

WETZEL COUNTY COMMITTEE ON AGING
NEW MARTINSVILLE, WEST VIRGINIA

AUDIT REPORT
SEPTEMBER 30, 2017

Wetzel County Committee on Aging
FISCAL YEAR ENDING SEPTEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wetzel County Committee on Aging
New Martinsville, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Wetzel County Committee on Aging (the "Committee") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, 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 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 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 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.

Basis for Qualified Opinion

As more fully described in Note 1 to the financial statements, because of the Committee's reporting requirements, capital asset expenditures are charged to expense when the assets are purchased, and depreciation charges are not recognized as an operational expense. Accounting principles generally accepted in the United States of America require fixed assets to be capitalized and systematic depreciation charges be made to operations over the estimated lives of the assets. The effects on the accompanying financial statements of the failure to capitalize fixed asset expenditures have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Wetzel County Committee on Aging as of September 30, 2017, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state awards and expenses and other assistance is presented for the purpose of additional analysis and is 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 29, 2018, on our consideration of Wetzel County Committee on Aging'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 Wetzel County Committee on Aging's internal control over financial reporting and compliance.

Zeno, Rock, Lilly & Copeland, etc.

Wheeling, West Virginia
June 29, 2018

**Wetzel County Committee on Aging
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017**

ASSETS

| | |
|--|-----------------------------|
| Cash and cash equivalents | \$ 255,159 |
| Certificates of deposit | 113,378 |
| Accounts receivable - grants and contracts | 93,101 |
| Accounts receivable - other | 5,928 |
| | <u> </u> |

TOTAL ASSETS \$ 467,566

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|------------------------------------|-----------------------------|
| Accounts payable | \$ 13,741 |
| Accrued wages, benefits, and taxes | 17,990 |
| Deferred revenue | 3,084 |
| | <u> </u> |

TOTAL LIABILITIES 34,815

NET ASSETS - UNRESTRICTED 432,751

TOTAL LIABILITIES AND NET ASSETS \$ 467,566

The accompanying notes are an integral part of the financial statements.

**Wetzel County Committee on Aging
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

| | <u>Unrestricted</u> |
|--|---------------------|
| REVENUES AND OTHER SUPPORT | |
| Federal grants and contracts | \$ 162,450 |
| State grants and contracts | 448,327 |
| Medicaid reimbursements | 144,228 |
| Client fees and donations | 31,622 |
| City and county local funds | 56,181 |
| Interest income | 537 |
| Other income, fees, and reimbursements | 39,259 |
| Total revenues and other support | 882,604 |
| EXPENSES | |
| Program - Senior Services | 772,636 |
| Management and general | 94,779 |
| Total expenses | 867,415 |
| CHANGE IN NET ASSETS | 15,189 |
| NET ASSETS, BEGINNING OF YEAR | 417,562 |
| NET ASSETS, END OF YEAR | \$ 432,751 |

The accompanying notes are an integral part of the financial statements.

Wetzel County Committee on Aging
STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | <u>Program - Senior Services</u> | <u>Management and General</u> | <u>Total Expenses</u> |
|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------|
| Salaries | \$ 529,048 | \$ 78,367 | \$ 607,415 |
| Taxes and employee benefits | 60,676 | 9,536 | 70,212 |
| Travel and transportation costs | 3,464 | - | 3,464 |
| Rental expenses | 4,265 | - | 4,265 |
| Repairs, maintenance, and renovations | 57,953 | 17 | 57,970 |
| Supplies | 15,294 | 1,980 | 17,274 |
| Communications and utilities | 12,290 | 2,443 | 14,733 |
| Insurance | 10,497 | 1,518 | 12,015 |
| Vehicles and equipment | 17,675 | - | 17,675 |
| Other | 61,474 | 918 | 62,392 |
| TOTAL EXPENSES | <u>\$ 772,636</u> | <u>\$ 94,779</u> | <u>\$ 867,415</u> |

The accompanying notes are an integral part of the financial statements.

**Wetzel County Committee on Aging
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|-----------|----------------|
| Change in net assets | \$ | 15,189 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Interest capitalized to certificates of deposit | | (283) |
| Accounts receivable - grants and contracts | | 11,550 |
| Accounts receivable - other | | (1,619) |
| Accounts payable | | (2,587) |
| Accrued wages, benefits, and taxes | | (1,459) |
| Deferred revenue | | (3,678) |
| Net cash provided by operating activities | | 17,113 |
| Increase in cash and cash equivalents | | 17,113 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | | 238,046 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ | 255,159 |

The accompanying notes are an integral part of the financial statements.

**Wetzel County Committee on Aging
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The Wetzel County Committee on Aging (the "Committee") (a nonprofit organization) is funded primarily by grants awarded under Title III of the Older American's Act and state grant funds through the West Virginia Bureau of Senior Services, the Northwestern Area Agency on Aging, and through third-party reimbursements, specifically the State of West Virginia Medicaid and Waiver Program. The grants awarded, and contracts performed for the enclosed financial statements cover the period beginning October 1, 2016, and ending September 30, 2017.

The Committee provides social, in-home, and community services to residents of Wetzel County who meet the applicable program eligibility requirements. The purpose of these services is to assist in meeting the needs of older Americans, which is the sole focus of the Committee's operations. All services are considered as part of the Senior Services Program.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, except for not recording property and equipment assets and depreciating them over their estimated useful lives. In accordance with grant award budgets, property and equipment are charged to expense in the periods during which they are purchased instead of being recognized as assets and depreciated over their useful lives. As a result, the expenditures reflected in the statement of activities include the cost of the property and equipment purchased during the year rather than a provision for depreciation. This method differs from accounting principles generally accepted in the United States of America, which require property and equipment assets to be capitalized on the statement of financial position and systematic depreciation charges to be made to operations over the estimated lives of the assets. The effect on the financial statements of that departure from U. S. generally accepted accounting principles is not readily determinable.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Committee 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. As of September 30, 2017, the Committee had no temporarily or permanently restricted net assets. In addition, the Committee is required to present a statement of cash flows.

Equipment Purchases

The equipment acquired is owned by the Wetzel County Committee on Aging while used in the program for which it was purchased or in other future authorized programs. However, for equipment purchased with Federal Title III funds, the grantor maintains a reversionary interest; therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations. Certain equipment purchased with state funds remains the property of the State of West Virginia for a period of not less than 5 years. The Bureau of Senior Services provides disposal requirements prior to the 5-year anniversary, if needed.

**Wetzel County Committee on Aging
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

The Committee is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

Wetzel County Committee on Aging has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Committee believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Committee's financial condition, results of activities, or cash flows. Accordingly, the Committee has not recorded any reserves, or related accruals, for interest and penalties for uncertain income tax positions at September 30, 2017.

The Committee is subject to routine audits by taxing jurisdictions. However, there are currently no audits for any tax periods in progress. The Committee believes it is no longer subject to income tax examinations for fiscal years prior to 2014.

Contributed Services and Facilities

During the year ended September 30, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

The New Martinsville Senior Center and Hundred Senior Center are currently leased to the Wetzel County Committee on Aging through an agreement with the Wetzel County Commission. Lease costs for each facility are \$1.00 per year. The use of all facilities is currently not recognized in the financial statements as in-kind revenue and expense because the amount is not determinable under the requirements of accounting principles generally accepted in the United States of America. Management has estimated the value of the New Martinsville building used for senior center activity to be approximately \$23,775. Of that amount, approximately \$8,284 (see In-kind - Note 3) is claimed as local match for Title III federal programs. The Centers are available to the Committee as long as the buildings are used as Senior Centers. If the Committee fails to do so, the lease is terminated, and the Committee will be required to vacate the buildings.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cost Allocation

The Committee uses a cost allocation program where all costs that cannot be directly charged to a specific grant or contract are allocated based upon a percentage of direct salary costs, per contract/grant, to total direct salaries. Costs that cannot be directly charged or allocated to program services and the overall expenses that relate to management and general are reported as management and general expenses. These expenses may include costs incurred under specific grants for Senior Center renovations and equipment purchases.

**Wetzel County Committee on Aging
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses on Leased Facilities

Operating expenses for portions of the Senior Center that are rented/leased to other agencies are allocated based upon square footage allocations. These costs are not netted from rental income on the financial statements due to reporting requirements for project income. This had no effect on the net assets of the Committee. Total costs associated with rented space were \$4,265 for the year ended September 30, 2017. Total rents collected of \$14,938 are included in other income fees and reimbursements under Title III-B for the year ended September 30, 2017, in the statement of activities total account balance of \$39,259.

NOTE 2 - GRANT AND THIRD-PARTY COMMITMENTS AND CONTINGENCIES

The Committee receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Committee's activities.

Additionally, under the terms of federal and state contracts and grants, periodic audits are required, and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursement to the grantor agency. Management believes disallowances, if any, will be immaterial.

NOTE 3 - FEDERAL MATCHING

Wetzel County Committee on Aging allocated the following funds as match monies required by Title III awards:

| <u>Program</u> | <u>Amount</u> | <u>Source of Funds</u> |
|--------------------------------|------------------|------------------------|
| Title III-B Social Services | \$ 12,642 | State funds |
| Title III-B Social Services | 5,179 | In-kind (see Note 1) |
| Title III-D Health Services | 244 | In-kind (see Note 1) |
| Title III-E Caregiver Services | <u>2,861</u> | In-kind (see Note 1) |
| Total match amounts | <u>\$ 20,926</u> | |

In addition, project income funds included in the notification of grant award were used to cover expenses of the Title III program, but are not considered as matching funds.

NOTE 4 - CASH AND CASH EQUIVALENTS

For the purpose of the cash flows statement, the Committee includes cash in banks and on hand and certificates of deposit with original maturities of 90 days or less as cash and cash equivalents. The Committee paid no interest expense or corporate income taxes in fiscal year 2017.

Wetzel County Committee on Aging
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

NOTE 5 - CONCENTRATIONS

The Committee maintains deposit accounts in two local financial institutions. Accounts in the name of the Committee are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. The Committee had cash at one institution that exceeded the FDIC limit in the amount of \$15,239. However, the financial institution has provided a pledge of securities as collateral for the uninsured deposits within the institution in the amount of \$101,675. As of September 30, 2017, no balance exceeds this amount.

NOTE 6 - DEFERRED REVENUE

The deferred revenue balance of \$3,084 includes grant funds received and not expended by fiscal year end. As of September 30, 2017, deferred revenue included on the statement of financial position is comprised of \$2,000 of SMP funds, and \$1,084 of Lighthouse Data Entry funds.

NOTE 7 - SUBSEQUENT EVENTS

Wetzel County Committee on Aging assessed events occurring subsequent to September 30, 2017, through June 29, 2018, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were available to be issued June 29, 2018.



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

Board of Directors
Wetzel County Committee on Aging
New Martinsville, West Virginia

We have audited, 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, the financial statements of Wetzel County Committee on Aging (the "Committee") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report therein dated June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Committee'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 the Committee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Committee'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 the Committee'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*.

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 Committee'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 Committee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zeno, Pockl, Kelly & Copeland, PC

Wheeling, West Virginia
June 29, 2018

Wetzel County Committee on Aging
SCHEDULE OF FEDERAL AND STATE AWARDS AND EXPENSES
AND OTHER ASSISTANCE
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2017

| <u>Federal Awards</u> <u>Pass-through Grantor</u> | <u>CFDA/Award/ Grant No.</u> | <u>Financial Awards Recognized</u> | <u>FY 2017 Expenses</u> |
|---|----------------------------------|--|-----------------------------|
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through the West Virginia Bureau of Senior Services and Bel-O-Mar Regional Council: | | | |
| Disease Prevention and Health Promotion Services - Title III-D | 93.043 | \$ 1,382 | 1,382 |
| Grants for Supportive Services and Senior Centers - Title III-B | 93.044 | 29,365 | 29,365 |
| National Family Caregiver Support - Title III-E | 93.052 | 8,584 | 8,584 |
| Senior Medicare Patrol (SMP 1738) - 5/31/17 | 93.048 | 1,763 | 1,763 |
| Low-Income Home Energy Assistance | 93.568 | 268 | 268 |
| U. S. DEPARTMENT OF VETERANS AFFAIRS | | | |
| Passed through the Department of Veterans Affairs - Clarksburg, WV: | | | |
| Homemaker Home Health Care (Veteran's Choice Program) | 64-Unknown | 121,088 | 121,088 |
| TOTAL FEDERAL AWARDS AND EXPENSES | | \$ 162,450 | \$ 162,450 |
| <u>State Awards and Other Assistance</u> <u>State Grantor/Pass-through Grantor</u> | | | |
| WEST VIRGINIA BUREAU OF SENIOR SERVICES: | | | |
| State Discretionary Grant - Lighthouse | IH1713 | \$ 110,706 | \$ 110,706 |
| State Discretionary Grant - Lighthouse - Data Entry | IH1713 | 5,000 | 5,000 |
| State Discretionary Grant - Lighthouse | IH1813 | 45,232 | 45,232 |
| State Discretionary Grant - Lighthouse - Data Entry | IH1813 | 3,916 | 3,916 |
| State Alzheimer's Respite/FAIR | IH1713 | 44,866 | 44,866 |
| State Alzheimer's Respite/FAIR | IH1813 | 18,396 | 18,396 |
| State Legislative Initiatives for the Elderly (L.I.F.E) | 21602 | 149,820 | 149,820 |
| State Legislative Initiatives for the Elderly (L.I.F.E) | 21802 | 57,749 | 57,749 |
| | | <u>435,685</u> | <u>435,685</u> |
| State matching funds | 21735 | 12,642 | 12,642 |
| TOTAL STATE AWARDS AND EXPENSES | | \$ 448,327 | \$ 448,327 |
| <u>Other Assistance</u> | | | |
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through the West Virginia Department of Health and Human Resources Program: | | | |
| Medicaid | N/A | \$ 144,228 | |
| TOTAL OTHER ASSISTANCE | | \$ 144,228 | |

Notes to the schedule:

For federal and state grants, only expenses up to the grant award amounts are reflected in the schedule. Any additional expenses above award amounts would be covered by project income, local, or other corporate funds. For funding under fee-for-service arrangements through the Bureau of Senior Services (BOSS), only expenses up to the amounts earned were reported in the schedule. For arrangements where expenses exceeded amounts reimbursed, project income, corporate, or other local funds were used to cover costs.