

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

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2021
WITH INDEPENDENT AUDITOR'S REPORTS**

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2021

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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, 2021, 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.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
WEST VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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, 2021, 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 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 September 28, 2022, 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.

Hess, Stewart & Campbell, PLLC

Huntington, West Virginia
September 28, 2022

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,841,576
Grants receivable		85,331
Accounts receivable		1,122,767
Prepaid expenses		<u>29,894</u>
TOTAL CURRENT ASSETS		3,079,568

INVESTMENTS

5,840,061

PROPERTY AND EQUIPMENT

4,014,466

RESTRICTED DEPOSITS

Tenant security deposits		<u>4,966</u>
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TOTAL OTHER ASSETS

4,966

TOTAL ASSETS

\$ 12,939,061

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	93,506
Accrued annual leave		169,904
Accrued payroll		123,149
Payroll taxes withheld and accrued		62,877
Current portion of employment contract liability		60,000
Tenant security deposits		4,966
Due to other entities		<u>448,180</u>

TOTAL CURRENT LIABILITIES

962,582

LONG-TERM LIABILITIES

Employment contract liability, less current portion included above		<u>220,719</u>
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TOTAL LONG-TERM LIABILITIES

220,719

TOTAL LIABILITIES

1,183,301

NET ASSETS

Without donor restrictions:		
Undesignated		7,741,294
Investment in property and equipment		<u>4,014,466</u>
TOTAL NET ASSETS		<u>11,755,760</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 12,939,061

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
REVENUES GAINS AND OTHER			
SUPPORT			
Grants and contributions	\$ 649,565	\$ 519,142	\$ 1,168,707
Contractual service revenue	4,766,994	-0-	4,766,994
Other	65,518	-0-	65,518
Project income	18,762	-0-	18,762
Investment income	120,599	-0-	120,599
In-kind matching	38,615	-0-	38,615
NET ASSETS RELEASED FROM RESTRICTIONS:			
Satisfaction of purpose restrictions	<u>519,142</u>	<u>(519,142)</u>	<u>-0-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>6,179,195</u>	<u>-0-</u>	<u>6,179,195</u>
EXPENSES			
PROGRAM SERVICES			
Title IIIB - Supportive Services and Senior Centers	57,919	-0-	57,919
Title IIIC-1 Congregate Nutrition Services	12,546	-0-	12,546
Title IIIC-2 Home Delivered Nutrition Services	485,980	-0-	485,980
Title IIID - Disease Prevention and Health Promotion Services	2,595	-0-	2,595
Title IIIE - National Family Caregiver Support	46,271	-0-	46,271
SMP, MIPPA & SHIP	70,744	-0-	70,744
Life	236,903	-0-	236,903
Lighthouse In-Home Services	381,851	-0-	381,851
FAIR In-Home Services	72,924	-0-	72,924
Transportation	76,963	-0-	76,963
Veterans Administration	92,963	-0-	92,963
Personal care	2,243,217	-0-	2,243,217
Other programs	<u>77,620</u>	<u>-0-</u>	<u>77,620</u>
TOTAL PROGRAM SERVICES	<u>3,858,496</u>	<u>-0-</u>	<u>3,858,496</u>
SUPPORTING SERVICES			
Management and general	<u>1,042,776</u>	<u>-0-</u>	<u>1,042,776</u>
TOTAL EXPENSES	<u>4,901,272</u>	<u>-0-</u>	<u>4,901,272</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME (LOSS)	1,277,923	-0-	1,277,923
OTHER INCOME (LOSS)			
Unrealized gains on investments	<u>511,586</u>	<u>-0-</u>	<u>511,586</u>
CHANGE IN NET ASSETS	1,789,509	-0-	1,789,509
NET ASSETS, BEGINNING OF YEAR	<u>5,951,785</u>	<u>-0-</u>	<u>5,951,785</u>
NET ASSETS, END OF YEAR	\$ <u>7,741,294</u>	\$ <u>-0-</u>	\$ <u>7,741,294</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, 2021

	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	\$ 15,575	\$ 2,712	\$ 152,768
Travel and training	10,000	-0-	1,844
Consumable supplies	2,337	-0-	10,966
Buildings	-0-	-0-	3,377
Vehicles and equipment	6,000	2,136	7,976
Insurance	6,300	2,613	6,788
Occupancy	-0-	-0-	1,200
Contractual and consultants	-0-	-0-	-0-
Telephone and utilities	6,772	-0-	5,601
Program costs	-0-	3,085	281,068
Other	-0-	-0-	-0-
Volunteer labor - nonfunded	10,935	2,000	14,392
Other costs - nonfunded	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenses	\$ <u>57,919</u>	\$ <u>12,546</u>	\$ <u>485,980</u>

Program Services

Title III D Disease Prevention and Health Promotion Services	Title III E National Family Caregiver Support	SMP MIPPA and SHIP	Life	Lighthouse In-Home Services
\$ 2,225	\$ 35,317	\$ 39,316	\$ 82,941	\$ 344,523
-0-	-0-	-0-	933	9,192
-0-	18	8,992	3,000	6,237
-0-	-0-	-0-	1,710	-0-
-0-	3	4,322	49,100	2,878
-0-	10	4,808	5,530	3,352
-0-	-0-	-0-	36,000	-0-
-0-	-0-	-0-	-0-	722
-0-	5	3,306	57,689	2,804
-0-	-0-	10,000	-0-	7,628
-0-	-0-	-0-	-0-	4,515
370	10,918	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
\$ <u>2,595</u>	\$ <u>46,271</u>	\$ <u>70,744</u>	\$ <u>236,903</u>	\$ <u>381,851</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021

	Program Services		
	Fair In-Home <u>Services</u>	<u>Transportation</u>	Veteran's <u>Administration</u>
Salaries and benefits	\$ 72,039	\$ 43,923	\$ 84,150
Travel and training	171	13,486	4,439
Consumable supplies	256	2,367	1,843
Buildings	-0-	-0-	-0-
Vehicles and equipment	40	10,950	262
Insurance	139	1,089	906
Occupancy	-0-	-0-	-0-
Contractual and consultants	-0-	-0-	-0-
Telephone and utilities	118	4,906	1,363
Program costs	61	242	-0-
Other	100	-0-	-0-
Volunteer labor - nonfunded	-0-	-0-	-0-
Other costs - nonfunded	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Total expenses	 \$ <u>72,924</u>	 \$ <u>76,963</u>	 \$ <u>92,963</u>

<u>Program Services</u>			<u>Supporting Services</u>	
<u>Personal Care</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
\$ 2,136,776	\$ 73,030	\$ 3,085,295	\$ 467,581	\$ 3,552,876
13,337	-0-	53,402	1,191	54,593
47,891	-0-	83,907	19,044	102,951
-0-	-0-	5,087	5,506	10,593
2,974	-0-	86,641	478,654	565,295
5,126	-0-	36,661	23,700	60,361
-0-	-0-	37,200	-0-	37,200
1,882	-0-	2,604	22,308	24,912
6,181	-0-	88,745	16,089	104,834
20,357	4,590	327,031	-0-	327,031
8,693	-0-	13,308	8,703	22,011
-0-	-0-	38,615	-0-	38,615
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
\$ <u>2,243,217</u>	\$ <u>77,620</u>	\$ <u>3,858,496</u>	\$ <u>1,042,776</u>	\$ <u>4,901,272</u>

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 1,789,509
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized (gain) on investments	(120,000)
Unrealized (gain) on investments	(511,586)
(Increase) decrease in operating assets:	
Grants receivable	(38,671)
Accounts receivable	(537,112)
Prepaid expenses	(7,003)
Increase (decrease) in operating liabilities:	
Accounts payable	48,954
Accrued annual leave	866
Accrued payroll	14,033
Payroll taxes withheld and accrued	(643)
Employment contract liability	(60,000)
Tenant security deposits	5
Due to other entities	59,403
Refundable advances	(640,900)
NET CASH (USED IN) OPERATING ACTIVITIES	\$ (3,145)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales of investments	160,182
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>160,182</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 157,037

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,689,505

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,846,542

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, 2021

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, 2021

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	\$	1,841,576
Restricted deposits		<u>4,966</u>
Total	\$	<u><u>1,846,542</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 2018.

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, 2021

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 \$15,700 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, 2021

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.

NOTE 2 - SUMMARY OF GRANT AGREEMENTS

The following summarizes grant awards which were active during the period October 1, 2020 through September 30, 2021:

Federal Assistance	<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
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 22136	10/01/20 - 09/30/21	\$ -0-
	Title IIIC Nutrition Services -T3C22136	10/01/20 - 09/30/21	279,356
	Title IIIE National Family Caregiver Support - T3B/D/E 22136	10/01/20 - 09/30/21	32,753
	Title IIID Disease Prevention and Health Promotion Services - T3B/D/E 22136	10/01/20 - 09/30/21	2,096
	Title IIID American Rescue Plan - T3B/D/E22136	10/01/20 - 09/30/21	8,970
U.S. Department of Health and Human Services			
Pass-Through West Virginia Bureau of Senior Services:			
	Medicare Enrollment Assistance Program MIPPA2120	09/01/20 - 08/31/21	23,500
	Medicare Enrollment Assistance Program MIPPA2220	09/01/21 - 08/31/22	25,000
	State Health Insurance Assistance Program - SHIP2114	04/01/ 20 - 03/31/21	27,000
	State Health Insurance Assistance Program - SHIP2214	04/01/ 21 - 03/31/22	27,000
	Senior Medicare Patrol - SMP 2114	06/01/ 20 - 05/31/21	8,600
	Senior Medicare Patrol - SMP 2214	06/01/21 - 05/31/22	8,600

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 22136	10/01/20 - 09/30/21	\$ 56,480
Title IIIC Nutrition Services -T3C22136	10/01/20 - 09/30/21	139,610
Title IIIC State Supplemental Nutrition	10/01/20 - 09/30/21	132,214
Title IIIC Summer Feeding Program	10/01/20 - 09/30/21	153,350
Title IIIE National Family Caregiver Support - T3B/D/E22136	10/01/20 - 09/30/21	2,340
Title IIID Disease Prevention and Health Promotion Services - T3B/D/E 22136	10/01/20 - 09/30/21	128
LIFE - 22103 - Lincoln	07/01/20 - 06/30/21	345,848
LIFE - 22203 - Lincoln	07/01/21 - 06/30/22	345,990
 West Virginia Bureau of Senior Services:		
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
In-Home Services - IH2220	07/01/21 - 06/30/22	339,899
In-Home Services - IH2226	07/01/21 - 06/30/22	234,300
In-Home Services - IH2258	07/01/21 - 06/30/22	83,400

NOTE 3 - INVESTMENTS

Investments as of September 30, 2021 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Annuities:			
Equitable Life Insurance Company	\$ 1,593,498	\$ 2,116,742	\$ 523,244
Jackson National Life Insurance Company	501,013	965,394	464,381
Midland National Life Insurance Company	338,187	407,704	69,517
Forethought Life Insurance Company	<u>2,240,643</u>	<u>2,350,221</u>	<u>109,578</u>
 Total	 \$ <u>4,673,341</u>	 \$ <u>5,840,061</u>	 \$ <u>1,166,720</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 - INVESTMENTS (CONTINUED)

The following summarizes the investment return and unrealized gains (losses) for the year ended September 30, 2021 inclusive of interest earned on cash and cash equivalents:

Investment Income:	
Interest and Dividends	\$ 599
Realized Gains	<u>120,000</u>
 Total Investment Return	 \$ <u>120,599</u>
Other Income (Loss):	
Unrealized Gains (Losses)	\$ <u>511,586</u>

NOTE 4 - PROPERTY AND EQUIPMENT

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

Land	\$ 124,498
Buildings	1,860,443
Improvements	594,427
Furniture, fixtures and equipment	609,612
Vehicles	604,706
Construction in progress	<u>220,779</u>
Total Property And Equipment	\$ <u>4,014,466</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, 2021 totaled \$200,098.

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, 2021 rent expense amounted to \$37,200.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 - DONATED SERVICES AND SPACE

Lincoln County Opportunity Company, Inc. received donated services from unpaid volunteers during the year ended September 30, 2021. 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>
Title IIIB Grants for Supportive Services and Senior Centers	\$ 10,935
Title IIIC1 Nutrition Services	2,000
Title IIIC2 Nutrition Services	14,392
Title IIID Disease Prevention and Health Promotion Services	370
Title IIIE National Family Caregiver Support	<u>10,918</u>
Total	\$ <u>38,615</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were released from restrictions during 2021 by incurring expenses satisfying the purpose specified by the donor as follows:

Purpose restriction accomplished:

Life Program	\$ 354,602
Shine Program	70,744
Title IIIB Grants for Supportive Services and Senior Centers Program	56,480
Title IIIE National Family Caregiver Support Program	35,092
Title IIID Disease Prevention and Health Promotion Services Program	<u>2,224</u>
Total Restrictions Released	\$ <u>519,142</u>

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, 2021, \$390,900 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.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, the remaining outstanding commitment totaled \$280,719.

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, 2021 as follows:

Lines of Business:	
Nutrition Services	\$ 704,530
In-home Services	4,025,281
Transportation	<u>37,183</u>
Total	<u>\$ 4,766,994</u>
Method of Reimbursement:	
West Virginia State University, Metro Area Agency on Aging	\$ 704,530
West Virginia Bureau of Senior Services	537,985
Medicaid	3,130,937
LogistiCare	37,183
Veteran’s Administration	304,345
Private Pay	<u>52,014</u>
Total	<u>\$ 4,766,994</u>

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.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 - REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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 \$1,122,767 as of September 30, 2021.

NOTE 12 - SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

The Organization received a \$640,900 forgivable loan in 2020 from the Small Business Administration Paycheck Protection Program. The SBA approved to forgive the loan based on the documents submitted in 2021.

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.
- 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.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

NOTE 15 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at September 30, 2021 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	\$ 2,116,742	\$ -0-	\$ 2,116,742	\$ -0-
Jackson National Life Insurance Company	965,394	-0-	920,060	45,334
Midland National Life Insurance Company	407,704	-0-	407,704	-0-
Forethought Life Insurance Company	<u>2,350,221</u>	<u>-0-</u>	<u>2,350,221</u>	<u>-0-</u>
Total	\$ <u>5,840,061</u>	\$ <u>-0-</u>	\$ <u>5,794,727</u>	\$ <u>45,334</u>

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

Beginning Balance	\$ 44,014
Investment Income (Loss)	-0-
Unrealized/Realized Gain (Loss) Reported in Other Income (Loss) in the accompanying statement of activities	1,320
Purchases	-0-
Sales	<u>-0-</u>
Ending Balance	\$ <u>45,334</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021 was \$1,320.

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	\$ 1,841,576
Grants receivable	85,331
Accounts receivable	1,122,767
Investments	5,840,061
Tenant security deposits	<u>4,966</u>
Total financial assets	8,894,701

Less those unavailable for general expenditures
within one year

Tenant security deposits	<u>(4,966)</u>
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Financial assets available to meet cash needs for general expenditures within one year	\$ <u>8,889,735</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, 2021

NOTE 17 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to September 30, 2021 through September 28, 2022 (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, 2021:

As a result of a process for consolidating senior centers, the Organization subsequently closed the West Hamlin Senior Center in October, 2021, combined the Bison and West Moreland Senior Centers into the Ceredo Senior Center in May 2022, and the Fort Gay and Wayne Senior Centers into the new Wayne Senior Center in June 2022.

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 22136
GRANT PERIOD OCTOBER 1, 2020 TO SEPTEMBER 30, 2021**

		<u>Actual</u>			Over (Under)
	<u>Budget</u>	<u>IIIB</u>	<u>IIID</u>	<u>IIIE</u>	<u>Budget</u>
SUPPORT AND REVENUE					
Federal	\$ 34,850	\$ -0-	\$ 2,097	\$ 32,753	\$ -0-
State	56,608	56,480	128	-0-	-0-
In-kind - matching	<u>22,223</u>	<u>10,935</u>	<u>370</u>	<u>10,918</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>113,681</u>	<u>67,415</u>	<u>2,595</u>	<u>43,671</u>	<u>-0-</u>
EXPENSES					
Personnel	21,694	19,469	2,225	-0-	-0-
Travel	10,000	10,000	-0-	-0-	-0-
Printing and supplies	2,335	2,335	-0-	-0-	-0-
Equipment	-0-	-0-	-0-	-0-	-0-
Building space	-0-	-0-	-0-	-0-	-0-
Communications and utilities	9,674	9,674	-0-	-0-	-0-
Program costs	32,753	-0-	-0-	35,353	2,600
Other	<u>15,002</u>	<u>15,002</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>91,458</u>	<u>56,480</u>	<u>2,225</u>	<u>35,353</u>	<u>-0-</u>
GRANTEE'S SHARE	<u>22,223</u>	<u>10,935</u>	<u>370</u>	<u>10,918</u>	<u>-0-</u>
GRAND TOTAL	<u>113,681</u>	<u>67,415</u>	<u>2,595</u>	<u>46,271</u>	<u>2,600</u>
INCREASE (DECREASE) IN NET ASSETS	-0-	-0-	-0-	(2,600)	(2,600)
TRANSFERS IN (OUT)	-0-	-0-	-0-	2,600	2,600
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, 2021	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021**

<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		
Pass-through West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Grants for Supportive Services and Senior Centers	T3B/D/E22136	10/01/20 - 09/30/21
Title IIIC Nutrition Services	T3C22136	10/01/20 - 09/30/21
Title IIID Disease Prevention and Health Promotion Services	T3B/D/E 22136	10/01/20 - 09/30/21
Title IIIE National Family Caregiver Support	T3B/D/E 22136	10/01/20 - 09/30/21
Pass-through West Virginia Bureau of Senior Services:		
Medicare Enrollment Assistance Program	MIPPA2120	09/01/20 - 08/31/21
Medicare Enrollment Assistance Program	MIPPA2220	09/01/21 - 08/31/22
Senior Medicare Patrol	SMP2114	06/01/20 - 05/31/21
State Health Insurance Assistance Program	SHIP2114	04/01/20 - 03/31/21
State Health Insurance Assistance Program	SHIP2214	04/01/21 - 03/31/22
Total U.S. Department of Health and Human Services		
Total Expenditures of Federal Awards		

<u>Program or Award Amount</u>	<u>Expenditures</u>
\$ -0-	\$ -0-
279,356	279,356
2,096	2,096
32,753	32,753
23,500	17,625
25,000	15,000
8,600	8,600
27,000	16,785
27,000	<u>12,734</u>
	384,949
	\$ <u>384,949</u>

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2021**

	<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 22136	\$ 56,480
Title IIIC Nutrition Services	N/A	425,174
Title IIID Disease Prevention and Health Promotion Services	T3B/D/E 22136	128
Title IIIE National Family Caregiver Support LIFE	T3B/D/E 22136 22103-Lincoln	2,340 345,848
LIFE	22203-Lincoln	345,990
Total West Virginia State University, Metro Area Agency on Aging		
West Virginia Bureau of Senior Services		
In-Home Services	IH2120-Lincoln	319,199
In-Home Services	IH2126-Wayne	223,628
In-Home Services	IH2158-Logan	84,400
In-Home Services	IH2220-Lincoln	339,899
In-Home Services	IH2226-Wayne	234,300
In-Home Services	IH2258-Logan	83,400
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-	\$ 56,480	\$ 56,480	\$ -0-
	-0-	425,174	425,174	-0-
	-0-	128	128	-0-
	-0-	2,340	2,340	-0-
	-0-	261,147	261,147	-0-
	-0-	<u>93,455</u>	<u>93,455</u>	-0-
	-0-	<u>838,724</u>	<u>838,724</u>	-0-
	-0-	240,768	240,768	-0-
	-0-	152,783	152,783	-0-
	-0-	58,604	58,604	-0-
	-0-	53,241	53,241	-0-
	-0-	24,302	24,302	-0-
	-0-	<u>8,287</u>	<u>8,287</u>	-0-
	-0-	<u>537,985</u>	<u>537,985</u>	-0-
\$	-0-	\$ <u>1,376,709</u>	\$ <u>1,376,709</u>	\$ -0-

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

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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, 2021, 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 September 28, 2022 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.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
WEST VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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.

Hess, Stewart & Campbell, PLLC

Huntington, West Virginia
September 28, 2022