

**TAYLOR COUNTY
SENIOR CITIZENS, INC.**

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

SEPTEMBER 30, 2008

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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, 2008 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, 2008, 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 February 9, 2009, 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 important for 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

February 9, 2009

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2008

ASSETS

Current Assets		
Cash	\$ 55,586	
Accounts receivable	92,184	
Prepaid expenses	<u>8,405</u>	\$ 156,175
Capital assets, net		<u>556,900</u>
TOTAL ASSETS		\$ <u>713,075</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 12,736	
Accrued compensation and taxes	20,709	
Unearned revenue	<u>31,535</u>	\$ 64,980
Net Assets		
Unrestricted		<u>648,095</u>
TOTAL LIABILITIES AND NET ASSETS		\$ <u>713,075</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, 2008

Revenue and Support		
Federal financial assistance	\$ 124,053	
State grant allocations	382,695	
Sheriff of Taylor County	64,645	
Medicaid	334,821	
Program income	50,718	
Other grants	20,000	
Community service program	65,059	
Contributions	2,035	
Miscellaneous income	<u>6,424</u>	\$ 1,050,450
Expenses		
Salaries and related expenses	774,295	
Food purchases	68,902	
Occupancy	26,113	
Travel and vehicle operations	64,552	
Repairs and maintenance	17,534	
Insurance	30,068	
Supplies	5,175	
Training	1,137	
Uniforms	2,454	
Depreciation	34,282	
Miscellaneous	<u>13,638</u>	<u>1,038,150</u>
Change in net assets		12,300
Net assets - beginning		<u>635,795</u>
Net assets - ending		\$ <u>648,095</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, 2008**

	<u>Title</u> <u>III-B</u>	<u>Title</u> <u>III-D</u>	<u>Title</u> <u>III-E</u>	<u>Title</u> <u>III-C</u>	<u>Life</u>	<u>Community</u> <u>Service</u> <u>Program</u>	<u>Total</u> <u>Expenses</u>
Salaries and related expenses	\$ 62,693	\$ 557	\$ 8,306	\$ 90,313	\$ 107,017	\$ 505,409	\$ 774,295
Food purchases	-0-	-0-	-0-	68,902	-0-	-0-	68,902
Occupancy	2,000	-0-	-0-	-0-	13,572	10,541	26,113
Travel and vehicle operations	1,000	-0-	-0-	-0-	21,651	41,901	64,552
Repairs and maintenance	3,792	-0-	-0-	-0-	12,868	874	17,534
Insurance	-0-	-0-	-0-	-0-	29,844	224	30,068
Supplies	500	-0-	-0-	-0-	3,000	1,675	5,175
Training	-0-	-0-	-0-	-0-	-0-	1,137	1,137
Uniforms	-0-	-0-	-0-	-0-	-0-	2,454	2,454
Depreciation	-0-	-0-	-0-	-0-	-0-	34,282	34,282
Miscellaneous	<u>5,650</u>	<u>212</u>	<u>-0-</u>	<u>96</u>	<u>-0-</u>	<u>7,680</u>	<u>13,638</u>
 Total expenses	 \$ <u>75,635</u>	 \$ <u>769</u>	 \$ <u>8,306</u>	 \$ <u>159,311</u>	 \$ <u>187,952</u>	 \$ <u>606,177</u>	 \$ <u>1,038,150</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, 2008

Cash Flows From Operating Activities

Increase in net assets	\$ 12,300	
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	34,282	
(Increase) decrease in:		
Accounts receivable	(4,527)	
Prepaid expenses	6,047	
Increase (decrease) in:		
Accounts payable	(15,360)	
Accrued compensation and payroll liabilities	(691)	
Deferred revenue	<u>31,535</u>	
Net cash provided by operating activities		\$ 63,586

Cash Flows From Capital Investment Activities

Acquisition of capital assets	(14,068)	
Net cash (used in) investing activities		(14,068)
Net increase in cash		49,518
Cash at beginning of year		<u>6,068</u>
Cash at end of year		\$ <u>55,586</u>

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, 2008. 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 Balance</u>	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	<u>Carrying Amount</u>
Cash	\$ <u>70,128</u>	\$ <u>70,128</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>55,586</u>

The Organization had no investments as of September 30, 2008.

3. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Depreciable Assets				
Vehicles	\$ 148,908	\$ 12,900	\$ -0-	\$ 161,808
Office equipment	70,886	1,168	-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	903,704	14,068	-0-	917,772
 Less: Accumulated depreciation				
Vehicles	131,824	6,381	-0-	138,205
Office equipment	60,416	4,272	-0-	64,688
Kitchen equipment	18,939	2,323	-0-	21,262
Sign	2,261	-0-	-0-	2,261
Buildings and improvements	<u>113,150</u>	<u>21,306</u>	<u>-0-</u>	<u>134,456</u>
Total accumulated depreciation	326,590	34,282	-0-	360,872
 Total capital assets, net	\$ <u>577,114</u>	\$ <u>(20,214)</u>	\$ <u>-0-</u>	\$ <u>556,900</u>

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

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

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, 2008 was \$4,320 and was included in occupancy expense in the financial statements.

5. Deferred Revenue

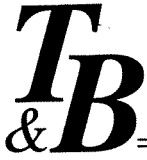
The change in the Organization's deferred revenue account for the year ended September 30, 2008, is comprised of the following:

Balance at beginning of year	\$ -0-
Additions:	
FY 2009 advance from supporting agencies	<u>31,535</u>
Balance at end of year	\$ <u>31,535</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 \$537 for the year ended September 30, 2008.

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, 2008, and have issued our report thereon dated February 9, 2009. 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.

08-1 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 is not assigned to separate individuals.

Cause: Responsibility for approval, execution, recording and custody are not distributed among the office staff to the best degree possible. However, 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, executing, recording and custody should be distributed among the accounting staff to the degree possible. However, we recognize that complete segregation of duties is not economically feasible.

Entity's Response: To the extent possible, the Center has segregated its duties. Any further segregation of duties would not be economically feasible

08-2 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 08-1 and 08-2 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*.

This report is intended solely for the information and use of the Board of Directors of the 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 + Bawdett, PLLC

February 9, 2009

**TAYLOR COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<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 07-08	\$ 34,254
Title III – D	93.043	T3 B/D/E 07-08	769
Title III – E	93.052	T3 B/D/E 07-08	8,306
Title III – C	93.045	T3 C 07-08	54,360
Veterans Affairs	64.009	N/A	21,364
Health Benefits/SHIP	93.779	N/A	<u>5,000</u>
 Total Federal Funds			 \$ <u>124,053</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, 2008

State Grantor Program

<u>West Virginia Bureau of Senior Services Through the Bel-O-Mar Regional Council:</u>	<u>Award/Grant No.</u>	<u>Financial Awards Recognized</u>
LIFE	N/A	\$ 187,952
State Matching Funds	N/A	<u>194,743</u>
Total State Funds		\$ <u>382,695</u>

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