

Lewis County Senior Citizens Center, Inc.
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

Williams & Associates, A.C.
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Lewis County Senior Citizens Center, Inc.

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Williams & Associates, A.C.

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INDEPENDENT AUDITORS' 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, 2016, 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.

Auditors' 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 auditors' 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, 2016, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and support is 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2017, on our consideration of Lewis County Senior Citizens Center Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lewis County Senior Citizens Center Inc's internal control over financial reporting and compliance.

Williams & Associates, A.C.

Elkins, West Virginia
January 28, 2017

Lewis County Senior Citizens Center, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2015 and 2016

ASSETS	<u>2015</u>	<u>2016</u>
Current Assets		
Cash & Equivalents	\$ 81,467	57,780
Certificates of Deposit	4,551	4,597
Investments	170,375	143,669
Accounts Receivable	127,258	112,264
Grants Receivable	42,211	43,017
Prepaid Expenses	20,081	15,054
Inventory	6,370	2,066
	<u> </u>	<u> </u>
Total Current Assets	\$ 452,313	\$ 378,447
Property & Equipment, net	<u>383,064</u>	<u>391,993</u>
TOTAL ASSETS	<u><u>\$ 835,377</u></u>	<u><u>\$ 770,440</u></u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 7,045	5,035
Line of Credit	16,000	-
Accrued Wages & Taxes	98,210	72,895
	<u> </u>	<u> </u>
Total Current Liabilities	\$ 121,255	\$ 77,930
TOTAL LIABILITIES	121,255	77,930
Net Assets		
Unrestricted	679,514	663,805
Temporarily Restricted	16,748	5,877
Unrealized Gain(Loss) on Investments	17,860	22,828
	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>714,122</u>	<u>692,510</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 835,377</u></u>	<u><u>\$ 770,440</u></u>

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

Lewis County Senior Citizens Center, Inc.
STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2015 2016

	2015			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Public Support	\$ 16,784		\$ 16,784	\$ 52,426		\$ 52,426
Grant Revenues	750,768		750,768	697,562		697,562
Program Service Fees	975,635		975,635	886,264		886,264
Interest/Dividend Income	45		45	8,858		8,858
Fundraising	305,212		305,212	90,402		90,402
Project Income	293,504		293,504	279,552		279,552
In-kind Donations	38,076		38,076	38,076		38,076
Other	114,567		114,567	150,683		150,683
TOTAL REVENUE AND SUPPORT	<u>2,494,591</u>	<u>-</u>	<u>2,494,591</u>	<u>2,203,823</u>	<u>-</u>	<u>2,203,823</u>
EXPENSES						
Program Services	2,205,461		2,205,461	1,962,615		1,962,615
Support Services						
Fundraising	237,883		237,883	54,949		54,949
Management and General	124,092		124,092	212,839		212,839
TOTAL EXPENSES	<u>2,567,436</u>	<u>-</u>	<u>2,567,436</u>	<u>2,230,403</u>	<u>-</u>	<u>2,230,403</u>
CHANGE IN NET ASSETS	(72,845)	-	(72,845)	(26,580)	-	(26,580)
NET ASSETS RELEASED FROM RESTRICTIONS	(560)	560	-	10,871	(10,871)	-
UNREALIZED GAIN(LOSS) ON INVESTMENTS	(2,450)		(2,450)	4,968		4,968
NET ASSETS, Beginning of Year	<u>773,229</u>	<u>16,188</u>	<u>789,417</u>	<u>697,374</u>	<u>16,748</u>	<u>714,122</u>
NET ASSETS, End of Year	<u>\$ 697,374</u>	<u>\$ 16,748</u>	<u>\$ 714,122</u>	<u>\$ 686,633</u>	<u>\$ 5,877</u>	<u>\$ 692,510</u>

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	2015	2016
Change in Net Assets	\$ (72,845)	\$ (26,580)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	43,476	40,284
(Increase)Decrease in Accounts Receivable	(2,536)	14,994
(Increase)Decrease in Grants Receivable	15,182	(806)
(Increase)Decrease in Prepaid Expenses	(4,356)	5,027
(Increase)Decrease in Inventory	(3,707)	4,304
Increase(Decrease) in Accounts Payable	7,045	(2,010)
Increase(Decrease) in Accrued Wages & Taxes	30,013	(25,315)
NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES	12,272	9,898
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Line of Credit	748,000	718,000
Payments on Line of Credit	(732,000)	(734,000)
Increase in Certificates of Deposit	(44)	(46)
Purchases of Fixed Assets	(9,500)	(49,213)
NET CASH PROVIDED BY(USED IN) INVESTING ACTIVITIES	6,456	(65,259)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Sales of Investments	20,000	45,000
Reinvested Interest/Dividends on Investments	-	(8,805)
Reinvested Gains on Investments	-	(4,521)
FINANCING ACTIVITIES	20,000	31,674
 INCREASE(DECREASE) IN CASH & EQUIVALENTS	38,728	(23,687)
 CASH & EQUIVALENTS, Beginning of Year	42,739	81,467
 CASH & EQUIVALENTS, End of Year	\$ 81,467	\$ 57,780

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, 2016

EXPENSE	Programs											
	III-C			III-E	LIFE	Transit	FAIR/LH	COC/ Waiver	Other Programs	Subtotal	Admin	TOTAL
	III-B	Congregate	Home-Delivered									
Personnel	\$28,704	\$ 33,455	\$ 42,659	\$13,540	\$106,514	\$ 28,296	\$ 187,854	\$ 697,055	\$ 76,221	\$ 1,214,298	\$ 150,867	\$ 1,365,165
Taxes/Benefits	3,917	10,740	15,423	2,558	21,515	10,780	34,972	129,367	14,047	243,319	36,338	279,657
Advertisement							47	169		216	1,810	2,026
Printing/Office Supplies					1,495		367	116	749	2,727	13,015	15,742
Depreciation										-	40,284	40,284
Disposables		294	2,651							2,945		2,945
Equipment Maintenance	8,350	995	1,194		31,167	105				41,811	5,483	47,294
Fundraising										-	54,949	54,949
Supplies								2,518		2,518	1,435	3,953
Professional Fees										-	5,818	5,818
Raw Food		56,760	52,805							109,565		109,565
Transportation										-		-
Travel/Meetings				1,638	419		14,434	45,459	11,168	73,118	7,371	80,489
Staff Development							567	2,052	347	2,966		2,966
Equipment Rent											6,295	6,295
Rent										-	38,076	38,076
Utilities/Communications							41		137	178	31,347	31,525
Insurance										-	24,086	24,086
Interest										-	722	722
Other		7,244	8,095				1,115	2,123	90,965	109,542	9,304	118,846
Indirect	3,327	4,508	5,924	1,642	13,059	3,986	22,729	87,120	17,117	159,412	(159,412)	-
Totals	\$44,298	\$ 113,996	\$ 128,751	\$19,378	\$ 174,169	\$ 43,167	\$ 262,126	\$ 965,979	\$ 210,751	\$ 1,962,615	\$ 267,788	\$ 2,230,403

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

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 & 2016

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. The main funding sources for the Organization are grants through the local agency on aging and program services fees from WV Department of Health and Human Services through the Medicaid Waiver and Community Care programs.

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, 2016, all grants receivable are deemed collectible.

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 & 2016

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 accounts is established based on the realization of the accounts receivable at year end. All accounts receivable are deemed collectible as of September 30, 2016.

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 in 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, and 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 Years Ended September 30, 2015 & 2016

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, 2015 were \$225,848 and \$498,370, respectively. Total federal and state grant revenues for the year ended September 30, 2016 were \$239,743 and \$457,819, 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, 2015 & 2016:

- 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, 2018. The balance as of September 30, 2015 and 2016 was \$4,551 and \$4,597, respectively.

Note 3. Investments

The cost and estimated market value of investment securities at September 30, 2015 and 2016 are as follows:

	September 30, 2016		
	Original Cost	Gross Unrealized Gains	Estimated Market Value
Edward Jones	<u>\$116,029</u>	<u>\$27,640</u>	<u>\$143,669</u>
	September 30, 2015		
	Original Cost	Gross Unrealized Gains	Estimated Market Value
Edward Jones	<u>\$144,951</u>	<u>\$25,424</u>	<u>\$170,375</u>

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Organization determines fair values using other valuation techniques.

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 & 2016

Note 3. Investments (Continued)

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instruments.

The Organization measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Note 4. Grants/Accounts Receivable

Grants receivable consisted of the following at September 30,

	<u>2015</u>	<u>2016</u>
Lighthouse	\$ 10,560	\$ 11,968
Title III monies	4	4,562
LIFE	21,347	16,995
FAIR	4,620	4,676
Transit	4,096	4,816
WV Division of Public Transit	0	0
Federal Gas Excise	<u>1,584</u>	<u>0</u>
Total	<u>\$ 42,211</u>	<u>\$ 43,017</u>

Accounts receivable as of September 30, 2015 and 2016 were \$127,258 and \$112,264, respectively. All accounts are deemed collectible.

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 & 2016

Note 5. Property and Equipment, net

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

	<u>2015</u>	<u>2016</u>
Land	\$ 141,097	\$ 141,097
Building & Improvements	430,958	430,958
Vehicles	449,486	268,044
Equipment	<u>267,622</u>	<u>205,928</u>
Total Property and Equipment	\$ 1,289,163	\$ 1,046,027
Less Accumulated Depreciation	(<u>\$ 906,099</u>)	(<u>\$ 654,034</u>)
Net Property and Equipment	<u>\$ 383,064</u>	<u>\$ 391,993</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, 2015 and 2016 was \$6,370 and \$2,066, respectively.

Note 7. 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 \$63,542 and \$52,930 for the fiscal years ended September 30, 2015 and 2016, respectively, and are included in taxes and benefits in the statement of functional expenses.

Note 8. Support Concentration

The Lewis County Senior Citizens Center, Inc. received over 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 and just over 31% from federal and state grants. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

Lewis County Senior Citizens Center, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 & 2016

Note 9. Donated Facilities

During the years ended September 30, 2015 and 2016, 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 10. Advertising

Advertising costs are expensed as incurred and totaled \$5,567 and \$2,026 for the years ended September 30, 2015 and 2016, respectively.

Note 11. Subsequent Events

Management has evaluated subsequent events through the date of issuance of this report and no reportable events have occurred.

Note 12. Line of Credit

The Organization has a line of credit at Huntington Bank in Weston, WV, with a limit of \$55,000. The current interest rate is 3.5%. This line is renewed bi-annually. The balance on the line of credit at September 30, 2015 & 2016 was \$16,000 and \$0, respectively.

The Organization has a line of credit at Edward Jones Investments with a limit of \$78,418. The interest rate is based on the assets in the account, 5.75% as of September 30, 2015. The balance on the line of credit at September 30, 2015 and 2016 was \$0.

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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, 2016, 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. 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elkins, West Virginia
January 28, 2017

Lewis County Senior Citizens Center, Inc.
SCHEDULE OF REVENUES AND SUPPORT
For the Year Ended September 30, 2016

	Programs							Subtotal	Admin	TOTAL	
	III-B	III-C	III-E	LIFE	Transit	FAIR/ LH	COC/CM/ Waiver				Other Programs
Grant Revenues											
Federal	\$ 32,247	\$ 156,806	\$ 8,293					\$ 42,397	\$ 239,743	\$ 239,743	
State	17,921		2,764	\$179,486	\$ 40,274	\$ 211,874		5,500	457,819	457,819	
Total Grant Revenues	50,168	156,806	11,057	179,486	40,274	211,874	-	47,897	697,562	-	697,562
Other Revenues											
Program Service Fees							886,264		886,264		886,264
Project Income	13,237	69,855	252	1,245	1,383	23,039		170,541	279,552		279,552
Donations								50,979	50,979	1,447	52,426
Interest Income									-	8,858	8,858
Fundraising									-	90,402	90,402
In-Kind Revenue									-	38,076	38,076
Other								136,712	136,712	13,971	150,683
Total Other Revenues	13,237	69,855	252	1,245	1,383	23,039	886,264	358,232	1,353,507	152,754	1,506,261
Total Revenues	\$ 63,405	\$ 226,661	\$ 11,309	\$180,731	\$ 41,657	\$ 234,913	\$ 886,264	\$ 406,129	\$2,051,069	\$ 152,754	\$ 2,203,823

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

Williams & Associates, A.C.

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INDEPENDENT AUDITORS' 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 26452

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, 2016, and have issued a report thereon dated January 27, 2017. 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 January 27, 2017, 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 January 28, 2017, 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
January 28, 2017

Williams & Associates, A.C.

204 Davis Ave., PO Box 2727
Elkins, WV 26241

Certified Public Accountant

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MANAGEMENT LETTER

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

Our audit on the financial statements of Lewis County Senior Citizens Center, Inc., for the year ended September 30, 2016, highlighted areas where we would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since our audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

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.

Williams & Associates, A.C.

Elkins, West Virginia
January 27, 2017