

**Lewis County Senior Citizens Center, Inc.**

**AUDITED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

*Prepared by*

**Williams & Associates, AC  
204 Davis Avenue, PO Box 2727  
Elkins, West Virginia 26241**

**LEWIS COUNTY SENIOR CITIZENS CENTER, INC.  
AUDIT FOR YEAR ENDED SEPTEMBER 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Lewis County Senior Citizens Center, Inc.  
Weston, West Virginia

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lewis County Senior Citizens Center, Inc. as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2012, on our consideration of the Lewis County Senior Citizens Center Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Williams & Associates, A.C.*

Williams & Associates, A.C.  
Elkins, West Virginia  
December 3, 2012

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

**ASSETS**

**Current Assets**

Cash & Equivalents	\$ 23,485
Certificates of Deposit	109,433
Investments	190,104
Accounts Receivable	182,303
Grants Receivable	102,547
Prepaid Expenses	12,151
Inventory	<u>4,935</u>

Total Current Assets \$ 624,958

**Property & Equipment, net** 424,930

**TOTAL ASSETS** \$ 1,049,888

**LIABILITIES & NET ASSETS**

**Liabilities**

**Current Liabilities**

Accrued Wages & Benefits	\$ 88,008
Payroll Tax Liabilities	503
Line of Credit	18,000
Current Portion of Long-term Debt	<u>16,453</u>

Total Current Liabilities \$ 122,964

**Long-term Liabilities**

Deferred Revenue	<u>2,612</u>
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Total Long-term Liabilities 2,612

**TOTAL LIABILITIES** 125,576

**Net Assets**

Unrestricted	901,841
Temporarily Restricted	2,869
Unrealized Gain(Loss) on Investments	<u>19,602</u>

**TOTAL NET ASSETS** 924,312

**TOTAL LIABILITIES & NET ASSETS** \$ 1,049,888

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

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

**REVENUE AND SUPPORT**

Public Support	\$ 65,879
Grant Revenues	785,032
Program Service Fees	1,125,855
Interest/Dividend Income	904
Fundraising	443,337
Project Income	272,731
In-kind Donations	38,076
Other	96,625

TOTAL REVENUE AND SUPPORT	<u>2,828,439</u>
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**EXPENSES**

Program Services	2,367,109
Support Services	
Fundraising	352,464
Management and General	87,023

TOTAL EXPENSES	<u>2,806,596</u>
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CHANGE IN NET ASSETS	21,843
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UNREALIZED GAIN(LOSS) ON INVESTMENTS	30,646
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NET ASSETS, 10/1/11	<u>871,823</u>
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NET ASSETS, 9/30/12	<u><u>\$ 924,312</u></u>
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**The accompanying notes are an integral part of these financial statements.**

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	21,843
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		48,947
(Increase)Decrease in Accounts Receivable		(67,563)
(Increase)Decrease in Grants Receivable		(33,951)
(Increase)Decrease in Prepaid Expenses		6,116
(Increase)Decrease in Inventory		(386)
Increase(Decrease) in Accrued Wages & Benefits		25,832
Increase(Decrease) in Payroll Tax Liabilities		(2,625)
Increase(Decrease) in Other Current Liabilities		18,000
Increase(Decrease) in Deferred Revenue		<u>(16,453)</u>
<b>NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES</b>	<b>\$</b>	<b>(240)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Fixed Assets		<u>(38,559)</u>
<b>NET CASH PROVIDED BY(USED IN) INVESTING ACTIVITIES</b>		<b>(38,559)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Purchases of Investments		<u>(47)</u>
<b>NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES</b>		<u><b>(47)</b></u>

**INCREASE(DECREASE) IN CASH & EQUIVALENTS** **(38,846)**

**CASH & EQUIVALENTS, 10/1/11** **62,331**

**CASH & EQUIVALENTS, 9/30/12** **\$ 23,485**

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

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

EXPENSE	Programs										Subtotal	Admin	TOTAL
	III-B	Congregate	Home-Delivered	III-D/MM	III-E	LIFE	Transit	FAIR/LH	Waiver	COC/			
Personnel	\$33,340	\$ 39,711	\$ 45,266	\$ -	\$ 12,306	\$ 111,925	\$ 17,561	\$ 158,920	\$ 534,491	\$ 355,957	\$ 1,309,477	\$ 136,250	\$ 1,445,727
Taxes/Benefits	11,146	8,876	10,284		934	47,991	5,352	32,507	88,448	65,921	271,459	54,071	325,530
Advertisement							565	1,456	750	3,973	6,744	1,563	8,307
Depreciation											-	48,947	48,947
Disposables		427	3,239								3,666		3,666
Equipment Maintenance		2,016	2,469							205	4,690	10,037	14,727
Fundraising											-	352,464	352,464
Supplies				1,843				854	1,824	19,505	24,026	19,725	43,751
Professional Fees											-	4,740	4,740
Raw Food		65,964	84,347								150,311		150,311
Transportation			10,728								10,728		10,728
Travel/Meetings					1,283	825		22,891	62,879	36,221	124,099	7,443	131,542
Staff Development								378	929	82	1,389		1,389
Rent											-	38,076	38,076
Utilities/Communications								216	364	279	859	39,305	40,164
Insurance											-	14,657	14,657
Other	45,710	4,689	5,232			12,088	3,598	868	3,667	81,268	157,120	14,750	171,870
Indirect	8,690	9,506	10,869		2,591	31,290	4,483	37,455	116,832	80,825	302,541	(302,541)	-
Totals	\$98,886	\$ 131,189	\$ 172,434	\$ 1,843	\$ 17,114	\$ 204,119	\$ 31,559	\$ 255,545	\$ 810,184	\$ 644,236	\$ 2,367,109	\$ 439,487	\$ 2,806,596

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

**Lewis County Senior Citizens Center, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2012**

**Note 1. Summary of Significant Accounting Policies**

The Lewis County Senior Citizens Center, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Lewis County, West Virginia. The purpose of the Organization is to study and document the needs of the seniors; to encourage, promote and aid in the establishment of programs for the seniors; to conduct programs of public education on the problems of aging; to utilize opportunities to establish demonstration programs; and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the Lewis County Senior Citizens 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 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.

**Grants Receivable**

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

**Lewis County Senior Citizens Center, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2012**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Accounts Receivable/Allowance for Doubtful Accounts**

Accounts receivable represent amounts owed the organization for services it provided under 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 account is established based on the realization of the accounts receivable at year end. All accounts receivable are deemed collectable as of September 30, 2012.

**Property and Equipment**

The Organization records all equipment purchases at cost and all donated property, equipment, and land at fair market value. The Organization uses the straight-line method of depreciation over their estimated useful lives. All property and equipment purchased with grant monies must have prior approval from the grantor agency to dispose of such equipment. The organization has adopted a capitalization policy in the amount of \$1000.

**Income Taxes**

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

**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 and Division of Public Transit grants.

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-D, Title III-E, SHIP, Medication Management, Elder Abuse, Veterans Care 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 monies are received on a meal reimbursement basis but are not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title-III program operating expenses.

Operating expenditures made against federal and state grants are subject to audit by the grantor agency. These agencies may subsequently make adjustment to the grant as originally awarded due to their audit findings. All federal monies received and net assets are restricted for use in those programs sponsored by the federal grants.

Total federal and state grant revenues for the year ended September 30, 2012 were \$234,467 and \$550,565, respectively.

**Lewis County Senior Citizens Center, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2012**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Cash and cash Equivalents**

For the 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.

**Note 2. Certificates of Deposit**

The Organization had two certificates of deposits as of September 30, 2012:

- Huntington National Bank 18-month certificate of deposit in the amount of \$99,999.99 at an annual rate of 4.160% and maturing on December 4, 2012; and
- Citizens Bank 6-month certificate of deposit in the amount of \$9,433.09 at an annual rate of 3.45% and maturing on October 4, 2012.

**Note 3. Investments**

The cost and estimated market value of investment securities at September 30, 2012 are as follows:

	Original Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Edward Jones	\$ 170,502	\$ 19,602	\$	\$ 190,104
	=====	=====	=====	=====

**Note 4. Grants/Accounts Receivable**

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

Lighthouse	\$	48,350
Title III monies		1,167
LIFE		31,823
FAIR		18,403
Transit		2,507
WV Division of Public Transit		0
Elder Abuse		297
Total	\$	102,547

**Note 4. Grants/Accounts Receivable (continued)**

Accounts receivable as of September 30, 2012 were \$182,303. All accounts are deemed collectible.

**Lewis County Senior Citizens Center, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2012**

**Note 5. Property and Equipment, net**

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

Land	\$ 141,097
Building & Improvements	377,791
Vehicles	417,326
Equipment	<u>260,521</u>
Total Property and Equipment	\$ 1,196,735
Less Accumulated Depreciation	<u>(\$ 771,805)</u>
Net Property and Equipment	<u>\$ 424,930</u>

**Note 6. Inventory**

Inventory consists of food and supplies used in the Title III-C nutrition programs. Inventory is valued at cost on the first-in, first out basis. The value of inventory as of September 30, 2012 was \$4,935.

**Note 7. Deferred Revenue (5310 Transportation Grant)**

The Lewis County Senior Citizens Center, Inc. is the recipient of grants from the WV Department of Transportation, Division of Public Transit. These grants provide funds for the Organization to purchase vehicles. The Organization must make an initial payment of 20% of the price of the vehicle. The remainder is provided by the grant. However, the title is not given to the agency until five years after the initial vehicle purchase. For transactions prior to this fiscal year, the balance is shown as unearned revenue in the financial statements and the grant revenue is recorded annually as this time expires. For transactions after September 30, 2011, the full amount of the grant is recorded as grant income in the year the vehicle is received. As of September 30, 2012, the valued of the unexpired amount was \$19,065.

**Note 8. Retirement Program**

Certain employees are eligible to be included in the Organization's retirement program. The employee contributes 4.5% of their gross wages which is combined with 9.5% contributed by the Organization. The covered employees are eligible to draw benefits

**Lewis County Senior Citizens Center, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2012**

upon retirement. The Organization's contributions to the retirement program of \$75,023 for the fiscal year ended September 30, 2012 are included in taxes and benefits in the statement of functional expenses.

**Note 9. Support Concentration**

The Lewis County Senior Citizens Center, Inc. received nearly 40% 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 10. Donated Facilities**

During the year ended September 30, 2012, the Organization recorded in-kind donations for the rent-free use of the facilities it operates in Weston, West Virginia. The in-kind donation, and respective rent expense, in the amount of \$3,173 per month, was recorded in the statements of activities and functional expenses.

**Note 11. Advertising**

Advertising costs are expensed as incurred and totaled \$8,307 for the year ended September 30, 2012.

**Note 12. Subsequent Events**

Management has evaluated subsequent events through the date of the Independent Auditor's Report.

**SUPPLEMENTAL INFORMATION**

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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors  
The Lewis County Senior Citizens Center, Inc.  
Weston, West Virginia

My report on my audit of the basic financial statements of the Lewis County Senior Citizens Center, Inc., for the year ended September 30, 2012, appears on page one (1). I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of revenues is presented for purposes of additional analysis and is not a required part of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams & Associates, A.C.*

Elkins, West Virginia  
December 3, 2012

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

	Programs										TOTAL	
	III-B	III-C	III-D/ MM	III-E	LIFE	Transit	FAIR/ LH	COC/CM/ Waiver	Other Programs	Subtotal		Admin
<b>Grant Revenues</b>												
Federal	\$ 32,195	\$ 185,595	\$ 1,469	\$ 9,215					\$ 5,993	\$ 234,467		\$ 234,467
State	17,819		259	3,091	\$ 194,369	\$ 45,040	\$ 235,141		54,846	550,565		550,565
<b>Total Grant Revenues</b>	<b>50,014</b>	<b>185,595</b>	<b>1,728</b>	<b>12,306</b>	<b>194,369</b>	<b>45,040</b>	<b>235,141</b>	<b>-</b>	<b>60,839</b>	<b>785,032</b>	<b>-</b>	<b>785,032</b>
<b>Other Revenues</b>												
Program Service Fees								1,125,855		1,125,855		1,125,855
Project Income	10,479	75,719	43,367			2,816	20,536		119,815	272,732		272,732
Donations									17,309	17,309	50,110	67,419
Local Monies		10,523				12,088			742	23,353		23,353
Interest Income										-	904	904
Fundraising		10,290								10,290	410,143	420,433
In-Kind Revenue										-	38,076	38,076
Other									94,635	94,635		94,635
<b>Total Other Revenues</b>	<b>10,479</b>	<b>96,532</b>	<b>43,367</b>	<b>-</b>	<b>-</b>	<b>14,904</b>	<b>20,536</b>	<b>1,125,855</b>	<b>232,501</b>	<b>1,544,174</b>	<b>499,233</b>	<b>2,043,407</b>
<b>Total Revenues</b>	<b>\$ 60,493</b>	<b>\$ 282,127</b>	<b>\$ 45,095</b>	<b>\$ 12,306</b>	<b>\$ 194,369</b>	<b>\$ 59,944</b>	<b>\$ 255,677</b>	<b>\$ 1,125,855</b>	<b>\$ 293,340</b>	<b>\$ 2,329,206</b>	<b>\$ 499,233</b>	<b>\$ 2,828,439</b>

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

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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  
The Lewis County Senior Citizens Center, Inc.  
Weston, West Virginia 26241

I have audited the financial statements of the Lewis County Senior Citizens Center, Inc., (a non-profit organization) as of and for the year ended September 30, 2012, and have issued a report thereon dated December 3, 2012. 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 the Lewis County Senior Citizens 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 the Lewis County Senior Citizens Center, Inc., in a separate letter dated December 3, 2012, and included in this audit report on page 15.

### Internal Control Over Financial Reporting

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

control components does not reduce to a relatively low level the risk that misstatements in an amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of the Lewis County Senior Citizens Center, Inc., in a separate letter dated December 3, 2012, 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

December 3, 2012

# Williams & Associates, A.C.

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## MANAGEMENT LETTER

To the Board of Directors  
Lewis County Senior Citizens Center, Inc.  
Weston, West Virginia

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

### Segregations of Duties

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

### Failure to Report Employee Gifts as Wages

During our audit we noted that gift certificates were provided to employees as holiday gifts. The IRS requires all cash and equivalents (gift cards, etc) to be reported as wages. Although this was not corrected during the 2011 calendar year, management states that this was corrected for the 2012 calendar year.

### Failure to Complete Form 1099-MISC

During our audit we noted that independent contractors were not provided with form 1099-MISC. Independent contractors receiving \$600 or more in a calendar year should be provided form 1099-MISC no later than February 28 of the subsequent year. Although this was not corrected during the 2011 calendar year, management states that 1099-MISC forms will be issued for calendar year 2012.

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 the Lewis County Senior Citizens Center, Inc.

*Williams & Associates, A.C.*

Elkins, West Virginia

December 3, 2012