

**The Upshur County Senior Citizens  
Opportunity Center, Inc.**

**Audited Financial Statements**

**September 30, 2012**

Audited by:

*Williams & Associates, A.C.*  
*204 Davis Avenue, Post Office Box 2727*  
*Elkins, West Virginia 26241*  
*and*  
*40 East Main Street*  
*Buckhannon, WV 26201*

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## Independent Auditor's Report

Board of Directors  
Upshur County Senior Citizens Opportunity Center, Inc.

I have audited the accompanying statement of financial position of Upshur County Senior Citizens Opportunity Center, Inc., as of September 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upshur County Senior Citizens Opportunity Center, Inc. as of September 30, 2012, 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of revenues & support on page 11, as well as the schedule of expenditures of federal awards on page 12, 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 13, 2013, on my consideration of Upshur County Senior Citizens Opportunity Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Williams & Associates, A.C.*

Elkins, West Virginia  
May 13, 2013

**Upshur County Senior Citizens Opportunity Center, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2012**

**ASSETS**

**Current Assets**

Cash & Equivalents	\$ 170,175
Investments	168,075
Accounts Receivable	65,562
Grants Receivable	55,520
Prepaid Expenses	4,602
Inventory	4,243
Other Current Assets	<u>-</u>

Total Current Assets \$ 468,177

**Property & Equipment, net** 1,176,857

**TOTAL ASSETS** \$ 1,645,034

**LIABILITIES & NET ASSETS**

**Liabilities**

**Current Liabilities**

Accounts Payable	\$ 13,444
Payroll Tax Liabilities	5,703
Employee Benefits Payable	3,658
Accrued Wages	37,692
Deferred Compensation	<u>29,101</u>

Total Current Liabilities \$ 89,598

**TOTAL LIABILITIES** 89,598

**Net Assets**

Unrestricted	1,525,975
Temporarily Restricted	16,826
Unrealized Gain(Loss) on Investments	<u>12,635</u>

**TOTAL NET ASSETS** 1,555,436

**TOTAL LIABILITIES & NET ASSETS** \$ 1,645,034

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

**Upshur County Senior Citizens Opportunity Center, Inc.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2012**

<b>REVENUE AND SUPPORT</b>	
Public Support	\$ 11,576
Grant Revenues	878,519
Program Service Fees	572,041
Interest/Dividend Income	1,306
Royalty Income	2,194
Project Income	46,954
Other	<u>19,524</u>
 TOTAL REVENUE AND SUPPORT	 <u>1,532,114</u>
 <b>EXPENSES</b>	
 Program Services	 1,575,446
Management and General	<u>117,014</u>
 TOTAL EXPENSES	 <u>1,692,460</u>
 CHANGE IN NET ASSETS	 (160,346)
 GAIN(LOSS) ON SALE OF FIXED ASSETS	 1,625
 UNREALIZED GAIN(LOSS) ON INVESTMENTS	 17,463
 NET ASSETS, 10/1/11	 <u>1,696,694</u>
 NET ASSETS, 9/30/12	 <u><u>\$ 1,555,436</u></u>

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

**Upshur County Senior Citizens Opportunity Center, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended September 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets		\$ (158,721)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		108,852
(Increase)Decrease in Accounts Receivable		15,399
(Increase)Decrease in Grants Receivable		(10,516)
(Increase)Decrease in Prepaid Expenses		8,907
(Increase)Decrease in Inventory		(887)
(Increase)Decrease in Other Current Assets		115
Increase(Decrease) in Accounts Payable		(22,679)
Increase(Decrease) in Payroll Tax Liabilities		(13,589)
Increase(Decrease) in Employee Benefits Payable		(7,989)
Increase(Decrease) in Accrued Wages		11,755
Increase(Decrease) in Deferred Compensation		<u>3,107</u>
 <b>NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES</b>		 <b>\$ (66,246)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Fixed Assets		<u>(45,163)</u>
 <b>NET CASH PROVIDED BY(USED IN) INVESTING ACTIVITIES</b>		 <b>(45,163)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase in Investments		<u>(12,964)</u>
 <b>NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES</b>		 <b><u>(12,964)</u></b>

<b>INCREASE(DECREASE) IN CASH &amp; EQUIVALENTS</b>		<b>(124,373)</b>
<b>UNREALIZED GAIN(LOSS) ON INVESTMENTS</b>		<b>17,463</b>
<b>CASH &amp; EQUIVALENTS, 10/1/11</b>		<b><u>277,085</u></b>
<b>CASH &amp; EQUIVALENTS, 9/30/12</b>		<b><u><u>\$ 170,175</u></u></b>

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

**Upshur County Senior Citizens Opportunity Center, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2012**

EXPENSE	Programs										TOTAL		
	III-B	Congregate	Home-Delivered	III-D/MM	III-E	LIFE	BOSS	FAIR/Lighthouse	COC/Waiver	Other Programs		Subtotal	Admin
Personnel	\$ 62,421	\$ 38,957	\$ 36,913		\$ 6,375	\$ 52,483	\$ 101,529	\$ 109,923	\$ 411,255	\$ 12,065	\$ 831,921	\$ 146,595	\$ 978,516
Taxes/Benefits	5,684	6,215	6,031		575	4,662	19,848	9,886	41,841	14,105	108,847	85,367	194,214
Advertisement						30			285		315	313	628
Depreciation												108,852	108,852
Disposables		5,261	5,259								10,520		10,520
Equipment Maintenance	4,416	2,408	3,759			4,118	995				15,696	5,618	21,314
Supplies		188	188						2,402		2,778		2,778
Office Supplies/Postage							8,714			187	8,901	5,889	14,790
Professional Fees												8,112	8,112
Raw Food		45,380	45,192								90,572		90,572
Travel/Meetings							3,349	4,713	21,575	3,384	33,021	4,121	37,142
Utilities/Communication	2,092	7,556	7,556			4,919					22,123	14,827	36,950
Insurance												28,938	28,938
Other	10,090	596	2,992	3,040		2,273	109,243	10	1,224	19,876	149,344	9,790	159,134
Indirect	22,533	14,064	13,325		2,302	18,947	36,652	40,765	143,735	9,085	301,408	(301,408)	-
Totals	\$ 107,236	\$ 120,625	\$ 121,215	\$ 3,040	\$ 9,252	\$ 82,483	\$ 285,279	\$ 165,297	\$ 622,317	\$ 58,702	\$ 1,575,446	\$ 117,014	\$ 1,692,460

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



UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Upshur County Senior Citizens Opportunity Center, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Upshur County, West Virginia. The purpose of the Organization is to enhance the quality of life for older persons and to help them to remain independent and active.

This summary of significant accounting policies of Upshur County Senior Citizens Opportunity Center, Inc., is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Basis of Accounting**

The financial statements of Upshur County Senior Citizens Opportunity Center, Inc., have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.



UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs. In addition, the Organization uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of September 30, 2012, all accounts receivable are deemed collectible.

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine collectibility of grants receivable. As of September 30, 2012, all grants receivable are deemed collectible.

Property and Equipment

The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. The Organization capitalizes purchases in the amount of \$500 that have an estimated life of more than one year.

Investments

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at the lower of cost or market on a first in-first out (FIFO) basis.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.
- 2 – On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, Title III-D/MM, and Elder Abuse grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year, but if approval is denied, the money has to be reimbursed to the grantor.
- 3 – Title III-C grant funds are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.

Operating expenditures made against federal and state grants are subject to audit by the Grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2012 were \$628.

Note 2. Receivables

Grants receivable consisted of the following at September 30, 2012:

Lighthouse/FAIR	\$	26,939
LIFE		12,583
Title III-C		15,613
Elder Abuse		385
 Total Grants Receivable	 \$	 55,520
		55,520

Accounts receivable consisted of the following at September 30, 2011:

WV DHHR	\$	53,725
VA Program		1,743
Others		10,094
 Total Accounts Receivable	 \$	 65,562
		65,562

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 3. Investments

Investments are stated at fair value and consist of U.S. Government Agency Obligations and U.S. Treasury Bills. Fair values and appreciation (depreciation) at September 30, 2012 are summarized below:

	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Investments, unrestricted	\$ 155,440	\$ 168,075	\$ 12,635
	<u>=====</u>	<u>=====</u>	<u>=====</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2012:

Land	\$ 250,470
Buildings	868,588
Improvements	352,424
Vehicles	206,822
Office Furniture & Equipment	<u>535,298</u>
Total Fixed Assets	2,213,602
Less accumulated depreciation	<u>(1,036,745)</u>
Net property and equipment	<u>\$ 1,176,857</u>

Note 5. Retirement Program

Certain employees are eligible to be included in the organization's retirement program. The employee contributes 4.5% of his/her gross wages which is combined with 9.5% contributed by Upshur County Senior Citizens Opportunity Center, Inc. The covered employees are eligible to draw benefits upon retirement.

Note 7. Support Concentration

Upshur County Senior Citizens Opportunity Center, Inc., receives approximately 35.6% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

Note 8. Subsequent Events

Management has evaluated subsequent events through May 13, 2013, the date of issuance of the audit report.

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 9. Split-Interest Agreement (Trust)

The Organization is also the beneficiary of a perpetual trust created on October 6, 1994 by Lowe Bartlett Armstrong and held by JPMorgan Chase Bank, NA. The Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The funds held in trust remain the property of the trust therefore they are not reflected on the Statement of Financial Position.

**Upshur County Senior Citizens Opportunity Center, Inc.**  
**SCHEDULE OF REVENUES & SUPPORT**  
**For the Year Ended September 30, 2012**

	Programs										TOTAL	
	III-B	III-C	III-D/ MM	III-E	LIFE	BOSS	FAIR/ LH	COC/CM/ Waiver	Other Programs	Subtotal		Admin
<b>Grant Revenues</b>												
Federal & State	\$ 56,021	\$ 145,828	\$ 1,732	\$ 8,652	\$ 173,348	\$ 290,000	\$ 171,896	-	\$ 31,042	\$ 878,519	\$ -	\$ 878,519
Total Grant Revenues	56,021	145,828	1,732	8,652	173,348	290,000	171,896	-	31,042	878,519	-	878,519
<b>Other Revenues</b>												
Program Service Fees								544,859	27,182	572,041		572,041
Project Income	9,299	37,655								46,954		46,954
Donations											11,576	11,576
Interest/Dividends											1,306	1,306
Royalty Income											2,194	2,194
Other											19,524	19,524
Total Other Revenues	9,299	37,655	-	-	-	-	-	544,859	27,182	618,995	34,600	653,595
<b>Total Revenues</b>	\$ 65,320	\$ 183,483	\$ 1,732	\$ 8,652	\$ 173,348	\$ 290,000	\$ 171,896	\$ 544,859	\$ 58,224	\$ 1,497,514	\$ 34,600	\$ 1,532,114

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

**Upshur County Senior Citizens Opportunity Center, Inc.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<i>Pass-Through Programs from Upper Potomac Area Agency on Aging:</i>		
Administration on Aging Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044	\$ 56,021.00
Administration on Aging Special Programs for the Aging Title III Part D Disease Prevention and Health Promotion Services	93.043	1,732.00
Administration on Aging Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052	8,652.00
Administration on Aging Special Programs for the Aging Title III Part C Nutrition Services	93.045	83,196.00
Administration on Aging Special Programs for the Aging Title VII Chapter 3 Programs for Prevention of Elder Abuse, Neglect & Exploitation	93.041	385.00
Centers for Medicare & Medicaid Services CMS Research, Demonstration & Evaluations State Health Insurance Assistance Program (SHIP)	93.779	<u>4,000.00</u>
<i>Total US Department of Health &amp; Human Services</i>		<u>153,986.00</u>
<i>Total Expenditures of Federal Awards</i>		<u><u>\$153,986.00</u></u>

**The accompanying notes are an integral part of this schedule.**

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Upshur County Senior Citizens Opportunity Center, Inc.  
Buckhannon, West Virginia 26201

I have audited the financial statements of Upshur County Senior Citizens Opportunity Center, Inc., (a non-profit organization) as of and for the year ended September 30, 2012, and have issued a report thereon dated May 13, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Upshur County Senior Citizens Opportunity Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of law, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an object of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance, which we have reported to management of Upshur County Senior Citizens Opportunity Center, Inc., in a separate letter dated May 13, 2013, and included in this audit report on page 16.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Upshur County Senior Citizens Opportunity Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one



or more of the internal control components does not reduce to a relatively low level the risk that misstatements in an amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of Upshur County Senior Citizens Opportunity Center, Inc., in a separate letter dated May 13, 2013, and included in this audit report on page 16.

This report is intended solely for the information and use of the board of directors, management, and West Virginia Bureau of Senior Services and is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Associates, A.C.*

Elkins, West Virginia

May 13, 2013

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

Board of Directors  
Upshur County Senior Citizens Opportunity Center, Inc.  
Buckhannon, West Virginia

I have audited the compliance of Upshur County Senior Citizens Opportunity Center, Inc. (a non-profit organization) as of September 30, 2012 and have issued my report thereon dated May 13, 2013. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether Upshur County Senior Citizens Opportunity Center, Inc.'s financial statements are free of material misstatement, I performed tests of certain compliance requirements per the directive of the West Virginia Bureau of Senior Services. Providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. However, the results of my tests disclosed no instances of noncompliance that are required to be reported under the directive of the West Virginia Bureau of Senior Services.

This report is intended for the information of the Board of Directors, management and the granting agencies and it is not intended to be and should not be used by anyone other than those specified parties.

*Williams & Associates, A.C.*

Williams & Associates, AC  
May 13, 2013

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## MANAGEMENT LETTER

To the Board of Directors  
Upshur County Senior Citizens Opportunity Center, Inc.  
Buckhannon, West Virginia

Our audit on the financial statements of the Upshur County Senior Citizens Opportunity Center, Inc., for the year ended September 30, 2012, highlighted areas where we would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since our audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

### Segregations of Duties

During our audit we noted that two people perform most of the accounting and financial duties. As a result, many aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the Upshur County Senior Citizens Opportunity Center, Inc. We recognize that the Organization is not large enough to make the employment of additional staff for the purpose of segregating duties practicable from a financial standpoint, but we are required, under our professional responsibilities, to describe the situation.

### Accounting

During our audit we noted that the proper journals are not being used for recording transactions. General journal entries should not be used to enter day-to-day transactions. The features of QuickBooks should be utilized, including invoicing, receipt of payments, banking, including making deposits, etc. in order to properly record transactions and provide an audit trail.

### Internal Control

During our audit we noted that bank statements and reconciliations were not reviewed by appropriate personnel. This information should be reviewed regularly by someone outside the check writing process. This individual should document the review.

### Revenues and Receivables

During our audit we noted that grant revenues were not properly recorded and classified. Federal, state and other grant revenue should be separated in the financial statements.

We also noted that grant receivables were not always recorded in the proper periods. Care should be exercised in recording and classifying revenues, as well as accruing receivables appropriately.

#### Inventory

During our audit we noted that inventory was not totaled and footed for the year and the inventory on-hand amount on the books had not been adjusted to the physical inventory count. A procedure should be implemented to total the inventory-on-hand and adjust the financial statement accordingly at least annually.

#### Fixed Assets

During our audit we noted that fixed assets were not properly capitalized. The Organization's capitalization policy should be followed and assets with lives of more than one year and a value of \$500 or more should be capitalized. Additionally, sales of fixed assets were not properly recorded.

#### Payroll Tax Liabilities

During our audit we noted that payroll liabilities were not paid according to IRS guidelines. As a result, fairly substantial penalties were incurred. Procedures should be implemented to remit payroll tax liabilities in a timely fashion.

#### Indirect Expenses

During our audit we noted that indirect expenses were not allocated to programs. Procedures should be implemented to insure that indirect expenses are properly allocated to programs.

#### Recommendation:

It is recommended that the Upshur County Senior Citizens Opportunity Center, Inc., contract with a Certified Public Accountant or accountant knowledgeable in non-profit accounting procedures in order to train staff and review the books on a regular basis.

After you have had the opportunity to review these comments and recommendations, we would be pleased to discuss those points that you desire. We would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve the Upshur County Senior Citizens Opportunity Center, Inc.

*Williams & Associates, A.C.*

Elkins, West Virginia  
May 13, 2013