

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

**Audited Financial Statements**

**September 30, 2015**

*Audited by*

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

**Pendleton Senior & Family Services, Inc.**  
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# Williams & Associates, A.C.

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

*Certified Public Accountant*

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

## INDEPENDENT AUDITOR'S REPORT

Pendleton Senior and Family Services, Inc.  
PO Box 9  
231 Mill Road  
Franklin, WV 26807

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Pendleton Senior and Family Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of September 30, 2015, 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 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 Pendleton Senior and Family Services, Inc. as of September 30, 2015, 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 schedules of activities by program and expenditures of federal and 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 22, 2016, on our consideration of Pendleton Senior and 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 and Family Services, Inc.'s internal control over financial reporting and compliance.

*Williams & Associates, A.C.*

Elkins, West Virginia  
June 22, 2016

**Pendleton Senior & Family Services, Inc.**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2014 & 2015**

	<u>2014</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Equivalents	\$ 78,968	\$ 140,715
Accounts Receivable	77,966	90,797
Grants Receivable	41,309	35,314
Prepaid Expenses	2,695	1,566
Inventory	10,640	8,877
Total Current Assets	<u>211,578</u>	<u>277,269</u>
<b>Fixed Assets</b>		
Buildings & Equipment	2,066,316	2,042,465
Accumulated Depreciation	<u>(1,066,106)</u>	<u>(1,107,037)</u>
Fixed Assets, net	<u>1,000,210</u>	<u>935,428</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,211,788</u>	<u>\$ 1,212,697</u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 10,518	\$ 3,582
Payroll Tax Liabilities	3,074	4,053
Accrued Wages	52,757	54,178
Deferred Compensation	10,834	17,000
Due on Settlement Claim	-	2,000
Total Current Liabilities	<u>77,183</u>	<u>80,813</u>
<b>Long-Term Liabilities</b>		
OPEB Liability	181,874	192,622
Total Long-Term Liabilities	<u>181,874</u>	<u>192,622</u>
Total Liabilities	<u>259,057</u>	<u>273,435</u>
<b>Net Assets</b>		
Net Assets, Unrestricted	952,731	939,262
Total Net Assets	<u>952,731</u>	<u>939,262</u>
<b>LIABILITIES &amp; NET ASSETS</b>	<u>\$ 1,211,788</u>	<u>\$ 1,212,697</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, 2014 & 2015**

	<u>2014</u>	<u>2015</u>
<b>REVENUE &amp; SUPPORT</b>		
Grant Revenues:		
Federal	\$ 66,420	\$ 31,867
State	167,828	144,470
Nutrition	100,407	98,343
LIFE	189,382	190,313
Program Service Fees	367,978	439,109
Project Income	52,696	57,407
Interest & Dividends	28	57
Contributions	7,787	8,191
Fundraising	-	2,645
Match	-	-
Net Gain(Loss) on Disposal of Assets	3,018	-
Other Income	45	-
<b>TOTAL REVENUE &amp; SUPPORT</b>	<u>955,589</u>	<u>972,402</u>
<b>EXPENSES</b>		
Program Service Expenses	616,923	644,600
Management and General	339,202	341,271
<b>TOTAL EXPENSES</b>	<u>956,125</u>	<u>985,871</u>
<b>INCREASE(DECREASE) IN NET ASSETS</b>	(536)	(13,469)
<b>NET ASSETS, Beginning of Year</b>	<u>953,267</u>	<u>952,731</u>
<b>NET ASSETS, End of Year</b>	<u><u>\$ 952,731</u></u>	<u><u>\$ 939,262</u></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, 2015**

	<u>2014</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase(Decrease) in Net Assets	\$ (536)	\$ (13,469)
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	71,146	69,743
(Increase)Decrease in Accounts Receivable	26,061	(12,831)
(Increase)Decrease in Grants Receivable	15,419	5,995
(Increase)Decrease in Prepaid Expenses	8,804	1,129
(Increase)Decrease in Other Current Assets	(1,204)	1,763
Increase(Decrease) in Accounts Payable	(9,201)	(6,936)
Increase(Decrease) in Payroll Tax Liabilities	(1,933)	979
Increase(Decrease) in Accrued Wages	(5,297)	1,421
Increase(Decrease) in Deferred Compensation	(5,053)	6,166
Increase(Decrease) in OPEB Liability	5,766	10,748
Increase(Decrease) in Due on Settlement Claim	-	2,000
Net cash provided(used) by operating activities	<u>103,972</u>	<u>66,708</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchases of Fixed Assets	<u>(52,947)</u>	<u>(4,961)</u>
Net Cash provided(used) by financing activities	<u>(52,947)</u>	<u>(4,961)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Line of Credit Proceeds	14,000	-
Line of Credit Payments	<u>(39,000)</u>	<u>-</u>
Net Cash provided(used) by investing activities	<u>(25,000)</u>	<u>-</u>
Increase(Decrease) in Cash	26,025	61,747
Cash Balance, Beginning of Year	<u>52,943</u>	<u>78,968</u>
Cash Balance, End of Year	<u><u>\$ 78,968</u></u>	<u><u>\$ 140,715</u></u>

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

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**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, 2015.

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 the prior three years remain subject to examination by the Internal Revenue Service.

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**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, 2015, 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, 2015, 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, 2015**

**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, 2015.

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 III-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, 2015 were \$464,993.

**Note 2. Accounts and Grants Receivable**

Accounts receivable consisted of the following at September 30, 2015:

WV DHHR	\$	56,174
Veterans Administration		33,901
Tiny Toys Daycare – Meals Served		460
Sliding Fee Clients – Homemaker Services		262
	<b>\$</b>	<b>90,797</b>

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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

Grants receivable consisted of the following at September 30, 2015:

LIFE	\$	14,653
FAIR/Lighthouse		13,105
Title III-B		4,556
MIPPA		<u>3,000</u>
	\$	<u>35,314</u>

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30, 2015:

Land	\$	62,500
Buildings & Improvements		1,471,686
Equipment		<u>508,279</u>
Total Fixed Assets		2,042,465
Less accumulated depreciation		<u>(1,107,037)</u>
Net property and equipment	\$	<u>935,428</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 \$13,686 and is included in payroll & benefits 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, 2015, all deposits were fully insured by the FDIC.

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**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. Advertising costs for the year ended September 30, 2015 was \$872.

**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, 2015, the amount actually contributed to the plan and changes in the Agency's net OPEB obligations.

Annual Required Contributions (ARC)	\$ 17,945
Adjustments	<u>0</u>
Annual OPEB cost	\$ 17,945
Contributions made	<u>(7,197)</u>
Increase in OPEB liability	\$ 10,748
OPEB Liability, 10/1/14	<u>\$181,874</u>
OPEB Liability, 9/30/15	<u>\$192,622</u>

**Pendleton Senior & Family Services, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**Note 9. Support Concentration**

Pendleton Senior & Family Services, Inc. receives about 48% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 45% 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, 2015. The outstanding balance on this line of credit as of September 30, 2015 was \$0.

**Note 13. Transportation Grants**

The Organization has previously been 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 did not receive a grant during the fiscal year.

**Note 14. Due on Settlement Claim**

During the year, Pendleton Senior & Family Services settled an alleged age discrimination case filed by an employee. The settlement was negotiated without a court hearing. The settlement amount was \$16,000 and as of September 30, 2015, \$14,000 had been paid. The remaining \$2,000 balance was paid by December 31, 2015.

**Pendleton Senior & Family Services, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2015**

	PROGRAM SERVICES							Management and General	TOTAL
	III-B	III-C	III-E	SHIP/SHINE/ MIPPA	LIFE	Other Programs	Total Programs		
<b>Revenue &amp; Support</b>									
Federal Revenue	26,841		5,026				31,867		31,867
Nutrition Revenue		98,343					98,343		98,343
State Revenue	13,055			7,750		123,665	144,470		144,470
LIFE Revenue (2014-15)					129,981		129,981		129,981
LIFE Revenue (2015-16)					60,332		60,332		60,332
Program Service Fees					838	438,271	439,109		439,109
Project Income	3,742	45,550			8,115		57,407		57,407
Contributions						8,191	8,191		8,191
Interest Income						57	57		57
Fundraising Income						2,645	2,645		2,645
<b>Total Revenue &amp; Support</b>	<b>43,638</b>	<b>45,550</b>	<b>5,026</b>	<b>7,750</b>	<b>199,266</b>	<b>572,829</b>	<b>972,402</b>	<b>-</b>	<b>972,402</b>
<b>Expenses</b>									
Payroll & Benefits	14,194	68,282		7,433	41,903	399,365	531,177	167,897	699,074
Communications & Utilities							-	36,419	36,419
Food & Disposables		50,485					50,485		50,485
Transportation					19,871		19,871		19,871
Equipment & Repairs							-	12,761	12,761
Office Supplies		1,883	345			1,307	3,535	9,990	13,525
Travel & Training						3,575	3,575	3,856	7,431
Depreciation							-	69,743	69,743
Professional Fees							-	7,039	7,039
Training						3,961	3,961	-	3,961
Insurance							-	11,462	11,462
Other Expenses	10,416	11,972	5,026			5,178	32,592	21,508	54,100
Indirect Expenses	24,066	17,384	1,330	-	110,696	187,199	340,675	(340,675)	-
<b>Total Expenses</b>	<b>48,676</b>	<b>150,006</b>	<b>6,701</b>	<b>7,433</b>	<b>172,470</b>	<b>600,585</b>	<b>985,871</b>	<b>-</b>	<b>985,871</b>
<b>Change in Net Assets</b>	<b>\$ (5,038)</b>	<b>\$ (104,456)</b>	<b>\$ (1,675)</b>	<b>\$ 317</b>	<b>\$ 26,796</b>	<b>\$ (27,756)</b>	<b>\$ (13,469)</b>	<b>\$ -</b>	<b>\$ (13,469)</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, 2015**

	<b>Grant Identification Number</b>	<b>Expenditures</b>
<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	93.052	5,026
Special Programs for the Aging Title III Part E		
National Family Caregiver Support		
Administration on Aging	93.045	98,343
Special Programs for othe Aging Title III Part C		
Nutrition Services (includes expenditures of state awards)		
<i>Total Expenditures of Federal Awards</i>		\$ 130,210
<b>STATE:</b>		
LIFE	7/1/14-6/30/15	2015
LIFE	7/1/15-6/30/16	2016
Lighthouse	7/1/14-6/30/15	2015
Lighthouse	7/1/15-6/30/16	2016
FAIR	7/1/14-6/30/15	2015
FAIR	7/1/15-6/30/16	2016
Community Partnership		
III-B		
MIPPA & SHIP		
<i>Total Expenditures of State Awards</i>		\$ 334,783
<b>TOTAL EXPENDITURES OF FEDERAL &amp; STATE AWARDS</b>		<b>\$ 464,993</b>

The notes are an integral part of these financial statements.

# Williams & Associates, A.C.

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

Certified Public Accountant

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

## **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  
Pendleton Senior & Family Services, Inc.  
Franklin, West Virginia

We have audited the financial statements of the Pendleton Senior & Family Services, Inc. (a non-profit organization) as of and for the year ended September 30, 2015, and have issued a report thereon dated June 22, 2016. 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 Pendleton Senior & Family Services, 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 my 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 Pendleton Senior & Family Services, Inc., in a separate letter dated June 22, 2016, and included in this audit report on page 16.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pendleton Senior & Family Services, 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 to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Pendleton Senior & Family Services, Inc., in a separate letter dated June 22, 2016, 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

June 22, 2016

# Williams & Associates, A.C.

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

Certified Public Accountant

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

## MANAGEMENT LETTER

Pendleton Senior and Family Services, Inc.  
PO Box 9  
231 Mill Road  
Franklin, WV 26807

Our audit on the financial statements of Pendleton Senior and Family Services, Inc., for the year ended September 30, 2015, 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 and 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 and Family Services, Inc.

*Williams & Associates, A.C.*

Elkins, West Virginia  
June 22, 2016