



Audited Financial Statements

For the Year Ended September 30, 2019

BROOKE COUNTY COMMITTEE ON AGING

AUDITED FINANCIAL STATEMENTS

For the Years Ended September 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brooke County Committee on Aging
Follansbee, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Brooke County Committee on Aging, Inc. (the Committee) which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. As discussed in the change in accounting principle section of footnote 2, the Committee elected, in accordance with the provisions of ASU 2016-14, the option to not present the statement of functional expenses for the year ended September 30, 2018.

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 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 the Brooke County Committee on Aging, Inc. as of September 30, 2019, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other MattersOther Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenue, support, and functional expenses is presented for purposes of additional analysis as required by the West Virginia Bureau of Senior Citizens and is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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.

Prior year financial statements

The financial statements for the year ended September 30, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on June 7, 2019.

Report on Internal Control Over Financial Reporting

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020, on our consideration of Brooke County Committee on Aging, 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 the Brooke County Committee on Aging, Inc.'s internal control over financial reporting and compliance.



Charleston, West Virginia
May 11, 2020

BROOKE COUNTY COMMITTEE ON AGING, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 94,260	\$ 99,540
Accounts receivable	44,394	62,975
Federal grants receivable	45,891	28,664
Inventory	458	3,556
Prepaid expenses and other current assets	9,158	11,694
Total current assets	194,161	206,429
Property and equipment, net	93,409	169,762
Total assets	<u>\$ 287,570</u>	<u>\$ 376,191</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 6,538	\$ 11,290
Accrued expenses	31,818	53,081
Line of credit	-	25,000
Total liabilities	38,356	89,371
Net assets:		
Net assets without donor restrictions	249,214	286,820
Total liabilities and net assets	<u>\$ 287,570</u>	<u>\$ 376,191</u>

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

BROOKE COUNTY COMMITTEE ON AGING, INC.**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue, Support, and Gains:		
Grant revenue:		
Federal	406,241	421,120
LIFE	172,247	194,335
Other state	169,047	201,333
Total grant revenue	<u>747,535</u>	<u>816,788</u>
Program service fees	270,328	228,861
Donated services and facilities	66,244	46,429
Local	49,397	46,262
Local match	35,454	23,956
Fundraising activities	13,789	6,408
Other revenue:		
Gain on sale of fixed assets	-	7,500
Other unrestricted revenue	102,137	26,673
Total revenue, support, and gains	<u><u>1,284,884</u></u>	<u><u>1,202,877</u></u>
Expenses and Losses:		
Program services expense:		
Transportation	63,261	31,235
LIFE	173,635	186,906
Nutrition	345,151	349,208
In-Home	393,253	459,132
RSVP	210,252	132,768
Total program expenses	<u>1,185,552</u>	<u>1,159,249</u>
Management and General	94,849	110,236
Fundraising	3,589	3,911
Total expenses	<u>1,283,990</u>	<u>1,273,396</u>
Impairment loss on building	<u>38,500</u>	<u>36,174</u>
Total expenses and losses	1,322,490	1,309,570
Change in net assets	(37,606)	(106,693)
Net assets, beginning of year	<u>286,820</u>	<u>393,513</u>
Net assets, end of year	<u><u>\$ 249,214</u></u>	<u><u>\$ 286,820</u></u>

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

BROOKE COUNTY COMMITTEE ON AGING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

	Program Services					Total Program Services	Supporting Services			Total
	Transportation	LIFE	Nutrition	In-Home	RSVP		Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 27,124	\$ 103,519	\$ 169,387	\$ 290,990	\$ 68,607	\$ 659,627	\$ 10,874	\$ -	\$ 10,874	\$ 670,501
Payroll taxes and employee benefits	3,979	24,085	30,498	60,475	10,975	130,012	2,511	-	2,511	132,523
Occupancy	-	8,245	25,304	3,555	9,447	46,551	3,891	-	3,891	50,442
Printing and supplies	-	2,209	3,600	2,364	8,891	17,064	4,323	-	4,323	21,387
Vehicles and equipment	1,448	6,661	6,212	-	-	14,321	-	-	-	14,321
Raw food and disposables	-	-	88,393	-	-	88,393	7,060	-	7,060	95,453
Travel	5,148	5,167	6,062	34,148	10,452	60,977	15	-	15	60,992
Insurance	4,832	11,222	3,862	-	1,393	21,309	-	-	-	21,309
Miscellaneous expenses	-	12,527	1,739	1,721	61,813	77,800	30,372	-	30,372	108,172
Depreciation and amortization	20,730	-	10,094	-	-	30,824	7,030	-	7,030	37,854
Interest expense	-	-	-	-	-	-	1,203	-	1,203	1,203
Donated services and facilities	-	-	-	-	38,674	38,674	27,570	-	27,570	66,244
Fundraising	-	-	-	-	-	-	-	3,589	3,589	3,589
	<u>\$ 63,261</u>	<u>\$ 173,635</u>	<u>\$ 345,151</u>	<u>\$ 393,253</u>	<u>\$ 210,252</u>	<u>\$ 1,185,552</u>	<u>\$ 94,849</u>	<u>\$ 3,589</u>	<u>\$ 98,438</u>	<u>\$ 1,283,990</u>

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

BROOKE COUNTY COMMITTEE ON AGING, INC.**STATEMENTS OF CASH FLOWS**

For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (37,606)	\$ (106,693)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	37,854	32,852
(Gain) on sale of fixed assets	-	(7,500)
Loss on impairment of building	38,500	36,174
(Increase) decrease in operating assets:		
Grants and accounts receivable	1,354	(8,149)
Insurance receivable	-	73,641
Inventory	3,098	2,438
Other assets	2,535	(1,699)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(26,015)	(9,116)
Other liabilities	-	(1,005)
Net cash provided by operating activities	<u>19,720</u>	<u>10,943</u>
Cash flows from investing activities:		
Purchase of fixed assets	-	(30,831)
Proceeds from disposal of fixed assets	-	7,500
Net cash used in investing activities	<u>-</u>	<u>(23,331)</u>
Cash flows from financing activities		
Principal payments on line of credit	<u>(25,000)</u>	<u>25,000</u>
Net cash (used in) provided by financing activities	<u>(25,000)</u>	<u>25,000</u>
Net (decrease) increase in cash and cash equivalents	(5,280)	12,612
Cash and cash equivalents, beginning of year	<u>99,540</u>	<u>86,928</u>
Cash and cash equivalents, end of year	<u>\$ 94,260</u>	<u>\$ 99,540</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 1,203</u>	<u>\$ 1,718</u>

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

BROOKE COUNTY COMMITTEE ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

1 –NATURE OF OPERATIONS

The Brooke County Committee on Aging, Inc. (The "Committee") is a nonprofit organization established to assist the needs of older Americans. The Committee's service area includes Brooke County and surrounding counties. The Committee is funded primarily by grants awarded under Title III of the Older Americans Act, as administered by the Northwestern Area Agency on Aging, the Retired Senior Volunteer Program Grant, and through third-party reimbursements; specifically, the State of West Virginia Medicaid and Waiver Programs. The Committee also receives various other federal, state, and local funding.

The Committee fulfills its mission of assisting the needs of older Americans through the following programs:

Transportation – The program is to assist seniors with transportation to medical appointments, chemotherapy, kidney dialysis, physical therapy, and other appointments.

LIFE (Legislative Initiative for the Elderly) – is a state-funded program and part of the senior center array of services. Services vary by county but are modeled after those provided by the Older Americans Act.

Nutrition – The nutrition program provides health-promoting meals to seniors in two counties with 4 lunch sites, additionally home delivered meals are available to anyone age 60+ who are unable to attend a congregate lunch site.

In-home – The goals of the In-Home Care Program are to promote independence, self-care and dignity, and to avoid the high cost of institutionalization for the elderly in Brooke County. The Committee has many programs which can help seniors to stay in their home and assist their families in caring for them. These programs include Medicaid, Medicaid Waiver, Veterans Administration, Lighthouse, FAIR (Family Alzheimer In-Home Respite), Title III-E, Respite and Private Pay.

RSVP – The program exists to promote volunteerism among adults 55 and over, while encouraging their interests, using their abilities, and mobilizing them to meet the most pressing needs of Brooke, Hancock, Ohio and Marshall Counties.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Committee have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Committee to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Committee. These net assets may be used at the discretion of the Committee's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Committee or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

BROOKE COUNTY COMMITTEE ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (Continued) For the Years Ended September 30, 2019 and 2018

Donor restricted contributions are reported as increased in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. There were no net assets with donor restrictions for the years ended September 30, 2019 and 2018.

Measure of operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Committee's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Cash on hand and deposits with banking institutions are considered cash while short-term investments with an original maturity of not more than three months are considered cash equivalents. The Committee maintains accounts at local banks at which the Federal Deposit Insurance Corporation ("FDIC") insures a maximum of \$250,000 per depositor. Balances on deposit sometimes exceed the federally insured limits, however the financial institution has collateralized the remaining balance with securities held by their trust department in the Committee's name. Management believes the credit risk related to these deposits is minimal.

Inventory

Food inventory is recorded on a first-in first-out (FIFO) basis at cost.

Accounts receivable

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and Equipment

Property and equipment are stated at cost at the date of purchase, for donated assets, at fair value at the date of donation, less accumulated depreciations. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows: 3 to 20 years for equipment, vehicles, and leasehold improvements and 39 years for buildings. The Committee's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. Brooke County Committee on Aging reviews its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated by the fixed assets and any estimated proceeds from the eventual disposition of the fixed assets. If the fixed assets are impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value of such fixed assets. During the year ended September 30, 2018, the Committee recognized an impairment loss of \$36,174. The loss arose from flood damage to the idle building that a private donor had donated to the Committee. The estimated fair value of the building after the loss was \$38,500. The estimate was based on management's judgment and took into consideration the economic conditions of the area, the values of surrounding properties, and the extent of the damage. During the year ended September 30, 2019, the building was determined to contain significant amounts of asbestos throughout. As a result, the entity decided to most cost-effective approach was to demolish the structure. An

BROOKE COUNTY COMMITTEE ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

impairment loss for the remaining value of the building was recognized totaling \$38,500 in 2019. Management is taking appropriate steps to determine the extent of the asbestos to obtain an estimate of the removal and demolition costs.

The equipment acquired is owned by the Committee while used in the program for which it was purchased or in other future authorized programs. For equipment purchased with federal and state funds, however, the grantor maintains a reversionary interest; therefore, its disposition, as well as the ownership of any sale proceeds there from, is subject to funding source regulations.

Revenue and Revenue Recognition*Program Service Fees*

Program service fee revenue is recorded when services are provided.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor/grantor-imposed restrictions. Grants and contributions that are restricted by the grantor/donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted grants or contributions are reported as an increase in net assets with grantor or donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Amounts received from funding agencies under cost-reimbursable grants are recognized as support only to the extent that related expenses have been incurred.

Donated services and facilities

For the fiscal years ended September 30, 2019 and 2018, donated advertising services, facilities, meal, and other miscellaneous donations totaling \$38,674 and \$18,859, respectively, have been recognized as revenue and expense in the statement of activities in accordance with FASB ASC 958-605-50-1.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

BROOKE COUNTY COMMITTEE ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

Expenses	Method of Allocation
Salaries, payroll taxes, and benefits	Time and effort
Occupancy	Square footage
Printing and supplies	Direct allocation
Vehicles and equipment	Direct allocation
Raw food and disposables	Direct allocation
Donated services and facilities	Square footage
Travel	Time and effort
Professional fees	Time and effort
Insurance	Square footage
Miscellaneous expenses	Time and effort
Depreciation and amortization	Direct allocation
Interest expense	Direct allocation
Fundraising	Direct allocation

Advertising Costs

The Committee expenses advertising costs as incurred. These costs amounted to \$9,425 and \$3,187 for the years ended September 30, 2019 and 2018, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Exemption

Under provisions of the Internal Revenue Code, Section 501(c)(3) and the applicable income tax regulations of the State of West Virginia, the Committee is exempt from taxes on income other than unrelated business income. Since the Committee had no net unrelated business income during the year ended September 30, 2019, no provision for income taxes has been made. The Committee's federal income tax returns for 2018, 2017, 2016, and 2015 remain subject to examination by the Internal Revenue Service (IRS).

New Accounting Pronouncements

On August 18, 2016 FASB issued Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). The objective of ASU 2016-14 is to improve the current net assets classification requirements and information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. For the year ending September 30, 2019, the Committee implemented the terms of ASU 2016-14.

In May 2014, FASB issued Accounting Standards Updated (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. ASU 2014-09 is effective for years beginning after December 15, 2018. Management is currently evaluating the effect of this pronouncement on the Committee's financial statements and has not early implemented the terms of ASU 2014-09.

Reclassifications

Certain prior year balances have been reclassified to conform to current year financial statement presentation.

BROOKE COUNTY COMMITTEE ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	2019	2018
Cash and cash equivalents	\$ 94,260	\$ 99,540
Accounts receivable	44,394	62,975
Federal grants receivable	45,891	28,664
	<u>\$ 184,545</u>	<u>\$ 191,179</u>

The Committee manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Committee forecasts its future cash flows and monitors its liquidity consistently.

4 – FEDERAL GRANT RECEIVABLES

Federal Grant Receivables for the years ended September 30, 2019 and 2018, consists of the following:

	2019	2018
C-1 Federal	\$ 12,668	\$ 6,988
C-2 Federal	32,201	14,616
RSVP	-	7,060
3-E Federal	1,022	-
	<u>\$ 45,891</u>	<u>\$ 28,664</u>

5 – PROPERTY AND EQUIPMENT

Property and equipment for the years ended September 30, 2019 and 2018, consists of the following:

	2019	2018
In use:		
Equipment	\$ 189,323	\$ 189,323
Leasehold Improvements	22,660	22,660
Less: accumulated depreciation	(124,174)	(86,321)
	<u>87,809</u>	<u>125,662</u>
Idle		
Land	5,600	5,600
Buildings	-	38,500
	<u>5,600</u>	<u>38,500</u>
Net property and equipment	<u>\$ 93,409</u>	<u>\$ 169,762</u>

BROOKE COUNTY COMMITTEE ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

6 – LEASE

The Brooke County Committee on Aging's Follansbee Center is currently leased to the Brooke County Committee on Aging through an agreement with the Brooke County Commission. Lease costs are \$1 per year. The use of facilities qualifies as a contributed asset in accordance with FASB ASC 958-605-50-1, and accordingly \$27,570 and \$27,570 has been recognized as revenue and as expense in the accompanying financial statements for the fair market value of the donated facilities for the fiscal years ended September 30, 2019 and 2018, respectively.

7 – RISK CONCENTRATIONS AND CONTINGENCIES

A significant portion of Brooke County Committee on Aging, Inc.'s support and revenues are derived from its Medicaid services and from federal and state grants, the loss of which would have a materially adverse effect on the Brooke County Committee on Aging, Inc. During the years ended September 30, 2019 and 2018, Medicaid, state grant, and federal grant revenue accounting for 79% and 87% of total revenue, respectively.

Certain programs of the Committee are funded through federal and state grants. Federal and state grants received for specific purposes are subject to audit and review by granter agencies. Such audits could result in requests for reimbursements to granter agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures, which may ultimately be disallowed by granter agencies, cannot be determined at this time, although Committee management believes such amounts, if any, to be immaterial.

8 – EMPLOYEE BENEFIT PLAN

Effective October 1, 2002, the Committee established a 403(b) Thrift Plan whereby all employees are eligible to make salary reduction contributions, but only those employees completing 1,000 hours of service who are 21 years of age or older with at least one year of service are eligible to participate in employer matching contributions. The employer matching contributions to the Plan are set at the lesser of (a) 75 percent of the employee's salary reduction contributions deferred during the plan year while satisfying the participation requirements for employer matching contributions, or (b) 6 percent of the employee's compensation received during the plan year while the employee satisfied the participation requirements for employer matching contributions. For the fiscal years ended September 30, 2019 and 2018, total employer contributions were \$5,832 and \$6,696, respectively.

9 – LINE OF CREDIT

Brooke County Committee on Aging has a \$25,000 line of credit secured by the Committee's accounts receivable, furniture, fixtures, equipment and inventory. The line of credit is available to be drawn upon as needed and is payable on demand. Interest is payable monthly. The interest rate on the line of credit was 6.25% at September 30, 2018. As of September 30, 2018, the Committee drew \$25,000 on this line of credit, which was paid off in 2019.

10 – RELATED PARTY TRANSACTIONS

The Committee's board of directors is composed of a broad spectrum of community and business leaders. From time to time, the Committee, in the normal course of business, may enter transactions with organizations in which a director has a personal interest. It is the policy of Committee that directors abstain from voting on issues involving matters in which a conflict of interest is identified.

BROOKE COUNTY COMMITTEE ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

11 – SUBSEQUENT EVENTS

Subsequent to the balance sheet date the World Health Organization declared the outbreak of COVID-19, a novel strain of the Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on patients, employees and vendors, and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

Management has considered all subsequent events through May 11, 2020 the date the financial statements were made available.

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

To the Board of Directors
Brooke County Committee on Aging, Inc.
Follansbee, 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 the Brooke County Committee on Aging, Inc., (the Committee), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Committee'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 the Committee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Committee's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings as item 2019-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings as item 2019-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Committee'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 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 Brooke County Committee on Aging, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
May 11, 2020

BROOKE COUNTY COMMITTEE ON AGING, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended September 30, 2019

MATERIAL WEAKNESS

Finding 2019-001: Cash Posting and Reconciliation

Condition: During our audit, we noted that cash transactions were posted to the general ledger before checks (or EFTs) were issued or cash was received.

Effect: The Committee's financial statements required a material journal entry to correct cash postings. The Committee's cash position was overstated by approximately \$13,500; receivables were understated by approximately \$23,300 and liabilities were understated by approximately \$9,800.

Cause: Cash transactions were improperly recorded prior to amounts being paid or received.

Criteria: Accounting principles generally accepted in the United States (US GAAP) requires cash transactions be made when cash is disbursed or received. Liabilities should be debited when a check is issued or when an EFT is initiated. Receivables should be credited when a check is received and deposited or when an ACH is received.

Recommendation: We recommend that the Committee implement procedures to ensure cash transactions are posted when the cash is received or disbursed.

Response: The Committee agrees with this recommendation and has implemented procedures to ensure the recommendation is followed.

SIGNIFICANT DEFICIENCY

Finding 2019-002: Accrued Payroll

Condition: During our audit we noted that the Committee paid payroll which was due to employees on October 4, 2019 on September 30, 2019.

Effect: The Committee's payroll was disbursed 4 days before due to employees to avoid accruals at year end.

Criteria: Payroll should be processed on paid in accordance with the Committee's established payroll cycle, unless in the event of a bank holiday.

Recommendation: The committee has recently experienced large net operating deficits. These deficits have highlighted the need for effective utilization of cash assets. We recommend that the Committee pay employees on established payroll cycles and avoid paying early, unless a bank holiday prohibits payment on the scheduled day.

Response: The Committee agrees with this recommendation and has corrected the procedure.

SUPPLEMENTARY INFORMATION

BROOKE COUNTY COMMITTEE ON AGING, INC.**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

For the year ended September 30, 2019

State Grantor/Pass Through Agency Program Title	Grant or Award Number	Revenue Recognized	Expenditures
State of West Virginia			
Passed through the Bel-O-Mar Regional Council			
LIFE Program	21902	\$ 172,247	\$ 172,247
Alzheimer's Respite Care / FAIR	IH1900	23,735	23,735
Lighthouse Program	IH1900	113,612	113,612
Title III-B	21835	18,664	18,664
Title III-C	21835	13,036	13,036
		<u>\$ 341,294</u>	<u>\$ 341,294</u>

BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards includes the state grant activity of Brooke County Committee on Aging under programs of the state government for the year ended September 30, 2019. Because the schedule presents only a selected portion of operations of Brooke County Committee on Aging, it is not intended to and does not present the financial position, changes in net assets or cash flows of Brooke County Committee on Aging.

Expenditures reported on the schedule are reported on the accrual basis of accounting.

BROOKE COUNTY COMMITTEE ON AGING, INC.

SCHEDULE OF REVENUES, SUPPORT AND FUNCTIONAL EXPENSES – UNAUDITED

For the Year Ended September 30, 2019

	Program Services					Total	
	Transportation	LIFE	Nutrition	In-Home	RSVP	Program Services Revenue	
Revenue and Support							
Grant revenue:							
Federal	\$ 20,885	\$ -	\$ 264,715	\$ 4,340	\$ 104,864	\$ 394,804	
LIFE	-	172,247	-	-	-	172,247	
Other State	14,136	-	13,036	137,347	-	164,519	
Program service fees	-	-	56,779	208,549	-	265,328	
Donated services and facilities	-	-	-	-	38,674	38,674	
Local	-	-	-	28,904	15,173	44,077	
Local match	-	-	25,113	4,640	-	29,753	
Fundraising	-	-	-	-	-	-	
Other income	-	-	-	9,707	31,481	41,188	
	<u>\$ 35,021</u>	<u>\$ 172,247</u>	<u>\$ 359,643</u>	<u>\$ 393,487</u>	<u>\$ 190,192</u>	<u>\$ 1,150,590</u>	
Expenses						Total	% of
						Program	Total
						Services	Program
						Expenses	Services
Salaries	\$ 27,124	\$ 103,519	\$ 169,387	\$ 290,990	\$ 68,607	\$ 659,627	56%
Payroll taxes and employee benefits	3,979	24,085	30,498	60,475	10,975	130,012	11%
Occupancy	-	8,245	25,304	3,555	9,447	46,551	4%
Printing and supplies	-	2,209	3,600	2,364	8,891	17,064	1%
Vehicles and equipment	1,448	6,661	6,212	-	-	14,321	1%
Raw food and disposables	-	-	88,393	-	-	88,393	7%
Travel	5,148	5,167	6,062	34,148	10,452	60,977	5%
Insurance	4,832	11,222	3,862	-	1,393	21,309	2%
Miscellaneous expenses	-	12,527	1,739	1,721	61,813	77,800	7%
Depreciation and amortization	20,730	-	10,094	-	-	30,824	3%
Interest expense	-	-	-	-	-	-	0%
Donated services and facilities	-	-	-	-	38,674	38,674	3%
Fundraising	-	-	-	-	-	-	0%
	<u>\$ 63,261</u>	<u>\$ 173,635</u>	<u>\$ 345,151</u>	<u>\$ 393,253</u>	<u>\$ 210,252</u>	<u>\$ 1,185,552</u>	

BROOKE COUNTY COMMITTEE ON AGING, INC.

SCHEDULE OF REVENUES, SUPPORT AND FUNCTIONAL EXPENSES – UNAUDITED

For the Year Ended September 30, 2019

Supporting Services						
	Other revenue		Fundraising	Total Supporting Services	Total Revenue	
Revenue and Support						
Grant revenue:						
Federal	\$ 11,437		\$ -	\$ 11,437	\$ 406,241	
LIFE	-		-	-	172,247	
Other State	4,528		-	4,528	169,047	
Program service fees	5,000		-	5,000	270,328	
Donated services and facilities	27,570		-	27,570	66,244	
Local	5,320		-	5,320	49,397	
Local match	5,701		-	5,701	35,454	
Fundraising	-		13,789	13,789	13,789	
Other income	60,949		-	60,949	102,137	
	<u>\$ 120,505</u>		<u>\$ 13,789</u>	<u>\$ 134,294</u>	<u>\$ 1,284,884</u>	
Expenses						
	Management and General	% of Total Management and General	Fundraising	Total Supporting Services	Total Expenses	% of Total Expenses
Salaries	\$ 10,874	11%	\$ -	\$ 10,874	\$ 670,501	52%
Payroll taxes and employee benefits	2,511	3%	-	2,511	132,523	10%
Occupancy	3,891	4%	-	3,891	50,442	4%
Printing and supplies	4,323	5%	-	4,323	21,387	2%
Vehicles and equipment	-	0%	-	-	14,321	1%
Raw food and disposables	7,060	7%	-	7,060	95,453	7%
Travel	15	0%	-	15	60,992	5%
Insurance	-	0%	-	-	21,309	2%
Miscellaneous expenses	30,372	32%	-	30,372	108,172	8%
Depreciation and amortization	7,030	7%	-	7,030	37,854	3%
Interest expense	1,203	1%	-	1,203	1,203	0%
Donated services and facilities	27,570	29%	-	27,570	66,244	5%
Fundraising	-	0%	3,589	3,589	3,589	0%
	<u>\$ 94,849</u>		<u>\$ 3,589</u>	<u>\$ 98,438</u>	<u>\$ 1,283,990</u>	
Increase in net assets before loss on impairment of building					894	
Loss on impairment of building					(38,500)	
Decrease in net assets					<u>\$ (37,606)</u>	