

**HARRISON COUNTY SENIOR  
CITIZENS CENTER, INC.**

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

**\*\*\*\*\***

**SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Harrison County Senior Citizens Center, Inc.  
Clarksburg, West Virginia

We have audited the accompanying statement of financial position of Harrison County Senior Citizens Center, Inc. (a nonprofit organization) as of September 30, 2011 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harrison County Senior Citizens Center, Inc. as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2012, on our consideration of Harrison County Senior Citizens Center, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Harrison County Senior Citizens Center, Inc. taken as a whole. The accompanying schedule of federal awards and schedule of state awards and other assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Trick, Bartlett, PLLC*

August 22, 2012

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2011**

**ASSETS**

<b>Current Assets</b>			
Cash	\$	565,681	
Accounts receivable		76,201	
Prepaid assets		4,784	
Inventory		<u>2,185</u>	\$ 648,851
Capital assets, net			<u>553,508</u>
<b>TOTAL ASSETS</b>			<b>\$ <u>1,202,359</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>			
Accounts payable	\$	31,041	
Accrued expenses		46,489	
Accrued compensated absences		<u>25,228</u>	\$ 102,758
<b>Net Assets</b>			
Invested in capital assets, net		553,508	
Unrestricted		<u>546,093</u>	<u>1,099,601</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>			<b>\$ <u>1,202,359</u></b>

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

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.**  
**STATEMENT OF ACTIVITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Revenue and Support**

Federal financial assistance	\$ 121,081	
State grant allocations	302,320	
City of Clarksburg	18,000	
Harrison County Commission	110,663	
Contributions	18,257	
Meal programs	101,125	
Community service program	606,020	
Interest income	5,980	
Gain on sale of fixed assets	3,320	
Bingo and raffle income	5,751	
Miscellaneous income	<u>7,468</u>	\$ 1,299,985

**Expenses**

Program Services:		
Title III - B	170,543	
Title III - D and III - D Medication Management	4,975	
Title III - E	43,458	
Lottery life	144,921	
Meals	229,706	
Community service - programs	<u>742,912</u>	<u>1,336,515</u>

Change in net assets		( 36,530)
Net assets - beginning of year		<u>1,136,131</u>
Net assets - end of year		\$ <u>1,099,601</u>

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

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Title</u> <u>III - B</u>	<u>Title</u> <u>III - D &amp; III - D</u> <u>Medication</u> <u>Management</u>	<u>Title</u> <u>III - E</u>	<u>Lottery</u> <u>Life</u>	<u>Meals</u> <u>Program</u>	<u>Community</u> <u>Service</u> <u>Program</u>	<u>Total</u>
Salaries and related expenses	\$ 130,483	\$ 4,975	\$ 40,598	\$ 120,542	\$ 93,471	\$ 420,588	\$ 810,657
Food purchases	-0-	-0-	-0-	-0-	111,924	-0-	111,924
Telephone and utilities	806	-0-	29	127	3,202	78,515	82,679
Printing and office supplies	2,074	-0-	12	739	180	27,831	30,836
Supplies	56	-0-	-0-	952	10,261	356	11,625
Repairs and maintenance	484	-0-	-0-	1,759	1,132	34,806	38,181
Professional fees	-0-	-0-	-0-	-0-	-0-	6,500	6,500
Travel and training	760	-0-	535	49	57	46,442	47,843
Automobile expense	23,517	-0-	-0-	6,607	-0-	34,217	64,341
Insurance	12,311	-0-	2,070	14,146	8,240	21,087	57,854
Taxes and licenses	-0-	-0-	-0-	-0-	-0-	125	125
Special events	-0-	-0-	-0-	-0-	-0-	3,397	3,397
Miscellaneous	52	-0-	214	-0-	1,239	16,347	17,852
Depreciation	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>52,701</u>	<u>52,701</u>
<b>Total expenses</b>	<b>\$ <u>170,543</u></b>	<b>\$ <u>4,975</u></b>	<b>\$ <u>43,458</u></b>	<b>\$ <u>144,921</u></b>	<b>\$ <u>229,706</u></b>	<b>\$ <u>742,912</u></b>	<b>\$ <u>1,336,515</u></b>

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

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<b>Cash Flows From Operating Activities</b>		
(Decrease) in net assets		\$ (36,530)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Depreciation	52,701	
(Increase) decrease in:		
Accounts receivable	13,436	
Other receivables	1,474	
Prepaid assets	( 4,784)	
Increase (decrease) in:		
Accounts payable	23,016	
Accrued expenses	11,714	
Accrued compensated absences	( 3,320)	
(Gain) loss on disposal of assets	<u>7,926</u>	
Net cash provided by operating activities		\$ 65,633
 <b>Cash Flows From Investing Activities</b>		
Acquisition of capital assets	(56,026)	
Proceeds from sale of assets	<u>3,320</u>	
Net cash (used in) investing activities		( <u>52,706</u> )
 Net increase in cash		12,927
 Cash at beginning of year		<u>552,754</u>
 Cash at end of year		\$ <u>565,681</u>

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



# HARRISON COUNTY SENIOR CITIZENS, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### (a) Organization and Nature of Operations

Harrison County Senior Citizens, Inc. (the Organization) provides a variety of social services to the elderly of Harrison County, West Virginia. In-home care is provided to those Seniors that are otherwise unable to maintain independent living. Transportation throughout the local community as well as to and from the Senior Center is provided to those Seniors who require such services. The Organization is supported by various federal, state, and county governments in addition to contributions from Seniors and the local community.

#### (b) Basis of Accounting and Reporting

The financial statements of the Organization are prepared on the accrual basis of accounting and accordingly reflect all receivables, payables and other accruals.

#### (c) Basis of Presentation

The financial statements are prepared in accordance with the recommendations of FASB Codification (ASC) 958-205, "Presentation of Financial Statements". Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

#### (d) 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 these estimates.

#### (e) Income Tax Exemption

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

All required federal income tax returns for the Organization have been filed up to and including the tax year ended September 30, 2011. The Organization's federal income tax returns for 2011, 2010, and 2009 remain subject to examination by the Internal Revenue Service Center.

The accompanying independent auditor's report is an integral part of these notes.

**HARRISON COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**(f) 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.

**(g) Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers cash to be cash and cash equivalents. Cash on hand and deposits with banking institutions are considered cash while short-term investments with an original maturity of not more than three months are considered cash equivalents.

Investment risk is categorized as follows:

**Interest rate risk** – The risk that changes in interest rates will adversely affect the fair value of an investment.

**Credit risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**Custodial credit risk** – The risk that, in the event of the failure of the counterparty to a transaction, the Organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

**(h) Accounts Receivable and Grants Receivable**

Uncollectible receivables are eliminated in the fiscal period that the receivables are actually determined to be uncollectible. Management has indicated that the accounts receivable and grants receivable, as shown in the accompanying financial statements, will be collected in full.

**(i) Capital Assets**

Capital assets are recorded at cost with depreciation being calculated by the straight line method over the estimated useful lives of the assets as follows:

Vehicles	5 years
Buildings	50 years
Building improvements	50 years

The accompanying independent auditor's report is an integral part of these notes.

**HARRISON COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**(j) Compensated Absences**

Amounts owed to employees for earned but unused vacation time are accrued as a liability in the statement of financial position. As of September 30, 2011, the Organization had \$25,228 in accrued compensated absences.

**2. Deposits and Investments**

The Organization's deposits and investments are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2011. 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.

**Deposits**

	<u>Bank</u> <u>Balance</u>	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	<u>Carrying</u> <u>Amount</u>
Cash	\$ <u>591,893</u>	\$ <u>591,893</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>565,681</u>

The accompanying independent auditor's report is an integral part of these notes.

**HARRISON COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTD)**

**3. Capital Assets**

Capital asset activity for the year ended September 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
<b>Non-Depreciable Assets</b>				
Land	\$ <u>5,000</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>5,000</u>
<b>Depreciable Assets</b>				
Buildings and improvements	527,789	9,080	-0-	536,869
Vehicles	<u>258,349</u>	<u>46,946</u>	<u>7,755</u>	<u>297,540</u>
Total at historical cost	<u>786,138</u>	<u>56,026</u>	<u>7,755</u>	<u>834,409</u>
Less: Accumulated Depreciation				
Buildings and improvements	92,003	10,556	-0-	102,559
Vehicles	<u>148,952</u>	<u>42,145</u>	<u>7,755</u>	<u>183,342</u>
Total accumulated depreciation	<u>240,955</u>	<u>52,701</u>	<u>-0-</u>	<u>285,901</u>
Total depreciable assets, net	<u>545,183</u>	<u>3,325</u>	<u>-0-</u>	<u>548,508</u>
Total capital assets, net	\$ <u>550,183</u>	\$ <u>3,325</u>	\$ <u>-0-</u>	\$ <u>553,508</u>

**4. Concentration of Risks**

The Organization receives a majority of its support from federal and state grants. Any significant reduction in the level of this support could have a material effect on the Organization's programs and activities.

The Organization purchases meals for seniors from a single vendor. Any significant reduction in the availability or a significant increase in the cost of these goods from this vendor could have a material effect on the Organization's programs and activities.

The Organization is at risk of loss from various torts and suits and mitigates this risk by maintaining insurance with the West Virginia Board of Risk.

The accompanying independent auditor's report is an integral part of these notes.

**HARRISON COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTD)**

**5. Subsequent Events**

The Organization has considered all subsequent events through August 22, 2012, the date the financial statements were made available.

The accompanying independent auditor's report is an integral part of these notes.



**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  
Harrison County Senior Citizens Center, Inc.  
Clarksburg, West Virginia

We have audited the financial statements of Harrison County Senior Citizens Center, Inc. (a nonprofit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated August 22, 2012. 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.

**Internal Control Over Financial Reporting**

Management of Harrison County Senior Citizens Center, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described as items #11-01 thru #11-04 in the accompanying schedule of findings and responses to be material weaknesses.

### Compliance and Other Matters

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

Harrison County Senior Citizens Center, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Harrison County Senior Citizens Center, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Harrison County Senior Citizens Center, Inc. and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Detrick • Barkus, Ph.D.*

August 22, 2012

**HARRISON COUNTY SENIOR CITIZENS, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**#11-01 Segregation of Duties**

**Criteria:** Analysis of the internal control system indicated a lack of segregation of duties.

**Condition:** Responsibility for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals.

**Cause:** Responsibilities of approval, execution, recording and custody are not distributed among the office staff to the best degree possible. However, we recognize that complete segregation of duties is not economically feasible.

**Effect:** Because of the failure to segregate duties, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:** Responsibilities of approval, executing, recording and custody associated with all financial transactions should be distributed among the accounting staff to the highest degree possible.

**Entity's Response:** This has been a finding each year of the audit and one that we are unable to correct due to the nature of the non-profit and not able to resolve due to the fact that it is not economically feasible at this time.

**#11-02 Qualification and Knowledge**

**Criteria:** Internal control should be implemented to the degree possible in recording the entity's financial transactions and the preparation of financial statements.

**Condition:** Analysis of the internal control system indicated a lack of particular skills, training, and knowledge in the recording of financial transactions or preparation of financial statements. More specifically, this should include all required financial statement presentations and all required financial statement note disclosures.

**Cause:** Individuals responsible for the accounting and reporting function lack the particular skills, training, and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.



**HARRISON COUNTY SENIOR CITIZENS, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Effect:** Because of the lack of particular skills, training, and knowledge, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:** Individuals responsible for the accounting and reporting function should be trained to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. However, we recognize that providing this training is not economically feasible.

**Entity's Response:** The Organization has hired an individual with an accounting degree.

**#11-03 Incorrect Filing of Payroll Reports**

**Criteria:** Analysis of the internal control system indicated that the quarterly 941 form was not appropriately filed for one quarter in the fiscal year.

**Condition:** Quarterly payroll forms, specifically the 941, should be correctly filed on a quarterly basis.

**Cause:** There is limited oversight in the preparation of quarterly payroll tax forms.

**Effect:** Due to the incorrect filing, the Organization received an erroneous refund from the United States Treasury.

**Recommendation:** The Organization should put certain procedures in place to insure all quarterly payroll forms are filed correctly.

**Entity's Response:** The Organization will put procedures in place to make sure all payroll taxes are paid on a timely basis to the proper taxing authority.

**#11-04 Accrued Leave Advances**

**Criteria:** Internal control should be implemented to the degree possible in maintaining accrued leave schedules and reconciling these schedules each pay period.

**Condition:** Analysis of the internal control system indicated a lack of oversight with regards to accrued leave hours. More specifically, it was noted that certain employees were advanced leave hours which were not yet earned.

**HARRISON COUNTY SENIOR CITIZENS, INC.  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Cause:** There is limited oversight with regards to accrued leave.

**Effect:** Because of the lack of oversight, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:** The Organization should put procedures in place to insure accrued leave for employees is monitored on a regular basis.

**Entity's Response:** The Organization will devote more resources to the oversight function with regards to accrued leave hours.

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<u>Federal Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Financial Awards Recognized</u>
U.S. Department of Health and Human Services		
Title III – B	93.044	\$ 66,790
Title III – D	93.043	5,904
Title III – E	93.052	39,953
Elder Abuse	93.044	1,434
Health Benefits/Ship	93.779	<u>7,000</u>
 Total Federal Funds		 \$ <u>121,081</u>

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

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.  
 SCHEDULE OF STATE AWARDS AND OTHER ASSISTANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**State Grantor Program**

<u>West Virginia Bureau of Senior Services Through the Bel-O-Mar Regional Council:</u>	<u>Award/Grant No.</u>	<u>Financial Awards Recognized</u>
Lottery Life	N/A	\$ 189,205
State Matching Funds	N/A	<u>113,115</u>
<b>Total State Funds</b>		<b>\$ <u>302,320</u></b>

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