

Webster County Senior Center, Inc.

Audited Financial Statements

September 30, 2008

Audited by

Williams & Associates, AC

#6 Second Street, Post Office Box 2727

Elkins, West Virginia 26241

Webster County Senior Center, Inc.
TABLE OF CONTENTS
For the Year Ended September 30, 2008

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities & Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9
SUPPLEMENTAL INFORMATION	
Statement of Activities by Program (includes Functional Expenses)	10
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	11
INDEPENDENT AUDITOR'S REPORT ON SELECTED COMPLIANCE REQUIREMENTS OF THE WV BUREAU OF SENIOR SERVICES	13
MANAGEMENT INFORMATION	
Management Letter	14

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Webster County Senior Citizens, Inc.
148 Court Square
Webster Springs, West Virginia 26288

I have audited the accompanying statement of financial position of the Webster County Senior Center, Inc. as of September 30, 2008 and September 30, 2007 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Webster County Senior Center, Inc. as of September 30, 2008 and September 30, 2007 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*, I have also issued my report dated May 27, 2009 on my consideration of the Webster County Senior Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Williams & Associates, A.C.
Williams & Associates, A.C.
May 27, 2008

Webster County Senior Citizens, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2008

	2007	2008
ASSETS		
Current Assets		
Cash & Equivalents	\$ 56,838	\$ 181,500
Accounts Receivable	72,317	78,383
Grants Receivable	45,523	75,770
Prepaid Expenses	17,690	9,660
Other Current Assets	8,806	7,001
Total Current Assets	201,174	352,314
Fixed Assets		
Buildings & Equipment	512,614	512,614
Accumulated Depreciation	(348,513)	(361,253)
Fixed Assets, net	164,101	151,361
TOTAL ASSETS	\$ 365,275	\$ 503,675
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 13,337	\$ 16,064
Payroll Tax Liabilities	9,056	5,574
Accrued Wages	24,253	15,201
Deferred Compensation	16,594	17,284
Total Current Liabilities	63,240	54,123
TOTAL LIABILITIES	63,240	54,123
Net Assets		
Net Assets, Unrestricted	302,035	449,552
Total Net Assets	302,035	449,552
LIABILITIES & NET ASSETS	\$ 365,275	\$ 503,675

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

See Independent Auditor's Report.

Webster County Senior Citizens, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2008

	2007	2008
REVENUE & SUPPORT		
Grant Revenues:		
Federal	\$ 83,759	\$ 76,588
NSIP	40,095	44,155
State	85,700	7,224
LIFE	208,317	302,855
Other State	28,584	216,939
Program Services	849,743	910,813
Project Income	31,392	40,347
Rental Income	-	700
Interest & Dividends	1,128	8
Contributions	-	4,799
Fundraising	-	2,222
Other Income	6,239	2,774
TOTAL REVENUE & SUPPORT	1,334,957	1,609,424
EXPENSES		
Program Service Expenses	1,417,008	1,447,286
Management & General	12,729	14,621
TOTAL EXPENSES	1,429,737	1,461,907
INCREASE(DECREASE) IN NET ASSETS	(94,780)	147,517
NET ASSETS, Beginning of Year	396,815	302,035
NET ASSETS, End of Year	\$ 302,035	\$ 449,552

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

See Independent Auditor's Report.

Webster County Senior Citizens, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2008

	2007	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(Decrease) in Net Assets	\$ (94,780)	\$ 147,517
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	13,998	12,740
(Increase)Decrease in Accounts Receivable	(5,335)	(6,066)
(Increase)Decrease in Grants Receivable	(2,871)	(30,247)
(Increase)Decrease in Prepaid Expenses	(17,690)	8,030
(Increase)Decrease in Other Current Assets	(4,934)	1,805
Increase(Decrease) in Accounts Payable	(3,954)	2,727
Increase(Decrease) in Payroll Tax Liabilities	3,529	(3,482)
Increase(Decrease) in Accrued Wages	-	(9,052)
Increase(Decrease) in Deferred Compensation	11,688	690
Net cash provided(used) by operating activities	(100,349)	124,662

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Certificates of Deposit	50,275	-
Net Cash provided(used) by investing activities	50,275	-
Increase(Decrease) in Cash	(50,074)	124,662
Cash Balance, Beginning of Year	106,912	56,838
Cash Balance, End of Year	\$ 56,838	\$ 181,500

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

See Independent Auditor's Report.

Webster County Senior Center, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

Note 1. Summary of Significant Accounting Policies

The Webster County Senior Center, 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 Center, Inc., is presented to assist in understanding the Organization's financial statements.

Basis of Accounting

The financial statements of the Webster County Senior Center, 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 Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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 Center, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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, 2008, 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, 2008, 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 Center, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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 Center, 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.

Expense Allocation

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the organization.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2008 were \$56.

Webster County Senior Center, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

Note 6. Support Concentration

The Webster County Senior Citizens, Inc. receives about 41% of its total support from various grants from federal and state government.

Additionally, the Webster County Senior Center, Inc., receives approximately 56% 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 Center, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2008

Program Services

	Federal III-C										TOTAL	
	III-B/ Asst Trans	Congregate	Home Delivered	III-D	III-E	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs		Management & General
Revenue & Support												
Federal Revenue	\$ 28,664	\$ 12,751	\$ 27,096	\$ 1,034	\$ 6,318	\$ -	\$ -		\$ 725	\$ 76,588	\$ -	\$ 76,588
NSIP Revenue		15,454	28,701							44,155		44,155
State Revenue		1,555	3,303		2,366					7,224		7,224
LIFE Revenue (2007-08)	17,851	13,067	64,514	61			128,352		3,753	227,598		227,598
LIFE Revenue (2008-09)							75,257			75,257		75,257
Other State Revenue		18,701	37,063					131,175	30,000	216,939		216,939
Program Service Fees						887,079			23,734	910,813		910,813
Project Income	3,280	17,835	16,186				1,961	1,085		40,347		40,347
Contributions									4,799	4,799		4,799
Fundraising									2,222	2,222		2,222
Rent Income									700	700		700
Interest Income									8	8		8
Other Income						1,298			1,476	2,774		2,774
Total Revenue & Support	49,795	79,363	176,863	1,095	8,684	888,377	205,570	132,260	67,417	1,609,424	-	1,609,424
Expenses												
Payroll & Benefits	62,254	101,579	54,697		7,597	827,287	68,641	71,905	26,088	1,220,048		1,220,048
Communications	2,439	5,726	5,714			14,023				27,902		27,902
Food & Disposables		43,626	43,423							87,049		87,049
Transportation	4,487	978	10,847				4,484			20,796		20,796
Equipment & Repairs	12,217					5,526	2,739			20,482		20,482
Office Supplies		1,270	1,270			5,375				7,915		7,915
Travel & Training	1,259					2,034	3,861	56	61	7,271		7,271
Depreciation										-	12,740	12,740
Other Expenses	7	17	81	825		54,893				55,823	1,881	57,704
Total Expenses	82,663	153,196	116,032	825	7,597	909,138	79,725	71,961	26,149	1,447,286	14,621	1,461,907
Change in Net Assets	\$ (32,868)	\$ (73,833)	\$ 60,831	\$ 270	\$ 1,087	\$ (20,761)	\$ 125,845	\$ 60,299	\$ 41,268	\$ 162,138	\$ (14,621)	\$ 147,517

The notes are an integral part of these financial statements.

See Independent Auditor's Report.

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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
The Webster County Senior Center, Inc.
Webster Springs, West Virginia 26288

I have audited the financial statements of The Webster County Senior Center, Inc., (a non-profit organization) as of and for the year ended September 30, 2008 and September 30, 2007 and have issued my reports thereon dated May 27, 2009 and September 26, 2008, respectively. I conducted my 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 Center, Inc.'s financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance, which we have reported to management of The Webster County Senior Center, Inc., in a separate letter dated May 27, 2009, and included in this audit report on page 14.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered The Webster County Senior Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consider 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. I noted no matters involving the internal control over financial reporting that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of The Webster County Senior Center, Inc., in a separate letter dated May 27, 2009, and included in this audit report on page 14.

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
May 27, 2009

Williams & Associates, A.C.

Certified Public Accountant

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

To the Board of Directors
The Webster County Senior Center, Inc.
Elkins, West Virginia

I have audited the financial statements of The Webster County Senior Center, Inc. (a non-profit organization) as of and for the year ended September 30, 2008 and September 30, 2007 and have issued my report thereon dated May 27, 2009. I conducted my 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 Center, Inc.'s financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. However, the results of my 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.
May 27, 2009

Williams & Associates, A.C.

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MANAGEMENT LETTER

To the Board of Directors
The Webster County Senior Center, Inc.
Elkins, West Virginia

My audit of the financial statements of the Webster County Senior Center, Inc., for the year ended September 30, 2008, highlighted areas where I would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since my 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 my audit I 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 Center, Inc. I 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 I am required under my professional responsibilities to describe the situation.

After you have had the opportunity to review these comments and recommendations, I would be pleased to discuss those points that you desire. I 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 Center, Inc.

Williams & Associates, A.C.
Elkins, West Virginia
May 27, 2009