

**Webster County Senior Citizens, Inc.**

**Audited Financial Statements**

**September 30, 2014**

***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, 2014, 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, 2014, 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 10, 2015

**Webster County Senior Citizens, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2013 and 2014**

|                                     | <b>2013</b>       | <b>2014</b>       |
|-------------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                       |                   |                   |
| <b>Current Assets</b>               |                   |                   |
| Cash & Equivalents                  | \$ 412,266        | \$ 401,771        |
| Accounts Receivable                 | 86,248            | 77,435            |
| Grants Receivable                   | 35,829            | 63,137            |
| Prepaid Expenses                    | 16,523            | 12,300            |
| Other Current Assets                | 4,310             | 5,267             |
| <b>Total Current Assets</b>         | <b>555,176</b>    | <b>559,910</b>    |
| <b>Fixed Assets</b>                 |                   |                   |
| Buildings & Equipment               | 645,158           | 522,414           |
| Accumulated Depreciation            | (460,999)         | (336,636)         |
| <b>Fixed Assets, net</b>            | <b>184,159</b>    | <b>185,778</b>    |
| <b>TOTAL ASSETS</b>                 | <b>\$ 739,335</b> | <b>\$ 745,688</b> |
| <br>                                |                   |                   |
| <b>LIABILITIES &amp; NET ASSETS</b> |                   |                   |
| <b>Liabilities</b>                  |                   |                   |
| <b>Current Liabilities</b>          |                   |                   |
| Accounts Payable                    | \$ 10,495         | 21,197            |
| Payroll Tax Liabilities             | 6,192             | 10,786            |
| Accrued Wages                       | 42,184            | 8,557             |
| Deferred Compensation               | 13,874            | 14,544            |
| Current Portion of Long-Term Debt   | -                 | 2,105             |
| <b>Total Current Liabilities</b>    | <b>72,745</b>     | <b>57,189</b>     |
| <b>Long-term Liabilities</b>        |                   |                   |
| Notes Payable                       | 0                 | 6,656             |
| <b>Total Long-term Liabilities</b>  | <b>0</b>          | <b>6,656</b>      |
| <b>TOTAL LIABILITIES</b>            | <b>72,745</b>     | <b>63,845</b>     |
| <b>Net Assets</b>                   |                   |                   |
| Net Assets, Unrestricted            | 666,590           | 681,843           |
| <b>Total Net Assets</b>             | <b>666,590</b>    | <b>681,843</b>    |
| <b>LIABILITIES &amp; NET ASSETS</b> | <b>\$ 739,335</b> | <b>745,688</b>    |

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, 2013 and 2014**

|   | <u>2013</u>              | <u>2014</u>              |
|---|--------------------------|--------------------------|
| <b>REVENUE &amp; SUPPORT</b>                |                          |                          |
| Grant Revenues:                             |                          |                          |
| Federal                                     | \$ 209,347               | \$ 213,124               |
| State                                       | 183,821                  | 179,371                  |
| LIFE  | 167,665                  | 188,463                  |
| Program Services                            | 890,535                  | 878,007                  |
| Project Income                              | 45,646                   | 40,578                   |
| Interest & Dividends                        | -                        | -                        |
| Contributions                               | 8,007                    | 2,933                    |
| Fundraising                                 | 3,514                    | 1,279                    |
| Other Income                                | 13,976                   | 17,544                   |
| <b>TOTAL REVENUE &amp; SUPPORT</b>          | <u>1,522,511</u>         | <u>1,521,299</u>         |
| <br><b>EXPENSES</b>                         |                          |                          |
| Program Service Expenses                    | <u>1,531,498</u>         | <u>1,506,346</u>         |
| <b>TOTAL EXPENSES</b>                       | <u>1,531,498</u>         | <u>1,506,346</u>         |
| <br><b>INCREASE(DECREASE) IN NET ASSETS</b> | (8,987)                  | 14,953                   |
| <br>Net Gain(Loss) on Disposal of Assets    | 3,112                    | 300                      |
| <br><b>NET ASSETS, Beginning of Year</b>    | <u>672,465</u>           | <u>666,590</u>           |
| <br><b>NET ASSETS, End of Year</b>          | <u><u>\$ 666,590</u></u> | <u><u>\$ 681,843</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, 2013 and 2014**

|   | <u>2013</u>       | <u>2014</u>       |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                   |
| Increase(Decrease) in Net Assets  | \$ (5,875)        | \$ 15,253         |
| Adjustments to reconcile net income to net cash provided(used) by operating activities: |                   |                   |
| Depreciation  | 28,469            | 29,610            |
| (Increase)Decrease in Accounts Receivable   | (2,904)           | 8,813             |
| (Increase)Decrease in Grants Receivable   | 45,655            | (27,308)          |
| (Increase)Decrease in Prepaid Expenses  | (1,500)           | 4,223             |
| (Increase)Decrease in Other Current Assets  | 8,791             | (957)             |
| Increase(Decrease) in Accounts Payable  | (15,330)          | 10,702            |
| Increase(Decrease) in Payroll Tax Liabilities   | 6,192             | 4,594             |
| Increase(Decrease) in Accrued Wages   | (1,338)           | (33,627)          |
| Increase(Decrease) in Deferred Compensation   | (1,336)           | 670               |
| Net cash provided(used) by operating activities   | <u>60,824</u>     | <u>11,973</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                   |
| Proceeds for Sale of Fixed Assets   | 9,275             | 300               |
| Purchases of Fixed Assets   | <u>(44,853)</u>   | <u>(31,479)</u>   |
| Net cash provided(used) by investing activities   | <u>(35,578)</u>   | <u>(31,179)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                   |
| Loan Proceeds   | -                 | 10,944            |
| Repayment of Long-term Liabilities  | <u>-</u>          | <u>(2,233)</u>    |
| Net cash provided(used) by financing activities   | <u>-</u>          | <u>8,711</u>      |
| Increase(Decrease) in Cash  | 25,246            | (10,495)          |
| Cash Balance, Beginning of Year   | <u>387,020</u>    | <u>412,266</u>    |
| Cash Balance, End of Year   | <u>\$ 412,266</u> | <u>\$ 401,771</u> |

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

**Webster County Senior Citizens, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**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.

**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, 2014.

**Income Taxes**

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The Organization's returns for 2014, 2013, and 2012 remain subject to examination by the Internal Revenue Service.



**Webster County Senior Citizens, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**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.

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. The Organization maintains all of its cash at one bank which, at times, is in excess of federally insured limits. Management monitors the soundness of this financial institution and feels the Organization's risk is negligible. The Organization has not experienced any losses in such accounts.

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, 2014, all accounts receivable are deemed collectible.

Grants receivable represent amounts invoiced by the Organization to grantor agencies under the terms of their grant agreements. As of September 30, 2014, all grants receivable are deemed collectible.

Revenue Recognition

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. There were no temporarily or permanently restricted net assets as of September 30, 2014.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at cost, as determined by the last purchase price, on a first-in, first-out basis.

**Webster County Senior Citizens, Inc..**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**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 be disposed of in accordance with the grantor agency's policies. The Organization has adopted a capitalization policy in the amount of \$1000. Maintenance and repairs are expensed when incurred.

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.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the year ended September 30, 2014.

Subsequent Events

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

**Webster County Senior Citizens, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**Note 2. Accounts and Grants Receivable**

Accounts receivable consisted of the following at September 30, 2014:

|                         |    |           |
|-------------------------|----|-----------|
| WV DHHR                 | \$ | 66,508    |
| Veterans Administration |    | 10,927    |
|                         |    | \$ 77,435 |

Grants receivable consisted of the following at September 30, 2014:

|                 |    |           |
|-----------------|----|-----------|
| LIFE            | \$ | 29,219    |
| FAIR/Lighthouse |    | 12,502    |
| Title III-C     |    | 19,633    |
| Title III-D     |    | 1,783     |
|                 |    | \$ 63,137 |

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30, 2014:

|                               |    |           |
|-------------------------------|----|-----------|
| Land                          | \$ | 1,000     |
| Buildings & Improvements      |    | 240,870   |
| Vehicles                      |    | 149,965   |
| Equipment                     |    | 130,579   |
| Total Fixed Assets            |    | 522,414   |
| Less accumulated depreciation |    | (336,636) |
| Net property and equipment    | \$ | 185,778   |

**Note 4. Long-Term Liabilities**

Details of the Organization's long-term indebtedness are as follows:

United Bank Inc. – On August 7, 2013, the Organization financed the purchase of a 2011 Jeep Liberty. The principal amount of \$10,944 is paid in monthly installments of \$203.08 over a 60-month term at 4.25% per annum. The balance on this account at September 30, 2014 was \$8,761.

**Webster County Senior Citizens, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**Note 4. Long-Term Liabilities (continued)**

Maturities of long-term debt outstanding at June 30, 2014 are as follows:

|      |                 |
|------|-----------------|
| 2015 | 2,105           |
| 2016 | 2,197           |
| 2017 | 2,292           |
| 2018 | <u>2,167</u>    |
|      | <u>\$ 8,761</u> |

**Note 5. Support Concentration**

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 55% 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**

**Webster County Senior Citizens, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2014**

|   | III-B/<br>Asst Trans | III-C              | III-D         | III-E         | Waiver/<br>COC/CM   | LIFE             | LH/<br>FAIR      | Other<br>Programs | Total<br>Programs |
|---|----------------------|--------------------|---------------|---------------|---------------------|------------------|------------------|-------------------|-------------------|
| <b>Revenue &amp; Support</b>                |                      |                    |               |               |                     |                  |                  |                   |                   |
| Federal Revenue                             | \$ 27,383            | \$ 157,990         | \$ 5,622      | \$ 5,661      |                     |                  |                  | \$ 16,468         | \$ 213,124        |
| State Revenue (2013-14)                     | 16,964               |                    |               |               |                     | 119,598          |                  | 1,799             | 138,361           |
| State Revenue (2014-15)                     |                      |                    |               |               |                     | 41,010           |                  |                   | 41,010            |
| LIFE Revenue (2013-14)                      |                      |                    |               |               |                     | 147,597          |                  |                   | 147,597           |
| LIFE Revenue (2014-15)                      |                      |                    |               |               |                     | 40,866           |                  |                   | 40,866            |
| Program Service Fees                        |                      |                    |               |               | \$ 834,910          |                  |                  | 43,097            | 878,007           |
| Project Income                              | 2,822                | 27,623             |               |               |                     | 1,945            | 8,029            | 159               | 40,578            |
| Contributions                               |                      |                    |               |               |                     |                  |                  | 2,933             | 2,933             |
| Fundraising                                 |                      |                    |               |               |                     |                  |                  | 1,279             | 1,279             |
| Interest Income                             |                      |                    |               |               |                     |                  |                  |                   |                   |
| Other Income                                | 4,829                |                    | 992           | 1,887         | 7,148               |                  |                  | 2,688             | 17,544            |
| <b>Total Revenue &amp; Support</b>          | <b>51,998</b>        | <b>185,613</b>     | <b>6,614</b>  | <b>7,548</b>  | <b>842,058</b>      | <b>190,408</b>   | <b>168,637</b>   | <b>68,423</b>     | <b>1,521,299</b>  |
| <b>Expenses</b>                             |                      |                    |               |               |                     |                  |                  |                   |                   |
| Payroll & Benefits                          | 32,897               | 87,457             |               | 5,234         | 899,595             | 87,680           |                  | 28,036            | 1,233,943         |
| Communications & Utilities                  | 4,389                | 10,727             | 1,522         |               | 6,193               |                  |                  |                   | 22,831            |
| Food & Disposables                          |                      | 86,195             |               |               |                     |                  |                  |                   | 86,195            |
| Transportation                              |                      | 15,588             |               |               |                     |                  |                  |                   | 15,588            |
| Equipment & Repairs                         | 4,974                | 5,377              |               |               | 4,893               | 7,642            |                  |                   | 22,886            |
| Office & Supplies                           | 72                   | 1,160              | 140           |               | 14,577              |                  |                  |                   | 15,949            |
| Travel & Training                           | 5,598                |                    |               |               | 11,777              | 1,565            |                  |                   | 18,940            |
| Depreciation                                |                      |                    |               |               |                     |                  |                  | 29,610            | 29,610            |
| Professional Fees                           |                      |                    |               |               | 27,529              |                  |                  |                   | 27,529            |
| Advertising                                 |                      |                    |               |               |                     |                  |                  |                   |                   |
| Taxes & Licenses                            |                      |                    |               |               | 1,622               |                  |                  |                   | 1,622             |
| Insurance                                   |                      |                    | 410           |               | 8,353               |                  |                  |                   | 8,763             |
| Rent  | 4,829                | 15                 | 3,492         | 1,887         |                     |                  |                  |                   | 10,208            |
| Other Expenses                              | 5,025                |                    | 1,054         |               | 4,790               |                  |                  | 1,398             | 12,282            |
| <b>Total Expenses</b>                       | <b>57,784</b>        | <b>206,519</b>     | <b>6,618</b>  | <b>7,121</b>  | <b>979,329</b>      | <b>96,887</b>    | <b>93,044</b>    | <b>59,044</b>     | <b>1,506,346</b>  |
| <b>Net Gain(Loss) on Disposal of Assets</b> |                      |                    |               |               |                     |                  |                  | <b>300</b>        | <b>300</b>        |
| <b>Change in Net Assets</b>                 | <b>\$ (5,786)</b>    | <b>\$ (20,906)</b> | <b>\$ (4)</b> | <b>\$ 427</b> | <b>\$ (137,271)</b> | <b>\$ 93,521</b> | <b>\$ 75,593</b> | <b>\$ 9,679</b>   | <b>\$ 15,253</b>  |

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, 2014**

|   | <b>CFDA Number</b> | <b>Expenditures</b> |
|---|--------------------|---------------------|
| <b>FEDERAL:</b>   |                    |                     |
| U.S. Department of Health and Human Services:               | 93.044             | \$ 27,383           |
| Administration on Aging                                     |                    |                     |
| Special Programs for the Aging Title III Part B             |                    |                     |
| Grants for Supportive Services and Senior Centers           |                    |                     |
| Administration on Aging                                     | 93.043             | 5,622               |
| Special Programs for the Aging Title III Part D             |                    |                     |
| Disease Prevention and Health Promotion Services            |                    |                     |
| Administration on Aging                                     | 93.052             | 5,661               |
| Special Programs for the Aging Title III Part E             |                    |                     |
| National Family Caregiver Support                           |                    |                     |
| Administration on Aging                                     | 93.045             | 157,990             |
| Special Programs for the Aging Title III Part C             |                    |                     |
| Nutrition Services (includes expenditures of states awards) |                    |                     |
| U.S. Department of Transportation                           | 20.513             | 16,468              |
| Federal Transit Administration                              |                    |                     |
|   |                    | <b>\$ 213,124</b>   |
| <i>Total Expenditures of Federal Awards</i>                 |                    |                     |
| <b>STATE:</b>   |                    |                     |
| LIFE  | 7/1/13-6/30/14     | 2014 \$ 147,597     |
| LIFE  | 7/1/14-6/30/15     | 2015 40,866         |
| Lighthouse  | 7/1/13-6/30/14     | 2014 78,235         |
| Lighthouse  | 7/1/14-6/30/15     | 2015 26,684         |
| FAIR  | 7/1/13-6/30/14     | 2014 41,363         |
| FAIR  | 7/1/14-6/30/15     | 2015 14,326         |
| III-B   |                    | 16,964              |
| Community Partnership                                       |                    | 1,616               |
| WV Department of Transportation                             |                    | 183                 |
|   |                    | <b>\$ 367,834</b>   |
| <i>Total Expenditures of State Awards</i>                   |                    |                     |
| <b>TOTAL EXPENDITURES OF FEDERAL &amp; STATE AWARDS</b>     |                    | <b>\$ 580,958</b>   |

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 Webster County Senior Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, 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 10, 2015.

### 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 10, 2015

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## MANAGEMENT LETTER

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, 2014, 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 10, 2015