

Webster County Commission of Senior Citizens, Inc.

Audited Financial Statements

September 30, 2009

Audited by

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

Webster County Commission of Senior Citizens, Inc.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Webster County Commission of Senior Citizens, Inc.
148 Court Square
Webster Springs, West Virginia 26288

I have audited the accompanying statement of financial position of the Webster County Commission of Senior Citizens, Inc. as of September 30, 2009 and September 30, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Webster County Commission of Senior Citizens, Inc. as of September 30, 2009 and September 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2010 on my consideration of the Webster County Commission of Senior Citizens, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Williams & Associates, A.C.
Williams & Associates, A.C.
June 28, 2010

Webster County Commission of Senior Citizens, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2008 and 2009

	2008	2009
ASSETS		
Current Assets		
Cash & Equivalents	\$ 181,500	\$ 215,869
Accounts Receivable	78,383	101,870
Grants Receivable	75,770	67,501
Prepaid Expenses	9,660	9,413
Other Current Assets	7,001	6,948
Total Current Assets	352,314	401,601
 Fixed Assets		
Buildings & Equipment	512,614	574,750
Accumulated Depreciation	(361,253)	(383,788)
Fixed Assets, net	151,361	190,962
 TOTAL ASSETS	 \$ 503,675	 \$ 592,563
 LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 16,064	\$ 19,536
Payroll Tax Liabilities	5,574	5,644
Accrued Wages	15,201	36,535
Deferred Compensation	17,284	15,620
Due to Grantor	-	969
Total Current Liabilities	54,123	78,304
TOTAL LIABILITIES	54,123	78,304
 Net Assets		
Net Assets, Unrestricted	449,552	514,259
Total Net Assets	449,552	514,259
 LIABILITIES & NET ASSETS	 \$ 503,675	 \$ 592,563

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

See Independent Auditor's Report.

Webster County Commission of Senior Citizens, Inc.
STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2008 and 2009

	<u>2008</u>	<u>2009</u>
REVENUE & SUPPORT		
Grant Revenues:		
Federal	\$ 76,588	\$ 224,192
NSIP	44,155	151
State	7,224	143,970
LIFE	302,855	151,608
Other State	216,939	-
Program Services	910,813	1,025,161
Project Income	40,347	50,178
Rental Income	700	-
Interest & Dividends	8	11
Contributions	4,799	748
Fundraising	2,222	12,702
Other Income	2,774	9,998
TOTAL REVENUE & SUPPORT	<u>1,609,424</u>	<u>1,618,719</u>
EXPENSES		
Program Service Expenses	1,447,286	1,554,012
Management & General	14,621	-
TOTAL EXPENSES	<u>1,461,907</u>	<u>1,554,012</u>
INCREASE(DECREASE) IN NET ASSETS	147,517	64,707
NET ASSETS, Beginning of Year	<u>302,035</u>	<u>449,552</u>
NET ASSETS, End of Year	<u>\$ 449,552</u>	<u>\$ 514,259</u>

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

See Independent Auditor's Report.

Webster County Commission of Senior Citizens, Inc.
STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2008 and 2009

	2008	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(Decrease) in Net Assets	\$ 147,517	64,707
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	12,740	22,536
(Increase)Decrease in Accounts Receivable	(6,066)	(23,487)
(Increase)Decrease in Grants Receivable	(30,247)	8,269
(Increase)Decrease in Prepaid Expenses	8,030	248
(Increase)Decrease in Other Current Assets	1,805	52
Increase(Decrease) in Accounts Payable	2,727	3,472
Increase(Decrease) in Payroll Tax Liabilities	(3,482)	70
Increase(Decrease) in Accrued Wages	(9,052)	21,334
Increase(Decrease) in Deferred Compensation	690	1,664
Increase(Decrease) in Due to Grantor	-	969
Net cash provided(used) by operating activities	124,662	99,834
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of Fixed Assets	-	(62,136)
Sales of Fixed Assets	-	(3,329)
Net Cash provided(used) by investing activities	-	(65,465)
Increase(Decrease) in Cash	124,662	34,369
Cash Balance, Beginning of Year	56,838	181,500
Cash Balance, End of Year	\$ 181,500	\$ 215,869

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

See Independent Auditor's Report.

Webster County Commission of Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies

The Webster County Commission of Senior Citizens, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Webster County, West Virginia. The purpose of the Organization is to study and document the needs of the seniors; to encourage, promote and aid in the establishment of programs for the seniors; to conduct programs of public education on the problems of aging; to utilize opportunities to establish demonstration programs; and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the Webster County Commission of Senior Citizens, Inc., is presented to assist in understanding the Organization's financial statements.

Basis of Accounting

The financial statements of the Webster County Commission of Senior Citizens, Inc., have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

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.

Webster County Commission of Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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. In addition, the Organization uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of September 30, 2009, all accounts receivable are deemed collectible.

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine collectibility of grants receivable. As of September 30, 2009, all grants receivable are deemed collectible.

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 have approval from the grantor agency to dispose of such equipment and the method of disposition. The Organization has adopted a capitalization policy in the amount of \$500.

Investments

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

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at lower of cost or market (first-in, first-out basis).

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

Webster County Commission of Senior Citizens, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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, but 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.

Donated Facilities

The Webster County Commission of Senior Citizens, Inc.'s facilities are owned by the Webster County Commission. Since recent appraisals are not available, a fair rental value could not be reasonably calculated and recorded as donated services and rent expense in these financial statements.

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 specific function but provide for the overall support and direction of the organization.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2009 were \$59.

Webster County Commission of Senior Citizens, Inc.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

Note 2. Accounts and Grants Receivable

Accounts receivable consisted of the following at September 30, 2009:

WV DHHR	\$ 101,870
	\$ 101,870

Grants receivable consisted of the following at September 30, 2009:

LIFE	\$ 40,346
Lighthouse	15,516
FAIR	7,588
Title III-B	1,883
Transportation	2,168
	\$ 67,501

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30, 2009:

Land	\$ 1,000
Buildings & Improvements	240,870
Vehicles	209,796
Equipment	123,084
Total Fixed Assets	574,750
Less accumulated depreciation	(383,788)
Net property and equipment	\$ 190,962

Note 4. Support Concentration

The Webster County Commission of Senior Citizens, Inc. receives about 31% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 60% 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.

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Webster County Commission of Senior Citizens, Inc.
Webster Springs, West Virginia

My report on my audit of the basic financial statements of the Webster County Commission of Senior Citizens, Inc., for the year ended September 30, 2009, appears on page one (1). I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of activities by program and the schedule of expenditures of state awards are presented for purposes of additional analysis and is not a required part of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams & Associates, A.C.
Elkins, West Virginia
June 28, 2010

Webster County Commission of Senior Citizens, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2009

III-C

	III-B/ Asst Trans	Congregate	Home Delivered	III-D	SHIP	III-E	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs
Revenue & Support											
Federal Revenue	\$ 27,606	\$ 62,397	\$ 97,884	\$ 1,007		\$ 6,114	\$ -	\$ -		\$ 29,184	\$ 224,192
NSIP Revenue		151									151
State Revenue	28,023				6,000	38,864		151,608	70987	96	143,970
LIFE Revenue (2008-09)											
LIFE Revenue (2009-10)											151,608
Program Service Fees							1,025,161				
Project Income	4,898	21,129	17,300			2,578		846	3,427		1,025,161
Contributions										748	50,178
Fundraising		192								12,510	748
Rent Income											12,702
Interest Income											
Other Income										11	11
Total Revenue & Support	60,527	83,869	115,184	1,007	6,000	47,556	1,025,773	152,454	74,414	51,935	1,618,719
Expenses											
Payroll & Benefits	74,136	132,880			11,580	35,879	937,249	55,589	41,664		1,288,977
Communications & Utilities	3,144	5,578	5,558				8,717				22,997
Food & Disposables		45,864	45,867								91,731
Transportation			11,016								11,016
Equipment & Repairs	8,374						14,261	1,668			24,303
Office Supplies		99	98	58			12,580				12,835
Travel & Training							6,964	2,621	56		11,336
Depreciation	1,695		14,143				8,393				22,536
Professional Fees							27,542				27,542
Advertising							59				59
Taxes & Licenses							932				932
Insurance							18,823				18,823
Donations							1,000			113	1,113
Fundraising Expense										53	53
Other Expenses	7,582	2,032	2,032	986			5,218	782		1,127	19,759
Total Expenses	94,931	186,453	78,714	1,044	11,580	35,879	1,041,738	60,660	41,720	1,293	1,554,012
Change in Net Assets	\$ (34,404)	\$ (102,584)	\$ 36,470	\$ (37)	\$ (5,580)	\$ 11,677	\$ (15,965)	\$ 91,794	\$ 32,694	\$ 50,642	\$ 64,707

The notes are an integral part of these financial statements.

See Independent Auditor's Report.

Webster County Commission of Senior Citizens, Inc.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended September 30, 2009

		Grant Identification Number			State Expenditures
Pass through Awards:					
Appalachian Area Agency on Aging					
	<u>Period Covered</u>				
III B State	10/1/08-6/30/09	2009	\$		17,288
LIFE	10/1/08-6/30/09	2009			88,333
LIFE	7/1/09-9/30/09	2010			63,275
Lighthouse	10/1/08-6/30/09	2009			49,171
Lighthouse	7/1/09-9/30/09	2010			21,816
FAIR	10/1/08-6/30/09	2009			26,824
FAIR	7/1/09-9/30/09	2010			12,040
Transportation	10/1/08-6/30/09	2009			7,320
Transportation	7/1/09-9/30/09	2010			3,415
Total pass-through awards				\$	<u>289,482</u>
TOTAL EXPENDITURES OF STATE AWARDS				\$	<u><u>289,482</u></u>

The notes are an integral part of these financial statements.

See Independent Auditor's Report.

Williams & Associates, A.C.

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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
Webster County Commission of Senior Citizens, Inc.
Webster Springs, West Virginia 26288

I have audited the financial statements of The Webster County Commission of Senior Citizens, Inc., (a non-profit organization) as of and for the year ended September 30, 2009 and have issued my reports thereon dated June 28, 2010. I conducted my 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 Webster County Commission of Senior Citizens, Inc.'s financial statements are free of material misstatement, I 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance, which we have reported to management of The Webster County Commission of Senior Citizens, Inc., in a separate letter dated June 28, 2010, and included in this audit report on page 14.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered The Webster County Commission of Senior Citizens, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting that its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of The Webster County Commission of Senior Citizens, Inc., in a separate letter dated June 28, 2010, and included in this audit report on page 14.

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 28, 2010

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REPORT ON SELECTED COMPLIANCE REQUIREMENTS OF THE WEST VIRGINIA BUREAU OF SENIOR SERVICES

To the Board of Directors
The Webster County Commission of Senior Citizens, Inc.
Elkins, West Virginia

I have audited the financial statements of The Webster County Commission of Senior Citizens, Inc. (a non-profit organization) as of and for the year ended September 30, 2009 and September 30, 2008 and have issued my report thereon dated June 28, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether The Webster County Commission of Senior Citizens, Inc.'s financial statements are free of material misstatement, I performed tests of certain compliance requirements per the directive of the West Virginia Bureau of Senior Services. Providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. However, the results of my tests disclosed no instances of noncompliance that are required to be reported under the directive of the West Virginia Bureau of Senior Services.

This report is intended for the information of the Board of Directors, management and the granting agencies and it not intended to be and should not be used by anyone other than those specified parties.

Williams & Associates, A.C.
Williams & Associates, A.C.
June 28, 2010

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MANAGEMENT LETTER

To the Board of Directors
The Webster County Commission of Senior Citizens, Inc.
Elkins, West Virginia

My audit of the financial statements of the Webster County Commission of Senior Citizens, Inc., for the year ended September 30, 2009, highlighted areas where I would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since my 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 my audit I noted that, although more than two people perform most of the accounting and financial duties, many aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the Webster County Commission of Senior Citizens, Inc. I recognize that the Organization is not large enough to make employment of additional staff for the purpose of segregating duties practicable from a financial standpoint, but I am required under my professional responsibilities to describe the situation.

After you have had the opportunity to review these comments and recommendations, I would be pleased to discuss those points that you desire. I would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve the Webster County Commission of Senior Citizens, Inc.

Williams & Associates, A.C.
Elkins, West Virginia
June 28, 2010