

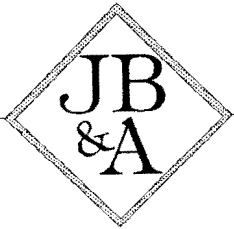
COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.

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

SEPTEMBER 30, 2017

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JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Council of Senior Citizens of Gilmer County, Inc.
Glennville, West Virginia

We have audited the accompanying financial statements of Council of Senior Citizens of Gilmer County, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities 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 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

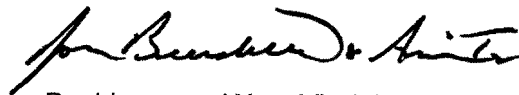
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council of Senior Citizens of Gilmer County, Inc. as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and support and schedule of expenditures of state awards, are presented for purposes of additional analysis and are 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 June 7, 2018, on our consideration of Council of Senior Citizens of Gilmer County, 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 Council of Senior Citizens of Gilmer County, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
June 7, 2018

COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,182,156
Accounts receivable	266,034
Grants receivable	52,352
Investment	740,005
Prepaid expenses	<u>10,537</u>

Total current assets 2,251,084

Property and Equipment, net 1,155,034

TOTAL ASSETS \$ 3,406,118

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 10,984
Accrued wages payable	54,625
Payroll taxes payable	6,611
Accrued annual leave	<u>22,011</u>

Total current liabilities 94,231

Net Assets

Unrestricted 3,311,887

Temporarily restricted

Total net assets 3,311,887

TOTAL LIABILITIES AND NET ASSETS \$ 3,406,118

The accompanying notes are an integral part of this statement.

COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal financial assistance	\$ 247,865	\$	\$ 247,865
State grant allocations	319,910		319,910
Donations and match	64,917		64,917
Medicaid/Waiver	845,366		845,366
Other income	46,547		46,547
Project income	87,975		87,975
Investment income	28,711		28,711
Unrealized loss on investment	(12,534)		(12,534)
Net assets released from restrictions:			
Restrictions released with time			
Restrictions satisfied with payments			
Total Revenue and Support	1,628,757		1,628,757
EXPENSES			
Program Services			
Title III-B	51,498		51,498
Title III-D	1,426		1,426
Title III-E	6,064		6,064
Title III-C - congregate	71,430		71,430
Title III-C - home delivered	121,108		121,108
LIFE	179,168		179,168
Medicaid/Waiver	970,141		970,141
FAIR	48,614		48,614
Lighthouse	75,410		75,410
Veterans Care	47,416		47,416
SMP	2,831		2,831
Transportation 5310	53,767		53,767
Management and general	245,494		245,494
Total Expenses	1,874,367		1,874,367
Change in Net Assets	(245,610)		(245,610)
NET ASSETS AT BEGINNING OF YEAR	3,557,497		3,557,497
NET ASSETS AT END OF YEAR	\$ 3,311,887	\$	\$ 3,311,887

The accompanying notes are an integral part of this statement.

COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE	Medicaid Waiver
				Congregate	Home Delivered		
Salaries and wages	\$27,753	\$ -	\$ 3,650	\$ 23,157	\$ 53,600	\$135,968	\$ 788,548
Fringe benefits	11,245		662	8,555	12,110	22,723	98,719
Travel						5,956	42,572
Printing and supplies	488						
Repairs and maintenance				6,539	8,901		
Communications & utilities	1,599			376	520	9,721	
Other		1,426	1,752	326	450	4,800	40,302
Depreciation							
Raw food				27,721	38,638		
Disposables				4,756	6,889		
Transportation/Trip	10,413						
Insurance							
Contractual							
Total	\$51,498	\$ 1,426	\$ 6,064	\$ 71,430	\$121,108	\$179,168	\$ 970,141

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>FAIR</u>	<u>Lighthouse/ SAMS</u>	<u>Veterans Care</u>	<u>SMP</u>	<u>5310 Transportation</u>	<u>Management and General</u>	<u>Totals (Memorandum Only)</u>
Salaries and wages	\$41,530	\$ 63,076	42,888	\$ 2,607	\$ 41,381	\$ 6,192	\$ 1,230,350
Fringe benefits	4,405	8,315	4,528	224	3,977	8,629	184,092
Travel	2,679	4,019					55,226
Printing and supplies						23,524	24,012
Repairs and maintenance					1,184	12,501	29,125
Communications & utilities						25,975	38,191
Other					1,668	26,826	77,550
Depreciation						110,869	110,869
Raw food						2,009	68,368
Disposables							11,645
Transportation/Trip					3,022	9,273	22,708
Insurance					1,500	15,196	16,696
Contractual					1,035	4,500	5,535
Total	<u>\$48,614</u>	<u>\$ 75,410</u>	<u>\$47,416</u>	<u>\$ 2,831</u>	<u>\$ 53,767</u>	<u>\$ 245,494</u>	<u>\$ 1,874,367</u>

The accompanying notes are an integral part of this statement.

COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (245,610)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	110,869
Unrealized loss on investments	12,534
(Increase) decrease in operating assets:	
Accounts and grants receivable	43,955
Prepaid expense	542
Increase (decrease) in operating liabilities:	
Accounts payable	(2,175)
Accrued wages and fringes	(16,032)
NET CASH USED IN OPERATING ACTIVITIES	<u>(95,917)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

NET CASH USED IN INVESTING ACTIVITIES

Decrease in cash and cash equivalents	(95,917)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,278,073</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,182,156</u></u>

The accompanying notes are an integral part of this statement.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The Council of Senior Citizens of Gilmer County, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Gilmer 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 in 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 Council of Senior Citizens of Gilmer County, 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.

Basis of Accounting

The financial statements of Council of Senior Citizens of Gilmer County, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

Inventories

Inventories of raw food, materials and supplies are deemed immaterial and are accordingly expensed as purchased.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 3,000 capitalization policy whereby all property and equipment over \$ 3,000 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Federal and State Grant Revenue

Grant monies are received on a reimbursement basis for Title III-B, Title III-D, Title III-E, Title VII and LIFE grants. Upon completion of a grant year, any unexpended grant funds has to be approved for carryover to the next grant year.

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Lighthouse and FAIR are drawn down per unit of service as are Medicare and Waiver personal care services. The 5310 Transportation grant is drawn down by passenger trip unit.

Total federal and state grant revenues for the year ended September 30, 2017, were \$ 247,865 and 319,910, respectively.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Donated Services

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in relation to such volunteer services.

Expense Allocation

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that effect the reported amounts of assets and liabilities, the disclosure 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.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Note 2. Cash

The Organization had deposits in excess of the \$250,000 FDIC limit with one financial institution at September 30, 2017 of \$724,351. The financial institution has pledged U. S. Treasury Securities to secure the deposits in excess of the FDIC limit.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 3. Investments

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Equity Securities				
Common Stocks	\$ 382,635	\$ 357,370	\$	\$ 740,005
	=====	=====	=====	=====

Note 4. Receivables

Receivables at September 30, 2017, consisted of the following:

Accounts Receivable		
Contractual revenues – Personal care	\$ 266,034	
		=====
Grants Receivable		
LIFE	\$ 16,895	
Lighthouse/SAMS	8,700	
5310 Grant	3,871	
FAIR	4,603	
III-D	371	
Veterans Care	17,912	
Total	\$ 52,352	=====

Note 5. Property and Equipment

Property and equipment consisted of the following at September 30, 2017:

Land	\$ 70,000
Building and improvements	1,627,471
Vehicles	327,703
Equipment, furniture and fixtures	190,146
	2,215,320
Less accumulated depreciation	1,060,286
Total	\$ 1,155,034

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 6. Retirement

The Organization has a simple IRA plan in which the company matches up to 3%. The Organization's contribution for the year ended September 30, 2017 was \$21,798.

Note 7. Concentration

The Organization receives about 35 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 52 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

Note 8. Contingent Liabilities

In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of this audit is not believed to be material.

The Organization participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The Organization does not provide post retirement health benefits.

Note 9. Net Asset - Restrictions on Net Assets

There are no temporarily restricted net assets at September 30, 2017.

Note 10. Subsequent Events

Management has evaluated subsequent events through June 7, 2018, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
SCHEDULE OF REVENUES, SUPPORT AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE	Medicaid Waiver
				Congregate	Home Delivered		
Federal financial assistance	\$ 26,053	\$ 1,054	\$ 4,548	\$ 47,662	\$ 62,024	\$	\$
State grant	9,478	186				179,168	
Donations and match	4,595	186	1,516	1,933	2,670		
Contractual revenues							845,366
Other income	3,000			4,453	6,043		
Project income	8,372			28,058	20,767		
Investment income							
Unrealized loss on investment							
TOTAL REVENUES	<u>51,498</u>	<u>1,426</u>	<u>6,064</u>	<u>82,106</u>	<u>91,504</u>	<u>179,168</u>	<u>845,366</u>
FUNCTIONAL EXPENSES	<u>51,498</u>	<u>1,426</u>	<u>6,064</u>	<u>71,430</u>	<u>121,108</u>	<u>179,168</u>	<u>970,141</u>
REVENUES OVER (UNDER)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 10,676</u>	<u>\$ (29,604)</u>	<u>\$</u>	<u>\$ (124,775)</u>

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
SCHEDULE OF REVENUES, SUPPORT AND EXPENSES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

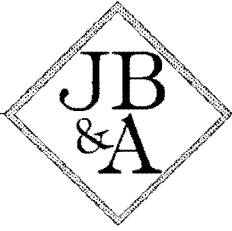
	<u>FAIR</u>	<u>Lighthouse/ SAMS</u>	<u>Veterans Care</u>	<u>SMP</u>	<u>5310 Transportation</u>	<u>Management and General</u>	<u>Totals (Memorandum Only)</u>
Federal financial assistance	\$	\$	\$ 62,804	\$	\$ 43,720	\$	237,865
State grant	47,033	82,045		2,000			329,910
Donations and match						54,017	64,917
Contractual revenues							845,366
Other income						33,051	46,547
Project income	8,150	11,811			6,365	4,452	87,975
Investment income						28,711	28,711
Unrealized loss on investment						(12,534)	(12,534)
TOTAL REVENUES	<u>55,183</u>	<u>93,856</u>	<u>62,804</u>	<u>2,000</u>	<u>50,085</u>	<u>107,697</u>	<u>1,628,757</u>
FUNCTIONAL EXPENSES	<u>48,614</u>	<u>75,410</u>	<u>47,416</u>	<u>2,831</u>	<u>53,767</u>	<u>245,494</u>	<u>1,874,367</u>
REVENUES OVER (UNDER)	<u>\$ 6,569</u>	<u>\$ 18,446</u>	<u>\$ 15,388</u>	<u>\$ (831)</u>	<u>\$ (3,682)</u>	<u>\$ (137,797)</u>	<u>\$ (245,610)</u>

The accompanying independent auditor's report on supplemental information is an integral part of this schedule.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2018	IH1803	17,729
Lighthouse	June 30, 2017	IH1703	59,316
FAIR	June 30, 2018	IH1803	9,030
FAIR	June 30, 2017	IH1703	38,003
Data Entry	June 30, 2018	IH1803	5,000
SMP	May 31, 2017	SMP1705	<u>2,000</u>
Total Direct Programs			<u>131,078</u>
Pass through Awards			
Bel-O-Mar Interstate Planning Commission			
IIIB State	June 30, 2017	21735	9,478
IIID	June 30, 2017	21735	186
LIFE	June 30, 2018	21802	53,991
LIFE	June 30, 2017	21702	<u>125,177</u>
Total pass-through awards			<u>188,832</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 319,910</u>

The independent auditors' report on supplemental information is an integral part of this schedule.



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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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
Council of Senior Citizens of Gilmer County, Inc.
Glennville, 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 Council of Senior Citizens of Gilmer County, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 7, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Council of Senior Citizens of Gilmer County, 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 Council of Senior Citizens of Gilmer County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

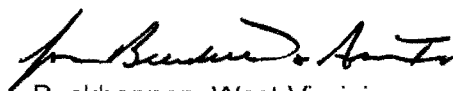
Compliance and Other Matters

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

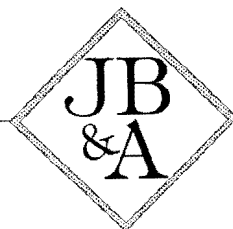
We noted certain other matters that we reported to management of Council of Senior Citizens of Gilmer County, Inc. in a separate letter dated June 7, 2018.

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.



Buckhannon, West Virginia
June 7, 2018



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

To the Board of Directors
and Senior Management
Council of Senior Citizens of Gilmer County, Inc.
Glennville, West Virginia

In planning and performing our audit of the financial statements of Council of Senior Citizens of Gilmer County, Inc. for the year ended September 30, 2017, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter on pages 16 and 17, dated June 7, 2018 contains our communication of significant deficiencies or material weaknesses in the Organization's internal control. This letter does not affect our report dated June 7, 2018, on the financial statements of Council of Senior Citizens of Gilmer County, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Accrual Basis Accounting Records

The Organization's policy is to prepare its financial statement on the accrual basis of accounting and therefore all accrued revenue and expenses should be recorded in the general ledger at year end.

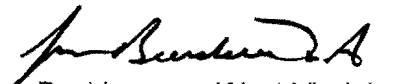
Accrued liabilities and accounts receivable should be recorded in the general ledger at September 30, 2017. Although acceptable for the auditor to help convert the Organization from cash to accrual basis there are advantages for maintaining books on the accrual basis. The most important being more accurate financial reporting with better matching of income and expenses during the year.

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank the Executive Director and her staff for their support and assistance during our audit.

This report is intended solely for the information and use of management, Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.



Buckhannon, West Virginia
June 7, 2018