

TAYLOR COUNTY SENIOR CITIZENS, INC.

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

SEPTEMBER 30, 2018

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Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Taylor County Senior Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows 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.

Auditors' 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 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 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 Taylor County Senior Citizens, Inc. as of September 30, 2018, 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 Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal awards and schedule of state awards and other assistance and notes to the schedule of federal awards and schedule of state awards and other assistance on pages 16 through 17 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 February 13, 2019, 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 solely 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 the effectiveness of Taylor County Senior Citizens, Inc.'s 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 Taylor County Senior Citizens, Inc.'s internal control over financial reporting and compliance.

Tetrick & Bartlett PLLC

Fairmont, West Virginia
February 13, 2019

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018

ASSETS

Current Assets

Cash	\$ 3,573
Accounts receivable	131,752
Grants receivable	56,860
Prepaid expenses	<u>5,493</u>
Total current assets	<u>197,678</u>

Property and Equipment

Property and Equipment	956,676
Accumulated depreciation	<u>(614,262)</u>
Total property and equipment	<u>342,414</u>

Total assets

\$ 540,092

LIABILITIES AND NET ASSETS

Current Liabilities

Line of credit	\$ 15,549
Accounts payable	12,231
Accrued compensation and taxes	25,730
Note payable - related party	<u>26,000</u>
Total current liabilities	<u>79,510</u>

Total liabilities

79,510

Net Assets

Unrestricted	<u>460,582</u>
Total net assets	<u>460,582</u>

Total liabilities and net assets

\$ 540,092

See accompanying notes and independent auditor's report.

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Revenues and Support		
Federal financial assistance	\$ 169,452	
State grant allocations	379,422	
Local income	127,212	
Medicaid	274,114	
Veteran's Affairs	70,762	
Community service program	75,276	
Miscellaneous	<u>16,969</u>	\$ 1,113,207
Expenses		
Salaries and related expenses	906,357	
Food purchases	79,856	
Occupancy	25,717	
Travel and vehicle operations	52,868	
Repairs and maintenance	10,009	
Professional fees	5,800	
Insurance	24,843	
Supplies	11,614	
Depreciation	23,488	
Interest expense	778	
Miscellaneous	<u>13,544</u>	<u>1,154,874</u>
Change in net assets		(41,667)
Net assets, beginning		<u>502,249</u>
Net assets, ending		<u><u>\$ 460,582</u></u>

See accompanying notes and independent auditor's report.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Title</u>	<u>Title</u>	<u>Title</u>	<u>In-Home Services</u>			<u>Community</u>	<u>Management</u>	<u>Total</u>
	<u>III-B</u>	<u>III-E</u>	<u>III-C</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>Life</u>	<u>Service</u>	<u>and</u>	<u>Expenses</u>
							<u>Program</u>	<u>General</u>	
Salaries and related expenses	\$ 105,499	\$ 13,532	\$ 128,568	\$ 28,604	\$ 98,497	\$ 115,376	\$ 359,834	\$ 56,447	\$ 906,357
Food purchases	-	-	79,856	-	-	-	-	-	79,856
Occupancy	2,993	384	3,648	812	2,795	3,274	10,210	1,602	25,717
Travel and vehicle operations	39,651	-	13,217	-	-	-	-	-	52,868
Repairs and maintenance	1,165	149	1,420	316	1,088	1,274	3,974	623	10,009
Professional fees	-	-	-	-	-	-	-	5,800	5,800
Insurance	2,892	371	3,524	784	2,700	3,162	9,863	1,547	24,843
Supplies	1,352	173	1,647	367	1,262	1,478	4,611	724	11,614
Depreciation	6,827	254	4,030	537	1,850	2,168	6,760	1,062	23,488
Interest expense	91	12	110	25	85	99	309	47	778
Miscellaneous	1,577	202	1,921	427	1,472	1,724	5,377	844	13,544
Total expenses	\$ 162,047	\$ 15,077	\$ 237,941	\$ 31,872	\$ 109,749	\$ 128,555	\$ 400,938	\$ 68,696	\$ 1,154,874

See accompanying notes and independent auditor's report.

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Cash Flows From Operating Activities		
Change in net assets		\$ (41,667)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	23,488	
(Increase) decrease in :		
Accounts receivable	(11,441)	
Grants receivable	(13,545)	
Prepaid expenses	1,710	
Increase (decrease) in :		
Accounts payable	2,125	
Accrued compensation and taxes	(2,274)	
Net cash (used in) operating activities		\$ (41,604)
Cash Flows From Financing Activities		
Proceeds from short-term borrowing	46,973	
Proceeds from note payable - related party	68,500	
Repayment of short-term borrowing	(37,072)	
Repayment of note payable - related party	(42,500)	
Net cash provided by financing activities		<u>35,901</u>
Net (decrease) in cash		(5,703)
Cash at beginning of year		<u>9,276</u>
Cash at end of year		<u>\$ 3,573</u>
Supplemental Disclosure of Cash Flows Information		
Cash paid during the year for interest		<u>\$ 778</u>

See accompanying notes and independent auditor's report.

TAYLOR COUNTY SENIOR CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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.

Basis of Accounting

Taylor County Senior Citizens, Inc. uses the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The Entity maintains its accounting records and prepares its financial reports in accordance with the grantor funding cycles.

Basis of Presentation

The Organization has adopted FASB ACS 958-605-25-2, *Contributions Received* (formerly SFAS No. 116). The Organization has also adopted FASB ACS 958-205, *Presentation of Financial Statements* (formerly SFAS No. 117). Under FASB ACS 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. In addition, the Organization is required to present a statement of cash flows.

Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions would be 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 would be reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

See independent auditor's report.

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

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 those estimates.

Income Tax Exemption

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

All required federal tax returns for the Organization have been filed up to, and including the tax year ended September 30, 2017. The Organization's federal income tax returns for 2017, 2016, and 2015 remain subject to examination by the Internal Revenue Service ("IRS").

Cash

Cash is held on deposit with banking institutions covered by federal depository insurance. For the purpose of the statement of cash flows, the Organization considers cash and certificates of deposit with an original maturity of three months or less to be cash and 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.

Accounts Receivable and Grants 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 and grants receivable, as shown in the accompanying financial statements, will be collected in full.

See independent auditor's report.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)**

Prepaid Expenses

This account consists of prepaid insurance and rent based on the effective dates of the policies.

Functional Expenses

Expenses are directly allocated to each program based on the approved budgets of the grants or programs.

Donated Services

Donated services are recognized as contributions in accordance with FASB Codification (ASC) 958-605, "Revenue Recognition", 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.

Excess Levy

The Taylor County Senior Citizens, Inc. had an excess levy in effect during the year ended September 30, 2018. The levy was authorized by the voters of the county. The funds will be used to provide for the continued operations of the Organization.

Advertising Costs

Taylor County Senior Citizens, Inc. expenses advertising costs as they are incurred.

See independent auditor's report.

**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, 2018. 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>Category</u>			<u>Carrying</u>
	<u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>
Cash	<u>\$ 42,295</u>	<u>\$ 42,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,573</u>

The Organization had no investments as of September 30, 2018.

3. Grants Receivable

Grants receivable consists of the following:

Fair	\$ 9,767
Lighthouse	1,253
LIFE	16,820
Title III - C Nutrition	23,279
Title III - B Transportation	<u>5,741</u>
	<u>\$ 56,860</u>

See independent auditor's report.

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

4. Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation. Property and equipment consists of the following at September 30, 2018:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u> <u>Balance</u>
Depreciable assets				
Vehicles	\$ 196,072	\$ -	\$ -	\$ 196,072
Office equipment	72,102	-	-	72,102
Kitchen Equipment	28,298	-	-	28,298
Sign	2,261	-	-	2,261
Buildings and improvements	<u>657,943</u>	<u>-</u>	<u>-</u>	<u>657,943</u>
Total assets at historical cost	<u>956,676</u>	<u>-</u>	<u>-</u>	<u>956,676</u>
Less: Accumulated depreciation				
Vehicles	185,993	6,460	-	192,453
Office equipment	71,760	187	-	71,947
Kitchen Equipment	26,887	702	-	27,589
Sign	2,261	-	-	2,261
Buildings and improvements	<u>303,873</u>	<u>16,139</u>	<u>-</u>	<u>320,012</u>
Total accumulated depreciation	<u>590,774</u>	<u>23,488</u>	<u>-</u>	<u>614,262</u>
Total depreciable assets, net	<u>\$ 365,902</u>	<u>\$ (23,488)</u>	<u>\$ -</u>	<u>\$ 342,414</u>

Assets are being depreciated on a straight-line basis over the following number of years:

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

Depreciation expense was \$23,488 for the fiscal year ended September 30, 2018.

See independent auditor's report.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)**

5. 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 \$1,129. 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, 2018 was \$4,729 and was included in occupancy expense in the financial statements.

6. Short-Term Debt

The Organization has 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. The line expires August 15, 2019, and had balance of \$15,549 at September 30, 2018.

7. Note Payable – Related Party

During the year, the Executive Director loaned funds to the Organization to meet its short-term operating needs through an interest free note payable. The note had a balance at September 30, 2018 of \$26,000 and is expected to be repaid within one year.

8. Concentration of Risks

The Organization receives a majority of its support from federal and state grants. Any significant reduction in the level of this support could have a material effect on the Organization's programs and activities.

9. Subsequent Events

The Taylor County Senior Citizens, Inc. has considered all subsequent events through February 13, 2019 the date the financial statements were made available.

See independent auditor's report.



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

**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***

The Board of Directors
Taylor County Senior Citizens, Inc.
Grafton, 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 Taylor County Senior Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Taylor 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 Taylor County Senior Citizens, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Taylor 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses at item #2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Taylor 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*.

Taylor County Senior Citizens, Inc.'s Response to Finding

Taylor County Senior Citizens, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Taylor County Senior Citizens, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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.

Tetrick & Bartlett PLLC

Fairmont, West Virginia
February 13, 2019

**TAYLOR COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

#2018-001 Segregation of Duties

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

Condition: Responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction should be assigned to different individuals.

Cause: Responsibilities of approval, execution, recording and custody are not distributed among the office staff to the best degree possible.

Effect: Because of the lack of segregated 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, execution, recording and custody be distributed among the accounting staff to the degree possible. We recommend that the Board should remain involved in the financial affairs of the Organization to provide oversight and independent review functions and to continue exercising due diligence and professional skepticism in relation to the Organization's financial operations.

View of Responsible Officials and Corrective Action: To the extent possible, the Organization has segregated its duties. Any further segregation of duties would not be economically feasible.

Status: This condition was reported in the prior year's audit report as finding #2017-001.

TAYLOR COUNTY SENIOR CITIZENS, INC.
 SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>Federal Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Financial Awards Recognized</u>
<i>U.S. Department of Health and Human Services</i>		
Title III - B	93.044	\$ 33,601
Title III - E	93.052	7,497
Title III - C Nutrition	93.045	<u>128,354</u>
 Total Federal Funds		 <u>\$ 169,452</u>

See accompanying notes and independent auditor's report.

TAYLOR COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF STATE AWARDS AND OTHER ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Financial Awards Recognized</u>
<i>West Virginia Bureau of Senior Services</i>	
<u>Through the Upper Potomac Area Agency on Aging:</u>	
LIFE	\$ 191,622
Lighthouse	132,660
Fair	29,880
State Matching Funds	<u>25,260</u>
Total State Funds	<u>\$ 379,422</u>

See accompanying notes and independent auditor's report.