grants Receivable	
LIFE	\$ 14,366
FAIR	584
Lighthouse	12,440
III-E	2,034
VA	4,383
	-----
Total	\$ 33,807
	=====

**Note 4. Property and Equipment**

Property and equipment consisted of the following at September 30, 2016:

Building improvements	\$ 378,570
Vehicles	125,660
Equipment, furniture and fixtures	144,668
	-----
	648,898
Less accumulated depreciation	275,455
	-----
Total	\$ 373,443
	=====

**COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 5. Concentration**

The Organization receives about 36 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 56 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

**Note 6. Contingent Liabilities**

In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of this audit is not believed to be material.

**Note 7. Retirement Program**

Certain employees are eligible to be included in the Commission's defined contribution retirement program. The employee contributes 4.5% of his/her gross wages. It is combined with 9.5% contributed by the Commission on Aging Family Services, Inc. The covered employees are eligible to draw benefits upon retirement. Service contributions to the retirement program were \$23,589 for the year ended September 30, 2016.

**Note 8. Other Post-Employment Benefits (OPEB Plan)**

The Commission participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The liability accrued for post-retirement benefits for the year ended September 30, 2016 was \$21,694. The total liability for post-retirement benefits as calculated by PEIA was \$294,140 as of September 30, 2016.

**Note 7. Endowment Fund**

The Commission on Aging Family Services, Inc. is the beneficiary of an endowment held by the Tucker Community Foundation and currently invested under a trust agreement with Citizens Bank of West Virginia. Fund distributions occur at the discretion of the Tucker Community Foundation. The balance of this fund as of September 30, 2016 was \$12,116.

**Note 8. Subsequent Events**

Management has evaluated subsequent events through June 28, 2017, the date which the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

**COMMISSION ON AGING FAMILY SERVICES, INC.  
SCHEDULE OF REVENUES AND SUPPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Title III-B	Title III-C		Title III-E	Lighthouse
		Congregate	Home Delivered		
Federal financial assistance	\$ 27,413	\$ 48,426	\$ 44,881	\$ 5,558	\$
State grant	15,000			270	131,557
County Commission					
Donations and match	9,750	9,750	7,800	1,950	
Contractual - Personal Care					
Project income	1,033	19,302	11,246	355	13,913
Investment income	1,377		3,195		
Unrealized gain on investment					
Other income					
	<u>\$ 54,573</u>	<u>\$ 77,478</u>	<u>\$ 67,122</u>	<u>\$ 8,133</u>	<u>\$ 145,470</u>



**COMMISSION ON AGING FAMILY SERVICES, INC.  
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

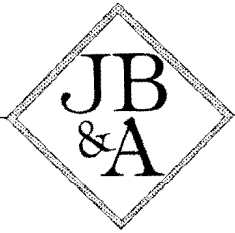
	<u>FAIR</u>	<u>DHHR</u>	<u>Other Programs</u>	<u>LIFE</u>	<u>VA</u>	<u>Totals (Memorandum Only)</u>
Federal financial assistance	\$	\$	\$ 13,813	\$	\$ 21,056	\$ 161,147
State grant	28,215		2,000	190,943		367,985
County Commission			10,000			10,000
Donations and match			2,024			31,274
Contractual - Personal Care		836,113				836,113
Project income	2,858		3,004	636		52,347
Investment income			7,240			11,812
Unrealized gain on investment			28,650			28,650
Other income			2,214			2,214
	<u>\$ 31,073</u>	<u>\$ 836,113</u>	<u>\$ 68,945</u>	<u>\$ 191,579</u>	<u>\$ 21,056</u>	<u>\$ 1,501,542</u>

The accompanying independent auditor's report is an intergral part of this schedule.

**COMMISSION ON AGING FAMILY SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Grant Period</u>	<u>Grant Identificaion Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2016	IH1629	87,321
Lighthouse	June 30, 2017	IH1729	44,236
FAIR	June 30, 2016	IH1629	20,881
FAIR	June 30, 2017	IH1729	7,334
SMP	May 31, 2017	SMP1706	<u>2,000</u>
Total Direct Programs			<u>161,772</u>
Pass through Awards			
Upper Potomac Area Agency on Aging			
IIIB State	June 30, 2016	21637	15,000
IIIE	June 30, 2016	21637	270
LIFE	June 30, 2016	21604	150,444
LIFE	June 30, 2017	21704	<u>40,499</u>
Total pass-through awards			<u>206,213</u>
 TOTAL EXPENDITURES OF STATE AWARDS			 <u><u>\$ 367,985</u></u>

The accompanying independent auditor's report is an integral part of this schedule.



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Commission on Aging Family Services, Inc.  
Petersburg, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Commission on Aging Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Commission on Aging Family Services, 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 Commission on Aging Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

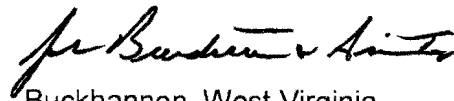
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Commission on Aging Family Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

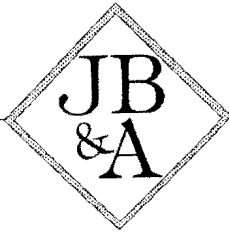
We noted certain other matters that we reported to management of Commission on Aging Family Services, Inc. in a separate letter dated June 28, 2017 on pages 18 and 19.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Buckhannon, West Virginia  
June 28, 2017



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## MANAGEMENT LETTER

To the Board of Directors  
and Senior Management  
Commission on Aging Family Services, Inc.  
Petersburg, West Virginia

In planning and performing our audit of the financial statements of Commission on Aging Family Services, Inc. for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter dated June 28, 2017, on pages 16 and 17, contains our communication of significant deficiencies or material weaknesses in the Organization's internal control. This letter does not affect our report dated June 28, 2017, on the financial statements of Commission on Aging Family Services, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### **Accrual Basis Accounting Records**

The Organization's policy is to prepare its financial statement on the accrual basis of accounting and therefore all accrued revenue and expenses should be recorded in the general ledger at year end.

Accrued liabilities and accounts receivable should be recorded in the general ledger at September 30, 2016. Although acceptable for the auditor to help convert the Organization from cash to accrual basis there are advantages for maintaining books on the accrual basis. The most important being more accurate financial reporting with better matching of income and expenses during the year.

## Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank the Executive Director and her staff for their support and assistance during our audit.

This report is intended solely for the information and use of management, Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.



Buckhannon, West Virginia  
June 28, 2017