

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

JUNE 30, 2018

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JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boone County Community Organization
Association, Inc.
Madison, West Virginia

We have audited the accompanying financial statements of Boone County Community Organization Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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. 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 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 audit opinion.

Opinion

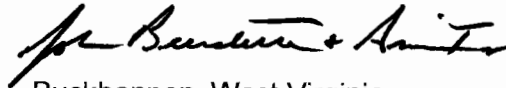
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boone County Community Organization Association, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and expenses, schedule of expenditures of state awards and schedule of revenues and expenses Title III grants, are presented for purposes of additional analysis and are 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 April 29, 2019, on our consideration of Boone County Community Organization Association, 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 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 Boone County Community Organization Association, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
April 29, 2019

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 600,211
Accounts receivable	51,963
Grants receivable	52,991
Prepaid expenses	<u>5,159</u>

Total current assets 710,324

Property and equipment, net 26,702

TOTAL ASSETS \$ 737,026

LIABILITIES

Accounts payable	\$ 9,255
Accrued payroll	40,701
Accrued vacation	30,202
Accrued payroll taxes	<u>5,158</u>

TOTAL LIABILITIES 85,316

NET ASSETS, UNRESTRICTED 651,710

TOTAL LIABILITIES AND NET ASSETS \$ 737,026

The accompanying notes are an integral part of this statement.

**BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

REVENUE AND SUPPORT	UNRESTRICTED
Grants and Donations	
Federal funds	\$ 226,236
State funds	397,809
County Commision	41,300
County Levy	118,565
Donations - cash	1,430
Donations - In-kind rent/utilities	347,750
Program service fees	523,607
Program Income	71,768
Interest Income	773
Other	<u>43,455</u>
TOTAL REVENUE AND SUPPORT	<u><u>1,772,693</u></u>
EXPENSES	
Program services	1,346,443
Support services	<u>311,350</u>
TOTAL EXPENSES	<u><u>1,657,793</u></u>
 CHANGE IN NET ASSETS	 114,900
 NET ASSETS, BEGINNING OF YEAR	 <u>536,810</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 651,710</u></u>

The accompanying notes are an integral part of this statement.

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

Program Services						
Title IIIB	Title IIID	Title IIIE	Title IIIC C-1	Title IIIC C-2	Direct LIFE	Community Care/ Medicaid Waiver
FUNCTIONAL EXPENSES						
Personnel costs	\$ 61,420		\$ 13,261	\$ 105,201	\$ 113,755	\$ 109,788
Contractual services	2,000			8,146	8,579	7,529
Travel	288				41	1,594
Printing and supplies	2,100			3,549	3,843	10,973
Rawfood				51,710	58,385	
Disposables				1,560	2,165	
Conferences and training				245	265	
Transportation	28				3,071	13,023
Communications and utilities				721	534	2,312
Dues & Subscriptions	250			377	458	1,039
Insurance	2,000			1,159	1,782	18,869
Depreciation						
Repairs & maintenance	482			270	4,906	1,628
Emergency Assistance - FEMA						
Emergency Assistance - neediest cases						
Rent/utilities In-kind	5,758	387	3,359	16,654	26,049	
Other expenses		2,416		112		1,174
Total Functional Expenses	\$ 74,326	\$ 2,803	\$ 16,620	\$ 189,704	\$ 223,833	\$ 167,929
						\$ 463,126

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services				Support Services	Total all Accounts (Memorandum Only)	
	FAIR	Lighthouse	Insurance Benefits	Other Programs	Total Program Services		Management & General
FUNCTIONAL EXPENSES							
Personnel costs	\$ 44,160	\$ 139,189	\$ 2,976		\$ 1,028,718	\$ 63	\$ 1,028,781
Contractual services					28,604		28,604
Travel		13			2,435	5,712	8,147
Printing and supplies					27,546	155	27,701
Rawfood					110,095		110,095
Disposables					3,725		3,725
Conferences and training	25	25			2,071		2,071
Transportation					16,422		16,422
Communications and utilities					5,215		5,215
Dues & Subscriptions					2,864		2,864
Insurance					32,853		32,853
Depreciation					-	8,505	8,505
Repairs & maintenance					8,139	732	8,871
Emergency Assistance - FEMA				9,507	9,507		9,507
Emergency Assistance - neediest cases				12,207	12,207		12,207
Rent/utilities In-kind					52,207	295,543	347,750
Other expenses					3,835	640	4,475
Total Functional Expenses	\$ 44,185	\$ 139,227	\$ 2,976	\$ 21,714	\$ 1,346,443	\$ 311,350	\$ 1,657,793

The accompanying notes are an integral part of this statement.

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 114,900
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	8,505
(Increase) decrease in operating assets:	
Accounts receivable	(20,564)
Grants receivable	(2,104)
Prepaid expenses	847
Increase (decrease) in operating liabilities:	
Accounts payable	(13,038)
Accrued payroll	2,811
Accrued vacation	4,155
Accrued payroll taxes	(374)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	95,138
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES:	
	<hr/>
NET CASH USED IN FINANCING ACTIVITIES	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	95,138
CASH AND CASH EQUIVALENTS, beginning	505,073
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CASH AND CASH EQUIVALENTS, ending	\$ 600,211
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The accompanying notes are an integral part of this statement.

**BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies

Boone County Community Organization Association, Inc. (the "Association") is a nonprofit association whose purpose is to carry out community action programs and improve the quality of life for senior citizens in Boone County, West Virginia. The purpose of the Association 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 on 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 Boone County Community Organization Association, Inc. is presented to assist in understanding the Association's financial statements. The financial statements and notes are the representation of the management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that effect the reported amounts of assets and liabilities, the disclosures 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.

Grants Receivable

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets. The Association uses the allowance method to determine uncollectible contributions/grants receivable. As of June 30, 2018, all grants receivable are deemed to be collectible.

Accounts Receivable

Accounts receivable represent amounts owed the Association for services it provided under the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs. In addition, the Association uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of June 30, 2018, all accounts receivable are deemed to be collectible.

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment of the Association is recorded at historical cost and all donated property and equipment at fair market value. The Association uses the straight-line method of depreciating fixed assets over their estimated useful lives. All equipment purchased with grant monies as identified on the statement of financial position must have approval from the grantor agency to dispose of such equipment and the method of disposition. The Association has adopted a capitalization policy in the amount of \$ 5,000.

Income Taxes

The Association is exempt from income taxes under the provisions of Internal Revenue Code Section 501 (c)(3).

The Association's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Grant Monies

Grant monies are received in two ways:

- 1- On a cost reimbursement basis for which the Association request reimbursement for monies already spent. This is utilized for the Title III-B, Title III-D, Title III-E, Insurance Benefits, and LIFE program grants.
- 2- 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 unexpended monies are restricted for future Title III-C program operating expenses. Lighthouse and FAIR grants are drawn on a per unit of service basis.

Total federal and state grant revenues for the year ended June 30, 2018 was \$ 226,236 and \$ 397,809 respectively.

Operating expenditures made against federal and state grants are subject to audit by the grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

All federal monies received and net assets are restricted for use in those programs sponsored by the federal grants.

**BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Memorandum Totals

The accompanying financial statements reflect totals of all net assets and activities. The totals are shown for memorandum purposes only and do not reflect the elimination of interagency activities using principles of consolidation.

In-kind Contributions

In-kind contributions for donated office space and utilities are recognized in the year rendered. Such contributions are recorded based upon estimated fair market rental rates.

Note 2. Grants Receivable

Grants receivable consisted of the following at June 30, 2018:

FAIR	\$ 1
Title III-E	770
LIFE Grant	23,363
Lighthouse	6,068
Title III-B	4,474
Title III-C	18,315

Total	\$ 52,991
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Note 3. Property and Equipment, net

Property and equipment consisted of the following at June 30, 2018:

Vehicles	\$ 168,463
Less accumulated depreciation	141,761

Net property and equipment	\$ 26,702
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BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Note 4. Support Concentration

The Boone County Community Organization Association, Inc. receives approximately 30% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs. Any significant reduction in the level of support from these sources could have a material effect on the Association's programs and activities.

Note 5. Concentration of Credit Risk

The Association does business with two financial institutions. The cash balances in one of these financial institutions was over the federally insured amount of \$ 250,000. The balance on June 30, 2018 with this institution was \$597,994 of which \$ 347,994 was uninsured by FDIC. The financial institution has pledged securities to insure the balance in excess of the federally insured amount (FDIC).

Note 6. Contingent Liabilities

In the normal course of operations, the Association 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 Association participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The Association does not provide post-retirement health benefits.

Note 7. Risk Management

The Association is exposed to various risks of loss related to trots; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the Association carries umbrella (general liability) insurance for these various risks. The Association pays worker's compensation insurance premiums based on a rate per \$ 100,000 of salaries. The rate is calculated based on accident history and administrative costs to provide coverage to employee for job-related injuries.

Note 8. Retirement

The Association has a 403 (b) retirement plan to which employees may contribute 3% of their wages. The Association will make a contribution of 10% of participating employee wages to the plan. The Association's contribution to the retirement plan for the year ending June 30, 2018 was \$ 28,388.

**BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Note 9. In-Kind Donated Facilities

The Association receives donated facilities and utilities for eight properties leased from the Boone County Commission at no cost to the Association. For the year ended June 30, 2018 the total fair value of the in-kind donation for these facilities was \$ 347,750. The fair value of the in-kind donation was calculated at \$ 12.50 per square feet. The associated properties are as follows:

Madison/Danville Community Center	4,000 square feet	\$ 50,000
Orgas Community Center	4,800 square feet	60,000
Wharton Community Center	2,000 square feet	25,000
Boone Human Service Center	2,215 square feet	41,500
Racine Community Center	2,000 square feet	25,000
Van Community Center	2,100 square feet	26,250
Spruce River Community Center	4,800 square feet	60,000
Morrisvale Community Center	4,800 square feet	60,000

Total		\$ 347,750
		=====

Note 10. Subsequent Events

Management has evaluated subsequent events through April 29, 2019, the date which the financial statements were available to be issued. The management of the Association is not aware of any events occurring subsequent to June 30, 2018 up until the date of this report that would have a material impact, financially or otherwise on these financial statements.

SUPPLEMENTAL INFORMATION

**BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	Title IIIB	Title IIID	Title IIIE	Title IIIC C-1	Title IIIC C-2	Direct LIFE	Community Care/ Medicaid Waiver
GRANTS & DONATIONS							
Federal funds	\$ 30,658	\$ 2,196	\$ 9,198	\$ 80,393	\$ 96,268	\$	\$
State funds	26,896	220				178,158	
State LIFE allocated				8,001	7,998	(15,999)	
County Commission				17,800	23,500		
County Levy				45,713	72,852		
Donations - cash							
Donations - In-kind rent/utilities	5,685	387	3,364	16,654	26,049		
Total Grants & Donations	<u>63,239</u>	<u>2,803</u>	<u>12,562</u>	<u>168,561</u>	<u>226,667</u>	<u>162,159</u>	
OTHER REVENUES							
Program service fees							523,607
Program income	9,214			27,715	11,800		
Interest income							
Other	300			75			
Total Other Revenues	<u>9,514</u>			<u>27,790</u>	<u>11,800</u>		<u>523,607</u>
TOTAL REVENUES	<u>72,753</u>	<u>2,803</u>	<u>12,562</u>	<u>196,351</u>	<u>238,467</u>	<u>162,159</u>	<u>523,607</u>
FUNCTIONAL EXPENSES							
	74,326	2,803	16,620	189,704	223,833	167,929	463,126
REVENUES OVER (UNDER) EXP	<u>(1,573)</u>		<u>(4,058)</u>	<u>6,647</u>	<u>14,634</u>	<u>(5,770)</u>	<u>60,481</u>

**BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>FAIR</u>	<u>Lighthouse</u>	<u>Insurance Benefits</u>	<u>Other Programs</u>	<u>Other Revenues</u>	<u>Total all Accounts (Memorandum Only)</u>
GRANTS & DONATIONS						
Federal funds	\$	\$	\$ 2,000	\$ 5,523		\$ 226,236
State funds	44,203	148,332				397,809
State LIFE allocated						41,300
County Commission						118,565
County Levy						1,430
Donations - cash					1,430	1,430
Donations - In-kind rent/utilities					295,611	347,750
Total Grants & Donations	<u>44,203</u>	<u>148,332</u>	<u>2,000</u>	<u>5,523</u>	<u>297,041</u>	<u>1,133,090</u>
OTHER REVENUES						
Program service fees						523,607
Program income	4,305	18,734				71,768
Interest income					773	773
Other				12,207	30,873	43,455
Total Other Revenues	<u>4,305</u>	<u>18,734</u>		<u>12,207</u>	<u>31,646</u>	<u>639,603</u>
TOTAL REVENUES	<u>48,508</u>	<u>167,066</u>	<u>2,000</u>	<u>17,730</u>	<u>328,687</u>	<u>1,772,693</u>
FUNCTIONAL EXPENSES						
	<u>44,185</u>	<u>139,227</u>	<u>2,976</u>	<u>21,714</u>	<u>311,350</u>	<u>1,657,793</u>
	<u>4,323</u>	<u>27,839</u>	<u>(976)</u>	<u>(3,984)</u>	<u>17,337</u>	<u>114,900</u>

The accompanying independent auditor's report and notes are integral parts of this schedule.

**BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2018	IH1816	\$ 143,332
Client Tracking	June 30, 2018	IH1816	5,000
FAIR	June 30, 2018	IH1816	<u>44,203</u>
Total Direct Programs			<u>192,535</u>
Pass through Awards			
WVSU Metro Area Agency on Aging			
IIIB State	June 30, 2018	21836	26,896
IIID State	June 30, 2018	21836	220
LIFE	June 30, 2018	21803	<u>178,158</u>
Total pass-through awards			<u>205,274</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 397,809</u></u>

The accompanying independent auditor's report and notes are integral parts of this schedule.

**BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES TITLE III GRANTS
FOR THE GRANT YEAR ENDED SEPTEMBER 30, 2017**

	<u>Title IIIB</u>	<u>Title IIID</u>	<u>Title IIIE</u>	<u>Title IIIC C-1</u>	<u>Title IIIC C-2</u>	<u>Total</u>
REVENUES						
Federal funds	\$32,646	\$ 2,196	\$10,077	\$ 94,428	\$147,696	\$287,043
State funds	26,896	220		30,000		57,116
Project income	13,087			32,646	19,914	65,647
In-kind revenues	5,758	387	3,359	16,654	26,049	52,207
Supplemental funds				39,803	126,885	166,688
Total revenues	<u>78,387</u>	<u>2,803</u>	<u>13,436</u>	<u>213,531</u>	<u>320,544</u>	<u>628,701</u>
EXPENDITURES						
Personnel	27,112		10,077	125,992	169,443	332,624
Travel	2,659					2,659
Raw food				66,964	84,451	151,415
Disposable products				2,588	4,047	6,635
Contract Services	1,000				13,488	14,488
Transportation	5,819				20,922	26,741
Other	12,087	2,416		1,333	2,144	17,980
In-kind expenses	5,758	387	3,359	16,654	26,049	52,207
Homaker	23,952					23,952
	<u>78,387</u>	<u>2,803</u>	<u>13,436</u>	<u>213,531</u>	<u>320,544</u>	<u>628,701</u>
CARRYOVER OR (DEFICIT)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying independent auditor's report and notes are integral parts of this schedule



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S 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
Boone County Community Organization
Association, Inc.
Madison, 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 Boone County Community Organization Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boone County Community Organization Association, 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 Boone County Community Organization Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Boone County Community Organization Association, 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*.

We noted certain other matters that we reported to management of Boone County Community Organization Association, Inc. in a separate letter dated April 29, 2019 on pages 19-20.

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.



Buckhannon, West Virginia
April 29, 2019



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

To the Board of Directors
and Senior Management
Boone County Community Organization
Association, Inc.
Madison, West Virginia

In planning and performing our audit of the financial statements of Boone County Community Organization Association Inc. for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Association'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 organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter on pages 17 and 18 dated April 29, 2019 contains our communication of significant deficiencies or material weaknesses in the Association's internal control. This letter does not affect our report dated April 29, 2019, on the financial statements of Boone County Community Organization Association, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Association personnel, and we will be pleased to discuss them 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:

Organizational Structure

The size of the Association's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Association to provide oversight and independent review functions.

Accrual Basis Accounting Records

The Association should prepare its financial statement on the accrual basis of accounting and therefore all accrued revenue and expenses should be recorded in the general ledger at year end.

Accrued liabilities and accounts receivable should be recorded in the general ledger at June 30, 2018. Although acceptable for the auditor to help convert the Association from cash to accrual basis there are advantages for maintaining books on the accrual basis. The most important being more accurate financial reporting with better matching of income and expenses during the year.

Bank Reconciliations

Bank accounts should be reconciled on a timely basis to the general ledger accounts. Accurate and timely bank reconciliations reduce the risk that errors on the part of the Association or the bank will remain undetected and uncorrected. Older outstanding items should be addressed on a timely basis and cleared.

Supplemental Income and Expense Allocation

Funds received and expended to supplement the Association's programs should be allocated to these respective programs in the accounting records. Although these expenditures were included in reports to grantor agencies they were not allocated in the general ledger or at a minimum a reconciling schedule should be prepared to tie the reports to the general ledger.

We wish to thank the Executive Director and his staff for their support and assistance during our audit.

This report is intended solely for the information and use of management, Board of Directors, and others within the Association and is not intended to be and should not be used by anyone other than these specified parties.



Buckhannon, West Virginia
April 29, 2019