

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

Audited Financial Statements

September 30, 2008

Audited by

**Williams & Associates, AC
#6 Second Street, Post Office Box 2727
Elkins, West Virginia 26241**

The Upshur County Senior Citizens Opportunity Center, Inc.
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Williams & Associates, A.C.

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of Upshur County Senior Citizens Opportunity Center, Inc. as of September 30, 2008 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, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 19, 2009 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.
Williams & Associates, A.C.
May 22, 2008

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF FINANCIAL POSITION

September 30, 2008

| ASSETS | | |
|--------------------------------------|----------------------------|--|
| Current Assets | | |
| Cash & Equivalents | \$ 252,823 | |
| Investments | 100,041 | |
| Accounts Receivable | 49,992 | |
| Grants Receivable | 105,665 | |
| Prepaid Expenses | 10,227 | |
| Other Current Assets | 5,679 | |
| Total Current Assets | <u>\$ 524,427</u> | |
| Fixed Assets | | |
| Buildings & Equipment | 1,986,564 | |
| Accumulated Depreciation | <u>(716,123)</u> | |
| Fixed Assets, net | <u>1,270,441</u> | |
| TOTAL ASSETS | <u><u>\$ 1,794,868</u></u> | |
| LIABILITIES & NET ASSETS | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | \$ 30,243 | |
| Payroll Tax Liabilities | 9,827 | |
| Employee Benefits Payable | 58,965 | |
| Accrued Wages | 22,445 | |
| Deferred Compensation | 27,733 | |
| Total Current Liabilities | <u>149,213</u> | |
| TOTAL LIABILITIES | 149,213 | |
| Net Assets | | |
| Net Assets, Unrestricted | 1,607,531 | |
| Unrealized Gain(Loss) on Investments | <u>38,124</u> | |
| Total Net Assets | <u>1,645,655</u> | |
| LIABILITIES & NET ASSETS | <u><u>\$ 1,794,868</u></u> | |

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

See Independent Auditor's Report.

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended September 30, 2008

| REVENUE & SUPPORT | |
|---|----------------------------|
| Grant Revenues: | |
| Federal | \$ 113,825 |
| NSIP | 31,246 |
| State | 318,189 |
| LIFE 2007-08 | 185,105 |
| LIFE 2008-09 | 62,824 |
| Other State | 231,779 |
| Program Services | 616,035 |
| Project Income | 64,861 |
| Interest & Dividends | 1,283 |
| Royalties | 15,398 |
| Other Income | 24,910 |
| TOTAL REVENUE & SUPPORT | <u>1,665,455</u> |
| EXPENSES | |
| Program Service Expenses | 1,395,957 |
| Management & General | 333,812 |
| TOTAL EXPENSES | <u>1,729,769</u> |
| INCREASE(DECREASE) IN NET ASSETS | (64,314) |
| NET ASSETS, 10/1/07 | 1,671,845 |
| UNREALIZED GAIN(LOSS) ON INVESTMENTS | <u>38,124</u> |
| NET ASSETS, 9/30/08 | <u><u>\$ 1,645,655</u></u> |

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

See Independent Auditor's Report.

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|---|--|--------------|
| Net Income | | \$ (64,314) |
| Adjustments to reconcile net income to net cash provided(used) by operating activities: | | |
| Depreciation | | 56,282 |
| (Increase)Decrease in Accounts Receivable | | 91,769 |
| (Increase)Decrease in Grants Receivable | | (104,005) |
| (Increase)Decrease in Prepaid Expenses | | (1,700) |
| (Increase)Decrease in Other Current Assets | | (1,659) |
| Increase(Decrease) in Accounts Payable | | 1,148 |
| Increase(Decrease) in Payroll Tax Liabilities | | 4,709 |
| Increase(Decrease) in Employee Benefits Payable | | 57,499 |
| Increase(Decrease) in Accrued Wages | | (776) |
| Increase(Decrease) in Deferred Compensation | | <u>4,099</u> |
| Net cash provided(used) by operating activities | | \$ 43,052 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--|--------------------------|
| Purchases of Fixed Assets | | <u>(46,094)</u> |
| Net cash provided(used) by investing activities | | <u>(46,094)</u> |
| Increase(Decrease) in Cash | | (3,042) |
| Cash Balance, 10/1/07 | | <u>255,865</u> |
| Cash Balance, 9/30/08 | | <u><u>\$ 252,823</u></u> |

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

See Independent Auditor's Report.

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, 2008, 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, 2008, 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, 2008 were \$2,236.52.

Note 2. Receivables

Grants receivable consisted of the following at September 30, 2008:

| | | |
|----------------|----|----------------|
| Lighthouse | \$ | 43,328 |
| LIFE | | 35,664 |
| FAIR | | 10,325 |
| Title III-E | | 1,125 |
| Title III-C | | 3,231 |
| Title III-B | | 8,779 |
| Other Programs | | <u>3,213</u> |
| | \$ | <u>105,665</u> |

Accounts receivable consisted of the following at September 30, 2008:

| | | |
|---------------------------|----|---------------|
| WV DHHR | \$ | 48,033 |
| VA Program | | <u>1,959</u> |
| Total Accounts Receivable | \$ | <u>49,992</u> |

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, 2008 are summarized below:

| | Cost | Fair Market Value | Unrealized Appreciation (Depreciation) |
|---------------------------|-----------|-------------------|--|
| Investments, unrestricted | \$ 61,917 | \$ 100,041 | \$ 38,124 |
| | | | |

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2008:

| | |
|-------------------------------|--------------|
| Land | \$ 128,103 |
| Buildings | 990,955 |
| Improvements | 317,942 |
| Vehicles | 133,040 |
| Office Furniture | 416,524 |
| Total Fixed Assets | 1,986,564 |
| Less accumulated depreciation | (716,123) |
| Net property and equipment | \$ 1,270,441 |

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 6. Other Post-Employment Benefits (Defined Benefit OPEB Plan)

Upshur County Senior Citizens Opportunity Center, Inc. participates in the West Virginia Public Employee Insurance Agency's health insurance plan. In order to comply with GASB Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective July 1, 2007 the Organization began recording annual required contributions (ARC) as a liability. The total of this liability was \$12,789 as of September 30, 2008.

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

Note 7. Support Concentration

Upshur County Senior Citizens Opportunity Center, Inc., receives approximately 37% 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.

SUPPLEMENTAL INFORMATION

Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF ACTIVITIES BY GRANT
For the Year Ended September 30, 2008

| | III-B | III-C1 | III-C2 | III-D/MM | III-E | Elder Abuse | Waiver/ COC/CM | BOSS | LH/ FAIR | LIFE | Other Programs | Total Programs | Management & General | TOTAL |
|------------------------------------|--------------------|-----------------|--------------------|-------------------|-----------------|---------------|---------------------|------------------|------------------|------------------|--------------------|--------------------|----------------------|--------------------|
| Revenue & Support | | | | | | | | | | | | | | |
| Federal Revenue | \$ 34,416 | \$ 25,181 | \$ 18,391 | \$ 1,223 | \$ 8,124 | \$ 388 | | \$ 26,102 | | | | \$ 113,825 | \$ - | \$ 113,825 |
| NSIP Revenue | | 18,435 | 12,811 | | | | | | | | | 31,246 | - | 31,246 |
| State Revenue | 22,379 | 4,009 | 2,954 | 97 | 16,358 | | | 228,585 | | | 43,807 | 318,189 | - | 318,189 |
| LIFE Revenue (2007-08) | | 41,152 | 31,115 | | | | | | | 112,838 | | 185,105 | - | 185,105 |
| LIFE Revenue (2008-09) | | | | | | | | | | 62,824 | | 62,824 | - | 62,824 |
| Other State Revenue | | 11,962 | 7,602 | | | | | 35,527 | 176,688 | | | 231,779 | - | 231,779 |
| Program Service Fees | | | | | | | 602,074 | | 1,328 | | 12,378 | 615,780 | 255 | 616,035 |
| Project Income | 17,956 | 30,663 | 16,242 | | | | | | | | | 64,861 | - | 64,861 |
| Interest & Dividends | | | | | | | | | | | | | 1,283 | 1,283 |
| Royalties | | | | | | | | | | | | | 15,398 | 15,398 |
| Other Income | 5,250 | 365 | 110 | | | | 12,337 | | | | | 18,062 | 6,848 | 24,910 |
| Total Revenue & Support | 80,001 | 131,767 | 89,225 | 1,320 | 24,482 | 388 | 614,411 | 290,214 | 178,016 | 175,662 | 56,185 | 1,641,671 | 23,784 | 1,665,455 |
| Expenses | | | | | | | | | | | | | | |
| Payroll & Benefits | 73,156 | 44,510 | 54,393 | | 11,387 | | 506,067 | 134,446 | 115,273 | 63,409 | 99,073 | 1,101,714 | 148,356 | 1,250,070 |
| Communications | 20 | 5,488 | 5,355 | | | | | 3,672 | | | | 14,535 | 14,736 | 29,271 |
| Food & Disposables | | 62,593 | 62,350 | | | | | | | | | 124,943 | | 124,943 |
| Equipment & Repairs | 7,859 | | 1,206 | | | | | 756 | | 112 | | 9,933 | 14,273 | 24,206 |
| Office Supplies | | 244 | 956 | | | | 3,998 | 17,350 | 70 | 1,607 | | 24,225 | 17,256 | 41,481 |
| Travel & Training | 293 | 184 | 1,785 | | 128 | | 39,807 | 2,044 | 5,952 | 6,616 | 3,173 | 59,982 | 3,320 | 63,302 |
| Depreciation | | | | | | | | | | | | | 56,282 | 56,282 |
| Other Expenses | 24,374 | 454 | 378 | 2,760 | | | 11,840 | 481 | 63 | | 20,275 | 60,625 | 79,589 | 140,214 |
| Indirect Expenses | 23,169 | 10,696 | 13,807 | | 3,686 | | 155,914 | 38,173 | 37,266 | 20,355 | 27,721 | 330,787 | (330,787) | 0 |
| Total Expenses | 128,871 | 124,169 | 140,230 | 2,760 | 15,201 | - | 717,626 | 196,922 | 158,624 | 92,099 | 150,242 | 1,726,744 | 3,025 | 1,729,769 |
| Change in Net Assets | \$ (48,870) | \$ 7,598 | \$ (51,005) | \$ (1,440) | \$ 9,281 | \$ 388 | \$ (103,215) | \$ 93,292 | \$ 19,392 | \$ 83,563 | \$ (94,057) | \$ (85,073) | \$ 20,759 | \$ (64,314) |

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

See Independent Auditor's Report

The Upshur County Senior Citizens Opportunity Center, Inc.
STATEMENT OF INDIRECT EXPENSES
For the Year Ended September 30, 2008

| Indirect Expenses | |
|--------------------------|--------------------------|
| Payroll & Benefits | \$ 146,741 |
| Communications | 13,326 |
| Equipment & Repairs | 14,273 |
| Office Supplies | 17,256 |
| Travel & Training | 3,320 |
| Depreciation | 56,282 |
| Miscellaneous & Other | <u>79,589</u> |
| Total Indirect Expenses | <u><u>\$ 330,787</u></u> |

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

See Independent Auditor's Report.

Williams & Associates, A.C.

Certified Public Accountant

#6 Second Street
PO Box 2727
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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, 2008, and have issued a report thereon dated May 22, 2009. 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 22, 2009, and included in this audit report on page 15.

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 consider 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 22, 2009, and included in this audit report on page 15.

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 22, 2009

Williams & Associates, A.C.

Certified Public Accountant

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Phone (304) 637-9110
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REPORT ON SELECTED COMPLIANCE REQUIREMENTS OF THE WEST VIRGINIA BUREAU OF SENIOR SERVICES

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

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, 2008, and have issued my report thereon dated May 22, 2009. I conducted my audit 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 not intended to be and should not be used by anyone other than those specified parties.

Williams & Associates, A.C.
Williams & Associates, A.C.
May 22, 2009

Williams & Associates, A.C.

Certified Public Accountant

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PO Box 2727
Elkins, WV 26241
Phone (304) 637-9110
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MANAGEMENT LETTER

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

My audit of the financial statements of Upshur County Senior Citizens Opportunity Center, Inc., for the year ended September 30, 2008, highlighted areas where I would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since my 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 my audit I 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 Upshur County Senior Citizens Opportunity Center, Inc. I 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 I am required under my professional responsibilities to describe the situation.

Investments

I noted during my audit that the investment account was not accurate. Transactions occurring in investment accounts should be appropriately recorded on a timely basis.

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

Williams & Associates, A.C.
Elkins, West Virginia
May 22, 2009