

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

Audited Financial Statements

**September 30, 2015
& September 30, 2016**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Upshur County Senior Citizens Opportunity Center Inc

Report on Financial Statements

We have audited the accompanying financial statements of Upshur County Senior Citizens Opportunity Center, Inc (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2016, 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.

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 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 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, 2015 & 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental and Other Information

The schedule of revenues is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal (and state) awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200. *Uniform Administrative Requirements, Code Principles, and Audit Requirements for Federal Awards*, and is also 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 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 23, 2017, 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.

Elkins, West Virginia
June 23, 2017

Upshur County Senior Citizens Opportunity Center, Inc.
COMPARATIVE STATEMENT OF FINANCIAL POSITION
September 30, 2015 & 2016

	<u>2015</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash & Equivalents	\$ 169,072	\$ 153,691
Investments	167,039	173,830
Accounts Receivable	38,750	49,510
Grants Receivable	43,525	72,031
Prepaid Expenses	9,641	9,060
Inventory	2,907	3,853
Total Current Assets	<u>\$ 430,934</u>	<u>\$ 461,975</u>
Property & Equipment, net	<u>977,573</u>	<u>916,246</u>
TOTAL ASSETS	<u><u>\$ 1,408,507</u></u>	<u><u>\$ 1,378,221</u></u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 6,948	\$ 11,040
Payroll Tax Liabilities	5,604	4,531
Employee Benefits Payable	5,089	5,694
Accrued Wages	44,274	38,156
Deferred Compensation	23,891	26,115
Total Current Liabilities	<u>\$ 85,806</u>	<u>\$ 85,536</u>
TOTAL LIABILITIES	85,806	85,536
Net Assets		
Unrestricted	<u>1,322,701</u>	<u>1,292,685</u>
TOTAL NET ASSETS	<u>1,322,701</u>	<u>1,292,685</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 1,408,507</u></u>	<u><u>\$ 1,378,221</u></u>

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

Upshur County Senior Citizens Opportunity Center, Inc.
COMPARATIVE STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2015 & 2016

	<u>2015</u>	<u>2015</u>
REVENUE AND SUPPORT		
Public Support	\$ 18,120	\$ 8,363
Grant Revenues	859,285	913,054
Program Service Fees	471,250	388,467
Interest/Dividend Income	1,327	8,149
Royalty Income	2,017	935
Project Income	23,480	45,234
Other	-	16,770
	<u>1,375,479</u>	<u>1,380,972</u>
EXPENSES		
Program Services	1,323,506	1,330,861
Management and General	134,210	85,161
	<u>1,457,716</u>	<u>1,416,022</u>
TOTAL EXPENSES		
	<u>1,457,716</u>	<u>1,416,022</u>
NET INCOME(LOSS)	(82,237)	(35,050)
Unrealized Gain(Loss) on Investments	(7,985)	5,034
Gain(Loss) on Disposal of Fixed Assets	1,650	-
	<u>1,650</u>	<u>-</u>
CHANGE IN NET ASSETS	(88,572)	(30,016)
NET ASSETS, Beginning of Year	<u>1,411,273</u>	<u>1,322,701</u>
NET ASSETS, End of Year	<u><u>\$ 1,322,701</u></u>	<u><u>\$ 1,292,685</u></u>

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

Upshur County Senior Citizens Opportunity Center, Inc.
COMPARATIVE STATEMENT OF CASH FLOWS
For the YearS Ended September 30, 2015 & 2016

	2015	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (88,572)	(30,016)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	67,231	65,617
(Increase)Decrease in Accounts Receivable	16,760	(15,441)
(Increase)Decrease in Grants Receivable	(4,006)	(23,825)
(Increase)Decrease in Prepaid Expenses	(5,214)	581
(Increase)Decrease in Inventory	-	(946)
Increase(Decrease) in Accounts Payable	578	4,092
Increase(Decrease) in Payroll Tax Liabilities	328	(634)
Increase(Decrease) in Employee Benefits Payable	4,134	167
Increase(Decrease) in Accrued Wages	(4,085)	(6,118)
Increase(Decrease) in Deferred Compensation	-	2,224
NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES	\$ (12,846)	\$ (4,299)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase)Decrease in Investments	13,985	(6,791)
NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES	13,985	(6,791)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	-	(4,291)
NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES	-	(4,291)
INCREASE(DECREASE) IN CASH & EQUIVALENTS	1,139	(15,381)
CASH & EQUIVALENTS, Beginning of Year	167,933	169,072
CASH & EQUIVALENTS, End of Year	\$ 169,072	\$ 153,691

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 Accounting Standards Codification 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. 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. There were no permanently restricted net assets as of September 30, 2015 or 2016.

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

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. 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, 2015 and 2016, 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, 2015 and 2016, 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.

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

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.

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.

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

Note 1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The last three years of returns are open to audit.

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 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, 2015 were \$143 and September 30, 2016 were \$324.

Note 2. Receivables

Grants receivable consisted of the following at September 30:

	2015	2016
COACT	\$ 13,437	\$ 28,084
LIFE	17,058	14,057
FAIR/Lighthouse	0	13,239
Title III	13,030	16,651
 Total Grants Receivable	 \$ 43,525	 \$ 72,031

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

Note 2. Receivables (Continued)

Accounts receivable consisted of the following at September 30:

	<u>2015</u>	<u>2016</u>
WV DHHR	\$ 29,784	\$ 26,561
VA Program	2,072	7,472
Others	<u>6,894</u>	<u>15,477</u>
Total Accounts Receivable	<u>\$ 38,750</u>	<u>\$ 49,510</u>

Note 3. Investments

Investments are stated at fair value and consist of U.S. Government Agency Obligations and U.S. Treasury Bills. The cost and estimated market value of investment securities at September 30 are as follows:

	<u>Original Cost</u>	<u>Gross Unrealized Gain(Loss)</u>	<u>Estimated Market Value</u>
<u>2015</u>			
Edward Jones	<u>\$ 176,757</u>	<u>(\$ 9,718)</u>	<u>\$ 167,039</u>
<u>2016</u>			
Edward Jones	<u>\$ 178,864</u>	<u>(\$ 5,034)</u>	<u>\$ 173,830</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2015</u>	<u>2016</u>
Land	\$ 250,470	\$ 250,470
Buildings	829,360	829,360
Improvements	422,344	422,344
Vehicles	109,111	65,003
Office Furniture & Equipment	<u>537,422</u>	<u>271,487</u>
Total Fixed Assets	2,148,707	1,838,664
Less accumulated depreciation	<u>(1,171,134)</u>	<u>(922,418)</u>
Net property and equipment	<u>\$ 977,573</u>	<u>\$ 916,246</u>

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

Note 7. Support Concentration

Upshur County Senior Citizens Opportunity Center, Inc., receives approximately and 66% of its support from government grants and 22% 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 the date of issuance of the audit report and determined that no other disclosures were necessary.

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.

Note 10. Concentration of Credit Risk

Cash consists of interest and non interest-bearing checking and savings accounts on deposit in institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. All the carrying values are the same as market value. As of the years ended September 30, 2015 and 2016, all deposits were fully insured by the FDIC.

Note 11. Donated Services

The organization has a number of volunteers who have donated time and services in carrying out its programs and activities. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services as defined by FASB ASC 958-605 *Not-for-Profit Entities: Recognition Principles*.

SUPPLEMENTAL INFORMATION

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2015

	Programs									Subtotal	Admin	TOTAL
	III-B	III-C	III-D	III-E	LIFE	COACT	IN-HOME	MEDICAID	OTHER			
Grant Revenues												
Federal	34,817		431	6,548		48,500		2,000		92,296		92,296
Nutrition		142,422								142,422		142,422
LIFE					192,404					192,404		192,404
State & Other	19,394			2,223		241,007	166,539		3,000	432,163		432,163
Other Revenues												
Program Service Fees					276			452,030	18,944	471,250		471,250
Project Income		23,480								23,480		23,480
Donations	155	16,186								16,341	1,779	18,120
Interest/Dividends										-	1,327	1,327
Royalty Income										-	2,017	2,017
Total Revenues	54,366	182,088	431	8,771	192,680	289,507	166,539	452,030	23,944	1,370,356	5,123	1,375,479
Expenses												
Personnel	42,180	135,097		5,625	103,464	120,712	127,258	320,088	23,420	877,844	47,398	925,242
Taxes/Benefits	4,955	19,259		504	16,136	29,448	11,385	39,905		121,592		121,592
Contractual	13,950				12,550					26,500		26,500
Advertisement		143								143		143
Depreciation										-	67,230	67,230
Disposables		7,748								7,748		7,748
Repairs & Maintenance	14	1,196			479	134			1,731	3,554	6,445	9,999
Office Supplies/Postage	159	115			4,435	2,709		35		7,453		7,453
Professional Fees					4,002					4,002		4,002
Raw Food		54,952								54,952		54,952
Training/Travel/Meetings	215	316		3	6,830	5,429	1,396	17,525	573	32,287	1,455	33,742
Utilities/Communications	8	14,798			9,436	4,874				29,116		29,116
Insurance					17,801					17,801		17,801
Other	2,017	16,165			125	116,114		2,213	3,880	140,514	11,682	152,196
Indirect	6,332	20,734		823	16,066	20,171	18,624	48,356	3,104	134,210	(134,210)	-
Total Expenses	69,830	270,523	-	6,955	191,324	299,591	158,663	428,122	32,708	1,457,716	-	1,457,716
Net Income(Loss)	(15,464)	(88,435)	431	1,816	1,356	(10,084)	7,876	23,908	(8,764)	(87,360)	5,123	(82,237)
Unrealized Gain(Loss) on Investments										-	(7,985)	(7,985)
Gain(Loss) on Disposal of Assets										-	1,650	1,650
Change in Net Assets	(15,464)	(88,435)	431	1,816	1,356	(10,084)	7,876	23,908	(8,764)	(87,360)	(1,212)	(88,572)

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

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2016

	Programs								Subtotal	Admin	TOTAL	
	III-B	III-C	III-E	LIFE	COACT	FAIR	Lighthouse	MEDICAID OTHER				
Grant Revenues												
Federal	46,055		1,008		48,500				95,563		95,563	
Nutrition		140,597							140,597		140,597	
LIFE		11,868		150,313		2,281		28,028	192,490		192,490	
State & Other	23,581				250,000	39,621	169,180		484,404		484,404	
Other Revenues												
Program Service Fees							19,273	304,679	64,515	388,467	388,467	
Project Income		29,216	109	3,603		12,335			45,263		45,234	
Donations									300	8,063	8,363	
Interest/Dividends									-	8,149	8,149	
Royalty Income									-	935	935	
Other Income		13,742							2,461	567	16,770	
Total Revenues	69,636	195,423	1,117	153,916	298,500	54,237	188,453	304,679	97,326	1,363,287	17,714	1,380,972
Expenses												
Personnel	45,115	107,074	1,540	100,927	115,803	37,393	126,998	283,957	46,054	864,861		864,861
Taxes/Benefits	5,576	12,167	130	28,295	38,598	3,410	16,464	44,775	4,261	153,676	3,616	157,292
Contractual	18,458			8,042						26,500		26,500
Advertisement										-	324	324
Depreciation										-	65,617	65,617
Disposables		6,708		14						6,722		6,722
Repairs & Maintenance	323	455		879	464				370	2,491	4,459	6,950
Office Supplies/Postage	148			4,861	2,785			299	194	8,287	2,843	11,130
Professional Fees				4,490						4,490		4,490
Raw Food		58,018								58,018		58,018
Training/Travel/Meetings	328		16	2,725	5,458	426	4,475	11,335	1,753	26,516	1,024	27,540
Utilities/Communications		13,845		9,885	4,682				75	28,487	4,436	32,923
Insurance				16,873					26	16,899		16,899
Other	1,699	9,950		2,376	117,085			2,205	599	133,914	2,842	136,756
Indirect	4,159	9,871	142	9,305	16,103	3,447	11,708	26,179	4,247	85,161	(85,161)	-
Total Expenses	75,806	218,088	1,828	188,672	300,978	44,676	159,645	368,750	57,579	1,416,022	-	1,416,022
Net Income(Loss)	(6,170)	(22,665)	(711)	(34,756)	(2,478)	9,561	28,808	(64,071)	39,747	(52,735)	17,714	(35,050)
Unrealized Gain(Loss) on Investments											5,034	5,034
Gain(Loss) on Disposal of Assets												
Change in Net Assets	(6,170)	(22,665)	(711)	(34,756)	(2,478)	9,561	28,808	(64,071)	39,747	(52,735)	22,748	(30,016)

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, 2016

	<u>CFDA</u>	<u>Expenditures</u>
	<u>Number</u>	
FEDERAL		
Pass-Through Programs from Upper Potomac Area Agency on Aging:		
Administration for Community Living Special Programs for the Aging Title III Part A Administration	93.044	\$ 48,500
Administration for Community Living Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044	46,055
Administration for Community Living Special Programs for the Aging Title III Part E National Family Caregiver Support	93.052	1,008
Administration for Community Living Special Programs for the Aging Title III Part C Nutrition Services (Includes State Award)	93.045	140,597
		<hr/>
<i>Total US Department of Health & Human Services</i>		<u>236,160</u>
		 <u>236,160</u>
STATE		
LIFE 2015-16	21604	141,138
LIFE 2016-17	21704	51,352
Title III-B, D, E 2015-16	21637	23,581
COACT 2015-16	21626	250,000
Lighthouse 2015-16	IH1641	136,168
Lighthosue 2016-17	IH1741	33,012
FAIR 2015-16	IH1641	31,841
FAIR 2016-17	IH1741	7,780
Community Partnership		<hr/> 2,022
<i>Total Expenditures of State Awards</i>		<u>676,894</u>

The accompanying notes are an integral part of this schedule.

Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
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Certified Public Accountant

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Independent Auditors' 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 of
Upshur County Senior Citizens Opportunity Center, Inc.

We have audited, 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, the financial statements of Upshur County Senior Citizens Opportunity Center, Inc (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015 and 2016, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Upshur County Senior Citizens Opportunity Center, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 on 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 consider the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams & Associates A. C.

Elkins, West Virginia

June 23, 2017

Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
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Certified Public Accountant

Phone: 304-637-9110
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June 23, 2016

Upshur County Senior Citizens Opportunity Center Inc
Elkins, West Virginia 26201

Our audit on the financial statements of Upshur County Senior Citizens Opportunity Center Center, Inc., for the years ended September 30, 2015 and 2016, 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.

SIGNIFICANT DEFICIENCIES

2016-1 LACK OF SEGREGATION OF DUTIES

Criteria: Internal control should be implemented to the degree possible to assign to different individuals the responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction.

Condition: The same employee is responsible for recording accounts receivable, reconciling the bank statements and posting journal entries.

Cause: The organization has limited staff and responsibilities for approving, executing, and recording transactions and custody of the resulting assets arising from financial transactions are not assigned to different individuals because the organization does not employ enough administrative staff members to make the necessary segregation possible.

Effect: More than a remote likelihood exists that a material misstatement of the financial statements will not be prevented or detected by the organization's internal controls.

Recommendation: We recommend responsibilities of approval, execution, recording and custody should be distributed among employees, management and the board of directors to the degree possible. However, we recognize that full and complete segregation of duties is not economically feasible.

Response: We concur with the finding and recommendation.

2016-2 REVENUE RECOGNITION

Criteria: Accounting standards require revenue to be recognized in the period in which it is earned.

Condition: Revenue is currently being recognized at the time funds are deposited.

Cause: Improper revenue recognition.

Effect: The financial statements could be materially misstated.

Recommendation: We recommend recognition of revenues when billings occur monthly.

Response: We concur with the finding and recommendation.

Williams & Associates, AC

Elkins, West Virginia