

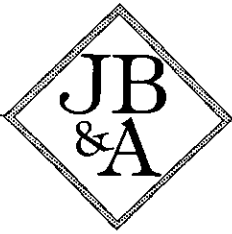
POCAHONTAS COUNTY SENIOR CITIZENS, INC.

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

SEPTEMBER 30, 2009

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JOHN BURDETTE & ASSOCIATES

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INDEPENDENT AUDITORS' REPORT

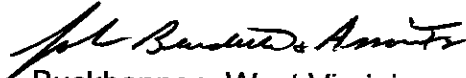
To Board of Directors
Pocahontas County Senior Citizens, Inc.
Marlinton, West Virginia

We have audited the accompanying statement of financial position of Pocahontas County Senior Citizens, Inc. (a nonprofit organization) as of September 30, 2009, 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, 2009, 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 15, 2010, 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 15, 2010

POCAHONTAS COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2009

ASSETS

Current Assets

Cash and cash equivalents	\$ 211,850
Accounts receivable, net	32,362
Grants receivable	33,768

Total current assets 277,980

Property and Equipment

545,357

TOTAL ASSETS

\$ 823,337

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 11,315
Accrued wages and taxes	41,448
Deferred revenue	5,123

Total current liabilities 57,886

Net Assets

Unrestricted 765,451

TOTAL NET ASSETS

765,451

TOTAL LIABILITIES AND NET ASSETS

\$ 823,337

The accompanying notes are an integral part of this statement

POCAHONTAS COUNTY SENIOR CITIZENS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal financial assistance	\$ 168,218	\$ -	\$ 168,218
State grant allocations	309,189		309,189
Donations/Match	33,065		33,065
Medicaid	45,361		
Waiver	304,614		304,614
Project income	38,292		38,292
Interest income	760		760
County Commission	11,652		11,652
Other	17,035		17,035
 Net assets released from restrictions: Restrictions released with time			
Total Revenue and Support	928,186		882,825
 EXPENSES			
Program Services			
Title III-B	58,652		58,652
Title III-D	4,352		4,352
Title III-E	13,296		13,296
Title III-C - congregate	72,480		72,480
Title III-C - home delivered	104,398		104,398
Lighthouse	20,978		20,978
FAIR	18,576		18,576
LIFE	124,748		124,748
Personal Care	404,281		404,281
Support Services:			
Management and general	51,660		51,660
Total Expenses	873,421		873,421
 Change in Net Assets	54,765		54,765
 NET ASSETS AT BEGINNING OF YEAR	710,686		710,686
NET ASSETS AT END OF YEAR	\$ 765,451	\$ -	\$ 765,451

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, 2009**

	Title III-B	Title III-D	Title III-E	Title III-C	
				Congregate	Home Delivered
Salaries and wages	\$ 34,523	\$ 3,724	\$ 11,018	\$ 25,474	\$ 34,567
Fringe benefits	4,003	444	1,515	3,155	4,096
Travel	230		561	103	514
Printing and supplies	1,320	184	107	614	3,069
Fuel, repairs and maintenance	10,318			3,965	2,821
Communications and utilities	4,288		95	4,170	1,942
Insurance	2,857			1,846	1,549
Professional services	600			600	600
Rawfood				27,986	43,783
Disposables				4,314	11,457
Depreciation					
Other	513			253	
Total Functional Expenses	\$ 58,652	\$ 4,352	\$ 13,296	\$ 72,480	\$ 104,398

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Lighthouse</u>	<u>FAIR</u>	<u>LIFE</u>	<u>Personal Care</u>	<u>Admin General</u>	<u>Totals (Memorandum Only)</u>
Salaries and wages	\$ 16,982	\$ 16,414	\$ 69,351	265,019	\$	\$ 477,072
Fringe benefits	2,024	1,818	18,125	45,774		80,954
Travel	1,972	314	2,969	36,021		42,684
Printing and supplies			2,015	5,853	21	13,183
Fuel, repairs and maintenance			8,482	8,964	8,092	42,642
Communications and utilities			11,390	9,959	642	32,486
Insurance			7,784	17,787		31,823
Professional services			600	600		3,000
Rawfood						71,769
Disposables						15,771
Depreciation					41,714	41,714
Other		30	4,032	14,304	1,191	20,323
Total Functional Expenses	<u>\$ 20,978</u>	<u>\$ 18,576</u>	<u>\$ 124,748</u>	<u>\$ 404,281</u>	<u>\$ 51,660</u>	<u>\$ 873,421</u>

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, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 54,765
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	41,714
(Increase) decrease in operating assets:	
Accounts and grants receivable	(18,381)
Increase (decrease) in operating liabilities:	
Accounts payable	(15,307)
Accrued wages payable and taxes	3,640
Deferred revenue	<u>(9,748)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>56,683</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed asset additions	<u>(51,841)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(51,841)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH USED IN FINANCING ACTIVITIES	<u>-</u>
Increase in cash and cash equivalents	4,842
CASH AND CASH EQUIVALENTS, beginning of year	<u>207,008</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 211,850</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 a reimbursement basis; this is utilized for Title III-B, Title III-D, Title III-E, and Title VII 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, 2009, was \$ 477,407.

**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, 2009, consisted of the following:

Federal Title III-C	\$ 18,375
LIFE Program	9,397
Lighthouse	1,680
Fair	2,877
Transportation	1,439

Total	\$ 33,768
	=====

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2009:

Land	\$ 53,005
Buildings	567,988
Vehicles	347,694
Equipment, furniture and fixtures	172,735

	1,141,422
Less accumulated depreciation	(596,065)

Net property and equipment	\$ 545,357
	=====

Note 5. Restrictions on Net Assets

There are no restricted net assets at September 30, 2009.

Note 6. Concentration

The Organization receives about 51 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization receives about 33 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

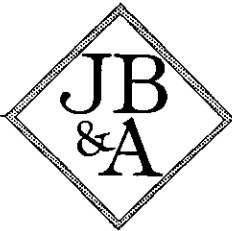
In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for 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, 2009 for post retirement benefits. The Center does not expect to have to pay this liability.

Note 8. Subsequent Events

Management has evaluated subsequent events through June 15, 2010, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



JOHN BURDETTE & ASSOCIATES

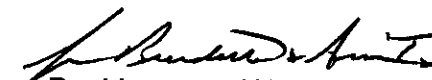
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

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, 2009 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 15, 2010

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE
				Congregate	Home Delivered	
Federal financial assistance	\$ 42,182	\$ 1,042	\$ 6,343	\$ 45,428	\$ 64,723	\$
State grant	12,000	1,000	4,690			189,236
State budget digest						
Donations/Match	2,000	1,000	2,000	5,000	23,065	
Medicaid						
Waiver						
Project income	2,240		264	23,330	11,211	1,127
Interest income						
County Commission						
Other					1,107	915
Total Revenue and Support	58,422	3,042	13,297	73,758	100,106	191,278

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
 SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009**

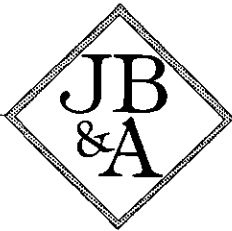
<u>Medicaid Waiver</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>Transportation</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
\$	\$	\$	\$	\$ 8,500	\$ 168,218
	31,949	33,140	10,174		282,189
				27,000	27,000
45,361					33,065
304,614					45,361
120					304,614
					38,292
				760	760
				11,652	11,652
<u>13,978</u>	<u>297</u>			<u>738</u>	<u>17,035</u>
<u>364,073</u>	<u>32,246</u>	<u>33,140</u>	<u>10,174</u>	<u>48,650</u>	<u>928,186</u>

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

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>		<u>State Expenditures</u>
Direct Programs:				
WV Bureau of Senior Services				
Community Partnership Grants				\$ 27,000
Total Direct Programs				<u>27,000</u>
Pass through Awards				
Upper Potomac Area Agency on Aging				
IIIB State	June 30, 2009	2937		12,000
IIID	June 30, 2009	2911		1,000
IIIE	June 30, 2009	2911		4,690
LIFE	June 30, 2009	2904		160,207
LIFE	June 30, 2010	21004		29,029
Lighthouse	June 30, 2009	2951		26,660
Lighthouse	June 30, 2010	2105		6,480
FAIR	June 30, 2009	2951		24,103
FAIR	June 30, 2010	2105		7,846
Transportation	June 30, 2009	2951		7,178
Transportation	June 30, 2010	2105		<u>2,996</u>
Total pass-through awards				<u>282,189</u>
TOTAL EXPENDITURES OF STATE AWARDS				<u><u>\$ 309,189</u></u>

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



JOHN BURDETTE & ASSOCIATES

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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, 2009, and have issued our report thereon dated June 15, 2010. 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.

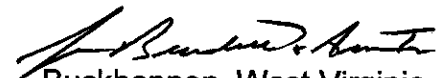
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

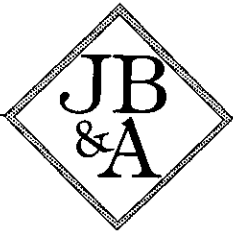
Compliance and Other Matters

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 15, 2010.

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 15, 2010



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, 2009, 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 15, 2010, 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 15, 2010