

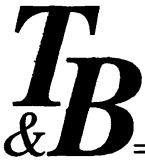
TAYLOR COUNTY SENIOR CITIZENS, INC.

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2009

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Taylor County Senior Citizens, Inc.
Grafton, West Virginia

We have audited the accompanying statement of financial position of Taylor County Senior Citizens, Inc. (a nonprofit organization) as of September 30, 2009 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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 the 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 Taylor County Senior Citizens, Inc. as of September 30, 2009, 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 January 27, 2010, on our consideration of Taylor 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 and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Taylor County Senior Citizens, Inc. taken as a whole. The schedule of federal awards and schedule of state awards and other assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Detrick + Bartlett, PLLC

January 27, 2010

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2009

ASSETS

Current Assets	
Cash	\$ 13,315
Accounts receivable	128,806
Prepaid expenses	<u>720</u> \$ 142,841
 Capital assets, net	 <u>548,588</u>
TOTAL ASSETS	\$ <u>691,429</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 6,603
Accrued compensation and taxes	23,094
Short-term debt	<u>8,308</u> \$ 38,005
 Net Assets	
Unrestricted	<u>653,424</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>691,429</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Revenue and Support

Federal financial assistance	\$ 64,294	
State grant allocations	466,321	
Sheriff of Taylor County	68,472	
Medicaid	387,950	
Program income	49,178	
Other grants	22,000	
Community service program	10,091	
Contributions	402	
Miscellaneous income	<u>10,110</u>	\$ 1,078,818

Expenses

Salaries and related expenses	787,138	
Food purchases	74,764	
Occupancy	23,504	
Travel and vehicle operations	97,854	
Repairs	17,554	
Insurance	32,922	
Supplies	5,919	
Training	1,267	
Uniforms	1,043	
Depreciation	37,082	
Interest	308	
Miscellaneous	<u>26,132</u>	<u>1,105,487</u>

Change in net assets		(26,669)
Net assets – beginning, restated		<u>680,093</u>
Net assets - ending		\$ <u>653,424</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Title</u>	<u>Title</u>	<u>Title</u>	<u>Title</u>	<u>In-Home Services</u>			<u>Life</u>	<u>Community</u>	<u>Total</u>
	<u>III-B</u>	<u>III-D</u>	<u>III-E</u>	<u>III-C</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>Transportation</u>		<u>Services</u>	
Salaries and related expenses	\$ 80,671	\$ -0-	\$ 9,427	\$ 89,692	\$ 35,687	\$ 78,795	\$ -0-	\$ 98,866	\$ 394,000	\$ 787,138
Food purchases	-0-	-0-	-0-	74,764	-0-	-0-	-0-	-0-	-0-	74,764
Occupancy	2,211	-0-	-0-	-0-	-0-	-0-	-0-	11,647	9,646	23,504
Travel and vehicle operations	6,426	-0-	-0-	-0-	-0-	9,424	12,478	5,411	64,115	97,854
Repairs and maintenance	783	-0-	-0-	-0-	-0-	-0-	-0-	16,771	-0-	17,554
Insurance	-0-	-0-	-0-	-0-	-0-	-0-	-0-	30,740	2,182	32,922
Supplies	601	-0-	-0-	-0-	-0-	-0-	-0-	4,800	518	5,919
Training	-0-	1,028	-0-	-0-	-0-	-0-	-0-	-0-	239	1,267
Uniforms	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,043	1,043
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	37,082	37,082
Interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	308	308
Miscellaneous	<u>992</u>	<u>-0-</u>	<u>-0-</u>	<u>4,529</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>20,611</u>	<u>26,132</u>
 Total expenses	 <u>\$ 91,684</u>	 <u>\$ 1,028</u>	 <u>\$ 9,427</u>	 <u>\$ 168,985</u>	 <u>\$ 35,687</u>	 <u>\$ 88,219</u>	 <u>\$ 12,478</u>	 <u>\$ 168,235</u>	 <u>\$ 529,744</u>	 <u>\$ 1,105,487</u>

The accompanying independent auditor's report and notes are integral parts of this schedule.

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Cash Flows From Operating Activities

Change in net assets		\$ (26,669)
Adjustments to reconcile change in net assets to cash (used in) operating activities		
Depreciation		37,082
(Increase) decrease in:		
Accounts receivable		(4,624)
Prepaid expenses		7,685
Increase (decrease) in:		
Accounts payable		(6,133)
Accrued compensation and payroll liabilities		2,385
Deferred revenue		<u>(31,535)</u>
Net cash provided by operating activities		\$ (21,809)

Cash Flows From Capital Investment Activities

Acquisition of capital assets		(28,770)
Net cash (used in) investing activities		(28,770)

Cash Flows From Financing Activities

Proceeds from short-term borrowing		10,000
Repayment of short-term borrowing		<u>(1,692)</u>
Net cash provided by financing activities		<u>8,308</u>

Net (decrease) in cash (42,271)

Cash at beginning of year 55,586

Cash at end of year \$ 13,315

Supplemental Disclosures of Cash Flows:

Cash paid during the year for:

Interest		\$ <u>308</u>
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The accompanying independent auditor's report and notes are integral parts of this statement.

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(a) Organization and Nature of Operations

Taylor County Senior Citizens, Inc. (the Organization) provides a variety of social services to the elderly of Taylor County, West Virginia. In-home care is provided to those Seniors that are otherwise unable to maintain independent living. Transportation throughout the local community as well as to and from the Senior Center is provided to those Seniors who require such services. The Organization also delivers nutritious meals to those individuals in need. The Organization is supported by various federal, state, and county governments in addition to contributions from Seniors and the local community.

(b) Basis of Accounting and Reporting

The financial statements of the Organization are prepared on the accrual basis of accounting and accordingly reflect all receivables, payables and other accruals.

(c) Basis of Presentation

The financial statements are prepared in accordance with the recommendations of Statement of Financial Accounting Standard (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, temporarily restricted, and permanently restricted.

(d) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(e) Income Tax Exemption

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

(f) Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No services received by the Organization met these requirements.

The accompanying independent auditor's report is an integral part of these notes.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(g) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash to be cash and cash equivalents. Cash on hand and deposits with banking institutions are considered cash while short-term investments with an original maturity of not more than three months are considered cash equivalents.

Investment risk is categorized as follows:

Interest rate risk – The risk that changes in interest rates will adversely affect the fair value of an investment.

Credit risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial credit risk – The risk that, in the event of the failure of the counterparty to a transaction, the Organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

(h) Accounts Receivable

Uncollectible receivables are eliminated in the fiscal period that the receivables are actually determined to be uncollectible. Management has indicated that the accounts receivable, as shown in the accompanying financial statements will be collected in full.

(i) Capital Assets

Capital assets are recorded at cost with depreciation being calculated by the straight line method over the estimated useful lives of the assets as follows:

Vehicles	5 years
Office furniture and equipment	5-7 years
Kitchen equipment	5 years
Sign	10 years
Building and improvements	10-20 years

The accompanying independent auditor's report is an integral part of these notes.

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2. Deposits and Investments

The Organization's deposits are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2009. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the Organization or its agent in the Organization's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Category 3 - Uncollateralized.

	<u>Bank</u> <u>Balance</u>	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	<u>Carrying</u> <u>Amount</u>
Cash	\$ <u>30,332</u>	\$ <u>30,332</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>13,315</u>

The Organization had no investments as of September 30, 2009.

3. Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u> <u>Balance</u>
Depreciable Assets				
Vehicles	\$ 161,808	\$ 28,770	\$ 38,507	\$ 152,071
Office equipment	72,054	-0-	-0-	72,054
Kitchen equipment	23,706	-0-	-0-	23,706
Sign	2,261	-0-	-0-	2,261
Buildings and improvements	<u>657,943</u>	<u>-0-</u>	<u>-0-</u>	<u>657,943</u>
Total assets at historical cost	<u>917,772</u>	<u>28,770</u>	<u>38,507</u>	<u>908,035</u>
Less: Accumulated depreciation				
Vehicles	138,205	11,312	38,507	111,010
Office equipment	64,688	3,313	-0-	68,001
Kitchen equipment	21,262	1,846	-0-	23,108
Sign	2,261	-0-	-0-	2,261
Buildings and improvements	<u>134,456</u>	<u>20,611</u>	<u>-0-</u>	<u>155,067</u>
Total accumulated depreciation	<u>360,872</u>	<u>37,082</u>	<u>38,507</u>	<u>359,447</u>
Total capital assets, net	\$ <u>556,900</u>	\$ (<u>8,312</u>)	\$ <u>-0-</u>	\$ <u>548,588</u>

The accompanying independent auditor's report is an integral part of these notes.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

4. Lease Commitments

The Organization leases a building from the Flemington City Council for the purpose of providing and operating a nutrition program in Flemington, WV. The lease expires on September 30th of each year with the option for the City of Flemington to increase the monthly rental fee by \$300 as long as a written explanation for such an increase is presented to the Organization sixty days prior to the effective date of the increase.

The Organization leases a parcel of land from the West Virginia Department of Transportation for an annual fee of \$720. This land is located adjacent to the Senior Center and is used for parking.

The Organization leases a parcel of land from the Taylor County Commission for a one time fee of \$99. This lease will expire in 2098 with the option to renew.

Total rent expense for the year ending September 30, 2009 was \$4,620 and was included in occupancy expense in the financial statements.

5. Short-Term Debt

The Organization obtained a \$25,000 line of credit from First Community Bank. The line has a variable interest rate which is based on Wall Street Prime Rate plus 1% not to go below 6% or above legal maximum. Expires August 21, 2010.

	<u>Balance at</u> <u>9/30/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>9/30/2009</u>
Line of Credit	\$ <u>-0-</u>	\$ <u>10,000</u>	\$ <u>1,692</u>	\$ <u>8,308</u>

6. Advertising Costs

The Organization expenses advertising costs as incurred. These costs were included in miscellaneous expense in the financial statements and amounted to \$242 for the year ended September 30, 2009.

The accompanying independent auditor's report is an integral part of these notes.

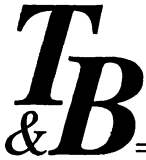
**TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

7. Restatement of Net Assets

It was noted during our audit that net assets required restatement as follows:

Beginning balance, as previously reported	\$ 648,095
Additions: Understatement of accounts receivable	<u>31,998</u>
Beginning balance, as restated	\$ <u>680,093</u>

The accompanying independent auditor's report is an integral part of these notes.



**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***

The Board of Directors
Taylor County Senior Citizens, Inc.
Grafton, West Virginia

We have audited the financial statements of Taylor County Senior Citizens, Inc. (a nonprofit organization) as of and for the year ended September 30, 2009, and have issued our report thereon dated January 27, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Taylor County Senior Citizens, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of Taylor County Senior Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Taylor County Senior Citizens, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Taylor County Senior Citizens, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is no more than a remote likelihood that a misstatement of Taylor County Senior Citizens, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Taylor County Senior Citizens, Inc.'s internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

09-1 Segregation of Duties

Criteria: Responsibilities of approval, execution, recording and custody associated with all financial transactions should be distributed among the accounting staff to the highest degree possible.

Condition: Analysis of the internal control system indicated a lack of segregation of duties.

Cause: The Center has a limited number of employees who are responsible for the approval, execution, recording and custody associated with all financial transactions. This limits the degree to which these responsibilities can be segregated.

Effect: Because of the lack of segregation of duties, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts 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.

Recommendation: Responsibilities of approval, executing, recording and custody associated with all financial transactions should be distributed among the accounting staff to the highest degree possible.

Entity's Response: To the extent possible, the Center has segregated the responsibilities of approval, execution, recording and custody associated with all financial transactions. Any further segregation of duties would not be economically feasible.

09-2 Qualification and Knowledge

Criteria: Internal control should be implemented to the degree possible in recording the entity's financial transactions and the preparation of financial statements.

Condition: Analysis of the internal control system indicated a lack of skills, training, and knowledge in the recording of financial transactions or preparation of financial statements. More specifically, this should include all required financial statement presentations and all required financial statement note disclosures, as required by generally accepted accounting principles.

Cause: Individuals responsible for the accounting and reporting function lack the particular skills, training, and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

Effect: Because of the lack of skills, training, and knowledge, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts 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.

Recommendation: Individuals responsible for the accounting and reporting function should be trained to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. However, we recognize that providing this training is not economically feasible.

Entity's Response: To the extent possible, the individuals responsible for the accounting reporting function have been trained to perform their assigned duties. It would not be economically feasible for Center to train its employees to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Taylor County Senior Citizens, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-1 and 09-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Taylor County Senior Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Taylor County Senior Citizens, Inc.'s responses to the findings identified in our audit are described above. We did not audit Taylor County Senior Citizen's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors of Taylor County Senior Citizens, Inc., management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Detrick • Bartlett, PLLC

January 27, 2010

**TAYLOR COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Grantor Pass-through Number</u>	<u>Financial Awards Recognized</u>
U.S. Department of Health and Human Services			
Title III – B	93.044	T3 B/D/E	\$ 33,282
Title III – D	93.043	T3 B/D/E	1,028
Title III – E	93.052	T3 B/D/E 07-08	9,427
Veterans Affairs	64.009	N/A	<u>20,557</u>
 Total Federal Funds			 \$ <u>64,294</u>

The accompanying independent auditor's report and notes are integral parts of this schedule.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
 SCHEDULE OF STATE AWARDS AND OTHER ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

State Grantor Program

<u>West Virginia Bureau of Senior Services</u> <u>Through the Upper Potomac Area Agency on Aging:</u>	<u>Award/Grant No.</u>	<u>Financial Awards Recognized</u>
LIFE	2904	\$ 168,235
Lighthouse	LH2951	88,219
Fair	ALZ2951	35,687
Transportation	TR2951	12,478
State Nutrition	N/A	130,266
State Matching Funds	N/A	<u>31,436</u>
 Total State Funds		 \$ <u>466,321</u>

The accompanying independent auditor's report and notes are integral parts of this schedule.