

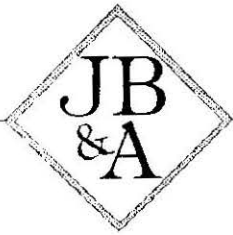
MCDOWELL COUNTY COMMISSION ON AGING, INC.

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

SEPTEMBER 30, 2015

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10
SUPPLEMENTAL INFORMATION	
Schedule of Revenues and Support	11
Schedule of Expenditures of State Awards	12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	13-14
MANAGEMENT LETTER	15



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
McDowell County Commission on Aging, Inc.
Welch, West Virginia

We have audited the accompanying financial statements of McDowell County Commission on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McDowell County Commission on Aging, Inc. as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and support and schedule of expenditures of state awards, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, on our consideration of McDowell County Commission 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 McDowell County Commission on Aging, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
June 27, 2016

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015**

ASSETS

Current Assets

Cash and cash equivalents	\$ 115,020
Accounts receivable, net	55,927
Grants receivable	178,996
Prepaid expenses	<u>3,899</u>
Total current assets	<u>353,842</u>

Property and equipment, net	<u>121,480</u>
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TOTAL ASSETS	<u><u>\$ 475,322</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 19,527
Accrued compensation	47,874
Accrued payroll taxes	<u>5,313</u>
Total current liabilities	<u>72,714</u>

Net Assets

Unrestricted	402,608
Temporarily restricted	<u> </u>
Total net assets	<u>402,608</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 475,322</u></u>
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The accompanying notes are an integral part of this statement.

MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2015

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Federal financial assistance	\$ 360,445	\$	\$ 360,445
State grants	456,663		456,663
Other grants	1,000		1,000
Donations	29,079		29,079
Medicaid fees	697,094		697,094
Project income	46,062		46,062
Interest income	13		13
Other	4,239		4,239
Net assets released from restrictions:			
Restrictions released with time	<u> </u>	<u> </u>	<u> </u>
Total Revenue and Support	<u>1,594,595</u>	<u> </u>	<u>1,594,595</u>
EXPENSES			
Program Services			
Title III-B	84,728		84,728
Title III-D	19,804		19,804
Title III-C - congregate	59,254		59,254
Title III-C - home delivered	193,444		193,444
Title III-E	33,022		33,022
5310 Grant	50,849		50,849
LIFE	133,818		133,818
Personal Care	962,905		962,905
Management & general	71,834		71,834
Total Expenses	<u>1,609,658</u>	<u> </u>	<u>1,609,658</u>
Change in Net Assets	(15,063)		(15,063)
NET ASSETS AT BEGINNING, RESTATED	<u>417,671</u>	<u> </u>	<u>417,671</u>
NET ASSETS AT END OF YEAR	<u>\$ 402,608</u>	<u>\$</u>	<u>\$ 402,608</u>

The accompanying notes are an integral part of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Title III-B	Title III-D	Title III-C		Title III-E	5310 Grant	LIFE	Personal Care	Management and General	Totals (Memorandum Only)
			Congregate	Home Delivered						
Salaries and wages	\$ 53,228	\$18,038	\$ 24,680	\$ 101,317	\$ 29,262	\$ 35,207	\$ 37,289	\$ 757,323	\$ 9,932	\$ 1,066,276
Fringe benefits	6,906	467	3,193	13,137	3,725	3,575	8,001	98,411	1,215	138,630
Travel						76	1,132	25,679		26,887
Printing and supplies	1,118		1,118	1,552		157	15,594	8,569	116	28,224
Repairs and maintenance	1,102		4,342	8,372		1,639	45,686	3,228	1,685	66,054
Communications and utilities	2,189		3,250	5,695	35	8	9,191	9,524		29,892
Other	197	1,299	500	578			12,130	14,454	6,286	35,444
Rawfood			16,563	50,399						66,962
Disposables	46		2,453	7,091				2,735		12,325
Transportation/Trip	13,206		59	97		2,868		10,588		26,818
Professional services	630		630	630				5,895	2,113	9,898
Insurance	6,106		2,466	4,576		7,319	4,795	26,499		51,761
Depreciation									50,487	50,487
	<u>\$ 84,728</u>	<u>\$19,804</u>	<u>\$ 59,254</u>	<u>\$ 193,444</u>	<u>\$ 33,022</u>	<u>\$ 50,849</u>	<u>\$ 133,818</u>	<u>\$ 962,905</u>	<u>\$ 71,834</u>	<u>\$ 1,609,658</u>

The accompanying notes are an integral part of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (15,063)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	50,487
(Increase) decrease in operating assets:	
Accounts and grants receivable	(86,518)
Prepaid expenses	(47)
Increase (decrease) in operating liabilities:	
Accounts payable	12,473
Accrued wages and taxes payable	6,813
	(31,855)
NET CASH USED IN OPERATING ACTIVITIES	(31,855)

CASH FLOWS FROM INVESTING ACTIVITIES

Property and equipment	_____
NET CASH USED IN INVESTING ACTIVITIES	_____

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH USED IN FINANCING ACTIVITIES	_____
Decrease in cash and cash equivalents	(31,855)
CASH AND CASH EQUIVALENTS, beginning of year	146,875
CASH AND CASH EQUIVALENTS, end of year	\$ 115,020

The accompanying notes are an integral part of this statement.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The McDowell County Commission on Aging, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in McDowell County, West Virginia. The purpose of the Organization is to study the needs of the seniors, to encourage, promote and aid in the establishment of programs for the seniors, to conduct programs of public education in the problems of aging, to utilize opportunities to establish demonstration programs, and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the McDowell County Commission on Aging, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity.

Basis of Accounting

The financial statements of McDowell County Commission on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payable 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 the purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

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

Inventories

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

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 5,000 capitalization policy whereby all property and equipment over \$ 5,000 is depreciated using the straight-line method over its estimated useful life. 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.

Restricted and Unrestricted Revenue and Support

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

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

Federal Grants

Grants Monies are received on a reimbursement basis; this is utilized for Title III-B, Title III-D, Title III-E, Title VII, and LIFE grants. Upon completion of a grant year, any unexpended grants have to be approved for carryover to the next grant year.

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

Total federal and state grant revenues for the year ended September 30, 2015, was \$360,445 and \$456,663 respectively.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

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

Income Taxes

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

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

Note 2. Grants Receivable

Grants receivable at September 30, 2015, consisted of the following:

IIIB	\$	9,384
IIIC		65,067
IIID		2,205
IIIE		14,471
LIFE		29,597
Lighthouse		40,236
5310 Grant		11,764
Client Tracking		3,400
LIEAP		2,872

Total		\$ 178,996
		=====

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30, 2015:

Land and building	\$	185,657
Vehicles		340,113
Equipment		58,462

		584,232
Less accumulated depreciation		462,752

Total		\$ 121,480
		=====

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 4. Concentration

The Organization receives about 52 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 44 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

Note 5. Contingent Liabilities

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

Note 6. Net Assets

There were no restricted net assets at September 30, 2015.

Note 7. Subsequent Events

Management has evaluated subsequent events through June 27, 2016, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

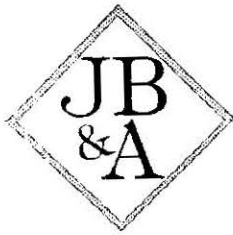
	Title III-B	Title III-D	Title III-C		Title III-E	Personal Care	Other Programs	LIFE	Totals (Memorandum Only)
			Congregate	Home Delivered					
Federal financial assistance	\$ 42,295	\$ 4,762	\$ 49,804	\$ 178,670	\$ 25,427	\$	\$ 59,487	\$	\$ 360,445
State grants	28,687	840						188,976	218,503
State LIFE allocated				10,005	10,187	48,778	13,652	(82,622)	
State grant Fair						32,641			32,641
State grant Lighthouse						195,666			195,666
State grant Data Entry							5,603		5,603
Sate grant Community Partnership							1,500		1,500
MIPPA							2,750		2,750
MCAP									
Other grants							1,000		1,000
Donations							29,079		29,079
Contractual revenues						697,094			697,094
Project income	532		10,658	12,034		19,867	2,971		46,062
Interest income							13		13
Other Income							4,239		4,239
Total	\$ 71,514	\$ 5,602	\$ 60,462	\$ 200,709	\$ 35,614	\$ 994,046	\$ 120,294	\$ 106,354	\$ 1,594,595

The accompanying independent auditor's report and notes are integral parts of this schedule.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Community Partnership Grants	June 30, 2015	FY2015	\$ 1,500
Lighthouse	June 30, 2016	IH1647	59,412
Lighthouse	June 30, 2015	IH1547	136,254
FAIR	June 30, 2016	IH1647	
FAIR	June 30, 2015	IH1547	32,641
Client Tracking	June 30, 2016	IH1647	3,400
Client Tracking	June 30, 2015	IH1547	2,203
MIPPA	September 30, 2015	MIPPA1546	<u>2,750</u>
Total Direct Programs			<u>238,160</u>
Pass through Awards			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2015	21538-05	28,687
IIID	June 30, 2015	21538-05	840
LIFE	June 30, 2016	21605-05	41,607
LIFE	June 30, 2015	21505-05	<u>147,369</u>
Total pass-through awards			<u>218,503</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 456,663</u></u>

The accompanying independent auditor's report and notes are integral parts of this schedule.



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
McDowell County Commission on Aging, Inc.
Welch, 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 McDowell County Commission on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, 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 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered McDowell County Commission 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 McDowell County Commission 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 McDowell County Commission 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*.

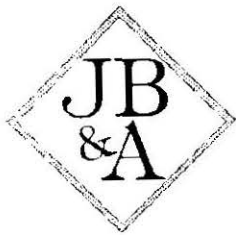
We noted certain other matters that we reported to management of McDowell County Commission on Aging, Inc. in a separate letter dated June 27, 2016 on page 15.

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 27, 2016



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

To the Senior Management and
The Board of Directors of
McDowell County Commission on Aging, Inc.
Welch, West Virginia

In planning and performing our audit of the financial statements of McDowell County Commission on Aging, Inc. for the year ended September 30, 2015, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 27, 2016, on the financial statements of McDowell County Commission on Aging, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Segregation of Duties

We noted that two employees are responsible for the accounting and financial duties. As a result, many aspects of the internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in McDowell County Commission on Aging, Inc. We recognize that the Organization is not large enough to make the employment of additional people for the purpose of segregating duties practicable from a financial standpoint, but we are required, under our professional responsibilities to describe the situation.

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

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

Buckhannon, West Virginia
June 27, 2016