

Hardy County Committee on Aging, Inc.

Audited Financial Statements

For the Years Ended
September 30, 2019 and 2018

Williams & Bright, AC
427 Kerens Avenue, Post Office Box 2727
Elkins, West Virginia 26241
(304) 637-9110

Hardy County Committee on Aging, Inc.
TABLE OF CONTENTS
For the Years Ended September 30, 2019 and 2018

INDEPENDENT AUDITOR'S REPORT	1-2
-------------------------------------	------------

FINANCIAL STATEMENTS

Comparative Statement of Financial Position	3
Comparative Statement of Activities & Changes in Net Assets	4
Comparative Statement of Cash Flows	5
Notes to Financial Statements	6-15

SUPPLEMENTAL INFORMATION

Statement of Activities by Program (includes Functional Expenses) 2019	16
Statement of Activities by Program (includes Functional Expenses) 2018	17
Schedule of Expenditures of Federal & State Awards	18

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	19-20
---	--------------

MANAGEMENT INFORMATION

Management Letter	21
--------------------------	-----------

Williams & Bright, A.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hardy County Committee on Aging, Inc.
Moorefield, WV 26836

Report on Financial Statements

We have audited the accompanying financial statements of the Hardy County Committee on Aging, Inc. (a nonprofit organization), which comprise the comparative statements of financial position as of September 30, 2019 and 2018, and the related comparative statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hardy County Committee on Aging, Inc., as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental and Other Information

The accompanying statement of activities and schedule of expenditures of federal (and 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 standards generally accepted in the United States of America. In my 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*, I have also issued my report dated May 28, 2020, on my consideration of the Hardy County Committee on Aging, Inc.'s internal control over financial reporting and on my 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 my 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 Hardy County Committee on Aging, Inc.'s internal control over financial reporting and compliance.

Williams & Bright, A.C.

Elkins, West Virginia

May 28, 2020

Hardy County Committee on Aging, Inc.
COMPARATIVE STATEMENT OF FINANCIAL POSITION
September 30, 2019 and 2018

ASSETS

Current Assets	2019	2018
Cash and Equivalents	\$ 200,344	\$ 122,424
Certificates of Deposit	142,110	141,564
Investments	12,030	14,443
Accounts Receivable	23,476	25,662
Grants Receivable	25,694	25,661
Prepaid Expenses	5,975	2,751
Inventory	8,896	8,445
Total Current Assets	<u>418,525</u>	<u>340,950</u>

Fixed Assets

Land	671,906	671,906
Buildings & Equipment	2,645,341	2,605,961
Accumulated Depreciation	<u>(1,402,849)</u>	<u>(1,321,136)</u>
Total Fixed Assets	<u>1,914,398</u>	<u>1,956,731</u>

TOTAL ASSETS

\$ 2,332,923	\$ 2,297,681
---------------------	---------------------

LIABILITIES & NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 17,715	\$ 19,741
Accrued Wages	44,353	48,715
Deferred Compensation	17,179	19,909
Deferred Revenue	8,000	8,000
Deferred Rental Income	-	6,364
Line of Credit	-	7,998
Current Portion of Long-term Debt	59,606	71,820
Total Current Liabilities	<u>146,853</u>	<u>182,547</u>

Long-Term Liabilities

Mortgage Payable (Net of Current Portion)	103,913	-
Total Long-Term Liabilities	<u>103,913</u>	<u>-</u>

Total Liabilities	<u>250,766</u>	<u>182,547</u>
--------------------------	----------------	----------------

Net Assets

Net Assets Without Restrictions	1,929,064	1,960,566
Net Assets With Restrictions	153,093	154,568
Total Net Assets	<u>2,082,157</u>	<u>2,115,134</u>

LIABILITIES & NET ASSETS

\$ 2,332,923	\$ 2,297,681
---------------------	---------------------

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

Hardy County Committee on Aging, Inc.
COMPARATIVE STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2019 and 2018

	2019			2018		
	Net Assets			Net Assets		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
REVENUE & SUPPORT						
Grant Revenues:						
Federal	\$ 36,190		\$ 36,190	\$ 35,015		\$ 35,015
State	325,092		325,092	349,777		349,777
Nutrition	118,451		118,451	116,703		116,703
Program Service Fees	149,739		149,739	183,957		183,957
Project Income	23,920		23,920	26,918		26,918
Rental Income, net	114,341		114,341	106,555		106,555
Contributions	17,337		17,337	16,837		16,837
Investment Income	963	938	1,901	473	635	1,108
Unrealized Gain(Loss) on Investments		(2,413)	(2,413)		3,343	3,343
Other Income	62		62	231		231
Net Gain(loss) on Sale of Assets			-		402,074	402,074
Net Assets Released from Restrictions			-	433,348	(433,348)	-
TOTAL REVENUE & SUPPORT	\$ 786,095	\$ (1,475)	\$ 784,620	\$ 1,269,814	\$ (27,296)	\$ 1,242,518
EXPENSES						
Program Service Expenses	\$ 587,433		\$ 587,433	\$ 665,302		\$ 665,302
Management & General	227,187		227,187	227,219		227,219
TOTAL EXPENSES	\$ 814,620	\$ -	\$ 814,620	\$ 892,521	\$ -	\$ 892,521
INCREASE/(DECREASE) IN NET ASSETS OPERATING	\$ (28,525)	\$ (1,475)	\$ (30,000)	\$ 377,293	\$ (27,296)	\$ 349,997
INCREASE/(DECREASE) CHANGE IN OPEB LIABILITY			\$ -	\$ 296,599		\$ 296,599
INCREASE/(DECREASE) IN NET ASSETS BEFORE INCOME TAXES	\$ (28,525)	\$ (1,475)	\$ (30,000)	\$ 673,892	\$ (27,296)	\$ 646,596
PROVISION FOR INCOME TAXES	(2,977)	-	(2,977)	(4,904)	-	(4,904)
INCREASE/(DECREASE) IN NET ASSETS	\$ (31,502)	\$ (1,475)	\$ (32,977)	\$ 668,988	\$ (27,296)	\$ 641,692
NET ASSETS, Beginning of Year	\$ 1,960,566	\$ 154,568	\$ 2,115,134	\$ 1,291,578	\$ 181,864	\$ 1,473,442
NET ASSETS, End of Year	\$ 1,929,064	\$ 153,093	\$ 2,082,157	\$ 1,960,566	\$ 154,568	\$ 2,115,134

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

Hardy County Committee on Aging, Inc.
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2019 and 2018

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2019</u>	<u>2018</u>
Increase(Decrease) in Net Assets	\$ (32,977)	\$ 641,692
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	81,713	81,045
Unrealized Gain (Loss) on Investments	2,413	(3,343)
Gain on Sale of Real Estate		(402,074)
(Increase)Decrease in Accounts Receivable	2,186	1,247
(Increase)Decrease in Grants Receivable	(33)	13,194
(Increase)Decrease in Prepaid Expenses	(3,224)	694
(Increase)Decrease in Inventory	(451)	272
Increase(Decrease) in Accounts Payable	(2,026)	(5,832)
Increase(Decrease) in Accrued Wages	(4,362)	10,722
Increase(Decrease) in Deferred Compensation	(2,730)	(5,658)
Increase(Decrease) in Deferred Revenue	(6,364)	-
Increase(Decrease) in OPEB Liability		(296,599)
	<u>34,145</u>	<u>35,360</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Proceeds from Sale of Property		433,348
Purchases of Equipment	(39,380)	(53,388)
Increase(Decrease) in Certificates of Deposit	(546)	(40,911)
	<u>(39,926)</u>	<u>339,049</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	57,159	30,000
Payments on Line of Credit	(65,146)	(84,702)
Proceeds from long-term debt	200,000	
Principle Payments on Long-Term Debt	(108,312)	(382,588)
	<u>83,701</u>	<u>(437,290)</u>
INCREASE(DECREASE) IN CASH	77,920	(62,881)
CASH BALANCE, Beginning of Year	<u>122,424</u>	<u>185,305</u>
CASH BALANCE, End of Year	<u><u>\$ 200,344</u></u>	<u><u>\$ 122,424</u></u>
SUPPLEMENTARY DISCLOSURE:		
Cash paid during the year for:		
Interest paid	\$ 12,452	\$ 8,406
Income taxes paid	\$ 2,977	\$ 4,904

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

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Hardy County Committee on Aging, Inc., is presented to assist in understanding the Organization's financial statements. These financial statements and notes are the representation of management, who is responsible for their integrity and objectivity. These accounting principles conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization

Hardy County Committee on Aging, Inc. is a nonprofit organization formed to provide a variety of social services to the elderly in Hardy County, WV. The organization is funded by various federal and state grant programs as well as program service fees for providing in-home care services through various programs of the WV Department of Health and Human Services.

Basis of Accounting

The financial statements of Hardy County Committee on Aging, 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 in its Accounting Standards Codification 958-205, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions (both temporary and permanent).

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Hardy County Committee on Aging, Inc. has unrelated business income relating to rental revenue, taxed under Internal Revenue Code Section 528 as a corporation. This resulted in an income tax expense for years ended September 30, 2019 and 2018 of \$2,977 and \$4,904, respectively. The organization's returns for the prior three years remain open to examination by the Internal Revenue Service.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures 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.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs, the Veterans Administration, as well as amounts due from private pay clients. As of September 30, 2019 and 2018, all accounts receivable are deemed collectible.

Grants receivable represent amounts invoiced by the Organization to grantor agencies under the terms of their grant agreements. As of September 30, 2019 and 2018, all grants receivable are deemed collectible.

The Organization uses the direct write-off method for accounting for bad debts wherein accounts are written off in the period management determines that collection is not probable.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at cost, as determined by the last purchase price, on a first-in, first-out basis.

Investments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Organization determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instruments.

The Organization measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 1. Summary of Significant Accounting Policies (Continued)

Investments (continued)

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Property and Equipment

The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must be disposed of in accordance with the grantor agency's policies. The Organization has adopted a capitalization policy in the amount of \$1000. Maintenance and repairs are expensed when incurred.

Revenue Recognition

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in net assets with donor restrictions.

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 1. Summary of Significant Accounting Policies (Continued)

Grant Monies (continued)

2 –On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, and Title III-D grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year. If approval is denied, the money has to be reimbursed to the grantor.

3 –Title III-C grant funds are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.

Operating expenditures made against federal and state grants are subject to audit by the Grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings. Grant revenues for the year ended September 30, 2019 and 2018 were \$479,733 and \$501,495, respectively.

Note 2. Certificates of Deposit

The organization had the following certificates of deposits on September 30,

2019

	<u>Balance</u>
Pendleton County Bank, 5-year, 1.14%, maturing 2/27/23	\$ 12,716
Grant County Bank, 1-year, 0.33%, maturing 9/7/20	19,431
Grant County Bank, 1-year, 0.33%, maturing 9/7/20	17,702
Grant County Bank, 1-year, 0.33%, maturing 10/2/19	41,034
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/20	37,227
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/20	<u>14,000</u>
Total Certificates of Deposit as of September 30, 2019	<u>\$142,110</u>

2018

	<u>Balance</u>
Pendleton County Bank, 5-year, 1.14%, maturing 2/27/23	\$ 12,480
Grant County Bank, 1-year, 0.33%, maturing 9/7/20	19,431
Grant County Bank, 1-year, 0.33%, maturing 9/7/20	17,702
Grant County Bank, 1-year, 0.33%, maturing 10/02/18	40,724
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/19	37,227
Capon Valley Bank, 6-month, 0.20%, maturing 2/19/19	<u>14,000</u>
Total Certificates of Deposit as of September 30, 2018	<u>\$141,564</u>

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 3. Investments

Investments are stated at fair value and consist of common stock. Fair values and appreciation (depreciation) are summarized below as of September 30,

2019

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>
Investments, permanently restricted	\$4,513	\$7,517	\$12,030

2018

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>
Investments, permanently restricted	\$4,513	\$9,930	\$14,443

Note 4. Accounts Receivable

Accounts receivable consisted of the following as of September 30,

	<u>2019</u>	<u>2018</u>
WV DHHR	\$ 6,972	\$ 7,250
Veterans Administration	8,228	10,137
Rent Receivable	<u>8,276</u>	<u>8,275</u>
	<u>\$ 23,476</u>	<u>\$ 25,662</u>

Note 5. Grants Receivable

Grants receivable consisted of the following as of September 30,

	<u>2019</u>	<u>2018</u>
LIFE	\$ 19,527	\$ 16,595
Title IIC	956	2,765
Title IIIB	171	0
In-Home Services	<u>5,040</u>	<u>6,301</u>
	<u>\$ 25,694</u>	<u>\$ 38,855</u>

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 6. Property and Equipment

Property and equipment consisted of the following as of September 30,

	2019	2018
Land	\$ 671,906	\$ 671,906
Buildings	2,242,076	2,214,592
Equipment	403,265	391,369
Total Fixed Assets	3,317,247	3,277,867
Less accumulated depreciation	(1,402,849)	(1,321,136)
Net property and equipment	\$ 1,914,398	\$ 1,956,731

Depreciation expense for years ended September 30, 2019 and 2018 was \$81,713 and \$81,045, respectively. Depreciation on rental property is included in Rental Income, net, on the Statement of Activities and consisted of \$51,844 and \$50,484, for September 30, 2019 and 2018, respectively. All other depreciation is included in Depreciation Expense on the Statement of Activities and consisted of \$29,869 and \$30,561 for September 30, 2019 and 2018, respectively.

Note 7. Mortgage Payable

The Organization's mortgage was refinanced in March 2019 for \$200,000 at 5.25%, payable in 36 monthly installments of \$6,018.13 principal and interest, secured by a deed of trust on Medical Building.

Future scheduled maturities for years ending September 30 are:

2020	\$	64,902
2021		68,393
2022		30,224
	\$	163,519

Note 8. Retirement Plan

The organization sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. Full-time employees are eligible to participate in the plan. Employee contributions are voluntary and are made on a pretax basis. Currently employer contributions are 9.5% of the employee's earnings. The employer's share of retirement payments for the years ended September 30, 2019 and 2018 were \$18,270 and \$20,166, respectively, and is included in payroll & benefits on the statement of activities by program.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 9. Cash Deposits

Cash consists of interest and non-interest bearing checking and savings accounts on deposit in institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. All the carrying values are the same as market value. As of the years ended September 30, 2019 and 2018, all deposits were fully insured by the FDIC.

Note 10. Donated Services

The organization has a number of volunteers who have donated time and services in carrying out its programs and activities. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services as defined by FASB ASC 958-605 *Not-for-Profit Entities: Recognition Principles*.

Note 11. Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2019 and 2018 were \$869 and \$412, respectively.

Note 12. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as assets.

Note 13. Compensated Absences

Amounts owed to employees for earned but unused vacation time are accrued as a liability in the statement of financial position. For the years ended September 30, 2019 and 2018, the organization had \$17,179 and \$19,909, respectively, in accrued compensated absences.

Note 14. Subsequent Events

Management has evaluated events subsequent to the balance sheet date through the date of the independent auditors' report, the date on which the financial statements were available to be issued, for items requiring adjustment or disclosure in these financial statements.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 15. Other Post Employment Benefits (OPEB)

The organization contributes to the West Virginia Retiree Health Care Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). The Trust provides medical benefits to retired employees. West Virginia Code §16D assigns PEIA with the administration of the WV OPEB plan. PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. The report may be obtained by writing to Public Employees Insurance Agency, 1900 Kanawha Blvd, East, Charleston, WV 25305 or <http://peia.wv.gov>.

OPEB Liability – All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee’s premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees’ premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB unfunded accumulated benefit obligation.

For prior years, total OPEB expense consisted of amounts currently due to fund the “pay as you go” retiree subsidy and additional amounts billed to participating employers for their portion of the overall plan’s Annual Required Contribution (ARC). The “pay as you go” amounts are included with fringe benefits in the accompanying Statements of Activities. The amounts billed from the Trust for the ARC are not required to be paid by the participating employers. OPEB costs were accrued based upon invoices received from PEIA based upon actuarially determined amounts. In accordance with professional standards, such amounts billed but unpaid were recorded as expenses with a liability for the cumulative amounts billed and unpaid.

For 2018, the Trust changed its method of accounting based on new Government Accounting Standards. In conjunction with this change, the Trust ceased billing participating employers for their portion of the ARC, and also withdrew/forgave all prior unpaid and outstanding ARC billings. As a result, the organization is no longer required by professional standards to record a liability for its unpaid ARC billings or for its allocated portion of the plan’s unfunded accumulated benefit obligation. The amount of OPEB liability no longer required to be recorded by professional standards was \$296,599. This amount is reflected as a non-operating increase in net assets during the year ended September 30, 2018.

Since all unpaid prior ARC billings have been withdrawn/forgiven, and it is not considered probable the organization will withdraw from the plan and be required to make any payments in excess of the “pay as you go” amount for their allocated portion of the unfunded accumulated benefit obligation, this amount is not required to be recorded as a liability by the organization.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 15. Other Post Employment Benefits (OPEB) (Continued)

The West Virginia Legislature has passed legislation to provide alternate funding sources for the Trust/OPEB unfunded accumulated benefit obligation. In addition, the PEIA Finance Board imposed limits on the retiree subsidy currently provided for PEIA premiums for retirees. Future increases in the subsidy will be limited to no more than 3% per year. These actions are expected to ultimately fund the full accumulated benefit obligation.

Note 16. Contingencies

The organization receives grant funding from federal and state agencies. The grant expenditures are subject to audit by the granting agencies. These audits are conducted to insure compliance with conditions of the grant award. Instances of noncompliance could result in grant awards being repaid. Any potential adjustments are believed to be immaterial. These risks are mitigated by maintaining insurance with the West Virginia Board of Risk.

Note 17. Lease Agreements

A lease agreement was entered into on January 12, 1987 between the organization and the Henkel Addition Park for lot 12 of said Addition on Spring Avenue. This lease specifies that the lease term is for 99 years and the total lease amount was \$99 paid in full at the signing of the lease.

It was further agreed that an attractive building would be erected along with a sign designating the property as the Henkel Addition Park and that the organization would bear the cost of such sign. At the time of dissolution of the organization, or for all practical purposes should it be unable to continue to serve the public, the lease shall become null and void and all improvements and appurtenances placed on the property will become the property of Henkel Addition Park.

In accordance with the lease agreement, a brick building was constructed during 1989 with the majority of the monies contributed by the Hardy County Commission, through a Small Cities Block Grant from the State of West Virginia, and the remainder by the Hardy County Committee on Aging, Inc. Since a recent appraisal is not available for the land and building, a fair rental value was unable to be calculated and recorded as contributed support and rent expense in these financial statements.

Hardy County Committee on Aging, Inc.
NOTES TO FINANCIAL STATEMENTS
For Years Ended September 30, 2019 and 2018

Note 18. Permanently Restricted Assets

The statement of financial position includes the following assets which have been permanently restricted by the Circuit Court of Hardy County, West Virginia dated March 15, 1975 in reference to the Last Will and Testament of Edgar A. Hawse, deceased, for the development of a rest and retirement center.

	2019	2018
Cash	\$ 2,032	\$ 1,094
Certificate of deposit	51,227	51,227
Investments	12,030	14,443
Receivable	87,804	87,804
Total permanently restricted net assets	\$ 153,093	\$ 154,568

Note 19. Line of Credit

The Organization has a line of credit at Grant County Bank in Moorefield, WV, with a limit of \$150,000. The current interest rate is 5.0%. This line is renewed annually. The balance on the line of credit as of September 30, 2019 or 2018 was \$0 and \$7,998, respectively.

Note 20. Income Taxes

The provision for federal and state income taxes consisted of the following at September 30,

	2019	2018
Current taxes	\$ 2,977	\$ 4,904
Deferred taxes	0	0
	\$ 2,977	\$ 4,904

There is no provision for deferred income taxes as depreciable lives and methods are not materially different for reporting and income tax purposes.

Note 21. Support Concentration

The Hardy County Committee on Aging, Inc. receives a significant amount of its support from the West Virginia Department of Health and Human Resources for providing services to the community under the Medicaid Waiver (Title XIX) and personal care programs. Any significant decrease in the level of support received from these programs could have a material effect on the Organization's programs and activities.

Hardy County Committee on Aging, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2019

	Program Services						Subtotal	Management & General	Total
	III-B	III-C	III-D	III-E	SMP/ MIPPA	In-Home Services			
Revenue & Support									
Grant Revenue									
Federal	\$27,509	\$ -	\$1,012	\$7,669	\$ -	\$ -	\$ -	\$ -	\$ 36,190
Nutrition		118,451							118,451
State Grants Via UPAAA	15,911								15,911
LIFE Grants		23,850				177,978			201,828
Other State Grants					5,000	102,353			107,353
Total Grants Revenues	43,420	142,301	1,012	7,669	5,000	102,353	177,978	-	479,733
Other Revenues									
Program Service Fees	4,077				76,325			69,337	149,739
Project Income		23,920							23,920
Rental Income, net									
Contributions		2,461							114,341
Interest Income									14,876
Unrealized Gain(Loss) on Investment									1,901
Other Income									(2,413)
Total Other Revenues	4,077	26,381	-	-	-	76,325	-	69,337	149,739
Total Revenue & Support	47,497	168,682	1,012	7,669	5,000	178,678	177,978	69,337	655,853
Expenses									
Payroll & Benefits	46,037	106,144	1,310	8,678		120,376	76,775	63,966	423,286
Printing & Supplies		12,217							12,217
Communications & Utilities		457							457
Transportation/Mileage	3,682	5,573				43,245	15,276	16,791	84,567
Professional Fees									
Raw Food		51,062						9,027	60,089
Repairs & Maintenance		4,860							4,860
Training									
Insurance									
Interest									
Other		1,759					199		1,958
Depreciation									
Net (Gain)Loss on Assets									
Program Services	49,719	182,072	1,310	8,678	-	163,621	92,250	89,784	587,434
Management & General	2,640	23,367	-	1,335		88,745	62,403	48,696	227,186
Total Expenses	52,359	205,439	1,310	10,013	-	252,366	154,653	138,480	814,620
Change in Net Assets	(4,862)	(36,757)	(298)	(2,344)	5,000	(73,688)	23,325	(69,143)	(158,767)
									128,767
									(30,000)

The accompanying notes are an integral part of these financial statements

Hardy County Committee on Aging, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2018

	Program Services							Subtotal	Management & General	Total
	III-B	III-C	III-D	III-E	LH/FAIR	In-Home Services	LIFE			
Revenue & Support										
Grant Revenue										
Federal	\$27,539	\$ -	\$1,012	\$6,464	\$ -	\$ -	\$ -	\$ -	\$ 35,015	\$ 35,015
Nutrition		116,703							116,703	116,703
State Grants Via UPAAA	15,911								15,911	15,911
LIFE Grants		18,696				163,788			182,484	182,484
Other State Grants					150,382			1,000	151,382	151,382
Total Grants Revenues	43,450	135,399	1,012	6,464	150,382	-	163,788	1,000	501,495	501,495
Other Revenues										
Program Service Fees	5,114	7,484			20,109	97,370	53,880		183,957	183,957
Project Income		26,918							26,918	26,918
Rental Income, net										106,555
Contributions		2,522							2,522	16,837
Interest Income										1,108
Unrealized Gain(Loss) on Investment										3,343
Gain on Sale of Assets										402,074
Other Income										231
Total Other Revenues	5,114	36,924	-	-	20,109	97,370	-	53,880	213,397	741,023
Total Revenue & Support	48,564	172,323	1,012	6,464	170,491	97,370	163,788	54,880	714,892	1,242,518
Expenses										
Payroll & Benefits	41,618	119,644	1,299	8,437	95,520	113,519	72,240	31,317	483,594	599,939
Printing & Supplies		12,424							12,424	16,388
Communications & Utilities										22,623
Transportation/Mileage										108,963
Professional Fees	5,667	4,994			40,341	31,729	13,899	12,333	108,963	9,593
Raw Food		46,200						6,625	52,825	52,825
Repairs & Maintenance		3,767						1,926	3,767	15,970
Training			95						2,021	2,021
Insurance										16,695
Other		1,328					96	284	1,708	4,519
Depreciation										30,561
Program Services	47,285	188,357	1,394	8,437	135,861	145,248	86,235	52,485	665,302	892,521
Management & General	6,841	26,185		1,341	9,074	16,456	66,502	100,820	227,219	(227,219)
Total Expenses	54,126	214,542	1,394	9,778	144,935	161,704	152,737	153,305	892,521	892,521
Change in Net Assets -Operating	(5,562)	(42,219)	(382)	(3,314)	25,556	(64,334)	11,051	(98,425)	(177,629)	349,997

The accompanying notes are an integral part of these financial statements

Hardy County Committee on Aging, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS
For the Fiscal Year Ended September 30, 2019

	Grant Identification Number	Expenditures
FEDERAL:		
U.S. Department of Health and Human Services:	93.044	\$ 27,509
Administration for Community Living		
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration for Community Living	93.043	1,012
Special Programs for the Aging Title III Part D		
Disease Prevention and Health Promotion Services		
Administration for Community Living	93.052	7,669
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration for Community Living	93.045	118,451
Special Programs for Aging Title III Part C		
Nutrition Services (includes expenditures of state awards)*		
<i>Total Expenditures of Federal Awards*</i>		\$ 154,641
STATE:		
LIFE	7/1/18-6/30/19 2019	\$ 141,830
LIFE	7/1/19-6/30/20 2020	59,998
Lighthouse	7/1/18-6/30/19 2019	66,792
Lighthouse	7/1/19-6/30/20 2020	13,056
FAIR	7/1/18-6/30/19 2019	16,597
FAIR	7/1/19-6/30/20 2020	908
III-B		15,911
Client Tracking		5,000
SMP		3,000
MIPPA		2,000
<i>Total Expenditures of State Awards*</i>		\$ 325,092
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		\$ 479,733

* The state portion of nutrition grant funds are included with federal.

The notes are an integral part of these financial statements.

Williams & Bright, A.C.

CERTIFIED PUBLIC ACCOUNTANTS

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 of
Hardy County Committee on Aging, Inc.

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hardy County Committee on Aging, Inc (a nonprofit organization), which comprise the comparative statement of financial position as of September 30, 2019 and 2018, the related comparative statement of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated May 28, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Hardy County Committee on Aging, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hardy County Committee on Aging, Inc's internal control. Accordingly, I do not express an opinion on the effectiveness of the Hardy County Committee on Aging, Inc's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My 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 I 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 the Hardy County Committee on Aging Inc's financial statements are free from material misstatement, I 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, I do not express such an opinion. The results of my 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 my testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams & Bright, A.C.

Elkins, West Virginia

May 28, 2020

Williams & Bright, A.C.

CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

To the Board of Directors
Hardy County Committee on Aging, Inc.
Moorefield, West Virginia 26836

My audit of the financial statements of Hardy County Committee on Aging, Inc., for the years ended September 30, 2019 and 2018, highlighted areas where I would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since my audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

Segregations of Duties

During my audit I noted that two people perform most of the accounting and financial duties. As a result, many aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the Hardy County Committee on Aging, Inc. I recognize that the Organization is not large enough to make the employment of additional staff for the purpose of segregating duties practicable from a financial standpoint, but I am required, under my professional responsibilities, to describe the situation.

After you have had the opportunity to review these comments and recommendations, I would be pleased to discuss those points that you desire. I would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve Hardy County Committee on Aging, Inc.

Williams & Bright, A.C.

Elkins, West Virginia
May 28, 2020