

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

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2020
WITH INDEPENDENT AUDITOR'S REPORTS**

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5 - 8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 22
ADDITIONAL INFORMATION	
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	23
Schedule of Expenditures of Federal Awards	24 - 25
Schedule of State Grant Receipts and Expenditures	26 - 27
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND ON COMPLIANCE:	
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>	28 - 29

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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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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 judgement, 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, during the year ended September 30, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers* (Topic 606). Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, during the year ended September 30, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments Overall* (Topic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of Grant Support, Revenue and Expenses Compared to Grant Budgets (Non-GAAP basis), Expenditures of Federal Awards, and State Grant Receipts and Expenditures, 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 13 to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2021, 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
August 18, 2021

Ware & Hall PLLC

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,684,544
Grants receivable		46,660
Accounts receivable		585,655
Prepaid expenses		<u>22,891</u>
TOTAL CURRENT ASSETS		<u>2,339,750</u>

INVESTMENTS 5,368,657

PROPERTY AND EQUIPMENT 3,565,799

RESTRICTED DEPOSITS

Tenant security deposits		<u>4,961</u>
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TOTAL OTHER ASSETS 4,961

TOTAL ASSETS \$ 11,279,167

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	44,552
Accrued annual leave		169,038
Accrued payroll		109,116
Payroll taxes withheld and accrued		63,520
Current portion of employment contract liability		60,000
Tenant security deposits		4,961
Due to other entities		388,777
Refundable advances		<u>640,900</u>

TOTAL CURRENT LIABILITIES 1,480,864

LONG-TERM LIABILITIES

Employment contract liability, less current portion included above		<u>280,719</u>
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TOTAL LONG-TERM LIABILITIES 280,719

TOTAL LIABILITIES 1,761,583

NET ASSETS

Without donor restrictions:		
Undesignated		5,951,785
Investment in property and equipment		<u>3,565,799</u>
TOTAL NET ASSETS		<u>9,517,584</u>

TOTAL LIABILITIES AND NET ASSETS \$ 11,279,167

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES GAINS AND OTHER			
SUPPORT			
Grants and contributions	\$ 7,334	\$ 584,124	\$ 591,458
Contractual service revenue	3,887,267	-0-	3,887,267
Other	18,626	-0-	18,626
Project income	25,837	-0-	25,837
Investment income	93,643	-0-	93,643
In-kind matching	36,352	-0-	36,352
NET ASSETS RELEASED FROM RESTRICTIONS:			
Satisfaction of purpose restrictions	<u>584,124</u>	<u>(584,124)</u>	<u>-0-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>4,653,183</u>	<u>-0-</u>	<u>4,653,183</u>
EXPENSES			
PROGRAM SERVICES			
Title IIIB - Supportive Services and Senior Centers	79,989	-0-	79,989
Title IIIC-1 Congregate Nutrition Services	88,121	-0-	88,121
Title IIIC-2 Home Delivered Nutrition Services	398,109	-0-	398,109
Title IIID - Disease Prevention and Health Promotion Services	4,612	-0-	4,612
Title IIIE - National Family Caregiver Support	44,707	-0-	44,707
SMP, MIPPA & SHIP	60,600	-0-	60,600
Life	167,703	-0-	167,703
Lighthouse In-Home Services	431,917	-0-	431,917
FAIR In-Home Services	111,625	-0-	111,625
Transportation	76,299	-0-	76,299
Veterans Administration	92,094	-0-	92,094
Personal care	2,143,135	-0-	2,143,135
Other programs	<u>375,554</u>	<u>-0-</u>	<u>375,554</u>
TOTAL PROGRAM SERVICES	4,074,465	-0-	4,074,465
SUPPORTING SERVICES			
Management and general	<u>683,813</u>	<u>-0-</u>	<u>683,813</u>
TOTAL EXPENSES	<u>4,758,278</u>	<u>-0-</u>	<u>4,758,278</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME (LOSS)	(105,095)	-0-	(105,095)
OTHER INCOME (LOSS)			
Unrealized gains on investments	<u>120,628</u>	-0-	<u>120,628</u>
CHANGE IN NET ASSETS	15,533	-0-	15,533
NET ASSETS, BEGINNING OF YEAR	<u>5,936,252</u>	<u>-0-</u>	<u>5,936,252</u>
NET ASSETS, END OF YEAR	\$ <u><u>5,951,785</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>5,951,785</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Program Services		
	Title IIIB Supportive Services and Senior Centers	Title IIIC-1 Congrate Nutrition Services	Title IIIC-2 Home-Delivered Nutrition Services
Salaries and benefits	\$ 54,926	\$ 25,206	\$ 108,934
Travel and training	4,909	147	8,874
Consumable supplies	775	2,570	6,119
Buildings	-0-	827	1,264
Vehicles and equipment	-0-	840	66,840
Insurance	4,609	8,606	10,975
Occupancy	1,200	-0-	-0-
Contractual and consultants	-0-	-0-	-0-
Telephone and utilities	2,226	5,689	11,643
Program costs	-0-	36,367	166,691
Other	-0-	-0-	-0-
Volunteer labor - nonfunded	5,946	7,869	16,769
Other costs - nonfunded	<u>5,398</u>	<u>-0-</u>	<u>-0-</u>
Total expenses	\$ <u>79,989</u>	\$ <u>88,121</u>	\$ <u>398,109</u>

Program Services

Title IIID Disease Prevention and Health Promotion Services	Title IIIE National Family Caregiver Support	SMP MIPPA and SHIP	Life	Lighthouse In-Home Services
\$ 4,242	\$ 44,312	\$ 28,433	\$ 60,000	\$ 381,943
-0-	344	-0-	1,948	12,102
-0-	30	14,450	727	13,544
-0-	-0-	-0-	8,949	233
-0-	-0-	4,386	14,984	2,125
-0-	10	257	-0-	261
-0-	-0-	-0-	32,000	-0-
-0-	-0-	-0-	-0-	-0-
-0-	11	3,074	49,095	2,546
-0-	-0-	10,000	-0-	8,460
-0-	-0-	-0-	-0-	10,703
-0-	-0-	-0-	-0-	-0-
<u>370</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
\$ <u>4,612</u>	\$ <u>44,707</u>	\$ <u>60,600</u>	\$ <u>167,703</u>	\$ <u>431,917</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

	Program Services		
	Fair In-Home Services	Transportation	Veteran's Administration
Salaries and benefits	\$ 103,434	\$ 54,155	\$ 83,607
Travel and training	1,890	9,284	4,281
Consumable supplies	5,308	1,719	3,417
Buildings	-0-	-0-	-0-
Vehicles and equipment	808	5,954	520
Insurance	96	20	126
Occupancy	-0-	-0-	-0-
Contractual and consultants	-0-	-0-	-0-
Telephone and utilities	89	4,822	143
Program costs	-0-	280	-0-
Other	-0-	65	-0-
Volunteer labor - nonfunded	-0-	-0-	-0-
Other costs - nonfunded	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenses	\$ <u>111,625</u>	\$ <u>76,299</u>	\$ <u>92,094</u>

Program Services

Supporting Services

<u>Personal Care</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
\$ 2,024,090	\$ 366,327	\$ 3,339,609	\$ 474,668	\$ 3,814,277
22,355	-0-	66,134	5,268	71,402
31,347	-0-	80,006	14,414	94,420
153	-0-	11,426	5,056	16,482
5,218	-0-	101,675	111,762	213,437
15,050	-0-	40,010	10,344	50,354
-0-	-0-	33,200	3,000	36,200
-0-	-0-	-0-	22,000	22,000
6,096	-0-	85,434	22,190	107,624
19,256	9,227	250,281	-0-	250,281
19,570	-0-	30,338	15,111	45,449
-0-	-0-	30,584	-0-	30,584
<u>-0-</u>	<u>-0-</u>	<u>5,768</u>	<u>-0-</u>	<u>5,768</u>
\$ <u>2,143,135</u>	\$ <u>375,554</u>	\$ <u>4,074,465</u>	\$ <u>683,813</u>	\$ <u>4,758,278</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	15,533
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gain) on investments		(91,195)
Unrealized (gain) on investments		(120,628)
(Increase) decrease in operating assets:		
Grants receivable		34,248
Accounts receivable		(128,249)
Prepaid expenses		(1,036)
Increase (decrease) in operating liabilities:		
Accounts payable		4,000
Accrued annual leave		54,354
Accrued payroll		7,597
Payroll taxes withheld and accrued		23,955
Employment contract liability		(60,000)
Tenant security deposits		5
Due to other entities		38,773
Refundable advances		640,900
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>418,257</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments		(485,469)
Sales of investments		<u>525,651</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>40,182</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 458,439

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,231,066

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,689,505

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, 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - 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 and Wayne County. The Organization is funded primarily through grants and other agreements with the federal and state government.

RECEIVABLES - Receivables consists of amounts due for services provided under federal, state, and other contracts. Receivables are carried at their estimated collectible amounts. Receivables are periodically evaluated for collectibility. Once it is determined by management that the account will not be collectible, it is charged-off as bad debts.

BAD DEBTS - The Organization utilizes the direct charge-off method of accounting for bad debts. This method does not result in a materially different provision for bad debt expense than would result from the use of the reserve method.

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.

BASIS OF ACCOUNTING - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The following provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position to the amount reported in the statement of cash flows:

Cash and cash equivalents	\$	1,684,544
Restricted deposits		<u>4,961</u>
Total	\$	<u><u>1,689,505</u></u>

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 2017.

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.

PROMISES TO GIVE - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are not restricted by the donor are reported as increases in net assets without donor restrictions. All donor restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided, when necessary, based on management's evaluation of potential uncollectible promises receivable at year end.

CONTRACTUAL SERVICE REVENUE - Contractual service revenue represents the estimated realizable amounts from third party and private payors for services rendered. Contractual service revenue is recognized on the statement of activities as the performance obligations of delivering nutrition services, in-home services, and transportation services to its clients are satisfied. Amounts are billed on a monthly basis and are based on established contractual rates.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANT REVENUE - Grant revenue is recognized when the resource provider makes a promise to give to the Organization that is, in substance, unconditional. Conditional grant awards are recognized as revenue as the conditions of the resource provider are met. Conditional grant revenue received in advance of satisfying the resource providers' conditions is recorded as refundable advances. Grant revenue that is not restricted by the resource provider is recorded as increases in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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. Total investment return consists of interest and dividend income, and realized gains and losses. Unrealized gains and losses are reported in the other income (loss) section of the statement of activities.

ADVERTISING COSTS - Advertising costs totaling \$30,908 are charged to operations when incurred.

FUNCTIONAL ALLOCATION OF EXPENSES - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include salaries, benefits, travel and training, consumable supplies, buildings, vehicles and equipment, insurance, occupancy, contractual and consultants, telephone and utilities, and other costs, as described below:

Direct salaries and benefits, within a program, are allocated based on estimates of time and effort for each functional category.

Travel and training are allocated based on purpose of travel and benefits from training, conferences or seminars.

Consumable supplies are allocated based on usage.

Buildings and property insurance are allocated based on square footage; insurance needed for a particular program is charged directly to the program requiring the coverage.

Vehicles and equipment that can be identified to more than one program are prorated based on appropriate ratios, such as the ratio of each program's expenses to the total vehicle expenses and the ratio of each program's administrative staff to the total administrative staff for equipment expenses.

Occupancy, contractual and consultants are allocated to the program benefitting from the services.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)

Telephone and utilities are allocated to the program if readily identifiable for its usages. Costs that benefit more than one program are allocated to those programs based on the ratio of each program's administrative staff to the total administrative staff for telephone expenses and square footage for utilities.

Other costs that cannot be identified to a specific program are allocated to fee for services or other non-grant programs or reported under management and general category.

NEW ACCOUNTING POLICY ADOPTED

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The Organization adopted the provisions of ASU 2014-09 on October 1, 2019.

ASU 2014-09 requires the Organization to exercise more judgment and recognize revenue using a five-step process. The Organization is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collection trends. No cumulative effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

The Organization adopted the provisions of ASU 2016-01, *Financial Instruments - Overall* (Topic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*, during the year ended September 30, 2020. The implementation of this standard resulted in certain changes to the financial statement presentation including that the presentation of unrealized gains and losses on investments are to be reported as other income (loss). The adoption of this accounting standard did not have an impact on the Organization's financial position or change in its net assets.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - SUMMARY OF GRANT AGREEMENTS

The following summarizes grant awards which were active during the period October 1, 2019 through September 30, 2020:

Federal Assistance	<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
U.S. Department of Health and Human Services			
	COVID -19 Provider Relief Fund	04/15/20 - 09/30/20	\$ 46,715
	Pass-Through West Virginia State University, Metro Area Agency on Aging:		
	Title IIIB Grants for Supportive Services and Senior Centers - T3B/D/E 22036	10/01/19 - 09/30/20	18,585
	Title IIIC Nutrition Services	10/01/19 - 09/30/20	167,697
	Title IIIC Nutrition Services - T3B/D/E22036	10/01/19 - 09/30/20	74,482
	Title IIIC Nutrition Services Incentive Program	10/01/19 - 09/30/20	45,838
	Title IIIE National Family Caregiver Support - T3B/D/E 22036	10/01/19 - 09/30/20	31,822
	Title IIID Disease Prevention and Health Promotion Services- T3B/D/E 22036	10/01/19 - 09/30/20	4,114
	LIEAP Low Income Energy Assistance Program	10/01/19 - 09/30/20	329
U.S. Department of Health and Human Services			
	Pass-Through West Virginia Bureau of Senior Services:		
	Medicare Enrollment Assistance Program MIPPA2020	10/01/19 - 09/30/20	25,000
	Medicare Enrollment Assistance Program MIPPA2120	09/01/20 - 08/31/21	23,500
	State Health Insurance Assistance Program - SHIP2014	04/01/19 - 03/31/20	27,000
	State Health Insurance Assistance Program - SHIP2114	04/01/20 - 03/31/21	27,000
	Senior Medicare Patrol - SMP 2014	06/01/19 - 05/31/20	8,600
	Senior Medicare Patrol - SMP 2114	06/01/20 -05/31/21	8,600
State Assistance			
West Virginia State University, Metro Area Agency on Aging:			
	Title IIIB Grants for Supportive Services and Senior Centers - T3B/D/E 22036	10/01/19 - 09/30/20	66,721
	Title IIIC Nutrition Services	10/01/19 - 09/30/20	123,610
	Title IIIC State Supplemental Nutrition	10/01/19 - 09/30/20	90,477
	Title IIIC Summer Feeding Program	10/01/19 - 09/30/20	20,592
	Title IIIE National Family Caregiver Support - T3B/D/E22036	10/01/19 - 09/30/20	2,273
	Title IIID Disease Prevention and Health Promotion Services - T3B/D/E 22036	10/01/19 - 09/30/20	128
	LIFE - 22003 - Lincoln	07/01/19 - 06/30/20	341,458
	LIFE - 22103 - Lincoln	07/01/20 - 06/30/21	345,848

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - SUMMARY OF GRANT AGREEMENTS (CONTINUED)

State Assistance (Continued)

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
West Virginia Bureau of Senior Services:		
In-Home Services - IH2020	07/01/19 - 06/30/20	\$ 326,309
In-Home Services - IH2026	07/01/19 - 06/30/20	204,300
In-Home Services - IH2058	07/01/19 - 06/30/20	76,400
In-Home Services - IH2120	07/01/20 - 06/30/21	319,199
In-Home Services - IH2126	07/01/20 - 06/30/21	223,628
In-Home Services - IH2158	07/01/20 - 06/30/21	84,400

NOTE 3 - INVESTMENTS

Investments as of September 30, 2020 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Annuities:			
Equitable Life Insurance Company	\$ 1,593,498	\$ 1,781,945	\$ 188,447
Jackson National Life Insurance Company	541,195	868,679	327,484
Midland National Life Insurance Company	338,187	381,131	42,944
Forethought Life Insurance Company	<u>2,240,643</u>	<u>2,336,902</u>	<u>96,259</u>
Total	\$ <u>4,713,523</u>	\$ <u>5,368,657</u>	\$ <u>655,134</u>

The following summarizes the investment return and unrealized gains (losses) for the year ended September 30, 2020 inclusive of interest earned on cash and cash equivalents:

Investment Income:

Interest and Dividends	\$ 2,448
Realized Gains	<u>91,195</u>
Total Investment Return	\$ <u>93,643</u>

Other Income (Loss):

Unrealized Gains (Losses)	\$ <u>120,628</u>
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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	594,427
Furniture, Fixtures and equipment	547,483
Vehicles	<u>644,824</u>
Total Property And Equipment	\$ <u>3,565,799</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020 totaled \$164,974.

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, 2020 rent expense amounted to \$36,200.

NOTE 7 - DONATED SERVICES AND SPACE

Lincoln County Opportunity Company, Inc. received donated services from unpaid volunteers and donated space during the year ended September 30, 2020. As required by the grant contracts, such amounts have been recorded as revenue and expenses by the following programs in the accompanying financial statements:

<u>Program</u>	<u>Volunteer Labor</u>	<u>Space</u>	<u>Total</u>
Title IIIB Grants for Supportive Services and Senior Centers	\$ 5,946	\$ 5,398	\$ 11,344
Title IIIC1 Nutrition Services	7,869	-0-	7,869
Title III C2 Nutrition Services	16,769	-0-	16,769
Title IIID Disease Prevention and Health Promotion Services	-0-	<u>370</u>	<u>370</u>
Total	\$ <u>30,584</u>	\$ <u>5,768</u>	\$ <u>36,352</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were released from restrictions during 2020 by incurring expenses satisfying the purpose specified by the donor as follows:

Purpose restriction accomplished:

Life Program	\$ 328,587
Shine Program	60,600
Title IIIB Grants for Supportive Services and Senior Centers Program	85,306
Title IIIE National Family Caregiver Support Program	34,095
Title IIIC Nutrition Services Program	19,579
Title IIID Disease Prevention and Health Promotion Services Program	4,242
Covid-19 Relief	<u>51,715</u>
Total Restrictions Released	\$ <u>584,124</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 and a brokerage firm. All accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation or Securities Investor Protection 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, 2020, \$493,099 of such deposits were not covered by insurance or secured by adequate bond or other securities held by the banking institution in the Organization's name.

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. The previous executive director passed away in 2019 and subsequent payments were made to the decedent's beneficiaries as provided for in the employment contract. The decedent's beneficiaries will continue to receive \$5,000 per month until the balance is paid in full as required by the employment contract. At September 30, 2020, the remaining outstanding commitment totaled \$340,719.

NOTE 11 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The composition of the Organization's Contractual Service Revenue based on lines of business, and methods of reimbursement for the year ended September 30, 2020 as follows:

Lines of Business:	
Nutrition Services	\$ 522,696
In-home Services	3,328,202
Transportation	<u>36,369</u>
Total	\$ <u><u>3,887,267</u></u>
Method of Reimbursement:	
West Virginia State University, Metro Area Agency on Aging	\$ 522,696
West Virginia Bureau of Senior Services	648,593
Medicaid	2,407,774
LogistiCare	36,369
Veteran's Administration	221,215
Private Pay	<u>50,620</u>
Total	\$ <u><u>3,887,267</u></u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11 - REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Revenue from contracts with customers is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing nutrition services, in-home services, and transportation services to its clients. These amounts are due from third party and private payors. The revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for the performance obligations satisfied over time is recognized based on actual services provided to each client on a daily basis. These services are billed and recorded on a monthly basis. The invoice practical expedient within the accounting guidance for revenue recognition standards allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the client and when the amount for which to invoice corresponds directly to the value transferred to the clients.

The purpose of the invoice practical expedient is to depict an entity's measure of progress toward completion of the performance obligation within a contract and can only be applied to performance obligations that are satisfied over time and when the invoice is representative of services provided to date. The Organization elected to apply the invoice practical expedient to recognize revenue for performance obligations satisfied over time as the invoices from providing nutrition services, in-home services, and transportation services to clients are representative of services provided to date to the clients.

The Organization has determined that the nature, timing, and uncertainty of revenue and cash flows are affected by the different service lines, and method of reimbursement.

Accounts receivable from contracts with customers are presented in the Organization's statements of financial position as accounts receivable totaling \$585,655 as of September 30, 2020.

NOTE 12 - SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

The Organization received a \$640,900 forgivable loan from the Small Business Administration Paycheck Protection Program. Management believes it utilized the proceeds in accordance with the SBA requirements and, therefore, the loan will be forgiven. The SBA, however, has the ultimate authority to forgive the loan or a portion of the loan based on the documents submitted. In accordance with the guidance in FASB ASC 958-605, the Organization has recorded the amount as a refundable advance as of September 30, 2020 awaiting notification from the SBA of forgiveness - see Note 17 - Subsequent Events.

NOTE 13 - 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 23 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.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 13 - BUDGETARY REPORTING BASIS (CONTINUED)

- 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 14 - CONTINGENCIES

The Organization's programs are generally funded by federal, state, and local sources. Federal and state grants received for specific purposes are subject to audit or review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, would be immaterial.

NOTE 15 - 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, 2020

NOTE 15 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at September 30, 2020 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				
Equitable Life Insurance Company	\$ 1,781,945	\$ -0-	\$ 1,781,945	\$ -0-
Jackson National Life Insurance Company	868,679	-0-	824,665	44,014
Midland National Life Insurance Company	381,131	-0-	381,131	-0-
Forethought Life Insurance Company	<u>2,336,902</u>	<u>-0-</u>	<u>2,336,902</u>	<u>-0-</u>
Total	\$ <u>5,368,657</u>	\$ <u>-0-</u>	\$ <u>5,324,643</u>	\$ <u>44,014</u>

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

Beginning Balance	\$ 42,265
Investment Income (Loss)	-0-
Unrealized/Realized Gain (Loss) Reported in Other Income (Loss) in the accompanying statement of activities	1,749
Purchases	-0-
Sales	<u>-0-</u>
Ending Balance	\$ <u>44,014</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 15 - FAIR VALUE MEASUREMENTS (CONTINUED)

The amount of total gains and (losses) for the period reported in other income (loss), in the accompanying statement of activities, attributable to the change in unrealized gains and losses relating to assets still held at September 30, 2020 was \$1,749.

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.

Investments

The Organization uses model - based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market. These investments are included in Level 2 and consist of variable rate annuities. The fair values are provided by an independent third party investment broker.

When observable inputs are not available, the Organization uses 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. The fair values are provided by an independent third party investment broker.

NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Financial assets at year end

Cash and cash equivalents	\$ 1,684,544
Grants receivable	46,660
Accounts receivable	585,655
Investments	5,368,657
Tenant security deposits	<u>4,961</u>
Total financial assets	7,690,477

Less those unavailable for general expenditures
within one year

Tenant security deposits	<u>(4,961)</u>
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Financial assets available to meet cash needs for general expenditures within one year	\$ <u>7,685,516</u>
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Tenant security deposits are deposited into a separate bank account and are refundable to the tenants and, therefore, are not available for operating purposes.

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 17 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to September 30, 2020 through August 18, 2021 (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. The following events occurred after September 30, 2020:

In November 2020, the Organization received notification from the Premier Bank that the \$640,900 Paycheck Protection Program loan had been forgiven in full by the Small Business Administration.

In July, 2021, the Organization purchased real estate at a total cost of \$216,126 which will be utilized for a senior center in Wayne County, West Virginia.

ADDITIONAL INFORMATION

**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 22036
GRANT PERIOD OCTOBER 1, 2019 TO SEPTEMBER 30, 2020**

	<u>Actual</u>				(Over) Under
	<u>Budget</u>	<u>IIIB</u>	<u>IIID</u>	<u>IIIE</u>	<u>Budget</u>
SUPPORT AND REVENUE					
Federal	\$ 54,521	\$ 18,585	\$ 4,114	\$ 31,822	\$ -0-
State	66,849	66,721	128	2,273	2,273
In-kind - matching	<u>11,714</u>	<u>11,344</u>	<u>370</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>133,084</u>	<u>96,650</u>	<u>4,612</u>	<u>34,095</u>	<u>2,273</u>
EXPENSES					
Personnel	72,900	68,658	4,242	-0-	-0-
Travel	4,909	4,909	-0-	-0-	-0-
Printing and supplies	775	775	-0-	-0-	-0-
Equipment	-0-	-0-	-0-	-0-	-0-
Building space	1,200	1,200	-0-	-0-	-0-
Communications and utilities	3,180	3,180	-0-	-0-	-0-
Program costs	42,433	-0-	-0-	44,707	2,274
Other	<u>6,584</u>	<u>6,584</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>131,981</u>	<u>85,306</u>	<u>4,242</u>	<u>44,707</u>	<u>2,274</u>
GRANTEE'S SHARE	<u>11,714</u>	<u>11,344</u>	<u>370</u>	<u>-0-</u>	<u>-0-</u>
GRAND TOTAL	<u>143,695</u>	<u>96,650</u>	<u>4,612</u>	<u>44,707</u>	<u>2,274</u>
INCREASE (DECREASE) IN NET ASSETS	(10,611)	-0-	-0-	(10,612)	(1)
TRANSFERS IN (OUT)	10,611	-0-	-0-	10,612	1
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, 2020	\$ <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 AWARDS
YEAR ENDED SEPTEMBER 30, 2020**

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Agency/ Pass-through Number</u>	<u>Program Period</u>
U.S. Department of Health and Human Services		
COVID-19 Provider Relief Fund	N/A	04/15/20 - 09/30/20
Pass-through West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Grants for Supportive Services and Senior Centers	T3B/D/E 22036	10/01/19 - 09/30/20
Title IIIC Nutrition Services	N/A	10/01/19 - 09/30/20
Title IIIC Nutrition Services	T3B/D/ E 22036	10/01/19 - 09/30/20
Title IIIC Nutrition Services Incentive Program	N/A	10/01/19 - 09/30/20
Title IIID Disease Prevention and Health Promotion Services	T3B/D/E 22036	10/01/19 - 09/30/20
Title IIIE National Family Caregiver Support LIEAP	T3B/D/E 22036 N/A	10/01/19 - 09/30/20 10/01/19 - 09/30/20
Pass-through West Virginia Bureau of Senior Services:		
Medicare Enrollment Assistance Program	MIPPA2020	10/01/19 - 09/30/20
Senior Medicare Patrol	SMP2014	06/01/19 - 05/31/20
State Health Insurance Assistance Program	SHIP2014	04/01/19 - 03/31/20
State Health Insurance Assistance Program	SHIP2114	04/01/20 - 03/31/21
Total U.S. Department of Health and Human Services		
Total Expenditures of Federal Awards		

<u>Program or Award Amount</u>	<u>Expenditures</u>
\$ 46,715	\$ 46,715
18,585	18,585
167,697	167,697
74,482	74,482
45,838	45,838
4,114	4,114
31,822	31,822
329	329
25,000	25,000
8,600	8,600
27,000	16,785
27,000	<u>10,215</u>
	<u>450,182</u>
	\$ <u>450,182</u>

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Grant Number</u>	<u>Award Amount</u>
West Virginia State University, Metro Area Agency on Aging		
Title IIIB Grants for Supportive Services and Senior Centers	T3B/D/E 22036	\$ 66,721
Title IIIC Nutrition Services	N/A	234,679
Title IIID Disease Prevention and Health Promotion Services	T3B/D/E 22036	128
Title IIIE National Family Caregiver Support LIFE	T3B/D/E 22036 22003-Lincoln	2,273 341,458
LIFE	22103-Lincoln	345,848
Total West Virginia State University, Metro Area Agency on Aging		
West Virginia Bureau of Senior Services		
In-Home Services	IH2020-Lincoln	326,309
In-Home Services	IH2026-Wayne	204,300
In-Home Services	IH2058-Logan	76,400
In-Home Services	IH2120-Lincoln	319,199
In-Home Services	IH2126-Wayne	223,628
In-Home Services	IH2158-Logan	84,400
Total West Virginia Bureau of Senior Services		
Total State Awards		

<u>Under (Over)</u> <u>Expended</u> <u>Beginning of Year</u>	<u>Total</u> <u>Current Year</u> <u>Revenues</u>	<u>Total</u> <u>Current Year</u> <u>Expenditures</u>	<u>Under (Over)</u> <u>Expended</u> <u>End of Year</u>
\$ -0-	\$ 66,721	\$ 66,721	\$ -0-
-0-	234,679	234,679	-0-
-0-	128	128	-0-
-0-	2,273	2,273	-0-
-0-	252,549	252,549	-0-
<u>-0-</u>	<u>76,038</u>	<u>76,038</u>	<u>-0-</u>
<u>-0-</u>	<u>632,388</u>	<u>632,388</u>	<u>-0-</u>
-0-	249,889	249,889	-0-
-0-	168,278	168,278	-0-
-0-	64,320	64,320	-0-
-0-	74,209	74,209	-0-
-0-	68,660	68,660	-0-
<u>-0-</u>	<u>23,236</u>	<u>23,236</u>	<u>-0-</u>
<u>-0-</u>	<u>648,592</u>	<u>648,592</u>	<u>-0-</u>
\$ <u>-0-</u>	\$ <u>1,280,980</u>	\$ <u>1,280,980</u>	\$ <u>-0-</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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 18, 2021 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) as a basis for designing 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 financial statements. 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
August 18, 2021

Ware & Hall PLLC