

Lewis County Senior Citizens Center, Inc.
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2013

Prepared by

Williams & Associates, A.C.
PO Box 2727, 204 Davis Avenue
Elkins, West Virginia

Lewis County Senior Citizens Center, Inc.

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Williams & Associates, A.C.

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

Certified Public Accountant

40 East Main Street
Buckhannon, WV 26201
Phone: 304-473-0007
Fax: 304-573-0009

INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Lewis County Senior Citizens Center, Inc.
171 West Second Street
Weston, WV 26452

Report on the Financial Statements

We have audited the accompanying financial statements of Lewis County Senior Citizens Center, Inc. which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 the Lewis County Senior Citizens Center, Inc. as of September 30, 2013, and the results of activities and changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Williams & Associates, A.C.

Elkins, West Virginia
November 20, 2013

Lewis County Senior Citizens Center, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2013

ASSETS

Current Assets

Cash & Equivalents	\$ 58,585
Certificates of Deposit	4,461
Investments	217,618
Accounts Receivable	175,231
Grants Receivable	64,359
Prepaid Expenses	12,117
Inventory	<u>4,423</u>

Total Current Assets \$ 536,794

Property & Equipment, net 433,569

TOTAL ASSETS \$ 970,363

LIABILITIES & NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 7,742
Accrued Wages & Vacation	65,505
Payroll Tax Liabilities	<u>4,463</u>

Total Current Liabilities \$ 77,710

TOTAL LIABILITIES 77,710

Net Assets

Unrestricted	844,185
Temporarily Restricted	28,157
Unrealized Gain(Loss) on Investments	<u>20,311</u>

TOTAL NET ASSETS 892,653

TOTAL LIABILITIES & NET ASSETS \$ 970,363

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, 2013

REVENUE AND SUPPORT

Public Support	\$ 54,391
Grant Revenues	757,879
Program Service Fees	1,023,467
Interest/Dividend Income	21,412
Fundraising	429,723
Project Income	301,544
In-kind Donations	38,076
Other	<u>69,773</u>

TOTAL REVENUE AND SUPPORT 2,696,265

EXPENSES

Program Services	2,187,416
Support Services	
Fundraising	367,705
Management and General	<u>173,511</u>

TOTAL EXPENSES 2,728,632

CHANGE IN NET ASSETS (32,367)

GAIN(LOSS) ON SALE OF ASSETS 708

NET ASSETS, 10/1/12 924,312

NET ASSETS, 9/30/13 \$ 892,653

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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(32,367)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		52,401
(Increase)Decrease in Accounts Receivable		7,072
(Increase)Decrease in Grants Receivable		38,233
(Increase)Decrease in Prepaid Expenses		34
(Increase)Decrease in Inventory		512
Increase(Decrease) in Accounts Payable		7,742
Increase(Decrease) in Accrued Wages & Benefits		(22,503)
Increase(Decrease) in Payroll Tax Liabilities		3,960
Increase(Decrease) in Other Current Liabilities		(18,000)
Increase(Decrease) in Deferred Revenue		<u>(19,065)</u>
 NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES	 \$	 18,019

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Fixed Assets		(61,120)
Sales of Fixed Assets		<u>2,300</u>
 NET CASH PROVIDED BY(USED IN) INVESTING ACTIVITIES		 (58,820)

CASH FLOWS FROM FINANCING ACTIVITIES

Sales of Investments		104,972
Purchases of Investments		<u>(29,071)</u>
 NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES		 <u>75,901</u>

INCREASE(DECREASE) IN CASH & EQUIVALENTS		35,100
CASH & EQUIVALENTS, 10/1/12		<u>23,485</u>
CASH & EQUIVALENTS, 9/30/13	\$	<u><u>58,585</u></u>

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, 2013

EXPENSE	Programs											TOTAL	
	III-B	Home- Congregate Delivered	III-D/ MM	III-E	LIFE	Transit	FAIR/LH	COC/ Waiver	Other Programs	Subtotal	Admin		
Personnel	\$35,642	\$ 37,771	\$ 48,880	\$ 1,714	\$ 7,743	\$ 110,078	\$ 20,620	\$ 166,749	\$ 410,525	\$ 355,007	\$ 1,194,729	\$ 200,360	\$ 1,395,089
Taxes/Benefits	9,359	9,389	12,524	308	1,050	43,094	10,648	33,601	83,378	67,251	270,602	75,416	346,018
Advertisement							400	662	518		1,580	3,964	5,544
Depreciation											-	52,401	52,401
Disposables		283	4,467								4,750	2,630	4,750
Equipment Maintenance		92	354								446		3,076
Fundraising											-	367,705	367,705
Supplies				1,187			968	2,644	1,307		6,106	18,207	24,313
Professional Fees											-	4,567	4,567
Raw Food		59,149	84,495								143,644		143,644
Transportation			7,996								7,996		7,996
Travel/Meetings					1,564	732		22,073	59,500	50,348	134,217	5,484	139,701
Staff Development							546	1,811	183		2,540		2,540
Rent											-	38,076	38,076
Utilities/Communications							131	257	194		582	34,839	35,421
Insurance											-	10,894	10,894
Other	41,331	5,126	5,810				2,002	524	69,686		124,479	22,418	146,897
Indirect	8,474	8,880	11,562	381	1,656	28,842	5,888	37,726	97,233	95,103	295,745	(295,745)	-
Totals	\$94,806	\$ 120,690	\$ 176,088	\$ 3,590	\$ 12,013	\$ 182,746	\$ 37,156	\$ 264,196	\$ 656,534	\$ 639,597	\$ 2,187,416	\$ 541,216	\$ 2,728,632

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, 2013

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 Accounting Standards Codification 958-205, formerly Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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, 2013, all grants receivable are deemed collectible.

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2013

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, 2013.

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 four main 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.

4 - On an application only basis from the WV Department of Transportation, Division of Public Transit, through the Federal Transit Administration (FTA) for the purchase of vehicles or communication equipment to be used in transporting seniors and individuals with disabilities. These funds are available on an 80% federal, 20% local matching basis.

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2013 were \$273,704 and \$484,175, respectively.

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 one certificate of deposit as of September 30, 2013:

- Citizens Bank 60-month certificate of deposit in the amount of \$4,461.33 at an annual rate of 1.00% and maturing on September 10, 2013.

Note 3. Investments

The cost and estimated market value of investment securities at September 30, 2013 are as follows:

	Original Cost	Gross Unrealized Gains	Estimated Market Value
Edward Jones	\$ 197,307	\$ 20,311	\$ 217,618
	=====	=====	=====

Note 4. Grants/Accounts Receivable

Grants receivable consisted of the following at September 30, 2013:

Lighthouse	\$	12,104
Title III monies		12,094
LIFE		31,150
FAIR		2,660
Transit		4,192
WV Division of Public Transit		0
MCAP		2,159

Total	\$	64,359
		=====

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2013

Note 4. Grants/Accounts Receivable (continued)

Accounts receivable as of September 30, 2013 were \$175,231. All accounts are deemed collectible.

Note 5. Property and Equipment, net

Property and equipment consisted of the following at September 30, 2013.

Land	\$ 141,097
Building & Improvements	383,309
Vehicles	449,486
Equipment	<u>267,622</u>
Total Property and Equipment	\$ 1,241,514
Less Accumulated Depreciation	<u>(\$ 807,945)</u>
Net Property and Equipment	<u>\$ 433,569</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, 2013 was \$4,424.

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 last 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, 2013, the valued of the unexpired amount was \$0.

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2013

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 upon retirement. The Organization's contributions to the retirement program of \$51,527 for the fiscal year ended September 30, 2013 are included in taxes and benefits in the statement of functional expenses.

Note 9. Support Concentration

The Lewis County Senior Citizens Center, Inc. received over 38% 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, 2013, 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 \$5,544 for the year ended September 30, 2013.

Note 12. Subsequent Events

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

SUPPLEMENTAL INFORMATION

Williams & Associates, A.C.

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

Certified Public Accountant

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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

Our report on our audit of the basic financial statements of the Lewis County Senior Citizens Center, Inc., for the year ended September 30, 2013, appears on pages one (1) and two (2). We conducted our 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
November 20, 2013

Lewis County Senior Citizens Center, Inc.
SCHEDULE OF REVENUES & SUPPORT
For the Year Ended September 30, 2013

	Programs										TOTAL	
	III-B	III-C	III-D/ MM	III-E	LIFE	Transit	FAIR/ LH	COC/CM/ Waiver	Other Programs	Subtotal		Admin
Grant Revenues												
Federal	\$ 32,098	\$ 189,511	\$ 1,381	\$ 8,473					\$ 42,241	\$ 273,704		\$ 273,704
State	17,815		257	2,983	\$ 193,351	\$ 43,861	\$ 195,400		30,508	484,175		484,175
Total Grant Revenues	49,913	189,511	1,638	11,456	193,351	43,861	195,400	-	72,749	757,879	-	757,879
Other Revenues												
Program Service Fees								1,023,467		1,023,467		1,023,467
Project Income	9,773	115,291				2,166	18,140		156,174	301,544		301,544
Donations									31,750	31,750	22,641	54,391
Local Monies									-	-		-
Interest Income											21,412	21,412
Fundraising											429,723	429,723
In-Kind Revenue											38,076	38,076
Other											69,773	69,773
Total Other Revenues	9,773	115,291	-	-	-	2,166	18,140	1,023,467	187,924	1,356,761	581,625	1,938,386
Total Revenues	\$ 59,686	\$ 304,802	\$ 1,638	\$ 11,456	\$ 193,351	\$ 46,027	\$ 213,540	\$ 1,023,467	\$ 260,673	\$ 2,114,640	\$ 581,625	\$ 2,696,265

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

We 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, 2013, and have issued a report thereon dated November 20, 2013. 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.

Compliance

As part of obtaining reasonable assurance about whether the Lewis County Senior Citizens Center, Inc.'s financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we 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 November 20, 2013, and included in this audit report on page 16.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lewis County Senior Citizens Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting in its operation that we consider material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Lewis County Senior Citizens Center, Inc., in a separate letter dated November 20, 2013, and included in this audit report on page 16.

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
November 20, 2013

Lewis County Senior Citizens Center, Inc.
SCHEDULE OF FINDINGS
For the Year Ended September 30, 2013

SIGNIFICANT DEFICIENCIES

2013-1 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.

2013-2 FAILURE TO ISSUE 1099-MISC ACCORDING TO IRS GUIDELINES

Criteria: Internal control should be implemented to insure that Internal Revenue Service requirements are met when issuing Forms 1099-MISC *Miscellaneous Income*.

Condition: Not all eligible vendors received 1099-MISC forms.

Cause: Internal controls are not in place to insure all eligible vendors are properly issued IRS Form 1099-MISC *Miscellaneous Income*.

Effect: The Organization is out of compliance with Internal Revenue Service regulations.

Recommendation: Appropriate staff should familiarize themselves with IRS regulations regarding issuance of Form 1099-MISC *Miscellaneous Income*. All vendors who could be eligible to receive Form 1099-MISC at year end should be required to complete Form W-9 *Request for Taxpayer Identification Number and Certification* prior to being issued payments. Additionally, all eligible vendors should be set up in QuickBooks as 1099 vendors.

Response: We concur with the finding and recommendation.