

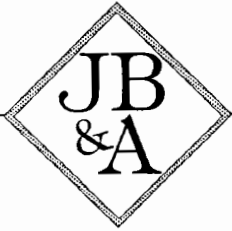
**MCDOWELL COUNTY COMMISSION ON AGING, INC.**

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

**SEPTEMBER 30, 2018**

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# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
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, 2018, 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, 2018, 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 21, 2019, 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 21, 2019

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2018**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 87,439
Accounts receivable, net	45,897
Grants receivable	105,404
Prepaid expenses	<u>17,045</u>

Total current assets	<u>255,785</u>
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Property and equipment, net	<u>96,468</u>
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<b>TOTAL ASSETS</b>	<b><u>\$ 352,253</u></b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 11,853
Accrued compensation	42,688
Accrued payroll taxes	<u>5,752</u>

Total current liabilities	<u>60,293</u>
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**Net Assets**

Unrestricted	291,960
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Temporarily restricted	<u>          </u>
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Total net assets	<u>291,960</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 352,253</u></b>
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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, 2018**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 339,260	\$ -	\$ 339,260
State grants	469,496		469,496
Donations	43,821		43,821
Medicaid fees	558,725		558,725
Project income	42,812		42,812
Interest income	8		8
Other	4,634		4,634
Net assets released from restrictions:			
Restrictions released with time	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenue and Support	<u>1,458,756</u>	<u>-</u>	<u>1,458,756</u>
<b>EXPENSES</b>			
Program Services			
Title III-B	70,057		70,057
Title III-D	5,393		5,393
Title III-C - congregate	54,496		54,496
Title III-C - home delivered	215,168		215,168
Title III-E	46,279		46,279
5310 Grant	45,012		45,012
LIFE	152,478		152,478
Personal Care	889,316		889,316
Management & general	29,603		29,603
Total Expenses	<u>1,507,802</u>	<u>                    </u>	<u>1,507,802</u>
Change in Net Assets	(49,046)	-	(49,046)
<b>NET ASSETS AT BEGINNING</b>	<u>341,006</u>	<u>                    </u>	<u>341,006</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 291,960</u>	<u>\$ -</u>	<u>\$ 291,960</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, 2018**

	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	\$ 45,123	\$ 4,393	\$ 20,443	\$ 108,146	\$ 34,391	\$ 27,826	\$ 52,063	\$ 693,032	\$ -	\$ 985,417
Fringe benefits	5,499	444	2,589	14,015	4,026	3,560	6,493	110,846		147,472
Travel						98	5,596	31,323		37,017
Printing and supplies	1,652		605	2,382			29,170	3,990		37,799
Repairs and maintenance	2,000		900	17,667		2,666	37,417	3,140		63,790
Communications and utilities	4,802		7,082	7,959	17		1,580	7,552		28,992
Other	362	556	5,687	853	7,845	6	11,859	12,960	1,746	41,874
Rawfood			12,741	51,761						64,502
Disposables	132		2,323	9,440				2,194		14,089
Transportation/Trip	5,858					8,190				14,048
Professional services	994		399	1,085				4,942		7,420
Insurance	3,635		1,727	1,860		2,666	8,300	19,337		37,525
Depreciation									27,857	27,857
	<u>\$ 70,057</u>	<u>\$ 5,393</u>	<u>\$ 54,496</u>	<u>\$ 215,168</u>	<u>\$ 46,279</u>	<u>\$ 45,012</u>	<u>\$ 152,478</u>	<u>\$ 889,316</u>	<u>\$ 29,603</u>	<u>\$ 1,507,802</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, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (49,046)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	27,857
(Increase) decrease in operating assets:	
Accounts and grants receivable	(2,394)
Prepaid expenses	(1,392)
Increase (decrease) in operating liabilities:	
Accounts payable	1,530
Accrued wages and taxes payable	<u>(2,347)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(25,792)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	<u>                    </u>
NET CASH USED IN INVESTING ACTIVITIES	<u>                    -</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

NET CASH USED IN FINANCING ACTIVITIES	<u>                    -</u>
Decrease in cash and cash equivalents	(25,792)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>113,231</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 87,439</u></u>

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 and State Grant Revenues**

Grant funds 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. Lighthouse and FAIR are drawn down per unit of service as are Medicare and Waiver personal care services. The Division of Public Transit provides Federal Transit Administration, Section 5310 funding to purchase transportation services from McDowell County Commission on Aging, Inc. on a reimbursement basis, per service hour. The transportation services are to be provided to seniors and individuals with disabilities.

Total federal and state grant revenues for the year ended September 30, 2018, was \$339,260 and \$469,496 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, 2018, consisted of the following:

IIIB	\$ 14,887
IIIC	18,138
IIID	1,486
IIIE	5,667
LIFE	42,907
Lighthouse	17,156
5310 Grant	3,003
FAIR	2,160
	-----
Total	\$ 105,404
	=====

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30, 2018:

Land and building	\$ 168,199
Vehicles	367,498
Equipment	58,462
	-----
	594,159
Less accumulated depreciation	497,691
	-----
Total	\$ 96,468
	=====

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

**Note 4. Concentration**

The Organization receives about 56 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 39 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, 2018.

**Note 7. Subsequent Events**

Management has evaluated subsequent events through June 21, 2019, the date which the financial statements were available to be issued.

**MCDOWELL COUNTY COMMISSION ON AGING, INC.**  
**SCHEDULE OF REVENUES AND SUPPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Title III-B	Title III-D	Title III-C		Title III-E	5310 Transportation	LIFE	Personal Care	Other Programs	Totals (Memorandum Only)
			Congregate	Home Delivered						
Federal grants	\$ 41,663	\$ 4,937	\$ 39,081	\$ 190,393	\$ 30,332	\$ 32,854	\$ -	\$ -		\$ 339,260
State grants	28,656	871					206,717			236,244
State LIFE allocated				15,853	10,110	8,213	(54,239)	13,219	6,844	-
State grant FAIR							27,192			27,192
State grant Lighthouse							201,060			201,060
Sate grant Data Entry							5,000			5,000
Donations					7,845				35,976	43,821
Contractual revenues							558,725			558,725
Project income	847		8,077	6,343	1,283	1,962	18,299	6,001		42,812
Interest income								8		8
Other Income									4,634	4,634
<b>Total</b>	<b>\$ 71,166</b>	<b>\$ 5,808</b>	<b>\$ 47,158</b>	<b>\$ 212,589</b>	<b>\$ 49,570</b>	<b>\$ 43,029</b>	<b>\$ 152,478</b>	<b>\$ 823,495</b>	<b>\$ 53,463</b>	<b>\$ 1,458,756</b>

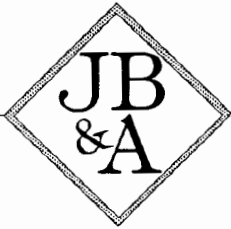
The accompanying independent auditor's report and notes are integral parts of this schedule.

## **SUPPLEMENTAL INFORMATION**

**MCDOWELL COUNTY COMMISSION ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2018	IH1847	\$ 147,252
Lighthouse	June 30, 2019	IH1947	53,808
FAIR	June 30, 2018	IH1847	22,722
FAIR	June 30, 2019	IH1947	4,470
Data Entry	June 30, 2019	IH1947	<u>5,000</u>
Total Direct Programs			<u>233,252</u>
Pass through Awards:			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2018	21838-05	28,656
IIID	June 30, 2018	21838-05	871
LIFE	June 30, 2018	21805-05	150,839
LIFE	June 30, 2019	21905-05	<u>55,878</u>
Total pass-through awards			<u>236,244</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u><u>\$ 469,496</u></u>

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



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Board of Directors  
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, 2018, 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 21, 2019.

### 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.



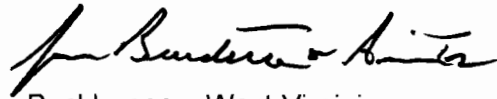
**Compliance and Other Matters**

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*.

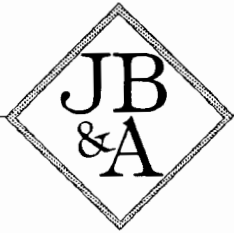
We noted certain other matters that we reported to management of McDowell County Commission on Aging, Inc. in a separate letter dated June 21, 2019 on page 15.

**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 21, 2018



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

## 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, 2018, 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 21, 2019, 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 21, 2019