

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

Audited Financial Statements

September 30, 2014

Williams & Associates, A.C.
204 Davis Avenue, Post Office Box 2727
Elkins, West Virginia 26241
(304) 637-9110

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Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
Elkins, WV 26241
Phone: 304-637-9110
Fax: 304-637-9006

Certified Public Accountant

40 East Main Street
Buckhannon, WV 26201
Phone: 304-473-0007
Fax: 304-473-0009

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Upshur County Senior Citizens Opportunity Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities 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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Upshur County Senior Citizens Opportunity Center, Inc. as of September 30, 2014, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities by program on page 12 and the schedule of expenditures of federal and state awards on page 13 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 June 29, 2015, on our consideration of Upshur County Senior Citizens Opportunity Center, 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Upshur County Senior Citizens Opportunity Center, Inc.'s internal control over financial reporting and compliance.

Williams & Associates, A.C.

Williams & Associates, A.C.

Elkins, West Virginia

June 29, 2015

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENTS OF FINANCIAL POSITION
September 30, 2013 & 2014

	<u>2013</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash & Equivalents	\$ 191,827	\$ 167,933
Investments	167,844	181,023
Accounts Receivable	65,558	42,103
Grants Receivable	58,373	52,925
Prepaid Expenses	5,991	4,426
Inventory	<u>2,907</u>	<u>2,907</u>
Total Current Assets	\$ 492,500	\$ 451,317
Property & Equipment, net	<u>1,121,913</u>	<u>1,044,803</u>
TOTAL ASSETS	<u><u>\$ 1,614,413</u></u>	<u><u>\$ 1,496,120</u></u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 9,424	\$ 6,370
Payroll Tax Liabilities	13,304	4,880
Employee Benefits Payable	1,025	1,348
Accrued Wages	42,385	40,067
Deferred Compensation	<u>24,594</u>	<u>32,182</u>
Total Current Liabilities	<u>\$ 90,732</u>	<u>\$ 84,847</u>
TOTAL LIABILITIES	90,732	84,847
Net Assets		
Unrestricted	1,520,774	1,411,273
Temporarily Restricted	<u>2,907</u>	<u>-</u>
TOTAL NET ASSETS	<u><u>1,523,681</u></u>	<u><u>1,411,273</u></u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 1,614,413</u></u>	<u><u>\$ 1,496,120</u></u>

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

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENTS OF ACTIVITIES
For the Year Ended September 30, 2013 & 2014

	<u>2013</u>	<u>2014</u>
REVENUE AND SUPPORT		
Public Support	\$ 9,373	\$ 3,028
Grant Revenues	939,074	875,086
Program Service Fees	626,439	507,479
Interest/Dividend Income	6,064	6,432
Royalty Income	3,369	3,030
Project Income	39,216	33,061
Other	17,740	13,266
	<u>1,641,275</u>	<u>1,441,382</u>
EXPENSES		
Program Services	1,567,368	1,280,310
Management and General	105,662	260,778
	<u>1,673,030</u>	<u>1,541,088</u>
TOTAL EXPENSES		
	<u>1,673,030</u>	<u>1,541,088</u>
NET INCOME(LOSS)	(31,755)	(99,706)
Unrealized Gain(Loss) on Investments	-	13,180
Gain(Loss) on Disposal of Fixed Assets	-	(25,882)
	<u> </u>	<u> </u>
CHANGE IN NET ASSETS	(31,755)	(112,408)
NET ASSETS, Beginning of Year	<u>1,555,436</u>	<u>1,523,681</u>
NET ASSETS, End of Year	<u><u>\$ 1,523,681</u></u>	<u><u>\$ 1,411,273</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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets		\$ (112,408)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		77,851
(Increase)Decrease in Accounts Receivable		21,623
(Increase)Decrease in Grants Receivable		7,280
(Increase)Decrease in Prepaid Expenses		1,565
Increase(Decrease) in Accounts Payable		(2,871)
Increase(Decrease) in Payroll Tax Liabilities		(8,791)
Increase(Decrease) in Employee Benefits Payable		323
Increase(Decrease) in Accrued Wages		(2,318)
Increase(Decrease) in Deferred Compensation		<u>7,588</u>
NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES		\$ (10,158)

CASH FLOWS FROM INVESTING ACTIVITIES

Disposal of Fixed Assets		26,067
Purchases of Fixed Assets		<u>(26,623)</u>
NET CASH PROVIDED BY(USED IN) INVESTING ACTIVITIES		(556)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in Investments		<u>(13,180)</u>
NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES		<u>(13,180)</u>

INCREASE(DECREASE) IN CASH & EQUIVALENTS		(23,894)
CASH & EQUIVALENTS, 10/1/13		<u>191,827</u>
CASH & EQUIVALENTS, 9/30/14		<u><u>\$ 167,933</u></u>

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

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

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 and to help them to remain independent and active.

This summary of significant accounting policies of the 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 the 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 Accounting Standards Codification 958-205, formerly Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under ASC 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. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. These are resources over which the Board of Directors has discretionary control.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or with the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Resources subject to a donor restriction that they be maintained permanently by the Organization.

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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, as well as amounts owed from private pay clients.

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Grants receivable consists of amounts due from grantors.

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 useful life of more than one year.

Investments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Organization determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instruments.

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

Investments (continued)

The Organization measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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. The balance of inventory at September 30, 2014 was \$2,907.

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
 For the Year Ended September 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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, and Title III-D/MM. 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, 2014 were \$260.

Subsequent Events

Management has evaluated subsequent events through June 29, 2015, the date the audit report was available to be issued, and has determined no adjustments need to be made.

Note 2. Grants Receivable

Grants receivable consisted of the following at September 30, 2014:

LIFE	\$	13,494
Lighthouse/FAIR		16,444
Title III-B		13,329
Title III-C		9,658
Total Grants Receivable	\$	52,925

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

Note 3. Accounts Receivable

Accounts receivable consisted of the following at September 30, 2014:

WV DHHR	\$	33,394
VA Program		1,743
Others		6,966
Total Accounts Receivable	\$	42,103

Note 4. Investments

Investments are stated at fair value and consist of mutual funds. Fair values and appreciation (depreciation) at September 30, 2014 are summarized below:

	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Investments, unrestricted	\$ 164,413	\$ 181,023	\$ 16,610

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2014:

Land	\$	250,470
Buildings		829,360
Improvements		422,344
Computer Equipment		379,631
Vehicles		130,550
Kitchen & Maintenance Equipment		77,717
Furniture		39,254
Office Equipment		40,820
Total Fixed Assets		2,170,146
Less accumulated depreciation		(1,125,343)
Net property and equipment	\$	1,044,803

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. The Organization contributed \$16,473 to the retirement plan for the year ended September 30, 2014.

UPSHUR COUNTY SENIOR CITIZENS OPPORTUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

Note 6. Support Concentration

The Upshur County Senior Citizens Opportunity Center, Inc., receives approximately 31.96% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs and 60.71% of its support from federal and state grants. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

Note 7. Split-Interest Agreement (Trust)

The Organization is 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.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2014

	Programs										TOTAL	
	III-B	III-C	III-D/ MM	III-E	LIFE	COACT	LH	FAIR/ COC/CM/ Waiver	Other Programs	Subtotal		Admin
Grant Revenues												
Federal	34,817	146,826	2,535	8,309		40,000				232,487	-	232,487
State & Other	21,387			180,589		250,000	168,343		22,280	642,599		642,599
Other Revenues												
Program Service Fees		570		15,339			25,331	460,716	5,523	507,479		507,479
Project Income	6,070	26,890							101	33,061		33,061
Donations										-	3,028	3,028
Interest/Dividends										-	6,432	6,432
Royalty Income										-	3,030	3,030
Other										-	13,266	13,266
Total Revenues	62,274	174,286	2,535	8,309	195,928	290,000	193,674	460,716	27,904	1,415,626	25,756	1,441,382
Expenses												
Personnel	52,989	62,316	498	9,006	117,067	115,877	119,234	353,982	5,193	836,162	81,930	918,092
Taxes/Benefits	3,490	9,111	38	802	10,082	30,473	10,646	50,596	445	115,683	59,544	175,227
Advertisement		25				159				184	76	260
Depreciation										-	77,851	77,851
Disposables		4,299								4,299		4,299
Repairs & Maintenance	1,845	1,346				2,043				5,234	1,553	6,787
Supplies								1,347		1,347	11,794	13,141
Office Supplies/Postage		266	390	7,132		5,837			10	13,635	6,010	19,645
Professional Fees										-	5,641	5,641
Raw Food		61,490								61,490		61,490
Training/Travel/Meetings	4,125	131	8	112	2,482	10,399	5,636	19,548	118	42,559	4,069	46,628
Utilities/Communications	1,110	12,128		3,574		7,137				23,949	9,940	33,889
Insurance				20,432						20,432		20,432
Other	10,492	2,738	2,046	2,500	131,835	10	10	715	5,000	155,336	2,370	157,706
Indirect	16,526	19,435	155	2,809	36,510	36,139	37,186	110,398	1,620	260,778	(260,778)	-
Total Expenses	90,577	173,285	3,135	12,729	199,779	339,899	172,712	536,586	12,386	1,541,088	-	1,541,088
Net Income(Loss)	(28,303)	1,001	(600)	(4,420)	(3,851)	(49,899)	20,962	(75,870)	15,518	(125,462)	25,756	(99,706)
Unrealized Gain(Loss) on Investments												
Gain(Loss) on Disposal of Assets												
Change in Net Assets	(28,303)	1,001	(600)	(4,420)	(3,851)	(49,899)	20,962	(75,870)	15,518	(125,462)	13,054	(112,408)

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

Upshur County Senior Citizens Opportunity Center, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS
For the Year Ended September 30, 2014

	Grant Identification Number	Expenditures
FEDERAL:		
U.S. Department of Health and Human Services:	93.044	\$ 40,000
Administration on Aging		
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration on Aging	93.044	34,817
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration on Aging	93.052	8,309
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration on Aging	93.045	146,826
Special Programs for the Aging Title III Part C		
Nutrition Services		
Administration on Aging	93.043	2,535
Special Programs for the Aging Title III Part D		
Disease Prevention and Health Promotion Services		
<i>Total Expenditures of Federal Awards</i>		\$ 232,487
STATE:		
LIFE	7/1/13-6/30/14	2014 \$ 143,335
LIFE	7/1/14-6/30/15	2015 37,254
Lighthouse	7/1/13-6/30/14	2014 114,100
Lighthouse	7/1/14-6/30/15	2015 22,072
FAIR	7/1/13-6/30/14	2014 26,648
FAIR	7/1/14-6/30/15	2015 5,523
Community Partnership Grants		14,500
SHIP		1,780
III-B		21,387
Senior Companion Program		6,000
COACT		250,000
<i>Total Expenditures of State Awards</i>		\$ 642,599
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		\$ 875,086

The notes are an integral part of these financial statements.

Williams & Associates, A.C.

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Certified Public Accountant

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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*

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

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 The Upshur County Senior Citizens Opportunity Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Upshur County Senior Citizens Opportunity Center 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 the Upshur County Senior Citizens Opportunity Center Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Upshur County Senior Citizens Opportunity Center 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Upshur County Senior Citizens Opportunity Center 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*.

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 the 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.

Williams & Associates, A.C.

Williams & Associates, A.C.
Elkins, West Virginia
June 29, 2015

Williams & Associates, A.C.

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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, 2014, 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.

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 grants receivable were not always recorded in the proper periods. Care should be exercised in recording and classifying revenues, as well as accruing receivables appropriately.

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, depreciation was not calculated and posted. A fixed asset scheduled should be maintained, recording all additions and disposals, as well as related depreciation.

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.

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
June 29, 2015