

**Webster County Commission of Senior Citizens, Inc.**

**Audited Financial Statements**

**September 30, 2010**

*Audited by*

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

**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, 2010 and September 30, 2009 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, 2010 and September 30, 2009 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, 2011 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, 2011

**Webster County Commission of Senior Citizens, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2009 and 2010**

	<u>2009</u>	<u>2010</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Equivalents	\$ 215,869	\$ 259,847
Accounts Receivable	101,870	85,322
Grants Receivable	67,501	76,823
Prepaid Expenses	9,413	22,830
Other Current Assets	<u>6,948</u>	<u>6,064</u>
Total Current Assets	401,601	450,886
 <b>Fixed Assets</b>		
Buildings & Equipment	574,750	610,996
Accumulated Depreciation	<u>(383,788)</u>	<u>(408,905)</u>
Fixed Assets, net	<u>190,962</u>	<u>202,091</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 592,563</u></u>	 <u><u>\$ 652,977</u></u>
 <b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 19,536	\$ 12,489
Payroll Tax Liabilities	5,644	6,867
Accrued Wages	36,535	44,846
Deferred Compensation	15,620	17,595
Due to Grantor	<u>969</u>	<u>-</u>
Total Current Liabilities	<u>78,304</u>	<u>81,797</u>
<b>TOTAL LIABILITIES</b>	78,304	81,797
 <b>Net Assets</b>		
Net Assets, Unrestricted	<u>514,259</u>	<u>571,180</u>
Total Net Assets	<u>514,259</u>	<u>571,180</u>
 <b>LIABILITIES &amp; NET ASSETS</b>	 <u><u>\$ 592,563</u></u>	 <u><u>\$ 652,977</u></u>

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

**Webster County Commission of Senior Citizens, Inc.**  
**STATEMENT OF ACTIVITIES**  
**For the Years Ended September 30, 2009 and 2010**

	<u>2009</u>	<u>2010</u>
<b>REVENUE &amp; SUPPORT</b>		
Grant Revenues:		
Federal	\$ 224,192	\$ 196,888
NSIP	151	-
State	143,970	218,822
LIFE	151,608	166,949
Program Services	1,025,161	933,936
Project Income	50,178	49,755
Interest & Dividends	11	13
Contributions	748	355
Fundraising	12,702	1,998
Other Income	9,998	15,948
<b>TOTAL REVENUE &amp; SUPPORT</b>	<u>1,618,719</u>	<u>1,584,664</u>
<b>EXPENSES</b>		
Program Service Expenses	1,554,012	1,527,743
Management & General	-	-
<b>TOTAL EXPENSES</b>	<u>1,554,012</u>	<u>1,527,743</u>
<b>INCREASE(DECREASE) IN NET ASSETS</b>	64,707	56,921
<b>NET ASSETS, Beginning of Year</b>	<u>449,552</u>	<u>514,259</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 514,259</u>	<u>\$ 571,180</u>

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

**Webster County Commission of Senior Citizens, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended September 30, 2009 and 2010**

	<b>2009</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase(Decrease) in Net Assets	\$ 64,707	\$ 56,921
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation	22,536	25,117
(Increase)Decrease in Accounts Receivable	(23,487)	16,548
(Increase)Decrease in Grants Receivable	8,269	(9,322)
(Increase)Decrease in Prepaid Expenses	248	(13,417)
(Increase)Decrease in Other Current Assets	52	884
Increase(Decrease) in Accounts Payable	3,472	(361)
Increase(Decrease) in Payroll Tax Liabilities	70	(5,463)
Increase(Decrease) in Accrued Wages	21,334	8,311
Increase(Decrease) in Deferred Compensation	1,664	1,975
Increase(Decrease) in Due to Grantor	969	(969)
Net cash provided(used) by operating activities	99,834	80,224
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchases of Fixed Assets	(62,136)	(36,246)
Disposals of Fixed Assets	(3,329)	-
Net Cash provided(used) by investing activities	(65,465)	(36,246)
Increase(Decrease) in Cash	34,369	43,978
Cash Balance, Beginning of Year	181,500	215,869
Cash Balance, End of Year	\$ 215,869	\$ 259,847

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

Webster County Commission of Senior Citizens, Inc.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**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, 2010

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, 2010, 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, 2010, 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, 2010

#### 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, 2010 were \$40.

Webster County Commission of Senior Citizens, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010

**Note 2. Accounts and Grants Receivable**

Accounts receivable consisted of the following at September 30, 2010:

Medicaid Waiver/Continuum of Care	\$	75,968
Veterans Administration		<u>9,354</u>
	\$	<u><u>85,322</u></u>

Grants receivable consisted of the following at September 30, 2010:

LIFE	\$	37,615
Lighthouse		15,544
FAIR		10,290
Title III-C		10,432
Title III-D		1,007
Title III-E Respite		<u>1,935</u>
	\$	<u><u>76,823</u></u>

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30, 2010:

Land	\$	1,000
Buildings & Improvements		240,870
Vehicles		246,042
Equipment		<u>123,084</u>
Total Fixed Assets		610,996
Less accumulated depreciation		<u>( 408,905)</u>
Net property and equipment	\$	<u><u>202,091</u></u>

**Note 4. Support Concentration**

The Webster County Commission of Senior Citizens, Inc. receives about 37% of its total support from various grants from federal and state government. Additionally, the Organization receives approximately 55% 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, 2010, 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, 2011

**Webster County Commission of Senior Citizens, Inc.**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**For the Year Ended September 30, 2010**

	III-B/ Asst Trans	III-C	III-D	SHIP	III-E	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs
<b>Revenue &amp; Support</b>										
Federal Revenue	\$ 27,606	\$ 148,689	\$ 744	\$ 11,300	\$ 6,114				\$ 2,435	\$ 196,888
State Revenue	17,288	6,701			1,935		118,492	146317	46,581	218,822
LIFE Revenue (2009-10)							48,457			118,492
LIFE Revenue (2010-11)						\$ 875,110				48,457
Program Service Fees							922	9,428	58,826	933,936
Project Income	2,650	36,011							744	49,755
Contributions									355	355
Fundraising									1,998	1,998
Interest Income									13	13
Other Income	4,869		178		2,683	4,053			4,165	15,948
<b>Total Revenue &amp; Support</b>	<b>52,413</b>	<b>191,401</b>	<b>922</b>	<b>11,300</b>	<b>10,732</b>	<b>879,163</b>	<b>167,871</b>	<b>155,745</b>	<b>115,117</b>	<b>1,584,664</b>
<b>Expenses</b>										
Payroll & Benefits	64,944	133,188		12,803	7,520	877,546	52,970	86,524	37,071	1,272,566
Communications & Utilities	3,251	12,848				6,761				22,860
Food & Disposables		90,726								90,726
Transportation		13,380								13,380
Equipment & Repairs	9,819	317				4,736				14,872
Office Supplies						11,442				11,442
Travel & Training	2,849			53		2,597	3,260	49		8,808
Depreciation						25,117				25,117
Professional Fees						27,500				27,500
Advertising						40				40
Taxes & Licenses		565				225				790
Insurance						13,331				13,331
Donations									50	50
Fundraising Expense	4,869		178		2,683					7,730
Rent In-Kind										-
Other Expenses	7,622	968				9,071			870	18,531
<b>Total Expenses</b>	<b>93,354</b>	<b>251,992</b>	<b>178</b>	<b>12,856</b>	<b>10,203</b>	<b>978,366</b>	<b>56,230</b>	<b>86,573</b>	<b>37,991</b>	<b>1,527,743</b>
<b>Change in Net Assets</b>	<b>\$ (40,941)</b>	<b>\$ (60,591)</b>	<b>\$ 744</b>	<b>\$ (1,556)</b>	<b>\$ 529</b>	<b>\$ (99,203)</b>	<b>\$ 111,641</b>	<b>\$ 69,172</b>	<b>\$ 77,126</b>	<b>\$ 56,921</b>

The notes are an integral part of these financial statements.

**Webster County Commission of Senior Citizens, Inc.**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Fiscal Year Ended September 30, 2010**

		<u>Grant Identification Number</u>	<u>State Expenditures</u>
<b>Pass through Awards:</b>			
<b>Appalachian Area Agency on Aging</b>			
	<u>Period Covered</u>		
LIFE	10/1/09-6/30/10	2009	118,492
LIFE	7/1/10-9/30/10	2010	48,457
Lighthouse	10/1/09-6/30/10	2009	71,334
Lighthouse	7/1/10-9/30/10	2010	23,520
FAIR	10/1/09-6/30/10	2009	35,742
FAIR	7/1/10-9/30/10	2010	15,383
Transportation	10/1/09-6/30/10	2009	9,081
Transportation	7/1/10-9/30/10	2010	-
			-
Total pass-through awards			\$ 322,009
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ 322,009</b>

The notes are an integral part of these financial statements.



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, 2011, 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, 2011



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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, 2010 and September 30, 2009 and have issued my report thereon dated June 28, 2011. 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.*

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June 28, 2011

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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, 2010, 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, 2011