BI-COUNTY NUTRITION PROGRAM, INC.

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INDEPENDENT AUDITOR'S REPORT AND RELATED FINANCIAL STATEMENTS

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SEPTEMBER 30, 2019

INDEX

Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Bi-County Nutrition Program, Inc.
Nutter Fort, West Virginia

Report on Financial Statements

We have audited the accompanying financial statements of Bi-County Nutrition Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, 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

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statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

We did not observe the physical inventory at September 30, 2019, stated at $21,016. We were unable to satisfy ourselves about inventory quantities by means of other auditing procedures. Consequently, we were not able to determine whether any adjustments to those amounts were necessary.

Qualified Opinion

In our opinion, except for the possible 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 the Bi-County Nutrition Program, Inc. as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements for the year ended September 30, 2019, Bi-County Nutrition Program, Inc. adopted new accounting guidance ASU Number 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 funds and notes to schedule of federal and state funds is presented for purposes 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 February 8, 2020, on our consideration of the Bi-County Nutrition Program, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 the effectiveness of Bi-County Nutrition Program, Inc.'s 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 Bi-County Nutrition Program, Inc.'s internal control over financial reporting and compliance.

Clarksburg, West Virginia
February 8, 2020

BI-COUNTY NUTRITION PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

Assets		
Current Assets		
Cash	$ 135,004	
Inventory	21,016	
Prepaid expenses	14,563	$ 170,583
Property and Equipment		
Property and equipment	907,750	
Accumulated depreciation	(608,354)	299,396
Total assets		$ 469,979
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 35,541	
Line of credit	16,850	
Payroll taxes and benefits payable	5,803	
Compensated absences	8,564	$ 66,758
Long-Term Liabilities		
Compensated absences		8,564
Total liabilities		75,322
Net Assets		
Net assets with donor restrictions		-
Net assets without donor restrictions		394,657
Total net assets		394,657
Total liabilities and net assets		$ 469,979

See accompanying notes and independent auditor's report.

BI-COUNTY NUTRITION PROGRAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Change in Net Assets Without Donor Restrictions		
Support		
Federal and state assistance	$ 573,006	
United Way	95,044	
Contributions	111,290	$ 779,340
Revenues		
Program income	80,568	
Interest income	58	
Gain on sale of assets	6,975	87,601
Total support and revenue		866,941
Expenses		
Program expense:		
Title IIIC - congregate	50,218	
Title IIIC - home delivered	690,144	
Other programs	24,680	
Management and general	104,038	869,080
Change in net assets without donor restrictions		(2,139)
Net assets without donor restrictions, beginning of year - restated		396,796
Net assets without donor restrictions, end of year		$ 394,657

See accompanying notes and independent auditor's report.

BI-COUNTY NUTRITION PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Title III-C				
	Congregate	Home Delivered	Other Programs	Management and General	Totals (Memorandum Only)
Salaries and related expenses	$ 18,848	$ 250,405	$ -	$ 67,312	$ 336,565
Fringe benefits and taxes	2,343	31,129	-	8,368	41,840
Office	-	-	-	27,179	27,179
Repairs and maintenance	711	9,442	-	-	10,153
Occupancy	2,277	30,245	-	-	32,522
Depreciation	3,076	40,864	3,821	-	47,761
Raw food	16,792	223,087	20,859	-	260,738
Disposables	4,230	56,193	-	-	60,423
Transportation	-	22,402	-	1,179	23,581
Professional services	329	4,371	-	-	4,700
Insurance and audit	1,612	21,420	-	-	23,032
Volunteer recognition	-	586	-	-	586
Total expenses	$ 50,218	$ 690,144	$ 24,680	$ 104,038	$ 869,080

See accompanying notes and independent auditor's report.

BI-COUNTY NUTRITION PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash Flows From Operating Activities		
Change in net assets without donor restrictions	$ (2,139)	
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation	47,761	
Gain on sale of property and equipment	(6,975)	
(Increase) decrease in :		
Inventory	(1,128)	
Prepaid expenses	(13)	
Increase (decrease) in :		
Accounts payable	(1,494)	
Compensated absences	15,487	
Payroll taxes and benefits payable	1,099	
Net cash provided by operating activities		$ 52,598
Cash Flows From Capital and Related Financing Activities		
Acquisition of property and equipment	(39,741)	
Proceeds from sale of property and equipment	6,925	
Proceeds from line of credit	23,275	
Repayment of line of credit	(6,425)	
Net cash (used in) capital and related financing activities		(15,966)
Net increase in cash		36,632
Cash - beginning of year		98,372
Cash - end of year		$ 135,004

See accompanying notes and independent auditor's report.

BI-COUNTY NUTRITION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS

1. Description of Entity and Summary of Significant Accounting Policies

Description of Entity

Bi-County Nutrition Program, Inc. is a nonprofit corporation which is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Entity was incorporated on March 4, 1983, and its Articles of Incorporation were amended on October 19, 1983.

The Corporation's operations consist of a program for providing congregate and home delivered meals under Title III-C of the Older Americans Act in Harrison and Doddridge Counties of West Virginia. The Entity also operates various nutrition sites located in Nutter Fort, Shinnston, West Union, Salem and Bridgeport.

Summary of Significant Accounting Policies

Basis of Accounting and Reporting

Bi-County Nutrition Program, Inc. uses the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The Entity maintains its accounting records and prepares its financial reports in accordance with the grantor funding cycles.

Cash

Cash is held on deposit with banking institutions covered by federal depository insurance. For the purpose of the statement of cash flows, the Organization considers cash and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents.

Basis of Presentation

The financial statements are prepared in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2019, the Organization adopted the provisions of Accounting Standards Updated ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Organization's liquidity, financial performance, and cash flows.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

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.

Prepayments

This account consists of prepaid insurance based on the effective dates of the policies and Title V Workers.

Inventory

Inventory is stated at the lower of cost or market (first in, first-out basis) and consists of raw food and disposables.

Functional Expenses

Expenses are directly allocated to each program based on the approved budgets of the grants or programs.

See independent auditor's report.

Donated Services

Donated services are recognized as contributions in accordance with FASB Codification (ASC) 958-605, "Revenue Recognition", if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No services received by the Organization met these requirements.

Income Tax Exemption

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

All required federal tax returns for the Organization have been filed up to and including the tax year ended September 30, 2018. The Organization's federal income tax returns for the years ended September 30, 2018, 2017, and 2016 remain subject to examination by the Internal Revenue Service ("IRS").

Pension Plan

The Organization provides individual retirement annuities for all supervisory employees. The individual agreements provide that an approved monthly contribution be paid into the annuity on a monthly basis. The Organization had one employee covered by the pension arrangement during the fiscal year. The cost of the plan for the year ended September 30, 2019 was $1,320.

Advertising Costs

Bi-County Nutrition Program, Inc. expenses advertising costs as they are incurred.

Compensated Absences

Compensated absences consists of unpaid, accumulated annual sick and accrued vacation time. As of September 30, 2019, the Organization owed $17,128 in accrued compensated absences.

2. Recently Issued Accounting Standards

The following accounting pronouncements were recently issued by the FASB:

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* This ASU will supersede most current revenue recognition guidance, including industry- specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which changed the effective dates of ASU 2014-09. For local Agencys, the provisions of ASU 2014-09 are now effective for annual reporting periods beginning after December 31, 2018. Transition to the new guidance may be done using either a full or modified retrospective method. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* The amendments in ASU 2014-15 are intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. FASB ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim period within annual periods beginning after December 15, 2016. The Organization adopted ASU 2014-15 in 2016 with no significant impact to the financial statements.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurements–Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent) (Topic 820).* This update specifies that an investment for which fair value is measured at net asset value per share or its equivalent using the practical expedient (i.e., the calculation of net

See independent auditor's report.

asset value per share using the net asset value of the investment) is excluded from categorization within the fair value hierarchy. The update limits the scope of disclosures regarding fair value measurements of investments in certain entities that calculate net asset value per share, or its equivalent, for investments for which the entity has elected to estimate the fair value using that practical expedient. The update is effective for nonpublic entities for fiscal years beginning after December 15, 2016. The Organization adopted ASU 2015-11 in 2017 with no significant impact to the financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330)* to require that inventory be valued at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments in this update are effective prospectively for fiscal years beginning after December 15, 2016. The Organization adopted ASU 2015-11 in 2017 with no significant impact to the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the consolidated statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the consolidated statement of activities and changes in net assets and the consolidated statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*. This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for all nonpublic business entities for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

See independent auditor's report.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: ***net assets with donor restrictions*** and ***net assets without donor restrictions***. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In addition to the current required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires not- for-profit entities to disclose the aggregate fair value of such funds as well as the aggregate original gift amounts to be maintained. ASU 2016-14 also requires an NFP to disclose its interpretation of the ability to spend from underwater endowment funds including its policy, and any actions taken during the period, concerning appropriation from underwater endowment funds. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets as per the current rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016- 14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted with retrospective application required for all prior periods presented. The Organization has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending September 30, 2018.

BI-COUNTY NUTRITION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of September 30, 2018 follows:

As originally stated:

Net assets, beginning of year:	
Unrestricted	$ 420,018
Temporarily restricted	-
Permanently restricted	-
Total net assets, beginning of year	$ 420,018
Net assets, end of year:	
Unrestricted	$ 396,796
Temporarily restricted	-
Permanently restricted	-
Total net assets, end of year	$ 396,796

As restated:

Net assets, beginning of year:	
Without donor restrictions	$ 420,018
With donor restrictions	-
Total net assets, beginning of year	$ 420,018
Net assets, end of year:	
Without donor restrictions	$ 396,796
With donor restrictions	-
Total net assets, end of year	$ 396,796

See independent auditor's report.

3. Deposits and Investments

The Organization's deposits are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2019. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the Organization or its agent in the Organization's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Category 3 - Uncollateralized.

	Bank Balance	Category 1	Category 2	Category 3	Carrying Amount
Cash	$ 142,875	$ 142,875	$ -	$ -	$ 135,004

The Organization had no investments as of September 30, 2019.

4. Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation. All assets are capitalized. Property and equipment consists of the following at September 30, 2019:

Land	$ 18,443
Building and improvements	424,750
Food service equipment	150,202
Office furniture and equipment	49,644
Vehicles	264,711
Total property and equipment at cost	$ 907,750

See independent auditor's report.

Assets are being depreciated on a straight-line basis over the following number of years:

Building and improvements	40 years
Food service equipment	5 – 7 years
Office furniture and equipment	5 – 7 years
Vehicles	5 years

Depreciation expense was $47,761 for the fiscal year ended September 30, 2019.

In July of 1996, the Harrison County Board of Education deeded property and building to the Organization. The site is to be used exclusively as a nutrition site for the Shinnston area. If, for any reason, Bi-County Nutrition Program, Inc. ceases to exist or substantially changes its activities, the property will revert back to the Board of Education. At the date of donation, the land and building had an appraised value of $5,000 and $90,000 respectively.

5. Line of Credit

In August 2008, Bi-County Nutrition Program, Inc. obtained a revolving line of credit loan from Huntington National Bank which allows the Organization to borrow up to $25,000 in order to meet working capital needs. The loan is secured by a deed of trust on the Organization's Ohio Avenue real property. The balance of the line of credit at September 30, 2019 was $16,850.

6. Risks and Uncertainties

The majority of Bi-County Nutrition Program, Inc.'s revenues comes from service contracts with the Northwestern Area Agency on Aging. A loss or decrease in these contracts could adversely affect the operation of the organization.

7. Commitment

Bi-County Nutrition Program, Inc. has a contract with Doddridge County Senior Citizens, Inc. to provide meals in Doddridge County. This contract expires on September 30 each year if not renewed. This contract was renewed for the September 30, 2019 year.

See independent auditor's report.

8. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets (cash and cash equivalents and investments) as of the balance sheet date. The Organization does not hold any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2019
Cash	$ 135,004
Financial assets available to meet cash needs for general expenditures within one year	$ 135,004

9. Subsequent Events

The Bi-County Nutrition Program, Inc. has considered all subsequent events through February 8, 2020 the date the financial statements were made available.

See independent auditor's report.

T&B
Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants

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*

The Board of Directors and Management
Bi-County Nutrition Program, Inc.
Nutter Fort, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bi-County Nutrition Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2020. Our opinion was qualified as we were unable to obtain appropriate audit documentation concerning quantities of inventory on hand at September 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bi-County Nutrition Program, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bi-County Nutrition Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Bi-County Nutrition Program, Inc.'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.

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Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses at item #2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bi-County Nutrition Program, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bi-County Nutrition Program, Inc.'s Response to Finding

Bi-County Nutrition Program, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Bi-County Nutrition Program, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Petrick, Bartlett, PLLC

Clarksburg, West Virginia
February 8, 2020

BI-COUNTY NUTRITION PROGRAM, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

#2019-001 Segregation of Duties

Criteria: Internal control should be implemented to the degree possible to assign to different individuals the responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction.

Condition: Responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction should be assigned to different individuals.

Cause: Responsibilities for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction are not assigned to different individuals.

Effect: The lack of complete segregation of duties increases the risk that errors or irregularities in recording, processing, summarizing and reporting financial data could occur and not be detected in a timely manner.

Recommendation: Responsibilities of approval, execution, recording and custody be distributed among the accounting staff to the degree possible. We recommend that the Board should remain involved in the financial affairs of the Organization to provide oversight and independent review functions and to continue exercising due diligence and professional skepticism in relation to the Organization's financial operations.

Views of Responsible Officials and Planned Corrective Action: To the extent possible, the Organization has segregated its duties. Any further segregation of duties would not be economically feasible.

Status: This condition was reported in the prior year as audit finding #2018-001.

BI-COUNTY NUTRITION PROGRAM, INC.
SCHEDULE OF FEDERAL AND STATE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Grantor Agency	Program Title	CFDA Number	Grant Number	Financial Awards Recognized
Federal Awards				
U.S. Department of Health and Human Services				
Passed through the WV Bureau of Services and Bel-O-Mar Regional Council:				
	Title IIIC – Nutrition Services	93.045	N/A	$ 293,704
U.S. Department of Agriculture	Commodity Supplemental Food Program	10.565	N/A	13,709
Total federal funds				$ 307,413
State Awards				
WV Bureau of Senior Services through the Bel-O-Mar Regional Council:				
	Title IIIC - Nutrition Services	N/A	N/A	$ 216,198
	LIFE	N/A	N/A	49,395
Total state funds				$ 265,593

See accompanying notes and independent auditor's report.

BI-COUNTY NUTRITION PROGRAM, INC.
NOTES TO THE SCHEDULE OF FEDERAL AND STATE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Note 1 Basis of Presentation:

The accompanying Schedule of Federal and State Funds is prepared on the accrual basis of accounting, which is the same basis used in the preparation of the financial statements.

See independent auditor's report.