

**LINCOLN COUNTY OPPORTUNITY
COMPANY, INC.
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2018
WITH INDEPENDENT AUDITOR'S REPORTS**

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lincoln County Opportunity Company, Inc.
Hamlin, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Lincoln County Opportunity Company, Inc., (a non-profit organization), which comprise the statement of financial position as of September 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 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 a 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 qualified audit opinion.

Basis for Qualified Opinion

As explained in Note 1 to the financial statements, property and equipment purchases have been charged to expense in the accompanying financial statements. Accounting principles generally accepted in the United States of America require purchases of property and equipment to be capitalized and depreciated over their estimated useful lives. The effects on the accompanying financial statements of the failure to capitalize purchases of property and equipment and depreciate them over their estimated useful lives have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Lincoln County Opportunity Company, Inc. as of September 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of Support and Revenue, Expenses and Changes in Net Assets; and Grant Support, Revenue and Expenses Compared to Grant Budgets (Non-GAAP basis); and Expenditures of Federal and State Awards presented on pages 13 through 21 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, except as described in Note 11 to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019, on our consideration of Lincoln County Opportunity Company, 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 solely 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 effectiveness of Lincoln County Opportunity Company, 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 Lincoln County Opportunity Company, Inc.'s internal control over financial reporting and compliance.

Huntington, West Virginia
July 30, 2019

Ware & Hall PLLC

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	950,681
Grants receivable		103,014
Accounts receivable		538,229
Prepaid expenses		<u>22,124</u>
TOTAL CURRENT ASSETS		<u>1,614,048</u>

INVESTMENTS 5,252,753

PROPERTY AND EQUIPMENT 3,312,209

OTHER ASSETS

Security deposits		<u>4,951</u>
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TOTAL OTHER ASSETS 4,951

TOTAL ASSETS \$ 10,183,961

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	56,242
Accrued annual leave		110,532
Accrued payroll		87,680
Payroll taxes withheld and accrued		37,854
Current portion of employment contract liability		82,290
Security deposits payable		4,951
Due to other entities		<u>321,043</u>

TOTAL CURRENT LIABILITIES 700,592

LONG-TERM LIABILITIES

Employment contract liability, less current portion included above		<u>549,586</u>
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TOTAL LONG-TERM LIABILITIES 549,586

TOTAL LIABILITIES 1,250,178

NET ASSETS

Unrestricted		5,621,574
Investment in property and equipment		<u>3,312,209</u>
TOTAL NET ASSETS		<u>8,933,783</u>

TOTAL LIABILITIES AND NET ASSETS \$ 10,183,961

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018**

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Grants:	
Federal/State/pass-through	\$ 1,376,443
In-kind matching	40,554
Program income	2,386,944
Investment income	191,465
Other income	<u>140,486</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>4,135,892</u>

EXPENSES

PROGRAM SERVICES

Title IIIB - Supportive Services and Senior Centers	120,582
Title IIIC-1 Congregate Nutrition Services	172,362
Title IIIC-2 Home Delivered Nutrition Services	222,620
Title IIID - Disease Prevention and Health Promotion Services	2,594
Title IIIE - National Family Caregiver Support	35,919
SMP, MIPPA & SHIP	61,964
Life	183,114
Lighthouse In-Home Services	457,892
FAIR In-Home Services	69,379
Transportation	66,958
Veterans Administration	75,758
Personal care	<u>1,895,297</u>
TOTAL PROGRAM SERVICES	<u>3,364,439</u>

SUPPORTING SERVICES

Management and general	<u>711,721</u>
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TOTAL EXPENSES	<u>4,076,160</u>
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CHANGE IN UNRESTRICTED NET ASSETS	59,732
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CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-0-
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CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>-0-</u>
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CHANGE IN NET ASSETS	59,732
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NET ASSETS, BEGINNING OF YEAR	<u>5,561,842</u>
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NET ASSETS, END OF YEAR	\$ <u><u>5,621,574</u></u>
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**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 59,732
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
Realized (gain) on investments	(398,876)
Unrealized loss on investments	209,438
(Increase) decrease in operating assets:	
Grants receivable	32,486
Accounts receivable	(134,935)
Prepaid expenses	1,382
Increase (decrease) in operating liabilities:	
Accounts payable	22,929
Accrued annual leave	4,884
Accrued payroll	(4,536)
Payroll taxes withheld and accrued	(1,690)
Employment contract liability	(82,291)
Security deposits payable	5
Due to other entities	<u>46,312</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(245,160)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(827,769)
Sales of investments	<u>1,029,190</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>201,421</u>

NET (DECREASE) IN CASH AND CASH EQUIVALENTS (43,739)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 999,371

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 955,632

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:	
Interest	\$ <u><u>-0-</u></u>
Income tax	\$ <u><u>-0-</u></u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - Lincoln County Opportunity Company, Inc. is a non-profit agency which provides services to low income individuals and families and the elderly in Lincoln County, West Virginia. Lincoln County Opportunity Company, Inc.'s headquarters is located in Hamlin, West Virginia. Lincoln County Opportunity Company, Inc. also operates a number of Senior Citizens Centers throughout Lincoln County. In July 2016, Lincoln County Opportunity Company, Inc. began operating senior centers in Wayne County, West Virginia under the contract agreement with the West Virginia Bureau of Senior Services. The Organization is funded primarily through grants and other agreements with the federal and state governments.

ACCOUNTS RECEIVABLE- Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectibility. Once it is determined by management that the account will not be collected, it is charged-off as a bad debt.

PROPERTY AND EQUIPMENT - Property and equipment is charged to expense in the period during which it is purchased in the accompanying financial statements. Accounting principles generally accepted in the United States of America require purchases of property and equipment to be capitalized and depreciated over their estimated useful lives. The effects of this departure on the accompanying financial statements cannot be reasonably determined.

The property and equipment acquired is owned by Lincoln County Opportunity Company, Inc. while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sales proceeds therefrom, is subject to funding source regulations.

To provide a means of accountability over property and equipment purchases, Lincoln County Opportunity Company, Inc. also records the cost of such items as an asset with an offset to property and equipment net assets. Therefore, the effect of property and equipment purchases and disposals does not appear in the investing activities section of the statement of cash flows.

INVENTORY - Inventory is considered immaterial and, therefore, is charged to expense in the period during which it is purchased instead of being recognized as an asset and being expensed as it is used.

REVENUE AND EXPENSE RECOGNITION - The financial statements have been prepared on the accrual basis of accounting. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Funds received in advance of incurring qualifying expenses are recorded as deferred revenue. Revenue from fee for service contracts is recognized in the accompanying financial statements when the services have been provided.

DONATED SERVICES, SPACE AND OTHER - Donated (in-kind) matching is required by certain funding sources. Donated hourly services are valued at the federally established minimum wage. Donated space is valued at the estimated fair rental value. Donated other is valued at the estimated fair market value at the date of receipt.

CASH EQUIVALENTS - The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INCOME TAXES - Lincoln County Opportunity Company, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes the Organization is no longer subject to income tax examination for the years prior to 2015.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

CONTRIBUTIONS - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor 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-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 reclassified to unrestricted net assets.

Contributions of long lived assets received without donor stipulation about how long the donated asset must be used are reported as unrestricted support.

INVESTMENTS - Investments are comprised of long-term annuity accounts and balanced multi-asset funds which are reported at fair value. Unrealized gains and losses are included in the change in unrestricted net assets.

ADVERTISING COSTS - Advertising costs totaling \$30,512 are charged to operations when incurred.

NOTE 2 - SUMMARY OF GRANT AGREEMENTS

The following summarizes grant awards which were active during the period October 1, 2017 through September 30, 2018:

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
Federal Assistance		
U.S. Department of Health and Human Services		
Pass-Through West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Grants for Supportive Services and Senior Centers - T3B/D/E 21836	10/01/17 - 09/30/18	\$ 65,875
Title IIIC Nutrition Services	10/01/17 - 09/30/18	195,80
Title IIIE National Family Caregiver Support - T3B/D/E 21836	10/01/17 - 09/30/18	26,939
Title IIID Disease Prevention and Health Promotion Services- T3B/D/E 21836	10/01/17 - 09/30/18	2,096
Pass-Through West Virginia Bureau of Senior Services:		
Medicare Enrollment Assistance Program MIPPA1820	10/01/17 - 09/30/18	30,000
State Health Insurance Assistance Program - SHIP1814	04/01/17 - 03/31/18	27,000
State Health Insurance Assistance Program - SHIP1914	04/01/18 - 03/31/19	27,000
Senior Medicare Patrol - SMP 1814	06/01/17 - 05/31/18	7,600
Senior Medicare Patrol - SMP 1914	06/01/18 - 05/31/19	8,600

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 - SUMMARY OF GRANT AGREEMENTS (CONTINUED)

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
State Assistance		
West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Grants for Supportive Services and Senior Centers - T3B/D/E 21836	10/01/17 - 09/30/18	\$ 66,721
Title IIIC Nutrition Services	10/01/17 - 09/30/18	116,133
Title IIID Disease Prevention and Health Promotion Services - T3B/D/E 21836	10/01/17 - 09/30/18	128
LIFE - 21803 - Lincoln	07/01/17 - 06/30/18	336,024
LIFE - 21903 - Lincoln	07/01/18 - 06/30/19	336,024
LIEAP Low Income Energy Assistance Program	10/01/17 - 09/30/18	194
West Virginia Bureau of Senior Services:		
In-Home Services - IH1820	07/01/17 - 06/30/18	247,216
In-Home Services - IH1826	07/01/17 - 06/30/18	215,013
In-Home Services - IH1858	07/01/17 - 06/30/18	81,800
In-Home Services - IH1920	07/01/18 - 06/30/19	245,216
In-Home Services - IH1958	07/01/18 - 06/30/19	83,400
In-Home Services - IH1926	07/01/18 06/30/19	231,413

NOTE 3 - INVESTMENTS

Investments as of September 30, 2018 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Annuities			
AXA Equitable Life Insurance Company	\$ 1,502,302	\$ 1,698,127	\$ 195,825
Jackson National Life Insurance Company	2,205,735	3,216,439	1,010,704
Midland National Life Insurance Company	<u>338,187</u>	<u>338,187</u>	<u>-0-</u>
Total	\$ <u>4,046,224</u>	\$ <u>5,252,753</u>	\$ <u>1,206,529</u>

The following summarizes the investment return for the year ended September 30, 2018 inclusive of interest earned on cash and cash equivalents:

Interest and Dividends	\$ 2,027
Unrealized (Loss)	(209,438)
Realized Gains	<u>398,876</u>
Total Investment Return	\$ <u>191,465</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment of Lincoln County Opportunity Company, Inc. consists of the following:

Land	\$	124,498
Buildings		1,654,567
Improvements		493,892
Furniture, Fixtures and equipment		530,289
Vehicles		<u>508,963</u>
Total Property And Equipment	\$	<u><u>3,312,209</u></u>

NOTE 5 - DEFINED CONTRIBUTION BENEFIT PLAN

Lincoln County Opportunity Company, Inc. sponsors a noncontributory defined contribution pension plan that covers all regular employees with over one year of service. Pension costs include current service costs, which are accrued and funded on a current basis. Pension expense charged to operations during the year ended September 30, 2018 totaled \$125,033.

NOTE 6 - LEASES

Lincoln County Opportunity Company, Inc. leases centers for the Senior Citizens Program and other facilities and equipment under operating leases on an annual, monthly or daily basis. For the year ended September 30, 2018, total rent expense amounted to \$35,726. An additional \$5,866 was recorded in Title IIIB Supportive Services and Senior Centers, and Title IIID Disease Prevention and Health Promotion Services as *in-kind* space costs which represents the fair market value of facilities provided at no charge.

NOTE 7 - DONATED SERVICES

Lincoln County Opportunity Company, Inc. received services from volunteers for the Title IIIB Supportive Services and Senior Centers, and Title IIIC Nutrition Services, and Title IIID Disease Prevention and Health Promotion Services and recorded the related in-kind revenue and expenses with values of \$34,688.

NOTE 8 - COST ALLOCATION

Lincoln County Opportunity Company, Inc. has adopted a cost allocation plan whereby each program is charged its fair share of the general administration costs of the Agency as a direct charge. Space costs, maintenance fees and utilities are allocated to the programs based on square footage of building space used by the program. Copy costs, telephone usage, and standard agency forms are allocated to the programs based on usage of each program.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization provides various services to the elderly and low income individuals of Lincoln County and Wayne County, West Virginia on a third-party reimbursement basis. The Organization bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Grants and accounts receivable have been adjusted for all known uncollectible accounts.

The Organization maintains cash balances with various financial institutions. All accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. In addition, cash balances can be secured by adequate bond or other securities held by the banking institution in the account holder's name. As of September 30, 2018, \$7,255 of such deposits were not covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Organization's name.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 - EMPLOYMENT CONTRACT LIABILITY

The Organization had an employment contract with their previous Executive Director who retired in July, 2014. The agreement provides for the payment of accrued sick and annual leave totaling \$435,767 and \$275,000 for split-dollar life insurance purchased by the Executive Director. The amount, totaling \$710,767 is payable in one hundred forty two monthly installments of \$5,000 and one final installment of \$767. In the event of death, any remaining unpaid balance will be paid to the decedent's beneficiaries under the same terms. At September 30, 2018, the total outstanding commitment, inclusive of \$171,157 of payroll related taxes accrued, amounted to \$631,876.

NOTE 11 - BUDGETARY REPORTING BASIS

Except for the treatment of property and equipment as described in Note 1, the accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying schedule of grant support, revenue and expenses compared to grant budgets contained on page 17 is prepared on a basis which differs from the financial statements in the following areas:

- 1) Encumbrances are reported as expenditures in the year in which they are budgeted.
- 2) With the exception of per-diem reimbursement contracts, revenue is recognized at the time the grant is awarded as opposed to when qualifying expenses have been incurred.

NOTE 12 - FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its financial instruments based on the fair value hierarchy established by the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification which specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of the fair value hierarchy based on these two types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in an active market for identical assets and liabilities at the measurement date.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The hierarchy requires the use of observable market data when available. When determining fair value measurements, the Organization utilizes active and observable market prices for identical assets and liabilities whenever possible and classifies such items as Level 1. When identical assets and liabilities are not traded in active markets, the Organization utilizes market observable data for similar assets and liabilities in an active market, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market and classifies such items as Level 2. When observable data is not available, the Organization uses alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. Items valued using such internally generated valuation techniques are based on the lowest level of input that is significant to the valuation.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at September 30, 2018 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
INVESTMENTS				
Annuities				
AXA Equitable Life Insurance Company	\$ 1,698,127	\$ 1,698,127	\$ -0-	\$ -0-
Jackson National Life Insurance Company	3,216,439	3,077,186	-0-	139,253
Midland National Life Insurance Company	<u>338,187</u>	<u>-0-</u>	<u>-0-</u>	<u>338,187</u>
Total	\$ <u>5,252,753</u>	\$ <u>4,775,313</u>	\$ <u>-0-</u>	\$ <u>477,440</u>

Fair value measurements at the reporting date using significant unobservable inputs (Level 3) are as follows:

Beginning Balance	\$ 678,764
Investment Income (Loss)	-0-
Unrealized/Realized Gain (Loss) Including Changes in Net Assets, Reported in Investment Income	10,627
Purchases	338,187
Sales	<u>(550,138)</u>
Ending Balance	\$ <u>477,440</u>

The amount of total gains and (losses) for the period included in change in net assets, reported in investment income, attributable to the change in unrealized gains and losses relating to assets still held at September 30, 2018 was \$50,646.

The Organization utilizes the services of an independent third party investment broker to value their instruments on a recurring basis. The following describes the valuation methodologies used to measure financial instruments at fair value on a recurring basis.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

The Organization uses quoted market prices in an active market when available, these investments consist of variable rate annuities and are included in Level 1. The quoted market prices are provided by an independent third party investment broker.

When observable inputs are not available, the Organization uses fair value measurements provided by an independent third party investment broker utilizing model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market. These investments are included in Level 3 and consist of fixed rate annuities.

NOTE 13 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to September 30, 2018 through July 30, 2019 (the date the final statements were available to be issued) for possible adjustments to, or disclosure in, the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification.

ADDITIONAL INFORMATION

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2018

	Title IIIB Supportive Services and Senior Centers	Title IIIC-1 Congregate Nutrition Services	Title IIIC-2 Home-Delivered Nutrition Services
SUPPORT AND REVENUE			
Grant revenue-federal/state/pass-through	\$ 132,596	\$ 138,370	\$ 173,570
In-kind matching	11,617	14,120	14,447
Program income	-0-	23,507	15,716
Investment income	-0-	94	-0-
Other income	<u>-0-</u>	<u>-0-</u>	<u>5,675</u>
TOTAL SUPPORT AND REVENUE	<u>144,213</u>	<u>176,091</u>	<u>209,408</u>
EXPENSES			
Salaries and benefits	95,517	71,956	91,715
Travel and training	9,100	103	8,989
Consumable supplies	5,288	2,277	1,337
Buildings	1,181	2,633	2,633
Vehicles and equipment	5,819	3,537	8,552
Insurance	6,732	7,788	7,788
Occupancy	600	3,050	3,050
Contractual and Consultants	-0-	-0-	-0-
Telephone and utilities	8,359	7,224	7,175
Program costs	-0-	67,377	85,873
Other	-0-	-0-	500
Volunteer Labor - nonfunded	6,121	14,120	14,447
Other costs - nonfunded	<u>5,496</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>144,213</u>	<u>180,065</u>	<u>232,059</u>
INCREASE (DECREASE)			
IN NET ASSETS	-0-	(3,974)	(22,651)
NET ASSETS - BEGINNING OF YEAR	-0-	-0-	-0-
TRANSFER IN (OUT)	<u>-0-</u>	<u>3,974</u>	<u>22,651</u>
NET ASSETS - END OF YEAR	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

<u>Title IIID</u> <u>Disease Prevention</u> <u>and Health</u> <u>Promotion Services</u>	<u>Title IIIE</u> <u>National Family</u> <u>Caregiver Support</u>	<u>SMP,</u> <u>MIPPA</u> <u>& SHIP</u>
\$ 2,224	\$ 26,939	\$ 61,964
370	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>2,594</u>	<u>26,939</u>	<u>61,964</u>
2,224	35,638	33,205
-0-	104	428
-0-	150	5,800
-0-	-0-	-0-
-0-	-0-	4,527
-0-	9	233
-0-	-0-	-0-
-0-	-0-	-0-
-0-	18	4,771
-0-	-0-	13,000
-0-	-0-	-0-
-0-	-0-	-0-
<u>370</u>	<u>-0-</u>	<u>-0-</u>
<u>2,594</u>	<u>35,919</u>	<u>61,964</u>
-0-	(8,980)	-0-
-0-	-0-	-0-
<u>-0-</u>	<u>8,980</u>	<u>-0-</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2018

	<u>LIFE</u>	<u>Lighthouse In-Home Services</u>	<u>FAIR In-Home Services</u>	<u>Transportation</u>
SUPPORT AND REVENUE				
Grant revenue-federal/state/pass-through	\$ 363,023	\$ 383,688	\$ 93,875	\$
In-kind matching	-0-	-0-	-0-	-0-
Program income	-0-	60,800	-0-	43,142
Investment income	-0-	-0-	-0-	-0-
Other income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>363,023</u>	<u>444,488</u>	<u>93,875</u>	<u>43,142</u>
EXPENSES				
Salaries and benefits	72,409	455,260	64,312	39,655
Travel and training	3,674	13,011	1,824	13,843
Consumable supplies	1,400	6,629	4,113	756
Buildings	-0-	-0-	-0-	-0-
Vehicles and equipment	28,416	1,407	807	6,933
Insurance	-0-	1,608	87	18
Occupancy	27,500	-0-	-0-	-0-
Contractual and consultants	-0-	-0-	-0-	-0-
Telephone and utilities	49,715	3,173	139	6,086
Program costs	-0-	2,845	106	63
Other	-0-	8,104	1,207	-0-
Volunteer labor - nonfunded	-0-	-0-	-0-	-0-
Other costs - nonfunded	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>183,114</u>	<u>492,037</u>	<u>72,595</u>	<u>67,354</u>
INCREASE (DECREASE) IN NET ASSETS				
	179,909	(47,549)	21,280	(24,212)
NET ASSETS - BEGINNING OF YEAR				
	-0-	-0-	-0-	-0-
TRANSFER IN (OUT)				
	<u>(179,909)</u>	<u>47,549</u>	<u>(21,280)</u>	<u>24,212</u>
NET ASSETS - END OF YEAR				
	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

<u>Veteran's Administration</u>	<u>Medicaid</u>	<u>Medicaid Waiver</u>	<u>Other Programs</u>	<u>Total</u>
\$ -0-	\$ -0-	\$ -0-	\$ 194	\$ 1,376,443
-0-	-0-	-0-	-0-	40,554
134,354	1,291,050	818,375	-0-	2,386,944
-0-	17,857	10,604	162,910	191,465
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>134,811</u>	<u>140,486</u>
<u>134,354</u>	<u>1,308,907</u>	<u>828,979</u>	<u>297,915</u>	<u>4,135,892</u>
77,208	1,147,026	778,464	346,283	3,310,872
2,661	22,741	9,802	3,830	90,110
2,745	15,894	6,158	8,647	61,194
-0-	-0-	431	3,289	10,167
520	8,116	1,460	65,362	135,456
114	9,123	7,902	4,170	45,572
-0-	-0-	-0-	-0-	34,200
-0-	-0-	-0-	17,200	17,200
231	5,889	3,369	5,378	101,527
-0-	5,728	5,590	-0-	180,582
-0-	16,259	11,934	10,722	48,726
-0-	-0-	-0-	-0-	34,688
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,866</u>
<u>83,479</u>	<u>1,230,776</u>	<u>825,110</u>	<u>464,881</u>	<u>4,076,160</u>
50,875	78,131	3,869	(166,966)	59,732
-0-	-0-	-0-	5,561,842	5,561,842
<u>(50,875)</u>	<u>(78,131)</u>	<u>(3,869)</u>	<u>226,698</u>	<u>-0-</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>5,621,574</u></u>	\$ <u><u>5,621,574</u></u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
GRANTS FOR SUPPORTIVE SERVICES AND
SENIOR CENTERS - TITLE IIIB, DISEASE PREVENTION AND
HEALTH PROMOTION SERVICES - TITLE IIID, AND
NATIONAL FAMILY CAREGIVER SUPPORT - TITLE IIIE
GRANT NUMBER T3B/D/E 21836
GRANT PERIOD OCTOBER 1, 2017 TO SEPTEMBER 30, 2018

		<u>Actual</u>			
	<u>Budget</u>	<u>IIIB</u>	<u>IIID</u>	<u>IIIE</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE					
Federal	\$ 94,910	\$ 65,875	\$ 2,096	\$ 26,939	\$ -0-
State	66,849	66,721	128	-0-	-0-
In-kind - matching	<u>11,987</u>	<u>11,617</u>	<u>370</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>173,746</u>	<u>144,213</u>	<u>2,594</u>	<u>26,939</u>	<u>-0-</u>
EXPENSES					
Personnel	97,741	95,517	2,224	-0-	-0-
Travel	9,100	9,100	-0-	-0-	-0-
Printing and supplies	5,288	5,288	-0-	-0-	-0-
Building space	600	600	-0-	-0-	-0-
Communications and utilities	8,359	8,359	-0-	-0-	-0-
Program costs	35,924	-0-	-0-	35,919	5
Other	<u>13,732</u>	<u>13,732</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>170,744</u>	<u>132,596</u>	<u>2,224</u>	<u>35,919</u>	<u>5</u>
GRANTEE'S SHARE	<u>11,987</u>	<u>11,617</u>	<u>370</u>	<u>-0-</u>	<u>-0-</u>
GRAND TOTAL	<u>182,731</u>	<u>144,213</u>	<u>2,594</u>	<u>35,919</u>	<u>5</u>
(DECREASE) INCREASE IN NET ASSETS	(8,985)	-0-	-0-	(8,980)	(5)
TRANSFERS IN (OUT)	8,985	-0-	-0-	8,980	5
Net assets from prior years not reprogrammed	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS, SEPTEMBER 30, 2018	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2018**

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Pass-through Number</u>	<u>Agency/ Program Period</u>
FEDERAL AWARDS		
U.S. Department of Health and Human Services		
Pass-through West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Grants for Supportive Services and Senior Centers	T3B/D/E 21836	10/01/17 - 09/30/18
Title IIIC Nutrition Services	N/A	10/01/17 - 09/30/18
Title IIID Disease Prevention and Health Promotion Services	T3B/D/E 21836	10/01/17 - 09/30/18
Title IIIE National Family Caregiver Support	T3B/D/E 21836	10/01/17 - 09/30/18
Pass-through West Virginia Bureau of Senior Services:		
Medicare Enrollment Assistance Program	MIPPA1820	10/01/17 - 09/30/18
Senior Medicare Patrol	SMP1814	06/01/17 - 05/31/18
State Health Insurance Assistance Program	SHIP1814	04/01/17 - 03/31/18
State Health Insurance Assistance Program	SHIP 1914	04/01/18 - 03/31/19
Total Federal Awards		

STATE AWARDS

**West Virginia State University, Metro Area
Agency on Aging**

Title IIIB Grants for Supportive Services and Senior Centers	T3B/D/E 21836	10/01/17 - 09/30/18
Title IIIC Nutrition Services	N/A	10/01/17 - 09/30/18
Title IIID Disease Prevention and Health Promotion Services	T3B/D/E 21836	10/01/17 - 09/30/18

<u>Program or Award Amount</u>	<u>Expenditures</u>
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\$ 65,875	\$ 65,875
195,807	195,807
2,096	2,096
26,939	26,939
30,000	30,000
7,600	7,600
27,000	15,337
27,000	<u>9,028</u>
	<u>352,682</u>

66,721	66,721
116,133	116,133
128	128

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2018

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Pass-through Number</u>	<u>Agency/ Program Period</u>
STATE AWARDS (CONTINUED)		
West Virginia State University, Metro Area Agency on Aging (Continued)		
LIFE	21803 - Lincoln	07/01/17 - 06/30/18
LIFE	21903 - Lincoln	07/01/18 - 06/30/19
LIEAP	N/A	10/01/17 - 09/30/18
West Virginia Bureau of Senior Services		
In-Home Services	IH1820	07/01/17 - 06/30/18
In-Home Services	IH1826	07/01/17 - 06/30/18
In-Home Services	IH1858	07/01/17 - 06/30/18
In-Home Services	IH1920	07/01/18 - 06/30/19
In-Home Services	IH1926	07/01/18 - 06/30/19
In-Home Services	IH1958	07/01/18 - 06/30/19
Total State Awards		
Total Federal and State awards		

<u>Program or Award Amount</u>	<u>Expenditures</u>
\$ 336,024	\$ 290,322
336,024	72,701
194	194
247,216	130,977
217,013	159,759
81,800	61,428
245,216	61,108
231,413	45,022
83,400	<u>19,268</u>
	<u>1,023,761</u>
	\$ <u>1,376,443</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
AND ON COMPLIANCE**

Ware & Hall, PLLC

Certified Public Accountants

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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***

Board of Directors
Lincoln County Opportunity
Company, Inc.
Hamlin, 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 Lincoln County Opportunity Company, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 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 July 30, 2019 which was qualified because the Organization expenses property and equipment purchases as opposed to capitalizing the assets and depreciating them over their estimated useful lives.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln County Opportunity Company, 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 Lincoln County Opportunity Company, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County's Opportunity Company, 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.

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 Lincoln County Opportunity Company, 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*.

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.

Huntington, West Virginia
July 30, 2019

Ware & Hall PLLC