

CLAY COUNTY DEVELOPMENT CORPORATION, INC.

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

JUNE 30, 2018

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-11
SUPPLEMENTAL INFORMATION	
Schedule of Revenues and Support	12-13
Schedule of Expenditures of State Awards	14
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 <i>GOVERNMENT AUDITING STANDARDS</i>	15-16
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	17
MANAGEMENT LETTER	18



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clay County Development Corporation, Inc.
Clay, West Virginia

We have audited the accompanying financial statements of Clay County Development Corporation, 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 Clay County Development Corporation, 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 support and schedule of expenditures of state awards, 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 August 30, 2019, on our consideration of Clay County Development Corporation, 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 Clay County Development Corporation, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
August 30, 2019

CLAY COUNTY DEVELOPMENT CORPORATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current Assets

Cash	\$ 83,559
Accounts receivable, net	100,807
Grants receivable	24,108
Prepaid expense	<u>14,452</u>

Total current assets	<u>222,926</u>
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Property and equipment, net	<u>403,572</u>
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TOTAL ASSETS	<u><u>\$ 626,498</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Current portion long-term debt	\$ 20,228
Accounts payable	6,744
Accrued payroll	60,663
Accrued annual leave	42,594
Accrued payroll taxes	<u>12,744</u>

Total current liabilities	<u>142,973</u>
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Long-Term Debt	<u>61,088</u>
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Net Assets

Unrestricted	422,437
Temporarily restricted	<u> </u>
Total net assets	<u>422,437</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 626,498</u></u>
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The accompanying notes are an integral part of this statement.

CLAY COUNTY DEVELOPMENT CORPORATION, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal grants	\$ 44,909	\$	\$ 44,909
State grants	379,906		379,906
Medicaid/waiver fees	1,544,408		1,544,408
Program income	68,330		68,330
Interest income	77		77
Other income	12,018		12,018
Net assets released from restrictions:			
Restrictions released with time			
Total Revenue and Support	2,049,648		2,049,648
EXPENSES			
Program Services			
Title III-B	32,598		32,598
Title III-E	16,547		16,547
Title III-C1	47,195		47,195
Title III-C2	31,994		31,994
LIFE	120,369		120,369
Personal Care	1,511,673		1,511,673
Lighthouse	37,777		37,777
FAIR	48,508		48,508
Transportation	14,917		14,917
General and Administrative	108,820		108,820
Total Expenses	1,970,398		1,970,398
Change in Net Assets	79,250		79,250
NET ASSETS AT BEGINNING	343,187		343,187
NET ASSETS AT END OF YEAR	\$ 422,437	\$	\$ 422,437

The accompanying notes are an integral part of this statement.

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	Title III-B	Title III-E	Title C-1	Title C-2	LIFE	Personal Care
Personnel expenses	\$ 25,842	\$ 16,547	\$ 9,089	\$ 25,316	\$ 81,327	\$ 1,403,666
Contractual services	1,457		1,383			44,662
Travel						22,086
Transportation - fuel and oil	1,227		647	283	1,220	
Printing and supplies	2,935				9,958	16,382
Repairs and maintenance	1,137		1,800	3,960	1,874	9,424
Communications and utilities			4,307	1,870	4,028	15,453
Insurance					21,962	
Equipment rental						
Disposables/Raw Food			29,917	565		
Meetings and training			52			
Depreciation						
Interest						
Other						
Total Functional Expenses	<u>\$ 32,598</u>	<u>\$ 16,547</u>	<u>\$47,195</u>	<u>\$ 31,994</u>	<u>\$120,369</u>	<u>\$ 1,511,673</u>

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Lighthouse</u>	<u>FAIR</u>	<u>Transportation</u>	<u>General Administrative</u>	<u>Totals Memorandum Only</u>
Personnel expenses	\$ 37,777	\$ 48,508		\$	\$ 1,648,072
Contractual services				1,687	49,189
Travel					22,086
Transportation - fuel and oil			328	6,282	9,987
Printing and supplies				5,895	35,170
Repairs and maintenance			2,863	2,124	23,182
Communications and utilities				1,782	27,440
Insurance			11,726	9,568	43,256
Equipment rental				571	571
Disposables/Raw Food				22,359	52,841
Meetings and training				1,623	1,675
Depreciation				51,175	51,175
Interest				5,668	5,668
Other				86	86
Total Functional Expenses	<u><u>\$ 37,777</u></u>	<u><u>\$ 48,508</u></u>	<u><u>\$ 14,917</u></u>	<u><u>\$ 108,820</u></u>	<u><u>\$ 1,970,398</u></u>

The accompanying notes are an integral part of this statement.

CLAY COUNTY DEVELOPMENT CORPORATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 79,250
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	51,175
(Increase) decrease in operating assets:	
Accounts and grants receivable	28,686
Prepaid expenses	4,706
Increase (decrease) in operating liabilities:	
Accounts payable	3,329
Medicaid repayment	(24,209)
Accrued payroll taxes payable	(37,197)
Accrued payroll	(9,050)
Accrued annual leave	4,417
	101,107
NET CASH PROVIDED BY OPERATING ACTIVITIES	101,107

CASH FLOWS FROM INVESTING ACTIVITIES

NET CASH USED IN INVESTING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term debt (31,798)

NET CASH USED IN FINANCING ACTIVITIES (31,798)

Increase in cash and cash equivalents 69,309

CASH AND CASH EQUIVALENTS, beginning of year 14,250

CASH AND CASH EQUIVALENTS, end of year \$ 83,559

Supplemental Disclosure of Cash Flow Information:

Interest paid \$ 5,668

The accompanying notes are an integral part of this statement.

CLAY COUNTY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Clay County Development Corporation, Inc. ("Organization") was formed to provide services to elderly and low income individuals in Clay County, West Virginia. The Organization provides services designed to combat problems of poverty and to seek elimination or reduction of conditions of poverty through medical assistance or other services to the elderly. Funding for operations is provided by federal and state grants and through fees for services provided.

Revenue Recognition

All contributions and grants are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor or grantor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect significant receivables, payables and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Grants and Medicaid Reimbursements Receivable

Grants and Medicaid reimbursements receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable through a provision for bad debt expense based on its assessment of the current status of individual accounts. Receivables are considered impaired if full payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At June 30, 2018 all receivables recorded were collected subsequent to year end.

CLAY COUNTY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Property and equipment

The property and equipment of the Organization are capitalized at cost. Individual purchases of property and equipment in excess of \$1,000 are capitalized. The items are depreciated utilizing the straight-line method over the estimated useful life of the asset beginning when the asset is placed in service. Depreciation expense for the year ended June 30, 2018 was \$51,175. The value of the property and equipment at June 30, 2018 is summarized as follows:

Land	\$ 50,500
Buildings	639,897
Equipment and vehicles	108,861

	799,258
Less accumulated depreciation	395,686

Total	\$ 403,572
	=====

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an Organization that is not a private foundation under Section 509(a)(2).

The Organization'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.

Statements of Cash Flows

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

CLAY COUNTY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 2. Temporarily Restricted Net Assets

There are not any temporarily restricted net assets at June 30, 2018.

Note 3. Long-Term Debt

Notes payable at June 30, 2018 consist of the following:

Notes payable to a bank accruing interest of 7.085% and payable in monthly installments of \$1,025 through July, 2018; secured by property and equipment	\$ 1,031
Note payable to a bank, accruing interest at 6.25%, payable in monthly installments of principal and interest of \$902 through July, 2023; secured by related building	47,033
Notes payable to a credit company accruing interest at 2.23%, payable in monthly installments of \$559 through June, 2019; secured by vehicle	8,861
Notes payable to a bank, accruing interest at 7.301% and payable in monthly installments of \$512 through January, 2023; secured by the related building.	24,391
Total	<u>-----</u> \$ 81,316 =====

The scheduled maturities of notes payable is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2019	\$ 20,228
2020	15,751
2021	14,386
2022	15,369
2023	15,582
Total	<u>-----</u> \$ 81,316 =====

CLAY COUNTY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 4. Concentration of Credit Risk

The Organization receives a significant portion of its revenues from private contributions and federal and state grant programs. A material reduction in the level of support or nonpayment of fees generated would have a significant impact on the Organization's programs and activities and its ability to continue as a going concern.

Note 5. Subsequent Events

Subsequent events were evaluated through August 30, 2019, which is the date the financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.

SUPPLEMENTAL INFORMATION

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Title III-B</u>	<u>Title III-E</u>	<u>Title III-C Congregate</u>	<u>Title III-C Home Delivered</u>	<u>LIFE</u>	<u>Personal Care Medicaid Waiver</u>
Federal financial assistance	\$ 38,801	\$ 6,108			\$	\$
State grant	17,695	1,853	11,009	50,247	176,704	
Medicaid and Waiver Program income	2,481	475	6,793	13,603		1,544,408
Interest income						
Other income						
Total Revenue and Support	<u>\$ 58,977</u>	<u>\$ 8,436</u>	<u>\$ 17,802</u>	<u>\$ 63,850</u>	<u>\$ 176,704</u>	<u>\$ 1,544,408</u>

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

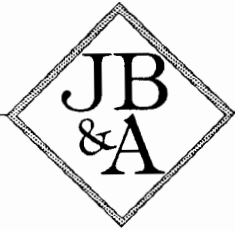
	<u>Data Entry</u>	<u>FAIR</u>	<u>Lighthouse</u>	<u>Transportation</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
Federal financial assistance	\$	\$	\$			\$ 44,909
State grant	5,000	51,346	66,052			379,906
Medicaid and Waiver						1,544,408
Program income		7,140	5,017	32,821		68,330
Interest income					77	77
Other income					12,018	12,018
Total Revenue and Support	<u>\$ 5,000</u>	<u>\$ 58,486</u>	<u>\$ 71,069</u>	<u>\$ 32,821</u>	<u>\$ 12,095</u>	<u>\$ 2,049,648</u>

The independent auditor's report is an integral part of this schedule.

**CLAY COUNTY DEVELOPMENT CORPORATION, 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	IH1843	\$ 66,052
FAIR	June 30, 2018	IH1843	51,346
Data Entry	June 30, 2018	IH1843	<u>5,000</u>
Total Direct Programs			<u>122,398</u>
Pass through Awards			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2018	21838-02	17,695
IIIE State	June 30, 2018	21838-02	1,853
IIIC State	June 30, 2018	21838-02	61,256
LIFE	June 30, 2018	21705-02	<u>176,704</u>
Total pass-through awards			<u>257,508</u>
 TOTAL EXPENDITURES OF STATE AWARDS			 <u><u>\$ 379,906</u></u>

The independent auditor's report is an integral part of this schedule.



JOHN BURDETTE & ASSOCIATES

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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*

To the Board of Directors
Clay County Development Corporation, Inc.
Clay, 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 Clay County Development Corporation, 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 August 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clay County Development Corporation, 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 Clay County Development, 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.

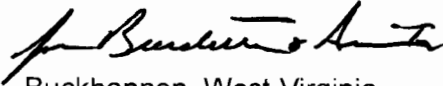
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay County Development Corporation, 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 Clay County Development Corporation, Inc. in a separate letter dated August 30, 2019 on page 18.

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
August 30, 2019

CLAY COUNTY DEVELOPMENT CORPORATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

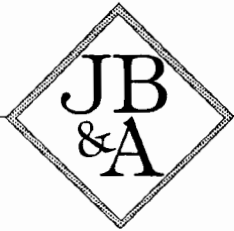
MATERIAL WEAKNESS

2017-001 General Ledger Maintenance

Condition: The general ledger of the Organization is maintained on the cash basis of accounting during the year, instead of the full accrual basis on which its financial statements are prepared.

Recommendation: The Organization properly records cash transactions during the year in total and should continue to progress and report all expenses by program on a consistent basis under the full accrual basis of accounting. Additionally, these reports should be prepared and distributed to the board of directors at their regularly held board meetings.

Current Status: Resolved



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

To the Senior Management and
The Board of Directors of
Clay County Development Corporation, Inc.
Clay, West Virginia

In planning and performing our audit of the financial statements of Clay County Development Corporation, Inc. for the year ended June 30, 2018, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated August 30, 2019, on the financial statements of Clay County Development Corporation, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Organizational Structure

The size of the Organization'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 Organization to provide oversight and independent review functions.

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

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

Buckhannon, West Virginia
August 30, 2019