

Webster County Senior Citizens, Inc.

Audited Financial Statements

September 30, 2013

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

To the Board of Directors
Webster County Senior Citizens Inc
148 Court Street
Webster Springs, West Virginia

We have audited the accompanying financial statements of Webster County Senior Citizens Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, cash flows and functional expenses 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Webster County Senior Citizens Inc as of September 30, 2013, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities by program on page 12 and the Schedule of Expenditures of Federal & State Awards on page 13 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, on our consideration of Webster County Senior Citizens Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Webster County Senior Citizens Inc's internal control over financial reporting and compliance.

Williams & Associates, A.C.

Williams & Associates, A.C.
Elkins, West Virginia
June 17, 2014

Webster County Senior Citizens, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2012 and 2013

	2012	2013
ASSETS		
Current Assets		
Cash & Equivalents	\$ 387,020	\$ 412,266
Accounts Receivable	83,344	86,248
Grants Receivable	81,484	35,829
Prepaid Expenses	15,023	16,523
Other Current Assets	13,101	4,310
Total Current Assets	579,972	555,176
Fixed Assets		
Buildings & Equipment	638,397	645,158
Accumulated Depreciation	(461,347)	(460,999)
Fixed Assets, net	177,050	184,159
TOTAL ASSETS	\$ 757,022	\$ 739,335
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 25,825	10,495
Payroll Tax Liabilities	-	6,192
Accrued Wages	43,522	42,184
Deferred Compensation	15,210	13,874
Total Current Liabilities	84,557	72,745
TOTAL LIABILITIES	84,557	72,745
Net Assets		
Net Assets, Unrestricted	672,465	666,590
Total Net Assets	672,465	666,590
LIABILITIES & NET ASSETS	\$ 757,022	739,335

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, 2012 and 2013

	<u>2012</u>	<u>2013</u>
REVENUE & SUPPORT		
Grant Revenues:		
Federal	\$ 185,030	\$ 209,347
State	213,531	183,821
LIFE	206,711	167,665
Program Services	941,407	890,535
Project Income	52,141	45,646
Interest & Dividends	-	
Contributions	1,680	8,007
Fundraising	3,284	3,514
Other Income	9,404	13,976
TOTAL REVENUE & SUPPORT	<u>1,613,188</u>	<u>1,522,511</u>
 EXPENSES		
Program Service Expenses	<u>1,521,683</u>	<u>1,531,498</u>
TOTAL EXPENSES	<u>1,521,683</u>	<u>1,531,498</u>
 INCREASE(DECREASE) IN NET ASSETS	91,505	(8,987)
 Net Gain(Loss) on Disposal of Assets	-	3,112
 NET ASSETS, Beginning of Year	<u>580,960</u>	<u>672,465</u>
 NET ASSETS, End of Year	<u><u>\$ 672,465</u></u>	<u><u>\$ 666,590</u></u>

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, 2012 and 2013

	2012	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(Decrease) in Net Assets	\$ 91,505	\$ (5,875)
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	27,084	28,469
(Increase)Decrease in Accounts Receivable	(19,014)	(2,904)
(Increase)Decrease in Grants Receivable	(1,065)	45,655
(Increase)Decrease in Prepaid Expenses	2,944	(1,500)
(Increase)Decrease in Other Current Assets	(3,010)	8,791
Increase(Decrease) in Accounts Payable	4,865	(15,330)
Increase(Decrease) in Payroll Tax Liabilities	-	6,192
Increase(Decrease) in Accrued Wages	6,951	(1,338)
Increase(Decrease) in Deferred Compensation	(978)	(1,336)
	109,282	60,824
CASH FLOWS FROM FINANCING ACTIVITIES		
Sales/Disposals of Fixed Assets	-	9,275
Purchases of Fixed Assets	(19,906)	(44,853)
	(19,906)	(35,578)
Increase(Decrease) in Cash	89,376	25,246
Cash Balance, Beginning of Year	297,644	387,020
Cash Balance, End of Year	\$ 387,020	\$ 412,266

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

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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 non 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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Accounting Standards Codification 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. These are resources over which the Board of Directors has discretionary control.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or with the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Resources subject to a donor restriction that they be maintained permanently by the Organization. There were no permanently restricted net assets as of September 30, 2013.

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Principles (Continued)

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.

Income Taxes

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

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.

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, 2013, 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, 2013, all grants receivable are deemed collectible.

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Principles (Continued)

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.

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).

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. 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.

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Principles (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2013 were \$40.

Subsequent Events

Management has reviewed events subsequent to the balance sheet date through the date of the independent accountants' report, which is the date of release, for items requiring adjustment or disclosure in these financial statements.

Note 2. Accounts and Grants Receivable

Accounts receivable consisted of the following at September 30, 2013:

WV DHHR	\$	74,049
Veteran's Administration		12,199
	\$	86,248

Grants receivable consisted of the following at September 30, 2013:

LIFE	\$	19,971
Lighthouse		8,180
FAIR		4,934
Title III-C		2,744
	\$	35,829

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30, 2013:

Land	\$	1,000
Buildings & Improvements		240,870
Vehicles		272,709
Equipment		130,579
Total Fixed Assets		645,158
Less accumulated depreciation		(460,999)
Net property and equipment	\$	184,159

Webster County Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Note 4. Support Concentration

The Webster County Senior Citizens, Inc. receives about 37% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 58% 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.

Webster County Senior Citizens, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2013

	III-B/ Asst Trans	III-C	III-D	III-E	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs
Revenue & Support									
Federal Revenue	\$ 27,303	\$ 154,219	\$ 954	\$ 5,686				\$ 21,185	\$ 209,347
State Revenue	16,964	559					151,298	15,000	183,821
LIFE Revenue (2012-13)						167,665			167,665
LIFE Revenue (2013-14)									-
Program Service Fees				\$ 859,386		1,574	8,437	31,149	890,535
Project Income	1,485	34,150						8,007	45,646
Contributions								3,514	8,007
Fundraising									3,514
Interest Income									-
Other Income	4,815		175	1,970	1,354		170	5,492	13,976
Total Revenue & Support	50,567	188,928	1,129	7,656	860,740	169,239	159,905	84,347	1,522,511
Expenses									
Payroll & Benefits	50,754	115,657		4,633	909,781	64,205	85,267	19,463	1,249,760
Communications & Utilities	4,335	10,918			6,194				21,447
Food & Disposables		104,279							104,279
Transportation		14,899							14,899
Equipment & Repairs	11,715	1,565			5,238			2,045	20,563
Office Supplies					13,249			788	13,249
Travel & Training	6,038				9,336	909			17,071
Depreciation								28,469	28,469
Professional Fees								27,797	27,797
Advertising								40	40
Taxes & Licenses					611				611
Insurance								6,816	6,816
Rent In-Kind	4,815		175	1,970					6,960
Other Expenses	4,891	3,028	960		9,964			694	19,537
Total Expenses	82,548	250,346	1,135	6,603	954,373	65,114	85,267	86,112	1,531,498
Net Gain(Loss) on Disposal of Assets								3,112	3,112
Change in Net Assets	\$ (31,981)	\$ (61,418)	\$ (6)	\$ 1,053	\$ (93,633)	\$ 104,125	\$ 74,638	\$ 1,347	\$ (5,875)

The notes are an integral part of these financial statements.

Webster County Senior Citizens, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS
For the Fiscal Year Ended September 30, 2013

	Grant Identification Number	Expenditures
FEDERAL:		
U.S. Department of Health and Human Services:	93.044	\$ 27,303
Administration on Aging		
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration on Aging	93.043	954
Special Programs for the Aging Title III Part D		
Disease Prevention and Health Promotion Services		
Administration on Aging	93.052	5,686
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration on Aging	93.045	154,219
Special Programs for othe Aging Title III Part C		
Nutrition Services (includes expenditures of states awards)		
U.S. Department of Transportation:		
Federal Transmit Administration		
Enhanced Mobility of Seniors and Others with Disabilitie.	20.513	21,185
		\$ 209,347
<i>Total Expenditures of Federal Awards</i>		
STATE:		
LIFE	7/1/12-6/30/13	2013
LIFE	7/1/13-6/30/14	2014
Lighthouse	7/1/12-6/30/13	2013
Lighthouse	7/1/13-6/30/14	2014
FAIR	7/1/12-6/30/13	2013
FAIR	7/1/13-6/30/14	2014
Community Partnership		15,000
III-B		16,964
III-C (Amount not included above)		559
		\$ 351,486
<i>Total Expenditures of State Awards</i>		
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		\$ 560,833

The notes are an integral part of these financial statements.

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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

To the Board of Directors
Webster County Senior Citizens Inc
148 Court Street
Webster Springs, 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 The Webster County Senior Citizens Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Webster County Senior Citizens Inc's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Webster County Senior Citizens Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of the Webster County Senior Citizens 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 the Webster County Senior Citizens Inc's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams & Associates, A.C.

Williams & Associates, A.C.
Elkins, West Virginia
June 17, 2014

Williams & Associates, A.C.

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MANAGEMENT LETTER

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

Our audit on the financial statements of the Webster County Senior Citizens, Inc., for the year ended September 30, 2013, 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 two people perform most of the accounting and financial duties. As a result, 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 the 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.

Federal Deposit Insurance Limits

During our audit we noted that the Webster County Senior Citizens, Inc's deposit accounts regularly exceeded the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Organization should consider ways of insuring all deposit funds, including, but not limited to, opening accounts at multiple banks, using the Certificate of Deposit Account Registry Services (CDARS), etc.

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 17, 2014