

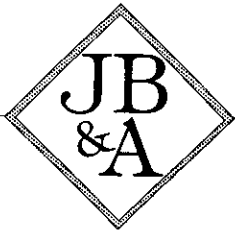
**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**

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

**SEPTEMBER 30, 2010**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4-5
Statement of Cash Flows	6
Notes to financial statements	7-11
<b>SUPPLEMENTAL INFORMATION</b>	
<b>INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION</b>	<b>12</b>
Schedule of Revenues and Support	13-14
Schedule of Expenditures of State Awards	15
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>16-17</b>
<b>MANAGEMENT LETTER</b>	<b>18</b>



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

## INDEPENDENT AUDITORS' REPORT

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

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

We conducted our audits 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 audits 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 audits provide 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, 2010, 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 *Government Auditing Standards*, we have also issued a report dated June 30, 2011, 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 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* and should be read in conjunction with this report in considering the results of our audit.

Buckhannon, West Virginia  
June 30, 2011

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2010**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 78,488
Accounts receivable, net	28,026
Grants receivable	25,652

Total current assets 132,166

**Property and Equipment**

930,757

**TOTAL ASSETS**

\$ 1,062,923

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Current portion long-term debt	\$ 15,955
Accounts payable	4,409
Accrued wages and taxes	55,817

Total current liabilities 76,181

**Long-Term Debt**

233,950

**Net Assets**

Unrestricted 752,792

**TOTAL NET ASSETS**

752,792

**TOTAL LIABILITIES AND NET ASSETS**

\$ 1,062,923

The accompanying notes are an integral part of this statement

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 187,583	\$	\$ 187,583
State grant allocations	281,748		281,748
Donations/Match	48,778		48,778
Medicaid	125,429		125,429
Waiver	267,161		267,161
Project income	45,985		45,985
Interest income	443		443
Other	16,527		16,527
Net assets released from restrictions:			
Restrictions released with time			
	<hr/>	<hr/>	<hr/>
Total Revenue and Support	<u>973,654</u>		<u>973,654</u>
 <b>EXPENSES</b>			
Program Services			
Title III-B	61,301		61,301
Title III-D	3,056		3,056
Title III-E	1,380		1,380
Title III-C - congregate	72,039		72,039
Title III-C - home delivered	125,967		125,967
Lighthouse	22,755		22,755
FAIR	24,403		24,403
LIFE	152,908		152,908
Personal Care	440,025		440,025
Support Services:			
Management and general	<u>82,479</u>	<hr/>	<u>82,479</u>
Total Expenses	<u>986,313</u>	<hr/>	<u>986,313</u>
Change in Net Assets	(12,659)		(12,659)
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>765,451</u>	<hr/>	<u>765,451</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 752,792</u>	<u>\$</u>	<u>\$ 752,792</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, 2010**

	Title III-B	Title III-D	Title III-E	Title III-C	
				Congregate	Home Delivered
Salaries and wages	\$ 39,090	\$ 2,750	\$ .	\$ 27,617	\$ 49,502
Fringe benefits	5,244	304	514	3,881	6,246
Travel	186		445	89	101
Printing and supplies	677	2	216	1,319	2,643
Fuel, repairs and maintenance	10,870		110	2,927	4,982
Communications and utilities	4,106		95	2,676	1,956
Insurance	603			3,103	856
Professional services	120			120	180
Rawfood				25,564	47,048
Disposables				3,492	12,453
Depreciation					
Other	405			1,251	
<b>Total Functional Expenses</b>	<b>\$ 61,301</b>	<b>\$ 3,056</b>	<b>\$ 1,380</b>	<b>\$ 72,039</b>	<b>\$ 125,967</b>

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<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	\$ 18,126	\$ 22,084	\$ 71,439	289,866	\$	\$ 520,474
Fringe benefits	1,856	1,735	23,922	53,019	\$	96,721
Travel	2,773	573	4,155	37,133	\$	45,455
Printing and supplies			2,648	12,189	24	19,718
Fuel, repairs and maintenance			25,065	11,403	27,070	82,427
Communications and utilities			10,747	11,730	552	31,862
Insurance			8,613	19,165		32,340
Professional services			2,000	580		3,000
Rawfood						72,612
Disposables						15,945
Depreciation					48,196	48,196
Other		11	4,319	4,940	6,637	17,563
<b>Total Functional Expenses</b>	<b><u>\$ 22,755</u></b>	<b><u>\$ 24,403</u></b>	<b><u>\$ 152,908</u></b>	<b><u>\$ 440,025</u></b>	<b><u>\$ 82,479</u></b>	<b><u>\$ 986,313</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, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (12,659)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	48,196
(Increase) decrease in operating assets:	
Accounts and grants receivable	12,452
Increase (decrease) in operating liabilities:	
Accounts payable	(6,906)
Accrued wages payable and taxes	14,369
Deferred revenue	<u>(5,123)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>50,329</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed asset additions	<u>(433,596)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(433,596)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from long-term borrowing	251,267
Repayment of long-term borrowing	<u>(1,362)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>249,905</u>

Decrease in cash and cash equivalents	(133,362)
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<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>211,850</u>
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<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 78,488</u></u>
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**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Interest paid during the year	<u><u>\$ 958</u></u>
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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. 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, 2010, was \$ 469,331.

**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, 2010, consisted of the following:

Federal Title III-C	\$	7,356
LIFE Program		12,746
Lighthouse		2,960
Fair		2,590
		-----
Total	\$	25,652
		=====

**Note 4. Property and Equipment**

Property and equipment consisted of the following at September 30, 2010:

Land		\$ 108,505
Buildings		912,488
Vehicles		379,878
Equipment, furniture and fixtures		174,147
		-----
		1,575,018
Less accumulated depreciation		(644,261)
		-----
Net property and equipment	\$	930,757
		=====

**Note 5. Restrictions on Net Assets**

There are no restricted net assets at September 30, 2010.

**Note 6. Concentration**

The Organization receives about 47 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization receives about 31 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 \$63,115 at September 30, 2010 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 30, 2011, the date which the financial statements were available to be issued.

**Note 9. Long-Term Debt**

Long-term debt consists of the following as of September 30, 2010

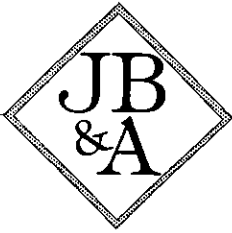
Pendleton Community Bank

4.90% installment note maturing 8/18/22, monthly payments of \$ 2,320.43 secured by real estate.	\$ 249,905
Less: current portion	15,955
Noncurrent portion	\$ 233,950
	=====

Scheduled maturities at September 30, 2010 are as follows:

September 30, 2011	\$ 15,955
2012	16,755
2013	17,594
2014	18,476
2015	19,402
Thereafter	161,723
	-----
Total	\$ 249,905
	=====

## **SUPPLEMENTAL INFORMATION**



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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, 2010 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 30, 2011

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
 SCHEDULE OF REVENUES AND SUPPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE
				Congregate	Home Delivered	
Federal financial assistance	\$ 27,701	\$ 1,042	\$ 6,343	\$ 40,758	\$ 74,992	\$ -
State grant	12,000	1,000	4,690			181,452
State budget digest						
Donations/Match	2,000	1,000	2,000	17,720	26,058	
Medicaid						
Waiver						
Project income	3,808		2326	23,142	10,548	1,954
Interest income						
Other						1,406
<b>Total Revenue and Support</b>	<b>45,509</b>	<b>3,042</b>	<b>15,359</b>	<b>81,620</b>	<b>111,598</b>	<b>184,812</b>



**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
 SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010**

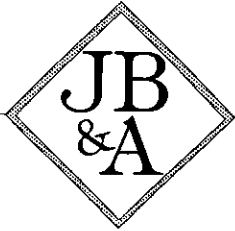
<u>Medicaid Waiver</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>Transportation</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ - 31,990	\$ - 26,088	\$ - 9,528	\$ 36,747	\$ 187,583
				15,000	266,748
					15,000
					48,778
125,429					125,429
267,161					267,161
9	2,189	2,009			45,985
				443	443
			15,121		16,527
<u>392,599</u>	<u>34,179</u>	<u>28,097</u>	<u>24,649</u>	<u>52,190</u>	<u>973,654</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, 2010**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
<b>Direct Programs:</b>			
WV Bureau of Senior Services			
Community Partnership Grants			<u>\$    15,000</u>
<b>Total Direct Programs</b>			<u>15,000</u>
<b>Pass through Awards</b>			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2010	2937	12,000
IIID	June 30, 2010	2911	1,000
IIIE	June 30, 2010	2911	4,690
LIFE	June 30, 2010	21004	160,723
LIFE	June 30, 2011	21104	20,729
Lighthouse	June 30, 2010	21005	18,184
Lighthouse	June 30, 2011	21105	7,904
FAIR	June 30, 2010	21005	22,949
FAIR	June 30, 2011	21105	9,041
Transportation	June 30, 2010	2105	<u>9,528</u>
<b>Total pass-through awards</b>			<u>266,748</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u><u>\$    281,748</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, 2010, and have issued our report thereon dated June 30, 2011. 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 Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*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.

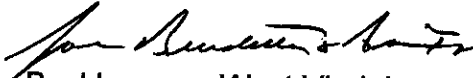
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designated to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

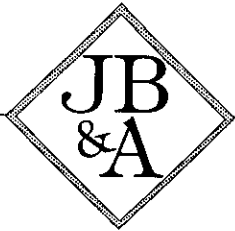
## **Compliance and Other Matters**

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 30, 2011.

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

  
Buckhannon, West Virginia  
June 30, 2011



# 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, 2010, 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 30, 2011, 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 his 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 30, 2011