

**Pendleton Senior & Family Services, Inc.**

**Audited Financial Statements**

**September 30, 2014**

*Audited by*

**Williams & Associates, AC  
204 Davis Avenue, Post Office Box 2727  
Elkins, West Virginia 26241  
(304) 637-9110**

**Pendleton Senior & Family Services, Inc.**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Pendleton Senior & Family Services, Inc.  
Franklin, West Virginia

We have audited the accompanying financial statements of Pendleton Senior & Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, 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 Pendleton Senior & Family Services, Inc. as of September 30, 2014, 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 Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities by program on page 12 and schedule of expenditures of federal and states awards on page 13 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 22, 2015, on our consideration of Pendleton Senior & Family Services 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 Pendleton Senior & Family Services Inc.'s internal control over financial reporting and compliance.

*Williams & Associates, A.C.*

Williams & Associates, A.C.

Elkins, West Virginia

June 22, 2015

**Pendleton Senior & Family Services, Inc.**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2013 & 2014**

	<u>2013</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Equivalents	\$ 52,943	\$ 78,968
Accounts Receivable	104,027	77,966
Grants Receivable	56,728	41,309
Prepaid Expenses	11,499	2,695
Inventory	9,436	10,640
Total Current Assets	<u>234,633</u>	<u>211,578</u>
<b>Fixed Assets</b>		
Buildings & Equipment	2,052,024	2,066,316
Accumulated Depreciation	(1,033,615)	(1,066,106)
Fixed Assets, net	<u>1,018,409</u>	<u>1,000,210</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,253,042</u></u>	<u><u>\$ 1,211,788</u></u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 19,719	\$ 10,518
Payroll Tax Liabilities	5,007	3,074
Accrued Wages	58,054	52,757
Deferred Compensation	15,887	10,834
Line of Credit	25,000	-
Total Current Liabilities	<u>123,667</u>	<u>77,183</u>
<b>Long-Term Liabilities</b>		
OPEB Liability	<u>176,108</u>	<u>181,874</u>
Total Long-Term Liabilities	<u>176,108</u>	<u>181,874</u>
Total Liabilities	<u>299,775</u>	<u>259,057</u>
<b>Net Assets</b>		
Net Assets, Unrestricted	<u>953,267</u>	<u>952,731</u>
Total Net Assets	<u>953,267</u>	<u>952,731</u>
<b>LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 1,253,042</u></u>	<u><u>\$ 1,211,788</u></u>

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

**Pendleton Senior & Family Services, Inc.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended September 30, 2013 & 2014**

	<u>2013</u>	<u>2014</u>
<b>REVENUE &amp; SUPPORT</b>		
Grant Revenues:		
Federal	\$ 54,371	\$ 66,420
State	201,462	167,828
Nutrition	94,268	100,407
LIFE	197,032	189,382
Program Service Fees	343,582	367,978
Project Income	47,032	52,696
Interest & Dividends	28	28
Contributions	13,818	7,787
Fundraising	2,251	-
Match	6,647	-
Net Gain(Loss) on Disposal of Assets	1,597	3,018
Other Income	21,563	45
<b>TOTAL REVENUE &amp; SUPPORT</b>	<u>983,651</u>	<u>955,589</u>
<b>EXPENSES</b>		
Program Service Expenses	1,035,232	616,923
Management and General		339,202
<b>TOTAL EXPENSES</b>	<u>1,035,232</u>	<u>956,125</u>
<b>INCREASE(DECREASE) IN NET ASSETS</b>	(51,581)	(536)
<b>NET ASSETS, Beginning of Year</b>	<u>1,004,848</u>	<u>953,267</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 953,267</u>	<u>\$ 952,731</u>

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

**Pendleton Senior & Family Services, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended September 30, 2013**

	<b>2013</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase(Decrease) in Net Assets	\$ (51,581)	\$ (536)
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	76,516	71,146
(Increase)Decrease in Accounts Receivable	(45,654)	26,061
(Increase)Decrease in Grants Receivable	(7,637)	15,419
(Increase)Decrease in Prepaid Expenses	(9,779)	8,804
(Increase)Decrease in Other Current Assets	537	(1,204)
Increase(Decrease) in Accounts Payable	12,059	(9,201)
Increase(Decrease) in Payroll Tax Liabilities	5,007	(1,933)
Increase(Decrease) in Accrued Wages	28,410	(5,297)
Increase(Decrease) in Deferred Compensation	(3,379)	(5,053)
Increase(Decrease) in OPEB Liability	5,894	5,766
Net cash provided(used) by operating activities	10,393	103,972
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Sales/Disposals of Fixed Assets	18,987	-
Purchases of Fixed Assets	(23,884)	(52,947)
Net Cash provided(used) by financing activities	(4,897)	(52,947)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Line of Credit Proceeds	37,000	14,000
Line of Credit Payments	(12,000)	(39,000)
Net Cash provided(used) by investing activities	25,000	(25,000)
Increase(Decrease) in Cash	30,496	26,025
Cash Balance, Beginning of Year	22,447	52,943
Cash Balance, End of Year	\$ 52,943	\$ 78,968

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

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

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

This summary of significant accounting policies of the Pendleton Senior & Family Services, Inc., is presented to assist in understanding the Organization's financial statements.

Organization

Pendleton Senior & Family Services, Inc. is a private, nonprofit Organization, funded by state and federal monies and charitable donations, that provides assistance to the elderly and eligible disabled of Pendleton County, West Virginia.

Basis of Accounting

The financial statements of Pendleton Senior & Family Services, 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 in its Statements of Accounting Standards Codification 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. 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.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted* – Net assets that are not subject to donor-imposed stipulations. These are resources over which the Board of Directors has discretionary control.

*Temporarily Restricted* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or with the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted* – Resources subject to a donor restriction that they be maintained permanently by the Organization. There were no permanently restricted net assets as of September 30, 2014.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The Organization's returns for 2013, 2012, and 2011 remain subject to examination by the Internal Revenue Service.



**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

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

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.

Cash and Cash Equivalents

For 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.

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs, as well as the Veterans Administration. In addition, the Organization uses the direct write-off method for accounting for bad debts. As of September 30, 2014, all accounts receivable are deemed collectible.

Grants receivable represent amounts invoiced by the Organization to grantor agencies under the terms of their grant agreements. As of September 30, 2014, all grants receivable are deemed collectible.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at cost, as determined by the last purchase price, on a first-in, first-out basis.

Property and Equipment

The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must be disposed of in accordance with the grantor agency's policies. The Organization has adopted a capitalization policy in the amount of \$1000. Maintenance and repairs are expensed when incurred.

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

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

Revenue Recognition

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. There were no temporarily or permanently restricted net assets as of or for the year ended September 30, 2014.

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 grant.
- 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-E, and Title II D/MM grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year. If approval is denied, the money has to be reimbursed to the grantor.
- 3 – Title III-C grant funds are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.

Operating expenditures made against federal and state grants are subject to audit by the grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings. Grant revenues for the year ended September 30, 2014 were \$524,037.

**Note 2. Accounts and Grants Receivable**

Accounts receivable consisted of the following at September 30, 2014:

WV DHHR	\$	49,663
Veterans Administration		28,057
Tiny Toys Daycare – Meals Served		246
	<u>\$</u>	<u>77,966</u>

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**Note 2. Accounts and Grants Receivable (continued)**

Grants receivable consisted of the following at September 30, 2014:

LIFE	\$	15,941
FAIR/Lighthouse		15,920
Title III-B		4,041
Title III-C		3,407
Title III-E		<u>2,000</u>
	<u>\$</u>	<u>41,309</u>

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30, 2014:

Land	\$	62,500
Buildings & Improvements		1,471,686
Equipment		<u>532,130</u>
Total Fixed Assets		2,066,316
Less accumulated depreciation		<u>(1,066,106)</u>
Net property and equipment	<u>\$</u>	<u>1,000,210</u>

**Note 4. Retirement Plan**

The Organization sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. Full-time employees are eligible to participate in the plan. Employee contributions are voluntary and are made on a pretax basis. Currently employer contributions are 9.5% of the employee's earnings for those hired before March 2000 and 4% of earnings for employees hired after that date. The employer's share of retirement payments for the current year was \$11,440 and is included in personnel costs on the statement of activities by program.

**Note 5. Cash Deposits**

Cash consists of interest and non-interest bearing checking and savings accounts on deposit in institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. All the carrying values are the same as market value. As of September 30, 2014, all deposits were fully insured by the FDIC.

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**Note 6. Donated Services**

The Organization has a number of volunteers who have donated time and services in carrying out its programs and activities. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services as defined by FASB ASC 958-605 *Not-for-Profit Entities: Recognition Principles*.

**Note 7. Advertising**

Advertising costs are expensed as incurred. There were no advertising costs for the year ended September 30, 2014.

**Note 8. Other Post Employment Benefits (OPEB)**

The Organization contributes to the West Virginia Retiree Health Care Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). The Trust provides medical benefits to retired employees. West Virginia Code §16D assigns PEIA with the administration of the WV OPEB plan. PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. The report may be obtained by writing to Public Employees Insurance Agency, 1900 Kanawha Blvd, East, Charleston, WV 25305.

West Virginia Code §5-16D-6 requires PEIA to bill the entire annual required contribution (ARC) beginning July 1, 2007 to employers. PEIA is only required to collect the minimum annual employer payment (MAEP), which is only a component of the ARC. Employers are required to record OPEB expense equal to the billed ARC and reflect a liability in their financial statements for any unpaid portion of the ARC.

The following shows the components of the Organization's annual OPEB cost for the year ended September 30, 2014, the amount actually contributed to the plan and changes in the Agency's net OPEB obligations.

Annual Required Contributions (ARC)	\$ 14,118
Adjustments	<u>0</u>
Annual OPEB cost	\$ 14,118
Contributions made	<u>(8,352)</u>
Increase in OPEB liability	\$ 5,766
 OPEB Liability, 10/1/13	 <u>\$176,108</u>
 OPEB Liability, 9/30/14	 <u>\$181,874</u>

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**Note 9. Support Concentration**

Pendleton Senior & Family Services, Inc. receives about 55% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 37% 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. Contingencies**

The Organization receives grant funding from federal and state agencies. The grant expenditures are subject to audit by the granting agencies. These audits are conducted to insure compliance with conditions of the grant award. Instances of noncompliance could result in grant awards being repaid. Any potential adjustments are believed to be immaterial.

The Organization is at risk of loss from various torts and lawsuits. These risks are mitigated by maintaining insurance with the West Virginia Board of Risk.

**Note 11. Subsequent Events**

Management has evaluated events subsequent to the balance sheet date through the date of the independent accountants' report, the date on which the financial statements were available to be issued, for items requiring adjustment or disclosure in these financial statements.

**Note 12. Line of Credit**

The Organization has a line of credit with Pendleton County Bank with a credit limit of \$60,000 and an interest rate equal to prime, which was 3.25% as of September 30, 2014. The outstanding balance on this line of credit as of September 30, 2014 was \$0.

**Note 13. Transportation Grants**

The Organization 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 received a grant for one vehicle totaling \$32,516 during the fiscal year.

## **SUPPLEMENTAL INFORMATION**

**Pendleton Senior & Family Services, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2014**

	PROGRAM SERVICES							Management and General	TOTAL
	III-B	III-C	III-E	MIPPA	LIFE	Other Programs	Total Programs		
<b>Revenue &amp; Support</b>									
Federal Revenue	26,841	100,407	7,063	638		32,516	167,465	167,465	167,465
State Revenue	13,285			610		150,095	163,990	163,990	163,990
LIFE Revenue (2013-14)					147,062		147,062	147,062	147,062
LIFE Revenue (2014-15)					42,320		42,320	42,320	42,320
Program Service Fees					12,833	355,145	367,978	367,978	367,978
Project Income	2,946	39,815			9,924	11	52,696	52,696	52,696
Contributions						7,787	7,787	7,787	7,787
Interest Income						28	28	28	28
Net Gain(Loss) on Disposal of Assets						3,018	3,018	3,018	3,018
Other Income				3,200		45	3,245	3,245	3,245
<b>Total Revenue &amp; Support</b>	<b>43,072</b>	<b>140,222</b>	<b>7,063</b>	<b>4,448</b>	<b>212,139</b>	<b>548,645</b>	<b>955,589</b>	<b>955,589</b>	<b>- 955,589</b>
<b>Expenses</b>									
Payroll & Benefits		67,789		4,448	69,711	350,138	492,086	168,695	660,781
Communications & Utilities							-	41,320	41,320
Food & Disposables		29,243				14,149	43,392	43,392	43,392
Transportation					20,731		20,731	20,731	20,731
Equipment & Repairs							-	16,131	16,131
Office Supplies		1,502	372			1,251	3,125	12,864	15,989
Travel & Training						4,870	4,870	1,322	6,192
Depreciation							-	71,146	71,146
Professional Fees							-	6,479	6,479
Training						1,108	1,108	-	1,108
Insurance							-	11,107	11,107
Interest							-	390	390
Other Expenses	24,361	18,601	7,063			1,460	51,485	9,874	61,359
Indirect Expenses	23,558	21,883	1,203		115,728	176,956	339,328	(339,328)	-
<b>Total Expenses</b>	<b>47,919</b>	<b>139,018</b>	<b>8,638</b>	<b>4,448</b>	<b>206,170</b>	<b>549,932</b>	<b>956,125</b>	<b>- 956,125</b>	<b>- 956,125</b>
<b>Change in Net Assets</b>	<b>\$ (4,847)</b>	<b>\$ 1,204</b>	<b>\$ (1,575)</b>	<b>\$ -</b>	<b>\$ 5,969</b>	<b>\$ (1,287)</b>	<b>\$ (536)</b>	<b>\$ -</b>	<b>\$ (536)</b>

The notes are an integral part of these financial statements.

**Pendleton Senior & Family Services, Inc.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS**  
**For the Fiscal Year Ended September 30, 2014**

	Grant Identification Number	Expenditures
<b>FEDERAL:</b>		
U.S. Department of Health and Human Services:	93.044	\$ 26,841
Administration on Aging		
Special Programs for the Aging Title III Part B		
Grants for Supportive Services and Senior Centers		
Administration on Aging	93.043	638
Special Programs for the Aging Title III Part D		
Disease Prevention and Health Promotion Services		
Administration on Aging	93.052	7,063
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration on Aging	93.045	100,407
Special Programs for othe Aging Title III Part C		
Nutrition Services (includes expenditures of states awards)		
U.S. Department of Transportation	20.513	32,516
Federal Transit Administration		
		\$ 167,465
<b>STATE:</b>		
LIFE	7/1/13-6/30/14	2014
LIFE	7/1/14-6/30/15	2015
Lighthouse	7/1/13-6/30/14	2014
Lighthouse	7/1/14-6/30/15	2015
FAIR	7/1/13-6/30/14	2014
FAIR	7/1/14-6/30/15	2015
Community Partnership		9,900
III-B		13,285
SHINE		610
		\$ 353,372
<b>TOTAL EXPENDITURES OF FEDERAL &amp; STATE AWARDS</b>		<b>\$ 520,837</b>

The notes are an integral part of these financial statements.



# Williams & Associates, A.C.

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Pendleton Senior & Family Services, Inc.  
Franklin, 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 Pendleton Senior & Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, 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 22, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pendleton Senior & Family Services, 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 Pendleton Senior & Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Pendleton Senior & Family Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Pendleton Senior & Family Services, 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*.

## **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.

*Williams & Associates, A.C.*

Williams & Associates, A.C.

Elkins, West Virginia

June 22, 2015

# Williams & Associates, A.C.

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## MANAGEMENT LETTER

To the Board of Directors  
Pendleton Senior & Family Services, Inc  
Franklin, West Virginia

Our audit on the financial statements of Pendleton Senior & Family Services, Inc., for the year ended September 30, 2014, 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 Pendleton Senior & Family Services, 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.

After you have had the opportunity to review these comments and recommendations, we would be pleased to discuss those points that you desire. We would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve Pendleton Senior & Family Services, Inc.

*Williams & Associates, A.C.*  
Elkins, West Virginia  
June 22, 2015