

Webster County Senior Citizens, Inc.

Audited Financial Statements

September 30, 2011

Audited by

**Williams & Associates, AC
204 Davis Avenue, Post Office Box 2727
Elkins, West Virginia 26241**

Webster County Senior Citizens, Inc.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Webster County Senior Citizens, Inc.

148 Court Square

Webster Springs, West Virginia 26288

We have audited the accompanying statement of financial position of Webster County Senior Citizens, Inc. as of September 30, 2011 and September 30, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Webster County Senior Citizens, Inc. as of September 30, 2011 and September 30, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, We have also issued our report dated June 15, 2012 on our consideration of Webster County Senior Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Williams & Associates, A.C.

Williams & Associates, A.C.

June 15, 2012

Webster County Senior Citizens, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2010 and 2011

	2010	2011
ASSETS		
Current Assets		
Cash & Equivalents	\$ 259,847	\$ 297,644
Accounts Receivable	85,322	64,330
Grants Receivable	76,823	80,419
Prepaid Expenses	22,830	17,967
Other Current Assets	6,064	10,091
Total Current Assets	450,886	470,451
Fixed Assets		
Buildings & Equipment	610,996	618,491
Accumulated Depreciation	(408,905)	(434,263)
Fixed Assets, net	202,091	184,228
TOTAL ASSETS	\$ 652,977	\$ 654,679
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 12,489	\$ 20,960
Payroll Tax Liabilities	6,867	-
Accrued Wages	44,846	36,571
Deferred Compensation	17,595	16,188
Total Current Liabilities	81,797	73,719
TOTAL LIABILITIES	81,797	73,719
Net Assets		
Net Assets, Unrestricted	571,180	580,960
Total Net Assets	571,180	580,960
LIABILITIES & NET ASSETS	\$ 652,977	\$ 654,679

The accompanying notes are an integral part of these financial statements.

Webster County Senior Citizens, Inc.
STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2010 and 2011

	2010	2011
REVENUE & SUPPORT		
Grant Revenues:		
Federal	\$ 196,888	\$ 180,342
State	218,822	175,565
LIFE	166,949	206,118
Program Services	933,936	816,624
Project Income	49,755	53,896
Interest & Dividends	13	3
Contributions	355	1,282
Fundraising	1,998	1,688
Other Income	15,948	21,779
TOTAL REVENUE & SUPPORT	1,584,664	1,457,297
EXPENSES		
Program Service Expenses	1,527,743	1,447,517
TOTAL EXPENSES	1,527,743	1,447,517
INCREASE(DECREASE) IN NET ASSETS	56,921	9,780
NET ASSETS, Beginning of Year	514,259	571,180
NET ASSETS, End of Year	\$ 571,180	\$ 580,960

The accompanying notes are an integral part of these financial statements.

Webster County Senior Citizens, Inc.
STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2010 and 2011

	2010	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(Decrease) in Net Assets	\$ 56,921	\$ 9,780
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	25,117	25,358
(Increase)Decrease in Accounts Receivable	16,548	20,992
(Increase)Decrease in Grants Receivable	(9,322)	(3,596)
(Increase)Decrease in Prepaid Expenses	(13,417)	4,863
(Increase)Decrease in Other Current Assets	884	(4,027)
Increase(Decrease) in Accounts Payable	(361)	8,471
Increase(Decrease) in Payroll Tax Liabilities	(5,463)	(6,867)
Increase(Decrease) in Accrued Wages	8,311	(8,275)
Increase(Decrease) in Deferred Compensation	1,975	(1,407)
Increase(Decrease) in Due to Grantor	(969)	-
Net cash provided(used) by operating activities	80,224	45,292
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of Fixed Assets	(36,246)	(7,495)
Net Cash provided(used) by investing activities	(36,246)	(7,495)
Increase(Decrease) in Cash	43,978	37,797
Cash Balance, Beginning of Year	215,869	259,847
Cash Balance, End of Year	\$ 259,847	\$ 297,644

The accompanying notes are an integral part of these financial statements.

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

Note 1. Summary of Significant Accounting Policies

The Webster County Senior Citizens, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Webster County, West Virginia. The purpose of the Organization is to study and document the needs of the seniors; to encourage, promote and aid in the establishment of programs for the seniors; to conduct programs of public education on the problems of aging; to utilize opportunities to establish demonstration programs; and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the Webster County Senior Citizens, Inc., is presented to assist in understanding the Organization's financial statements.

Basis of Accounting

The financial statements of the Webster County Senior Citizens, Inc., have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958-205, formerly Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

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

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources -- Medicaid Waiver and Community Care Programs. In addition, the Organization uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of September 30, 2011, all accounts receivable are deemed collectible.

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine collectibility of grants receivable. As of September 30, 2011, all grants receivable are deemed collectible.

Property and Equipment

The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must have approval from the grantor agency to dispose of such equipment and the method of disposition. The Organization has adopted a capitalization policy in the amount of \$500.

Investments

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at lower of cost or market (first-in, first-out basis).

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.
 - 2 – On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, and Title III-D/MM grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year, but if approval is denied, the money has to be reimbursed to the grantor.
 - 3 – Title III-C grant funds are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.
- Operating expenditures made against federal and state grants are subject to audit by the Grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

Donated Facilities

The Webster County Senior Citizens, Inc.'s facilities are owned by the Webster County Commission. Since recent appraisals are not available, a fair rental value could not be reasonably calculated and recorded as donated services and rent expense in these financial statements.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2011 were \$59.

Subsequent Events

Management has evaluated subsequent events through the date of this report.

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

Note 2. Accounts and Grants Receivable

Accounts receivable consisted of the following at September 30, 2011:

WV DHHR	\$ 61,648
Veteran's Administration	<u>2,682</u>
	<u>\$ 64,330</u>

Grants receivable consisted of the following at September 30, 2011:

LIFE	\$ 48,737
Lighthouse	19,536
FAIR	10,850
Other	<u>1,296</u>
	<u>\$ 80,419</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30, 2011:

Land	\$ 1,000
Buildings & Improvements	240,870
Vehicles	246,042
Equipment	<u>130,579</u>
Total Fixed Assets	618,491
Less accumulated depreciation	<u>(434,263)</u>
Net property and equipment	<u>\$ 184,228</u>

Note 4. Retirement Program

Certain employees are eligible to be included in the organization's retirement program. The employee contributes 4.5% of his/her gross wages which is combined with 9.5% contributed by The Webster County Senior Citizens, Inc. The covered employees are eligible to draw benefits upon retirement.

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

Note 5. Support Concentration

The Webster County Senior Citizens, Inc. receives about 38% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 53% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Webster County Senior Citizens, Inc.
Webster Springs, West Virginia

Our report on our audit of the basic financial statements of the Webster County Senior Citizens, Inc., for the year ended September 30, 2011, appears on page one (1). We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of activities by program and the schedule of expenditures of state awards are presented for purposes of additional analysis and is not a required part of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams & Associates, A.C.

Elkins, West Virginia
June 15, 2012

Webster County Senior Citizens, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2011

	III-B/ Asst Trans	III-C	III-D	III-E	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs
Revenue & Support									
Federal Revenue	\$ 27,606	\$ 144,426	\$ 1,016	\$ 6,202				\$ 1,092	\$ 180,342
State Revenue	17,288			2,067			101,608	54,602	175,565
LIFE Revenue (2010-11)						145,806			145,806
LIFE Revenue (2011-12)						60,312			60,312
Program Service Fees					\$ 784,550			32,074	816,624
Project Income	2,287	38,343				2,062	7,030	4,174	53,896
Contributions								1,282	1,282
Fundraising								1,688	1,688
Interest Income								3	3
Other Income	4,869		179		2,199			14,532	21,779
Total Revenue & Support	52,050	182,769	1,195	8,269	786,749	208,180	108,638	109,447	1,457,297
Expenses									
Payroll & Benefits	49,216	137,960		3,749	809,498	49,894	97,149	23,376	1,170,842
Communications & Utilities	4,784	12,639			7,604				25,027
Food & Disposables		108,149							108,149
Transportation		18,546							18,546
Equipment & Repairs	8,456	10			13,470				21,936
Office Supplies					4,985			689	5,674
Travel & Training	4,172				4,280	1,879	138	277	10,746
Depreciation								25,358	25,358
Professional Fees					25,503				25,503
Advertising					59				59
Taxes & Licenses					40				40
Insurance					11,150				11,150
Rent In-Kind	4,869			2,067				179	7,115
Other Expenses	6,376	463			6,824	172		3,537	17,372
Total Expenses	77,873	277,767	-	5,816	883,413	51,945	97,287	53,416	1,447,517
Change in Net Assets	\$ (25,823)	\$ (94,998)	\$ 1,195	\$ 2,453	\$ (96,664)	\$ 156,235	\$ 11,351	\$ 56,031	\$ 9,780

The notes are an integral part of these financial statements.

Webster County Senior Citizens, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL STATE AWARDS
For the Year Ended September 30, 2011

<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Grant Number</u>	<u>Expenditures</u>
<u>FEDERAL:</u>		
U.S. Department of Health & Human Services:		
Administration on Aging	93.044	27,606.00
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration on Aging	93.043	1,016.00
Special Programs for the Aging Title III Part D		
Disease Prevention and Health Promotion Services		
Administration on Aging	93.052	6,202.00
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration on Aging	93.045	144,426.00
Special Programs for the Aging Title III Part C		
Nutrition Services		
(Includes Expenditures of State Awards)		
Administration for Children & Families	93.568	1,092.00
Low-Income Home Energy Assistance (LIHEAP)		
<i>Total Expenditures of Federal Awards</i>		<u>180,342.00</u>

<u>STATE:</u>		
III-B		17,288.00
III-E		2,067.00
LIFE		206,118.00
Lighthouse		101,608.00
FAIR		50,397.00
Community Partnership		2,955.00
Client Tracking		<u>1,250.00</u>

<i>Total Expenditures of State Awards</i>	<u>381,683.00</u>
Total Expenditures of Federal & State Awards	<u>562,025.00</u>

The accompanying notes are an integral part of this schedule.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Webster County Senior Citizens, Inc.
Webster Springs, West Virginia 26288

We have audited the financial statements of the Webster County Senior Citizens, Inc., (a non-profit organization) as of and for the year ended September 30, 2011 and have issued our reports thereon dated June 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Webster County Senior Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of The Webster County Senior Citizens, Inc., in a separate letter dated June 15, 2012, and included in this audit report on page 15.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Webster County Senior Citizens, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in an amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Webster County Senior Citizens, Inc., in a separate letter dated June 15, 2012, and included in this audit report on page 15.

This report is intended solely for the information and use of the board of directors, management, and West Virginia Bureau of Senior Services and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Associates, A.C.

Elkins, West Virginia
June 15, 2012

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REPORT ON SELECTED COMPLIANCE REQUIREMENTS OF THE WEST VIRGINIA BUREAU OF SENIOR SERVICES

To the Board of Directors
Webster County Senior Citizens, Inc.
Webster Springs, West Virginia

We have audited the financial statements of the Webster County Senior Citizens, Inc. (a non-profit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated June 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether the Webster County Senior Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of certain compliance requirements per the directive of the West Virginia Bureau of Senior Services. Providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. However, the results of our tests disclosed no instances of noncompliance that are required to be reported under the directive of the West Virginia Bureau of Senior Services.

This report is intended for the information of the Board of Directors, management and the granting agencies and it not intended to be and should not be used by anyone other than those specified parties.

Williams & Associates, A.C.

Williams & Associates, A.C.

June 15, 2012

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MANAGEMENT LETTER

To the Board of Directors
Webster County Senior Citizens, Inc.
Webster Springs, West Virginia

Our audit of the financial statements of the Webster County Senior Citizens, Inc., for the year ended September 30, 2011, highlighted areas where we would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since our audit was not designed to include a complete review of all systems; procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

Segregations of Duties

During our audit we noted that, although more than two people perform most of the accounting and financial duties, many aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the Webster County Senior Citizens, Inc. We recognize that the Organization is not large enough to make employment of additional staff for the purpose of segregating duties practicable from a financial standpoint, but we are required under our professional responsibilities to describe the situation.

After you have had the opportunity to review these comments and recommendations, we would be pleased to discuss those points that you desire. We would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve the Webster County Senior Citizens, Inc.

Williams & Associates, A.C.

Elkins, West Virginia

June 15, 2012