

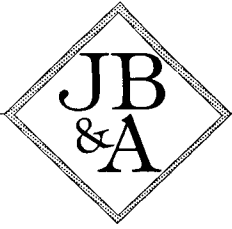
**APPALACHIAN AREA AGENCY ON AGING, INC.**

**INDEPENDENT AUDITORS' REPORT AND  
RELATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

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# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Appalachian Area Agency on Aging, Inc.  
Princeton, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Appalachian Area Agency on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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**

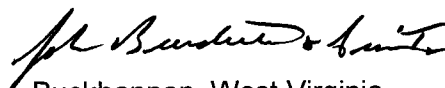
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Appalachian Area Agency on Aging, Inc. as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles 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 schedules of expenditures of federal awards and expenditures of state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and West Virginia Department of Health and Human Services, 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 23, 2014, on our consideration of Appalachian Area Agency 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 Appalachian Area Agency on Aging, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia  
June 23, 2014

**APPALACHIAN AREA AGENCY ON AGING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2013**

**ASSETS**

**Current Assets**

Cash	\$ 556,075
Grants receivable	<u>341,231</u>
Total current assets	897,306

Property and Equipment, net

**TOTAL ASSETS**

\$ 897,306

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accountants payable	\$ 213
Due to sub-recipients	702,356
Payroll taxes payable	932
Accrued compensation	81,992
Deferred revenue	<u>80,250</u>

Total current liabilities

865,743

**NET ASSETS**

Unrestricted 31,563

Temporarily restricted

Total net assets

31,563

**TOTAL LIABILITIES AND NET ASSETS**

\$ 897,306

The accompanying notes are an integral part of this financial statement.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Unrestricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 2,726,355	\$	\$ 2,726,355
State grant awards	6,308,290		6,308,290
Net assets released from restrictions:			
Restrictions satisfied with payments	_____	_____	_____
Total Revenue Support	9,034,645		9,034,645
<b>EXPENSES</b>			
Program Services	9,020,045	_____	9,020,045
Change in Net Assets	14,600		14,600
<b>NET ASSETS AT BEGINNING OF YEAR</b>	16,963	_____	16,963
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 31,563</u>	<u>\$</u>	<u>\$ 31,563</u>

The accompanying notes are an integral part of this statement.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

FUNCTIONAL EXPENSES	Title III-B	Title III-C		Title III-E	Title III-D	Money Follows the Person	LIFE	Lighthouse
		C-1	C-2					
Personnel/manpower	\$ 207,912	\$	\$	\$	\$	\$ 21,011	\$ 25,000	\$
Travel	13,632					8,721		
Printing and supplies	2,122					62		
Space						3,857		
Contract services						500		
Communications and utilities	5,971					331		
Training	930							
Other	325	12,315				519		
Insurance	779	2,000				155		
Advertising						475		
Passed-thru to sub-recipients:								
Federal awards	537,487	649,955	940,458	232,865	30,131			
State awards:								
Regular State	299,131	346,183	776,246	58,649	7,078		2,505,608	1,406,830
Total Expenses	<u>\$ 1,068,289</u>	<u>\$ 1,010,453</u>	<u>\$ 1,716,704</u>	<u>\$ 291,514</u>	<u>\$ 37,209</u>	<u>\$ 35,631</u>	<u>\$ 2,530,608</u>	<u>\$ 1,406,830</u>

**APPALACHIAN AREA AGENCY ON AGING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<b>FUNCTIONAL EXPENSES</b>	<u>FAIR</u>	<u>Client Tracking</u>	<u>MCAP</u>	<u>Elder Abuse</u>	<u>ADRC</u>	<u>LIEAP</u>	<u>SHIP</u>	<u>Budget Digest</u>	<u>Total</u>
Personnel/manpower	\$	\$	\$ 4,712	\$	\$ 169,849	\$ 4,321	\$ 62,093	\$ 23,231	\$ 518,129
Travel			321		10,302		627		33,603
Printing and supplies			5		14,986		78	7,346	24,599
Space			100		12,700			8,612	25,269
Contract services					2,500		60	2,100	5,160
Communications and utilities					10,848		252	596	17,998
Training					1,093				2,023
Other					39		110	674	13,982
Insurance					811				3,745
Advertising					1,034				1,509
Passed-thru to sub-recipients:									
Federal awards				2,590		18,079	40,700		2,452,265
State awards:									
Regular State	<u>502,652</u>	<u>19,386</u>							<u>5,921,763</u>
<b>Total Expenses</b>	<u><u>\$ 502,652</u></u>	<u><u>\$ 19,386</u></u>	<u><u>\$ 5,138</u></u>	<u><u>\$ 2,590</u></u>	<u><u>\$ 224,162</u></u>	<u><u>\$ 22,400</u></u>	<u><u>\$ 103,920</u></u>	<u><u>\$ 42,559</u></u>	<u><u>\$ 9,020,045</u></u>

The accompanying notes are an integral part of this statement.



**APPALACHIAN AREA AGENCY ON AGING, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 14,600
Adjustments to reconcile change in net assets to net cash used in operating activities:	
(Increase) decrease in operating assets:	
Accounts and grants receivable	556,102
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(123)
Accrued compensation	191
Due to sub-recipients	(231,518)
Deferred revenue	<u>(22,121)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	317,131
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>238,944</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 556,075</u></u>

The accompanying notes are an integral part of this statement.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS**

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

Organization - Appalachian Area Agency on Aging, Inc. is a nonstock corporation organized under the laws of the State of West Virginia and has been determined by the Internal Revenue Service to be a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3).

The Agency's purpose is to improve the quality of life for senior citizens in Southeastern West Virginia by studying and documenting their needs; encouraging, promoting and aiding in the establishment of programs for these seniors; conducting programs of public education on the problems on aging; utilizing opportunities to establish demonstration programs; and implementing and administering federal, state and local programs for the aging that no other agency is implementing.

**Basis of Accounting**

The financial statements of Appalachian Area Agency 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. 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.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

**Income Taxes**

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501 (c)(3).

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.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**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 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.

**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.

**Note 2. Property and Equipment**

Property and equipment consisted of the following at September 30, 2013:

Equipment, furniture and fixtures	\$ 19,352
Accumulated depreciation	19,352
	-----
 Net property and equipment	 \$ -0-
	=====

**Note 3. Restrictions on Net Assets**

There are no restricted net assets at September 30, 2013.

Net assets at the beginning of the year were restated for an adjustment to deferred revenues of \$63,855.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 4. Retirement Program**

All full-time employees are eligible to be included in the Organization's retirement program. The employee contributes 4.5% of his/her gross salary, which is combined with 14% match contributed by the Organization.

The covered employees are eligible to draw benefits upon retirement. The Organization contributions to the retirement program of \$ 51,694 are included in personnel costs on the statement of functional expenses.

**Note 5. Cash Deposited**

The Organization routinely at various times during the course of the year will have more than the FDIC insured limit of \$ 250,000 in the bank on any given day. The bank in which all monies are deposited has pledged a \$ 1,000,000 security to the Organization in order to maintain insurance on all of the Organization's deposits.

**Note 6. Subsequent Events**

Management has evaluated subsequent events through June 23, 2014, the date which the financial statements were available to be issued.

## **ADDITIONAL INFORMATION**

**APPALACHIAN AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U. S. Department of Health and Human Services</b>		
Low Income Energy Assistance Program	93.568	\$ 22,400
Pass-through from West Virginia Bureau of Senior Services		
Special Programs for the Aging - Title III, Part B	93.044	679,487
Title III, Part C	93.045	1,190,684
Title III, Part D	93.043	30,132
Title III, Part E	93.052	232,865
NSIP	93.053	414,045
Title VII Elder Abuse	93.041	2,590
Health Benefits/SHIP	93.779	103,919
Pass-through from WVSC Metro Area Agency on Aging		
Money Follows The Person	93.791	<u>50,233</u>
Total		<u>\$ 2,726,355</u>

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards included the federal grant activity of Appalachian Area Agency on Aging, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

The accompanying notes are an integral part of this schedule.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Community Partnership	June 30, 2012	SC21255	\$ 14,804
Community Partnership	June 30, 2013	SC21355	27,755
IIIB State	June 30, 2013	21338	388,802
IIIC-1	June 30, 2013	21338	346,183
IIIC-2	June 30, 2013	21338	776,246
IIID	June 30, 2013	21338	7,078
IIIE	June 30, 2013	21338	58,649
LIFE	June 30, 2013	2013	1,963,875
LIFE	June 30, 2014	21405	566,733
In-Home Services	June 30, 2013	2013	1,928,867
ADRC	June 30, 2013	21368	188,610
ADRC	June 30, 2014	21468	34,235
MFP Enhancement	March 31, 2014	21398	1,314
MCAP	March 31, 2014	MCAP1401	<u>5,139</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 6,308,290</u></u>

The independent auditors' report on supplemental information is an integral part of this schedule.

**APPALACHIAN AREA AGENCY ON AGING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**SECTION I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?        yes   X   no

Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs?

Material weakness identified?        yes   X   no

Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        yes   X   no

Identification of major programs:

CFDA Number	Name of Federal Program Cluster
93.044	Title III, Part B
93.045	Title III, Part C
93.053	NSIP

Dollar threshold used to distinguish between type A and type B programs:        \$ 300,000

Auditee qualified as low-risk auditee?        yes   X   no

**Section II - Financial Statements Findings**

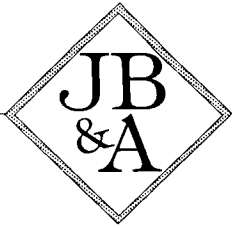
None

**Section III - Federal Award Findings and Questions Costs**

None

The accompanying notes are an integral part of this schedule.





# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' 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  
Appalachian Area Agency on Aging, Inc.  
Princeton, 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 Appalachian Area Agency on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, 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 23, 2014.

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

In planning and performing our audit of the financial statements, we considered Appalachian Area Agency 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Appalachian Area Agency on Aging, 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.

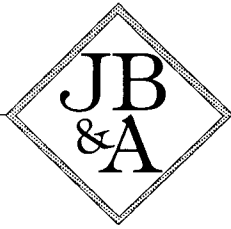
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Appalachian Area Agency on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing 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 23, 2014



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors  
Appalachian Area Agency on Aging, Inc.  
Princeton, West Virginia

### Report on Compliance for Each Major Federal Program

We have audited Appalachian Area Agency on Aging, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Appalachian Area Agency on Aging, Inc.'s major federal programs for the year ended September 30, 2013. Appalachian Area Agency on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Appalachian Area Agency on Aging, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Appalachian Area Agency on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Appalachian Area Agency on Aging, Inc.'s compliance.

### Opinion on Each Major Federal Program

In our opinion, Appalachian Area Agency on Aging, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Appalachian Area Agency on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Appalachian Area Agency on Aging, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Appalachian Area Agency on Aging, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

Buckhannon, West Virginia  
June 23, 2014