

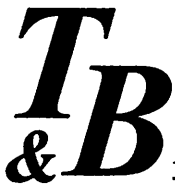
TAYLOR COUNTY SENIOR CITIZENS, INC.

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

SEPTEMBER 30, 2019

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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, 2019, 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, 2019, 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.

Emphasis of Matter

As described in Note 12 to the financial statements for the year ended September 30, 2019, Taylor County Senior Citizens, Inc. adopted new accounting guidance ASU Number 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

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 21 through 22 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 25, 2020, 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 & Bortlett PLLC

Fairmont, West Virginia
February 25, 2020

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

ASSETS

Current Assets

Cash	\$ 61,769
Accounts receivable	105,044
Grants receivable	38,227
Prepaid expenses	<u>6,228</u>
Total current assets	<u>211,268</u>

Property and Equipment

Property and Equipment	956,676
Accumulated depreciation	<u>(633,360)</u>
Total property and equipment	<u>323,316</u>

Total assets

\$ 534,584

LIABILITIES AND NET ASSETS

Current Liabilities

Note payable (current portion)	\$ 7,661
Note payable - related party (current portion)	12,000
Accounts payable	8,342
Accrued compensation and taxes	<u>28,172</u>
Total current liabilities	<u>56,175</u>

Long-Term Liabilities

Note payable (net of current portion)	16,530
Note payable - related party (net of current portion)	<u>8,000</u>
Total long-term liabilities	<u>24,530</u>

Total liabilities	<u>80,705</u>
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Net Assets

Without donor restrictions	<u>453,879</u>
Total net assets	<u>453,879</u>

Total liabilities and net assets	<u><u>\$ 534,584</u></u>
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See accompanying notes and independent auditor's report.

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Changes in Net Assets Without Donor Restrictions

Revenues and Support

Federal financial assistance	\$ 172,144	
State grant allocations	392,623	
Local income	129,252	
Medicaid	262,993	
Veteran's Affairs	46,015	
Community service program	80,418	
Miscellaneous	<u>16,682</u>	\$ 1,100,127

Expenses

Salaries and related expenses	886,738	
Food purchases	72,182	
Occupancy	31,194	
Travel and vehicle operations	44,073	
Repairs and maintenance	3,677	
Professional fees	6,000	
Insurance	21,065	
Supplies	16,201	
Depreciation	19,098	
Interest expense	843	
Miscellaneous	<u>5,759</u>	<u>1,106,830</u>

Change in net assets without donor restrictions	(6,703)
Net assets without donor restrictions - beginning	<u>460,582</u>
Net assets without donor restrictions - ending	<u>\$ 453,879</u>

See accompanying notes and independent auditor's report.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Program Expenses</u>							<u>Management and General</u>	<u>Total Expenses</u>	
	<u>Title</u>	<u>Title</u>	<u>Title</u>	<u>In-Home Services</u>		<u>Community</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 Program</u>			<u>Program Expenses</u>
Salaries and related expenses	\$ 95,964	\$ 12,992	\$ 120,667	\$ 42,673	\$ 104,998	\$ 111,115	\$ 293,519	\$ 781,928	\$ 104,810	\$ 886,738
Food purchases	-	-	72,182	-	-	-	-	72,182	-	72,182
Occupancy	3,376	457	4,245	1,501	3,694	3,909	10,326	27,508	3,686	31,194
Travel and vehicle operations	33,055	-	11,018	-	-	-	-	44,073	-	44,073
Repairs and maintenance	398	54	500	177	435	461	1,217	3,242	435	3,677
Professional fees	-	-	-	-	-	-	-	-	6,000	6,000
Insurance	2,280	309	2,867	1,014	2,494	2,640	6,973	18,577	2,488	21,065
Supplies	1,753	237	2,205	780	1,918	2,030	5,363	14,286	1,915	16,201
Depreciation	4,389	227	3,012	745	1,833	1,940	5,124	17,270	1,828	19,098
Interest expense	91	12	115	41	100	106	279	744	99	843
Miscellaneous	623	84	784	277	682	722	1,906	5,078	681	5,759
Total expenses	\$ 141,929	\$ 14,372	\$ 217,595	\$ 47,208	\$ 116,154	\$ 122,923	\$ 324,707	\$ 984,888	\$ 121,942	\$ 1,106,830

See accompanying notes and independent auditor's report.

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash Flows From Operating Activities		
Change in net assets	\$	(6,703)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		19,098
(Increase) decrease in :		
Accounts receivable		26,708
Grants receivable		18,633
Prepaid expenses		(734)
Increase (decrease) in :		
Accounts payable		(3,889)
Accrued compensation and taxes		2,441
Net cash provided by operating activities		<u>55,554</u>
Cash Flows From Financing Activities		
Proceeds from short-term borrowing		39,000
Proceeds from note payable - related party		16,000
Proceeds from long-term borrowing		24,191
Repayment of short-term borrowing		(54,549)
Repayment of note payable - related party		<u>(22,000)</u>
Net cash provided by financing activities		<u>2,642</u>
Net increase in cash		58,196
Cash at beginning of year		<u>3,573</u>
Cash at end of year		<u><u>\$ 61,769</u></u>
Supplemental Disclosure of Cash Flows Information		
Cash paid during the year for interest		<u><u>\$ 843</u></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 financial statements are prepared in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Organization adopted the provisions of Accounting Standards Updated ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) Presentations of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Organization's liquidity, financial performance, and cash flows.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, a receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

See independent auditor's report.

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'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 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, 2018. The Organization's federal income tax returns for 2018, 2017, and 2016 remain subject to examination by the Internal Revenue Service ("IRS").

Contributions and Grants

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 are reported as increases in net assets with donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and report in the statement of activities as net assets released from restrictions

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.

See independent auditor's report.

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

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.

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, 2019. 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.

2. Liquidity and Funds Available

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. following table reflects the Organization's financial assets as of September 30, 2019, reduced by amounts not available for general expenditures within one year:

Financial assets:	
Cash and cash equivalents	\$ 61,769
Accounts receivable	105,044
Grants receivable	<u>38,227</u>
Financial assets, at year end	<u>205,040</u>
Financial assets available to meet cash needs for general expenditures liabilities, and other obligations within one year	<u>\$ 205,040</u>

Additionally, the Organization has a \$25,000 line of credit that can be used to meet current obligations.

See independent auditor's report.

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

3. 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, 2019. 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>\$ 81,858</u>	<u>\$ 81,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,769</u>

The Organization had no investments as of September 30, 2019.

4. Accounts Receivable

Accounts receivable consists of the following at September 30, 2019:

Medicaid	\$ 9,850
Medicaid waiver	14,382
Veterans affairs	2,720
Property taxes	<u>78,092</u>
	<u>\$ 105,044</u>

See independent auditor's report.

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

5. 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, 2019:

	<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	192,453	3,618	-	196,071
Office equipment	71,947	156	-	72,103
Kitchen Equipment	27,589	426	-	28,015
Sign	2,261	-	-	2,261
Buildings and improvements	<u>320,012</u>	<u>14,898</u>	<u>-</u>	<u>334,910</u>
Total accumulated depreciation	<u>614,262</u>	<u>19,098</u>	<u>-</u>	<u>633,360</u>
 Total depreciable assets, net	 <u>\$ 342,414</u>	 <u>\$ (19,098)</u>	 <u>\$ -</u>	 <u>\$ 323,316</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 \$19,098 for the fiscal year ended September 30, 2019.

See independent auditor's report.

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

6. 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 entered an operating lease for office equipment in March 2016. The payments made during the year ended September 30, 2019 are classified in rent expense. The obligated future payments are as follows:

For the year ended September 30,

2020	\$ 3,708
2021	<u>2,781</u>
	<u>\$ 6,489</u>

Total rent expense for the year ending September 30, 2019 was \$6,285 and was included in occupancy expense in the financial statements.

7. 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, 2020, and no outstanding balance at September 30, 2019.

See independent auditor's report.

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

8. Note Payable

The Organization transferred the outstanding line of credit balance to a note payable to First Community Bank in September 2019 with 36 monthly installments of \$733 and an interest rate of 5.5%. The note balance at September 30, 2019 was \$24,191. The obligated future payments are as follows:

For the year ended September 30,

2020	\$	7,661
2021		8,093
2022		<u>8,437</u>
	\$	<u><u>24,191</u></u>

9. 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 balance at September 30, 2019 was \$20,000. The obligated future payments are as follows:

For the year ended September 30,

2020	\$	12,000
2021		<u>8,000</u>
	\$	<u><u>20,000</u></u>

10. 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.

See independent auditor's report.

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

11. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated on the basis of estimates of time and effort.

12. Recently Issued Accounting Standards

The following accounting pronouncement was recently issued by the FASB:

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: *net assets with donor restrictions* and *net assets without donor restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In addition to the current required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires not-for-profit entities to disclose the aggregate fair value of such funds as well as the aggregate original gift amounts to be maintained. ASU 2016-14 also requires a NFP to disclose its interpretation of the ability to spend from underwater endowment funds including its policy, and any actions taken during the period, concerning appropriation from underwater endowment funds. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets as per the current rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the

See independent auditor's report.

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

ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016- 14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted with retrospective application required for all prior periods presented. The Organization has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending September 30, 2019.

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of September 30, 2018 follows:

As originally stated:

Net assets, beginning of year:	
Unrestricted	<u>\$ 460,582</u>
Total net assets, beginning of year	<u>\$ 460,582</u>

As restated:

Net assets, beginning of year	
Without donor restrictions	<u>\$ 460,582</u>
Total net assets, beginning of year	<u>\$ 460,582</u>

13. Subsequent Events

The Taylor County Senior Citizens, Inc. has considered all subsequent events through February 25, 2020, 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, 2019, 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 25, 2020.

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 #2019-001 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.



Fairmont, West Virginia
February 25, 2020

**TAYLOR COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

#2019-001 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. However, we recognize that complete segregation of duties is not economically feasible.

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 #2018-001.

**TAYLOR COUNTY SENIOR CITIZENS, INC.
 SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<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	\$ 33,336
Title III - E	93.052	9,078
Title III - C Nutrition	93.045	<u>129,730</u>
 Total Federal Funds		 <u>\$ 172,144</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, 2019

<i>West Virginia Bureau of Senior Services</i> <u>Through the Upper Potomac Area Agency on Aging:</u>	<u>Financial</u> <u>Awards</u> <u>Recognized</u>
LIFE	\$ 181,703
Lighthouse	131,577
Fair	52,691
State Matching Funds	24,652
MIPPA	<u>2,000</u>
Total State Funds	<u>\$ 392,623</u>

See accompanying notes and independent auditor's report.