

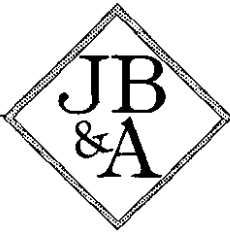
**POCAHONTAS COUNTY SENIOR CITIZENS, INC. AGING, INC.**

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

**SEPTEMBER 30, 2008**

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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 AUDITORS' REPORT


To Board of Directors  
Pocahontas County Senior Citizens, Inc.  
Marlinton, West Virginia

We have audited the accompanying statement of financial position of Pocahontas County Senior Citizens, Inc. (a nonprofit organization) as of September 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pocahontas County Senior Citizens, Inc. as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated June 16, 2009, on our consideration of Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

  
Buckhannon, West Virginia  
June 16, 2009

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2008**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 207,008
Accounts receivable, net	27,431
Grants receivable	<u>20,318</u>

Total current assets 254,757

**Property and Equipment** 535,230

**TOTAL ASSETS** \$ 789,987

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 26,622
Accrued wages and taxes	37,808
Deferred revenue	<u>14,871</u>

Total current liabilities 79,301

**Net Assets**

Unrestricted 710,686

**TOTAL NET ASSETS** 710,686

**TOTAL LIABILITIES AND NET ASSETS** \$ 789,987

The accompanying notes are an integral part of this statement

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 84,134	\$	\$ 84,134
State grant allocations	357,223		357,223
Donations/Match	26,500		26,500
Medicaid	58,801		
Waiver	272,306		272,306
Project income	28,596		28,596
Interest income	3,147		3,147
County Commission	20,000		20,000
Other	10,290		10,290
Net assets released from restrictions:			
Restrictions released with time	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenue and Support	<u>860,997</u>	<u>                    </u>	<u>802,196</u>
 <b>EXPENSES</b>			
Program Services			
Title III-B	48,418		48,418
Title III-D	2,501		2,501
Title III-E	17,476		17,476
Title III-C - congregate	58,589		58,589
Title III-C - home delivered	95,626		95,626
LIFE	164,081		164,081
Personal Care	348,303		348,303
Support Services:			
Management and general	<u>40,725</u>	<u>                    </u>	<u>40,725</u>
Total Expenses	<u>775,719</u>	<u>                    </u>	<u>775,719</u>
Change in Net Assets	85,278		85,278
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <u>625,408</u>	 <u>                    </u>	 <u>625,408</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 710,686</u>	<u>\$</u>	<u>\$ 710,686</u>

The accompanying notes are an integral part of this statement

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Title III-B	Title III-D	Title III-E	Title III-C	
				Congregate	Home Delivered
Salaries and wages	\$ 25,778	\$ 1,904	\$ 13,547	\$ 18,909	\$ 23,111
Fringe benefits	5,988	318	2,227	5,448	6,064
Travel			1,209	47	108
Printing and supplies	1,968	279	382	546	758
Fuel, repairs and maintenance	8,315			2,397	5,373
Communications and utilities	5,010		111	3,737	3,614
Insurance	500				
Professional services	300			175	175
Rawfood				23,723	45,563
Disposables				3,345	8,784
Depreciation					
Other	559			262	2,076
<b>Total Functional Expenses</b>	<b>\$ 48,418</b>	<b>\$ 2,501</b>	<b>\$ 17,476</b>	<b>\$ 58,589</b>	<b>\$ 95,626</b>

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>LIFE</u>	<u>Personal Care</u>	<u>Admin General</u>	<u>Totals (Memorandum Only)</u>
Salaries and wages	\$ 101,007	244,604	\$	\$ 428,860
Fringe benefits	32,000	32,739		84,784
Travel	1,624	38,142		41,130
Printing and supplies	2,011	3,839	11	9,794
Fuel, repairs and maintenance	11,334	4,018	7,750	39,187
Communications and utilities	8,791	5,070	576	26,909
Insurance	4,000	10,394		14,894
Professional services	1,000	350		2,000
Rawfood				69,286
Disposables				12,129
Depreciation			32,135	32,135
Other	<u>2,314</u>	<u>9,147</u>	<u>253</u>	<u>14,611</u>
<b>Total Functional Expenses</b>	<b><u><u>\$ 164,081</u></u></b>	<b><u><u>\$ 348,303</u></u></b>	<b><u><u>\$ 40,725</u></u></b>	<b><u><u>\$ 775,719</u></u></b>

The accompanying notes are an integral part of this statement.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 85,278
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	32,135
(Increase) decrease in operating assets:	
Accounts and grants receivable	(3,234)
Increase (decrease) in operating liabilities:	
Accounts payable	10,774
Accrued wages payable and taxes	7,153
Deferred revenue	<u>14,871</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>146,977</b></u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed asset additions	<u>(16,500)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u><b>(16,500)</b></u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>                    </u>
Increase in cash and cash equivalents	130,477
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>76,531</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u><b>\$ 207,008</b></u></u>

The accompanying notes are an integral part of this statement



**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS**

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

The Pocahontas County Senior Citizens, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Pocahontas County, West Virginia. The purpose of the Organization is to study and document 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 Pocahontas County Senior Citizens, 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 Pocahontas County Senior Citizens, 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 Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, 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.

**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.

**POCAHONTAS COUNTY SENIOR CITIZENS, 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 \$ 1,000 capitalization policy whereby all property and equipment over \$ 1,000 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 as need 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-D, Title III-E grants. Upon completion of a grant year, any unexpected money has to be approved for carryover to the next grant year, but if approval is denied, the money has to be reimbursed to the grantor.

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, 2008, was \$ 441,357.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**Donated Services**

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in related to such volunteer services.

**Expense Allocation**

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect 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.

**Note 2. Insurance of Cash and Deposits**

The Organization does business with two financial institutions and deposits are insured by FDIC insurance.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 3. Grants Receivable**

Grants receivable at September 30, 2008, consisted of the following:

Federal Title III-C		\$ 2,527
LIFE Program		12,483
Lighthouse		3,120
Fair		2,188
		-----
Total		\$ 20,318
		=====

**Note 4. Property and Equipment**

Property and equipment consisted of the following at September 30, 2008:

Land		\$ 53,005
Buildings		567,988
Vehicles		299,796
Equipment, furniture and fixtures		168,792
		-----
		1,089,581
Less accumulated depreciation		(554,351)
		-----
Net property and equipment		\$ 535,230
		=====

**Note 5. Restrictions on Net Assets**

There are no restricted net assets at September 30, 2008.

**Note 6. Concentration**

The Organization receives about 55 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization 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.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 7. 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.

The Center participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The Center does not provide post retirement health benefits. However, PEIA shows a liability of \$5,888 at September 30, 2008 for post retirement benefits. The Center does not expect to have to pay this liability.

**Note 8. Net Assets Restated**

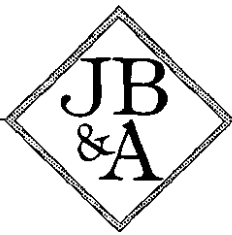
Beginning Net Assets have been decreased by \$45,124 to correct accounts payable and accrued payroll.

**Note 9. Grant Revenues**

The following grants have years ending other than September 30. Revenues were recognized as follows for fiscal year ended September 30, 2008.

<b>Grant</b>	<b>Grant Revenue</b>	<b>Support Recognized Year Ended 9/30/08</b>
LIFE	7/1/07 – 6/30/08	\$ 138,740
LIFE	7/1/08 – 6/30/09	52,958
	Total	----- \$ 191,698 =====
Lighthouse	7/1/07 – 6/30/08	\$ 22,496
Lighthouse	7/1/08 – 6/30/09	14,828
	Total	----- \$ 37,324 =====
FAIR/Alzheimer's	7/1/07 – 6/30/08	\$ 26,133
FAIR/Alzheimer's	7/1/08 – 6/30/09	10,713
	Total	----- \$ 36,846 =====

## **SUPPLEMENTAL INFORMATION**



# JOHN BURDETTE & ASSOCIATES

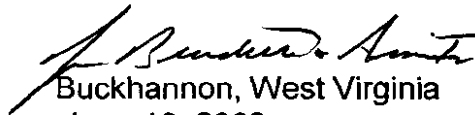
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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors  
Pocahontas County Senior Citizens, Inc.  
Marlinton, West Virginia

Our report on our audit of the basic financial statements of Pocahontas County Senior Citizens, Inc., for the year ended September 30, 2008 appears on page one (1). We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of revenues is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

  
Buckhannon, West Virginia  
June 16, 2009

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
SCHEDULE OF REVENUES AND SUPPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

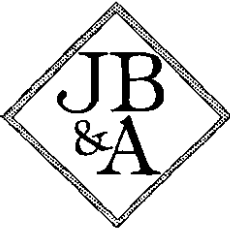
	Title III-B	Title III-D	Title III-E	Title III-C		LIFE
				Congregate	Home Delivered	
Federal financial assistance	\$ 25,854	\$ 1,069	\$ 6,560	\$ 9,757	\$ 22,545	\$
NSIP				7,315	10,012	
State grant	16,031	189	2,187	3,000	3,000	191,698
State LIFE allocated				4,454	12,384	(16,838)
State Supplement				3,979	6,020	
State enhancement award				5,745	8,981	
State raw food award				2,874	4,310	
State fuel award	4,733					
State budget digest						
Donations/Match	4,000	500	2,000		20,000	
Medicaid Waiver						
Project income	2,533			16,165	8,508	1,296
Interest income						
County Commission						
Other						170
<b>Total Revenue and Support</b>	<b>53,151</b>	<b>1,758</b>	<b>10,747</b>	<b>53,289</b>	<b>95,760</b>	<b>176,326</b>



**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
 SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<u>Medicaid Waiver</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>LIEAP</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
\$	\$	\$	\$ 1,022	\$	\$ 66,807
	36,846	37,324			17,327
					290,275
					9,999
					14,726
					7,184
					4,733
				30,306	30,306
					26,500
58,801					58,801
272,306					272,306
94					28,596
				3,147	3,147
				20,000	20,000
6,297				3,823	10,290
<u>337,498</u>	<u>36,846</u>	<u>37,324</u>	<u>1,022</u>	<u>57,276</u>	<u>860,997</u>

The independent auditors' report on supplemental information is 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  
Pocahontas County Senior Citizens, Inc.  
Marlinton, West Virginia

We have audited the financial statements of Pocahontas County Senior Citizens, Inc. (a nonprofit organization) as of and for the year ended September 30, 2008, and have issued our report thereon dated June 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audit, we considered Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

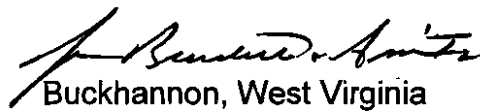
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

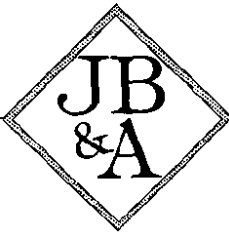
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pocahontas County Senior Citizens, Inc.'s financial statements are free of 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 Pocahontas County Senior Citizens, Inc. in a separate letter dated June 16, 2009.

This report is intended solely for the information and use of the management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Buckhannon, West Virginia  
June 16, 2009



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## MANAGEMENT LETTER

To the Senior Management and  
The Board of Directors of  
Pocahontas County Senior Citizens, Inc.  
Marlinton, West Virginia

In planning and performing our audit of the financial statements of Pocahontas County Senior Citizens, Inc. for the year ended September 30, 2008, 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 internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 16, 2009, on the financial statements of Pocahontas County Senior Citizens, 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 most of 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 Pocahontas County Senior Citizens, 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 16, 2009