

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.**

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

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**FOR THE YEAR ENDED  
SEPTEMBER 30, 2018**

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**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Doddridge County Senior Citizens, Inc.  
West Union, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Doddridge County Senior Citizens, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statement of activities, statement of functional expenses, statement of operating expenses, and consolidated statement of 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 Doddridge County Senior Citizens, Inc. as of September 30, 2018, 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 Matters**

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of federal and state funds and the notes to the schedule of federal and state funds on pages 18 thru 20 are presented for purposes of additional analysis and is 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, that 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 3, 2019, on our consideration of the Doddridge County Senior Citizens, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Doddridge County Senior Citizens, Inc.'s 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 Doddridge County Senior Citizens, Inc.'s internal control over financial reporting and compliance.

*Derrick A. Bartlett, Ph.D.*

Clarksburg, West Virginia  
June 3, 2019

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 1,788,143
Certificates of Deposit	1,534,187
Grants and Contracts Receivable	115,836
Other Accounts Receivable, Net of Allowance (Note 1)	17,317
Interest Receivable	2,839
Inventory	7,469
Prepaid Expenses and Deposits	9,738
Note Receivable (Note 12)	204,736
<b>TOTAL CURRENT ASSETS</b>	<u>3,680,265</u>

**RESTRICTED ASSETS**

Endowed Certificate of Deposit	10,000
<b>TOTAL RESTRICTED ASSETS</b>	<u>10,000</u>

**NON CURRENT ASSETS**

Investment in Stock	40,000
Note Receivable	844,680
<b>TOTAL LONG-TERM ASSETS</b>	<u>884,680</u>

**PROPERTY AND EQUIPMENT**

Net of Accumulated Depreciation (Note 2)	<u>3,237,684</u>
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<b>TOTAL ASSETS</b>	<u>\$ 7,812,629</u>
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See accompanying notes and independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
SEPTEMBER 30, 2018**

**LIABILITIES AND NET ASSETS AND EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	\$ 29,440
Income & Sales Tax Payable	21,356
Accrued Payroll	9,085
Compensated Absences	<u>36,703</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>96,584</u></b>

**NET ASSETS AND EQUITY**

<b>DCSC, INC.</b>	
Unrestricted Net Assets	5,004,791
Permanently Restricted Net Assets	<u>10,000</u>
<b>TOTAL NET ASSETS</b>	<b><u>5,014,791</u></b>

Equity in Subsidiary	2,670,171
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<b>MINORITY INTEREST</b>	<u>31,083</u>
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<b>TOTAL NET ASSETS AND EQUITY</b>	<b><u>7,716,045</u></b>
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<b>TOTAL LIABILITIES AND NET ASSETS AND EQUITY</b>	<b><u>\$ 7,812,629</u></b>
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See accompanying notes and independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	NET ASSETS			EQUITY IN SUBSIDIARY		MINORITY INTEREST	TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	DCSC LLC	THE FAIRVIEW OF WEST UNION		
<b>SUPPORT</b>							
Grants and Contracts							
Title IIIB	\$ -	\$ 56,243	\$ -	\$ -	\$ -	\$ -	\$ 56,243
Title IIIE	-	3,450	-	-	-	-	3,450
Medicaid	432,301	-	-	-	-	-	432,301
Lighthouse In-Home Service	128,820	-	-	-	-	-	128,820
Fair Grant	65,835	-	-	-	-	-	65,835
LIFE	178,101	-	-	-	-	-	178,101
<b>TOTAL SUPPORT</b>	<b>805,057</b>	<b>59,693</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>864,750</b>
<b>REVENUES</b>							
Gross Profit from Sales	-	-	-	-	719,392	-	719,392
Program Income	16,146	-	-	-	-	-	16,146
Investment Income	22,841	-	-	46,083	-	465	69,389
Other Income	7,145	-	-	-	-	-	7,145
Gain on Sale	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>46,132</b>	<b>-</b>	<b>-</b>	<b>46,083</b>	<b>719,392</b>	<b>465</b>	<b>812,072</b>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>851,189</b>	<b>59,693</b>	<b>-</b>	<b>46,083</b>	<b>719,392</b>	<b>465</b>	<b>1,676,822</b>

See accompanying notes and independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	NET ASSETS			EQUITY IN SUBSIDIARY		MINORITY INTEREST	TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	DCSC LLC	THE FAIRVIEW OF WEST UNION		
<b>FUNCTIONAL EXPENSES</b>							
Program Services							
Other Programs	\$ 763,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763,236
LIFE	178,101	-	-	-	-	-	178,101
Title III-B	56,243	-	-	-	-	-	56,243
Title III-E	3,450	-	-	-	-	-	3,450
Management & General	145,398	-	-	-	-	-	145,398
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>1,146,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,146,428</b>
<b>OPERATING EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>758,790</b>	<b>-</b>	<b>758,790</b>
<b>TOTAL EXPENSES</b>	<b>1,146,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>758,790</b>	<b>-</b>	<b>1,905,218</b>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>59,693</b>	<b>(59,693)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET ASSETS AND EQUITY</b>	<b>(235,546)</b>	<b>-</b>	<b>-</b>	<b>46,083</b>	<b>(39,398)</b>	<b>465</b>	<b>(228,396)</b>
<b>NET ASSETS AND EQUITY - BEGINNING OF PERIOD</b>	<b>5,240,337</b>	<b>-</b>	<b>10,000</b>	<b>3,026,059</b>	<b>(362,573)</b>	<b>30,618</b>	<b>7,944,441</b>
<b>NET ASSETS AND EQUITY - END OF PERIOD</b>	<b>\$ 5,004,791</b>	<b>\$ -</b>	<b>\$ 10,000</b>	<b>\$ 3,072,142</b>	<b>\$ (401,971)</b>	<b>\$ 31,083</b>	<b>\$ 7,716,045</b>

See accompanying notes and independent auditor's report.



**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Program Services				Management and General	Totals (Memorandum Only)
	Other Programs	LIFE	Title III-B	Title III-E		
Wages & Taxes	\$ 543,860	\$ 178,101	\$56,243	\$ 3,450	\$ 97,193	\$ 878,847
Fringe Benefits	48,143	-	-	-	8,496	56,639
Office	-	-	-	-	601	601
Repairs & Maintenance	16,382	-	-	-	4,096	20,478
Phone & Utilities	15,293	-	-	-	3,824	19,117
Other	3,304	-	-	-	-	3,304
Depreciation	51,331	-	-	-	-	51,331
Client Support	41,313	-	-	-	-	41,313
Transportation	11,737	-	-	-	-	11,737
Professional Services	-	-	-	-	22,372	22,372
Insurance	8,815	-	-	-	8,816	17,631
Taxes & Licenses	23,058	-	-	-	-	23,058
	<u>\$ 763,236</u>	<u>\$ 178,101</u>	<u>\$56,243</u>	<u>\$ 3,450</u>	<u>\$ 145,398</u>	<u>\$ 1,146,428</u>

See accompanying notes and independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>EQUITY IN SUBSIDIARY</u>		<u>MINORITY INTEREST</u>	<u>TOTAL</u>
	<u>DCSC LLC</u>	<u>THE FAIRVIEW OF WEST UNION</u>		
Personnel	\$ -	\$ 449,438	\$ -	\$ 449,438
Payroll Taxes	-	61,193	-	61,193
Depreciation	-	83,952	-	83,952
Office	-	33,976	-	33,976
Communication and Utilities	-	52,831	-	52,831
Maintenance	-	19,173	-	19,173
Advertising	-	169	-	169
Accounting and Legal	-	19,207	-	19,207
Insurance	-	18,618	-	18,618
Taxes and Licenses	-	16,151	-	16,151
Other	-	4,082	-	4,082
	<u>\$ -</u>	<u>\$ 758,790</u>	<u>\$ -</u>	<u>\$ 758,790</u>

See accompanying notes and independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets and Equity	\$ (228,396)
Adjustments to Reconcile Change in Net Assets and Equity to Net Cash (Used by) Operating Activities	
Depreciation	135,283
Gain on Sale of Equipment	(7,500)
(Increase) Decrease In:	
Grants and Contracts Receivable	(7,157)
Other Accounts Receivable	(3,996)
Interest Receivable	(30)
Prepaid Expenses, Taxes and Deposits	49,504
Inventories	41
Increase (Decrease) In:	
Accounts Payable	17,020
Income & Sales Taxes Payable	13,026
Accrued Payroll	4,434
Compensated Absences	13,702
<b>NET CASH (USED BY) OPERATING ACTIVITIES</b>	<u>(14,069)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Installment Sale	196,551
Increase in Certificates of Deposit	(13,636)
Acquisition of Property and Equipment	(7,861)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>175,054</u>
 <b>NET INCREASE IN CASH</b>	160,985
 <b>CASH - BEGINNING OF PERIOD</b>	<u>1,627,158</u>
 <b>CASH - END OF PERIOD</b>	<u>\$ 1,788,143</u>

See accompanying notes and independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 1 DESCRIPTION OF ENTITY, FINANCIAL STATEMENT PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Entity

The Doddridge County Senior Citizens, Inc. is a non-profit corporation located in West Union, West Virginia. The Corporation's operations consist of a variety of social services for the elderly of Doddridge County Senior Citizens, Inc. The Organization is funded by various federal and state grants and from funds obtained through local fund-raising projects.

Consolidation of Related Entity

U.S. generally accepted accounting principles states that a not-for-profit organization should consolidate a for-profit entity if the reporting not-for-profit organization has a controlling financial interest in the for-profit entity through the direct or indirect ownership of a majority voting interest.

Doddridge County Senior Citizens, Inc. has a 99% interest in DCSC Company, L. L. C. and Childers Manor, Inc., a related party, has the other 1% interest. DCSC Company, L. L. C. owns and operates a for-profit gas station, mini-mart, and restaurant in Doddridge County and provides Doddridge County Senior Citizens, Inc. with an additional source of operating revenue. The DCSC Company, L.L.C. sold the gas station during the 2013 fiscal year.

Doddridge County Senior Citizens, Inc. has a 100% interest in the Fairview of West Union, L.L.C. The Fairview of West Union, L.L.C. owns and operates a for-profit restaurant in Doddridge County and provides Doddridge County Senior Citizens, Inc. with an additional source of operating revenue.

Under U.S. generally accepted accounting principles, all material related party transactions have been eliminated in the consolidating process and substantive disclosure of these amounts is not required.

Financial Statement Presentation

The Organization has adopted FASB Standards Codification 958, Not-for-Profit Entities.

Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions would be 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 would be reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Summary of Significant Accounting Policies

Basis of Accounting and Reporting

Doddridge County Senior Citizens, Inc. uses the cash basis of accounting throughout the program year but prepares its annual financial statements on the accrual basis.

Subsequent Events - Subsequent events have evaluated through June 3, 2019, which is the date the financial statements were available to be issued.

See independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 1 DESCRIPTION OF ENTITY, FINANCIAL STATEMENT PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash

Cash is on deposit with institutions which are insured by the F.D.I.C. During the fiscal year ended September 30, 2018, the Organization had various amounts in excess of F.D.I.C. coverage. This represents a risk for potential loss.

Pledged securities are as follows:

<u>Name</u>	<u>Fair Market Value of Amount Pledged as of 09/30/18</u>	<u>Pledged Par Value</u>	<u>CUSIP Number</u>
Indiana Bd Bk Rev AFS	350,000	350,000	454624S40
AFS Cook County SD	300,000	300,000	214543KH2
Kentwood Mich AFS	350,000	350,000	491728KT7
Berkeley Cnty WV Pub Svc Dist	720,000	720,000	084246JU2
SE Delco PA Sch Dist	300,000	300,000	841350LA7
Upper Darby TWP PA	315,000	315,000	915642RG9

For the purpose of the statement of cash flows, the Organization considers both restricted and unrestricted cash as well as certificates of deposit with original maturity of three months or less to be cash and cash equivalents.

Cash and equivalents consist of the following:

Unrestricted Cash	\$	<u>1,788,143</u>
Total Cash	\$	<u>1,788,143</u>

Inventories

Inventories are stated at cost on a first-in-first-out basis.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the account and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; all fixed assets are capitalized.

Revenue Recognition

Unconditional grants and promises to give are recorded when grant or promise is made. Conditional grants and promises to give are recorded when related condition is met. Project income is recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

See independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 1 DESCRIPTION OF ENTITY, FINANCIAL STATEMENT PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accrued Annual Leave**

Accrued compensated absences are included in these financial statements at the employees' current hourly rate for September 30, 2018.

**Functional Expenses**

The operating expenses of the Organization have been classified in the Statement of Functional Expenses on a direct basis whenever possible. Other expenses have been allocated based on personnel time worked, space utilized or some other rational allocation method.

**Donated Services**

Donated services are recognized as contributions in accordance with FASB Standards Codification 958, Not for Profit Entities, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received no services that met this criterion during the year.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Doddridge County Senior Citizens, Inc. is a not-for-profit organization and is exempt from income taxes under Section 501(C) (3) of the Internal Revenue Code of 1986. The Organization's Forms 990 US income tax returns for the years ending 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they are filed.

Its subsidiaries, DCSC Company, L. L. C. had operating profits of \$46,548 and The Fairview of West Union, L.L.C had operating losses of \$39,398 for the year ended September 30, 2018. DCSC Company L.L.C. income flows through to DCSC, Inc. and Childers Manor 990-T, and The Fairview of West Union, L.L.C. income flows directly to DCSC, Inc. DCSC, Inc.'s tax liability for September 30, 2018 was \$23,058 (\$17,212 – federal and \$5,846 – state).

**Risks and Uncertainties**

The majority of the funding for the operation of Doddridge County Senior Citizens, Inc. comes as Medicaid funding from the West Virginia Department of Health and Human Resources. A loss of or decrease in this funding could adversely affect the operation of the Organization.

See independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 1 DESCRIPTION OF ENTITY, FINANCIAL STATEMENT PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Trade Accounts Receivable

Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit trade accounts receivable. The allowance for doubtful accounts was \$18,504 for the year ended September 30, 2018. Bad debt expense for the year was \$0.

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or fair market value at date of donation.

Property and equipment consisted of the following at September 30, 2018:

Land & Land Improvements	\$	1,190,647
Buildings and Additions		2,498,576
Furniture & Fixtures		29,650
Equipment		821,278
		4,540,151
<b>TOTAL PROPERTY AND EQUIPMENT</b>		
Less, Accumulated Depreciation		(1,302,467)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>\$</b>	<b>3,237,684</b>

Property and equipment are depreciated over their useful lives:

			Depreciation Expense
Land Improvements	10 – 40 Years	\$	-
Buildings & Additions	10 – 40 Years		101,463
Furniture & Fixtures	5 – 7 Years		1,353
Equipment	5 – 20 Years		32,467
	Total	\$	135,283

See independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 3   ENDOWMENT FUND**

In 1981, the estate of Kenneth C. Longacre donated to the Doddridge County Senior Citizens, Inc. \$10,000 to be invested in money market certificates of an institution having F.D.I.C. coverage. The income therefrom shall be used for the upkeep and maintenance of the center and for no other purpose. Any deviation from these stipulations shall constitute a violation of the terms of the Kenneth C. Longacre last will and testament and the said funds shall revert to the estate for distribution. The funds are held by the Cornerstone Bank of West Union with the interest earnings from the certificate of deposit credited directly to a savings account. The funds consisted of the following at September 30, 2018:

Certificate	\$ 10,000
	<u>\$ 10,000</u>

**NOTE 4   SALES AND COST OF GOODS SOLD**

The gross profit from sales has been calculated as follows:

Sales	\$ 1,365,899	
Less: Discounts	<u>(47,462)</u>	
Subtotal		\$ 1,318,437
Cost of Goods Sold:		
Beginning Inventory	\$ 7,510	
Purchases	599,004	
Less: Ending Inventories	<u>(7,469)</u>	
Cost of Goods Sold		<u>599,045</u>
Gross Profit from Sales		<u>\$ 719,392</u>

All shipping and handling costs are expensed as incurred as purchases.

**NOTE 5   INVESTMENT IN STOCK**

In May 1999, Doddridge County Senior Citizens, Inc. purchased 100 shares of stock in the West Union Bank for \$300 per share that was converted to Tri-County Bancorp, Inc. In accordance with FASB Standards Codification 958, Not-for-Profit Entities, the securities have been adjusted to their fair market value as of September 30, 2018. The fair market value as of September 30, 2018 was \$40,000. Investment income consists of interest and dividends.

**NOTE 6   CONCENTRATION**

The Center receives a majority of their monies from third party reimbursements. Any loss or decrease in this funding could be detrimental to the Center's ongoing activities.

See independent auditor's report.



**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 7   ADVERTISING COSTS**

The Center expenses advertising costs as they are incurred. Advertising costs totaled \$169 for the year ended September 30, 2018.

**NOTE 8   DEPOSITS AND PREPAID EXPENSES**

Deposits and prepaid expenses consist of the following at September 30, 2018:

Prepaid Title V	\$	750
Prepaid Brickstreet Insurance		2,680
Prepaid Insurance		6,009
Prepaid Permits		<u>299</u>
Total	\$	<u>9,738</u>

**NOTE 9   RETIREMENT SYSTEM**

The Doddridge County Senior Citizens, Inc. is not a member of any retirement system.

**NOTE 10   FAIR VALUE MEASUREMENTS**

FASB Standards Codification 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Standards Codification 820, Fair Value Measurements and Disclosures are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include

- i. Quoted prices for similar assets or liabilities in active markets;
- ii. Quoted prices for identical or similar assets or liabilities in inactive markets;
- iii. Inputs other than quoted prices that are observable for the asset or liability;
- iv. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

See independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2018.

Common Stock: Valued at the most recent repurchase of outstanding shares as treasury stock.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's financial assets at fair value on a recurring basis as of September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ -	\$ 40,000	\$ -	\$ 40,000
Total Assets at Fair Value	\$ -	\$ 40,000	\$ -	\$ 40,000

**NOTE 11 GRANTS AND CONTRACTS RECEIVABLE**

Grants and contracts receivable consist of the following:

Title IIIB	\$ 3,622
LIFE	32,108
FAIR	6,034
Lighthouse	10,952
Medicaid Waiver	25,748
Community Care	<u>37,372</u>
Total grant and contracts	<u>\$ 115,836</u>

See independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 12 SALE OF RELATED ENTITY**

On July 1, 2013, the subsidiary, DCSC Company L.L.C. sold the Fairview Shell store for \$2,500,000. The subsidiary received \$500,000 at closing and the remaining \$2,000,000 will be repaid over 10 years at 4% annum, with monthly payments of \$20,249.03. The balance of the note receivable at September 30, 2018 was \$1,049,416 Principal payments to be received are as follows:

2019	\$	204,736
2020		213,078
2021		221,766
2022		230,796
2023		<u>179,040</u>
Totals	\$	<u>1,049,416</u>

See independent auditor's report.

**SCHEDULE OF FEDERAL AND  
STATE FUNDS**

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
SCHEDULE OF FEDERAL AND STATE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>GRANTOR AGENCY</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FINANCIAL AWARDS RECOGNIZED</u>
<b><u>FEDERAL AWARDS</u></b>				
U.S. Department of Health and Human Services, Administration for Community Living				
Passed through the WV Bureau of Senior Services and Bel-O-Mar Regional Council:				
	Title III-B - Special Progress for the Aging	93.044	21835	\$ 26,853
	Title III-E - National Family Caregiver Support	93.052	21835	<u>3,450</u>
U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services				
	<b>TOTAL FEDERAL FUNDS</b>			<b>\$ <u>30,303</u></b>

See accompanying notes to the schedule of federal and state funds and independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
SCHEDULE OF FEDERAL AND STATE FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>GRANTOR AGENCY</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FINANCIAL AWARDS RECOGNIZED</u>
<b><u>STATE AWARDS</u></b>				
WV Bureau of Senior Services through the Bel-O-Mar Regional Council:				
	Title III-B - State	N/A	21835	\$ 29,390
	LIFE	N/A	21702 21802	178,101
	Lighthouse	N/A	IH1802 IH1902	128,820
	Fair	N/A	IH1802 IH1902	<u>65,835</u>
			<b>TOTAL STATE FUNDS</b>	<b>\$ <u><u>402,146</u></u></b>

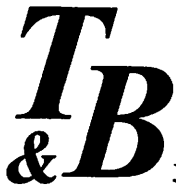
See accompanying notes to the schedule of federal and state funds and independent auditor's report.

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
NOTES TO THE SCHEDULE OF FEDERAL AND STATE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 1   BASIS OF PRESENTATION:**

The accompanying Schedule of Federal and State Funds is prepared on the accrual basis of accounting which is the same basis used in the preparation of the financial statements.

See independent auditor's report.



***Tetrick & Bartlett, PLLC***

**Certified Public Accountants  
Consultants**

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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  
Doddridge County Senior Citizens, Inc.  
West Union, West Virginia

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 Doddridge County Senior Citizens, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statement of activities, statement of functional expenses, statement of operating expenses, and consolidated statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2019

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Doddridge County Senior Citizens, 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 Doddridge County Senior Citizens, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Doddridge County Senior Citizens, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item #2018-001 that we consider to be a material weakness.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Doddridge County Senior Citizens, 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*.

**Doddridge County Senior Citizens, Inc.'s Response to Findings**

Doddridge County Senior Citizens, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Doddridge County Senior Citizens, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

*T. Stuck, Bartlett, PAI*

Clarksburg, West Virginia  
June 3, 2019

**DODDRIDGE COUNTY SENIOR CITIZENS, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**#2018-001 Segregation of Duties**

**Criteria:** Analysis of the internal control system indicated a lack of segregation of duties.

**Condition:** Responsibilities of approval, execution, recording and custody associated with all financial transactions should be distributed among the accounting staff to the highest degree possible.

**Cause:** The Organization has a limited number of employees who are responsible for the approval, execution, recording and custody associated with all financial transactions. This limits the degree to which these responsibilities can be segregated.

**Effect:** Because of the failure to segregate duties, internal control structure elements do not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by management in the normal course of performing assigned functions.

**Recommendation:** Responsibilities of approval, execution, recording and custody should be distributed among the office staff to the best degree possible. We recommend that management and the Board of Directors provide oversight and independent review functions and to continue exercising due diligence and professional skepticism in relation to the Organization's financial operations.

**View of Responsible Officials and Planned Corrective Action:** To the extent possible, the Organization has segregated the responsibilities of approval, execution, recording and custody associated with all financial transactions. Any further segregation of duties would not be economically feasible.

**Status:** This condition was reported in the prior year's audit as finding #2017-001.