

**THE SENIOR MONONGALIANS, INC.**

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

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**SEPTEMBER 30, 2011 AND 2010**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
The Senior Monongalians, Inc.  
Morgantown, West Virginia

We have audited the accompanying statement of financial position of The Senior Monongalians, Inc. (a nonprofit organization) as of September 30, 2011 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of The Senior Monongalians, Inc. as of September 30, 2010 were audited by other auditor's whose report dated April 12, 2011, expressed an unqualified opinion on those statements.

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. Those standards require that we 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Senior Monongalians, Inc. as of September 30, 2011, 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*, we have also issued our report dated March 14, 2012, on our consideration of The Senior Monongalians, 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal awards and schedule of state awards and other assistance 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.

*Tetrick, Bartlett, PLLC*

March 14, 2012

**THE SENIOR MONONGALLIANS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30,**

	2011	2010
<b>ASSETS</b>		
Cash and cash equivalents	\$ 42,056	\$ 24,227
Receivables	109,694	99,950
Prepaid expenses	<u>10,747</u>	<u>6,167</u>
Total current assets	162,497	130,344
Capital assets, net	<u>102,632</u>	<u>114,633</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>265,129</u></b>	<b>\$ <u>244,977</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 19,100	\$ 24,580
Accrued payroll and payroll liabilities	51,480	37,798
Accrued compensated absences	<u>16,615</u>	<u>14,579</u>
Total liabilities	<u>87,195</u>	<u>76,957</u>
<b>Net Assets</b>		
Temporarily restricted	3,500	3,050
Unrestricted	<u>174,434</u>	<u>164,970</u>
Total net assets	<u>177,934</u>	<u>168,020</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>265,129</u></b>	<b>\$ <u>244,977</u></b>

The accompanying independent auditor's report and notes are integral parts of these statements.

**THE SENIOR MONONGALIANS, INC.**  
**STATEMENTS OF ACTIVITY**  
**FOR THE YEARS ENDED SEPTEMBER 30,**

	2011	2010
<b>Revenue and Support</b>		
State grants	\$ 628,434	\$ 551,841
Fees for service	266,961	349,582
Federal grants	188,663	259,158
Local grants	112,500	82,500
Program income	79,376	77,397
Fundraising	19,559	22,846
Gain on disposal of asset	3,487	7,509
Other income	<u>1,320</u>	<u>1,454</u>
Total revenue and support	<u>1,300,300</u>	<u>1,352,287</u>
 <b>Operating Expenses</b>		
Program	1,274,440	1,289,982
Management and general	10,746	3,406
Fundraising	<u>5,650</u>	<u>12,695</u>
Total operating expenses	<u>1,290,836</u>	<u>1,306,083</u>
 Change in unrestricted net assets	 9,464	 46,204
 <b>Temporarily Restricted Net Assets</b>		
Grants received	 <u>450</u>	 <u>3,050</u>
 Change in net assets	 9,914	 49,254
 Net assets – beginning	 <u>168,020</u>	 <u>118,766</u>
 Net assets – ending	 \$ <u>177,934</u>	 \$ <u>168,020</u>

The accompanying independent auditor's report and notes are integral parts of these statements.

**THE SENIOR MONONGALIANS, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Programs													Total Programs	Management and General	Fundraising	Total Expenses	
	Elder Abuse	Ship	Community Care	Medicaid	Title III-B	Title III-E	Title III-D	Title III-C	Life	Community Partnership	Lighthouse	Fair	Other Programs					
Salaries and related expenses	\$ -0-	\$ 5,074	\$ 3,589	\$ 221,251	\$ 36,312	\$ 28,985	\$ 2,611	\$ 72,125	\$ 92,929	\$ -0-	\$ 122,332	\$ 89,684	\$ -0-	\$ 674,892	\$ 93,733	\$ -0-	\$ 768,625	
Supplies	-0-	-0-	6	223	-0-	3	-0-	71,107	-0-	297	154	73	-0-	71,863	83	1,002	72,948	
Contract labor	-0-	-0-	-0-	-0-	48,908	-0-	-0-	-0-	31,800	10,770	-0-	-0-	-0-	91,478	10,953	-0-	102,431	
Payroll taxes	-0-	482	320	19,691	2,973	2,541	199	6,210	7,651	-0-	10,924	8,109	-0-	59,100	7,892	-0-	66,992	
Rent	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	66	55	-0-	773	42,983	-0-	43,756
Utilities and communications	-0-	-0-	2	95	150	16	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	29,283	
Medical insurance	-0-	11	142	6,465	2,082	1,269	139	2,216	4,857	6	3,741	2,509	10	23,448	5,835	-0-	29,283	
Professional fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,745	
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	12,180	-0-	-0-	-0-	-0-	-0-	12,180	19,666	-0-	31,846	
Other insurance	-0-	14	177	8,045	2,591	1,578	174	2,758	6,043	7	4,655	3,122	13	29,176	4,991	-0-	34,167	
Travel and training	-0-	-0-	47	6,050	961	57	-0-	30	330	-0-	6,173	1,706	-0-	15,354	-0-	-0-	15,354	
Office expense	-0-	-0-	-0-	50	-0-	1	-0-	3	-0-	3,536	27	16	-0-	3,633	3,263	-0-	6,896	
Automobile expense	-0-	-0-	-0-	33	3,609	1	-0-	3,330	2,618	-0-	6	6	-0-	9,603	-0-	-0-	9,603	
Repairs and maintenance	-0-	-0-	-0-	3	-0-	-0-	-0-	1,742	-0-	4,868	-0-	-0-	-0-	6,613	5,875	-0-	12,488	
Printing and reproduction	241	-0-	7	402	1,350	20	-0-	79	-0-	-0-	605	124	-0-	2,828	188	-0-	3,016	
Pension expense	-0-	84	17	771	288	41	13	124	948	-0-	431	240	-0-	2,957	2,985	-0-	5,942	
Prizes and payouts	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,400	3,400	
Interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	33	21	-0-	-0-	-0-	-0-	54	469	-0-	523	
Dues and subscriptions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	35	-0-	-0-	-0-	-0-	-0-	35	1,249	-0-	1,284	
Equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	26	-0-	-0-	-0-	26	255	-0-	281	
Miscellaneous	677	40	-0-	162	19	20	1,034	520	1,883	584	504	62	-0-	5,505	2,800	-0-	8,305	
<b>Total</b>	<b>918</b>	<b>5,705</b>	<b>4,307</b>	<b>263,241</b>	<b>99,243</b>	<b>34,532</b>	<b>4,170</b>	<b>172,492</b>	<b>149,469</b>	<b>20,094</b>	<b>149,618</b>	<b>105,706</b>	<b>23</b>	<b>1,009,518</b>	<b>276,916</b>	<b>4,402</b>	<b>1,290,836</b>	
Indirect costs	-0-	1,581	923	68,214	27,512	9,573	1,156	47,818	41,690	-0-	39,320	27,135	-0-	264,922	(266,170)	1,248	-0-	
<b>Total expenses after allocation of indirect costs</b>	<b>\$ 918</b>	<b>\$ 7,286</b>	<b>\$ 5,230</b>	<b>\$ 331,455</b>	<b>\$ 126,755</b>	<b>\$ 44,105</b>	<b>\$ 5,326</b>	<b>\$ 220,310</b>	<b>\$ 191,159</b>	<b>\$ 20,094</b>	<b>\$ 188,938</b>	<b>\$ 132,841</b>	<b>\$ 23</b>	<b>\$ 1,274,440</b>	<b>\$ 10,746</b>	<b>\$ 5,650</b>	<b>\$ 1,290,836</b>	

The accompanying independent auditor's report and notes are integral parts of these statements.

**THE SENIOR MONONGALIANS, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Programs														Total Programs	Management and General	Fundraising	Total Expenses
	Elder Abuse	Ship	Community Care	Medicaid	Title III-B	Title III-E	Title III-D	Title III-C	Life	Community Partnership	Lighthouse	Transportation	Fair	Other Programs				
Salaries and related expenses	\$ -0-	\$ 4,734	\$ 9,051	\$ 259,968	\$ 39,344	\$ 24,538	\$ 2,684	\$ 70,683	\$ 106,332	\$ -0-	\$ 114,013	\$ 5,483	\$ 58,075	\$ 5,971	\$ 700,876	\$ 102,516	\$ -0-	\$ 803,392
Supplies	-0-	-0-	-0-	220	-0-	-0-	-0-	72,237	-0-	-0-	222	-0-	-0-	-0-	72,679	1,108	2,596	76,383
Contract labor	-0-	-0-	-0-	-0-	39,104	-0-	-0-	-0-	19,092	2,940	-0-	8,610	-0-	-0-	69,746	4,208	-0-	73,954
Payroll taxes	-0-	414	819	23,219	3,335	1,920	213	6,249	8,985	-0-	10,117	479	5,209	61,517	8,022	-0-	69,539	
Rent	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	51,420	-0-	51,420
Utilities and communications	-0-	-0-	-0-	-0-	-0-	-0-	-0-	152	533	-0-	-0-	-0-	-0-	-0-	685	38,786	-0-	39,471
Medical insurance	-0-	200	195	7,292	3,714	2,559	276	2,326	7,967	-0-	3,445	295	1,363	29,632	3,877	-0-	33,509	
Professional fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	32,923	-0-	32,923
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	12,698	-0-	-0-	-0-	-0-	-0-	-0-	12,698	19,552	-0-	32,250
Other insurance	-0-	34	228	6,533	537	236	38	1,330	7,528	-0-	2,751	174	1,386	20,877	7,295	-0-	28,172	
Travel and training	836	-0-	234	10,469	-0-	-0-	-0-	-0-	-0-	-0-	5,248	-0-	910	17,697	1,107	-0-	18,804	
Office expense	-0-	-0-	-0-	35	1,328	3	-0-	205	14	106	443	-0-	2	2,136	5,516	-0-	7,652	
Automobile expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,527	5,067	-0-	-0-	-0-	-0-	7,594	-0-	-0-	7,594	
Repairs and maintenance	-0-	-0-	-0-	35	-0-	-0-	-0-	2,480	-0-	-0-	-0-	-0-	-0-	2,515	1,922	14	4,451	
Printing and reproduction	-0-	-0-	-0-	992	32	33	-0-	-0-	-0-	-0-	343	-0-	-0-	1,400	3,024	-0-	4,424	
Pension expense	-0-	14	1	349	-0-	-0-	2	381	1,244	-0-	148	-0-	29	2,168	1,753	-0-	3,921	
Interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	156	70	-0-	-0-	-0-	17	243	1,267	889	2,399	
Dues and subscriptions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	30	308	-0-	338
Equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	30	308	-0-	338
Miscellaneous	-0-	-0-	-0-	1,034	-0-	10	1,001	635	3,166	-0-	325	-0-	36	8,197	1,280	5,635	15,112	
<b>Total</b>	<b>836</b>	<b>5,396</b>	<b>10,528</b>	<b>310,146</b>	<b>87,394</b>	<b>29,299</b>	<b>4,214</b>	<b>172,059</b>	<b>160,028</b>	<b>3,046</b>	<b>137,055</b>	<b>15,058</b>	<b>67,010</b>	<b>1,010,690</b>	<b>286,259</b>	<b>9,134</b>	<b>1,306,083</b>	
Indirect costs	261	1,414	3,350	91,094	22,903	7,678	1,106	45,090	41,895	798	39,364	3,946	18,134	279,292	(282,853)	3,561	-0-	
Total expenses after allocation of indirect costs	\$ 1,097	\$ 6,810	\$ 13,878	\$ 401,240	\$ 110,297	\$ 36,977	\$ 5,320	\$ 217,149	\$ 201,923	\$ 3,844	\$ 176,419	\$ 19,004	\$ 85,144	\$ 1,289,982	\$ 3,406	\$ 12,695	\$ 1,306,083	

The accompanying independent auditor's report and notes are integral parts of these statements.



**THE SENIOR MONONGALIANS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30,**

	2011	2010
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 9,914	\$ 49,254
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	31,846	32,250
Gain on disposal of assets	-0-	( 7,509)
(Increase) decrease in:		
Receivables	( 9,744)	(10,754)
Prepaid expenses	( 4,580)	( 2,725)
Increase (decrease) in:		
Accounts payable	( 5,480)	(64,614)
Accrued payroll and payroll liabilities	13,682	( 643)
Accrued compensated absences	<u>2,036</u>	<u>2,697</u>
Net cash provided by (used in) operating activities	<u>37,674</u>	<u>( 2,044)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of fixed assets	(19,845)	(11,876)
Proceeds from sale of fixed assets	<u>-0-</u>	<u>24,000</u>
Net cash (used in) provided by investing activities	<u>(19,845)</u>	<u>12,124</u>
<b>Cash Flows From Financing Activities</b>		
Payments on line of credit	<u>-0-</u>	(70,981)
Net cash (used in) financing activities	<u>-0-</u>	(70,981)
Net increase (decrease) in cash	17,829	(60,901)
Cash at beginning of year	<u>24,227</u>	<u>85,128</u>
Cash at end of year	\$ <u>42,056</u>	\$ <u>24,227</u>
<b>Supplemental Disclosure of Cash Flows:</b>		
Cash paid during the year for:		
Interest	\$ <u>523</u>	\$ <u>2,399</u>

The accompanying independent auditor's report and notes are integral parts of these statements.

# THE SENIOR MONONGALIANS, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### (a) Organization and Nature of Operations

The Senior Monongalians, Inc. is a West Virginia nonprofit organization whose mission is to improve the quality of life for Monongalia County senior citizens. 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 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 conducting.

The Organization's major programs consist of in-home personal care services, community care, congregate and home delivered meals and transportation services.

#### (b) Basis of Accounting and Reporting

The financial statements of the Organization are prepared on the accrual basis of accounting and accordingly reflect all receivables, payables and other accruals.

#### (c) Basis of Presentation

The financial statements are prepared in accordance with the recommendations of FASB Codification (ASC) 958-205, "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, temporarily restricted, and permanently restricted.

#### (d) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

#### (e) Income Tax Exemption

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The accompanying independent auditor's report is an integral part of these notes.

**THE SENIOR MONONGALIANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**(f) Donated Services**

Donated services are recognized as contributions in accordance with FASB Codification (ASC) 958-605, "Revenue Recognition", if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No services received by the Organization met these requirements.

**(g) Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers cash to be cash and cash equivalents. Cash on hand and deposits with banking institutions are considered cash while short-term investments with an original maturity of not more than three months are considered cash equivalents.

Investment risk is categorized as follows:

**Interest rate risk** – The risk that changes in interest rates will adversely affect the fair value of an investment.

**Credit risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**Custodial credit risk** – The risk that, in the event of the failure of the counterparty to a transaction, the Organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

**(h) Recognition of Donor Restrictions**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**(i) Compensated Absences**

Compensated absences consists of unpaid, accumulated accrued vacation time. The organization owed \$16,615 and \$14,579 at September 30, 2011 and 2010.

The accompanying independent auditor's report is an integral part of these notes.

**THE SENIOR MONONGALIANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**(j) Accounts Receivable**

Uncollectible receivables are eliminated in the fiscal period that the receivables are actually determined to be uncollectible. Management has indicated that the accounts receivable, as shown in the accompanying financial statements will be collected in full.

**(k) Line of Credit**

The Organization maintains a \$75,000 line of credit with a local bank. The line bears interest at the rate of prime plus 2%, and is secured by certain corporate assets. The balance at September 30, 2011 and 2010, was \$-0- and \$-0-.

**(l) Capital Assets**

Capital assets are recorded at cost with depreciation being calculated by the straight line method over the estimated useful lives of the assets as follows:

Equipment	5-10 years
Vehicles	5-7 years

The Organization has set a \$500 capitalization policy.

Depreciation expense amounted to \$31,846 and \$32,250 for the years ended September 30, 2011 and 2010, respectively.

## **2. Deposits and Investments**

The Organization's deposits are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2011. The categories are described as follows:

**Category 1** - Insured or collateralized with securities held by the Organization or its agent in the Organization's name.

**Category 2** - Collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

**Category 3** - Uncollateralized.

The accompanying independent auditor's report is an integral part of these notes.

**THE SENIOR MONONGALIANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**September 30, 2011**

	<u>Bank</u> <u>Balance</u>	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>
Cash	\$ <u>70,277</u>	\$ <u>70,277</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>42,056</u>

**September 30, 2010**

	<u>Bank</u> <u>Balance</u>	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>
Cash	\$ <u>24,227</u>	\$ <u>24,227</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>24,227</u>

The Organization had no investments as of September 30, 2011.

**3. Capital Assets**

Capital asset activity for the years ended September 30, 2011 and 2010 was as follows:

**2011**

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u> <u>Balance</u>
<b>Depreciable Assets</b>				
Vehicles	\$ 119,015	\$ -0-	\$ 7,888	\$ 111,127
Equipment	<u>304,314</u>	<u>19,845</u>	<u>-0-</u>	<u>324,159</u>
Total assets at historical cost	<u>423,329</u>	<u>19,845</u>	<u>7,888</u>	<u>435,286</u>
 Less: Accumulated depreciation				
Vehicles	73,642	15,623	7,888	81,377
Equipment	<u>235,054</u>	<u>16,223</u>	<u>-0-</u>	<u>251,277</u>
Total accumulated depreciation	<u>308,696</u>	<u>31,846</u>	<u>7,888</u>	<u>332,654</u>
 Total capital assets, net	 \$ <u>114,633</u>	 \$ <u>(12,001)</u>	 \$ <u>-0-</u>	 \$ <u>102,632</u>

The accompanying independent auditor's report is an integral part of these notes.

**THE SENIOR MONONGALIANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**2010**

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Reclassifications</u>	<u>Ending</u> <u>Balance</u>
<b>Depreciable Assets</b>					
Vehicles	\$ 166,278	\$ -0-	\$ 47,265	\$ -0-	\$ 119,015
Equipment	<u>292,438</u>	<u>12,789</u>	<u>911</u>	<u>-0-</u>	<u>304,314</u>
Total at historical cost	458,716	12,789	48,176	-0-	423,329
Less: Accumulated Depreciation					
Vehicles and equipment	<u>307,218</u>	<u>32,596</u>	<u>118,535</u>	<u>87,417</u>	<u>308,696</u>
Total capital assets, net	\$ <u>151,498</u>	\$ <u>(19,807)</u>	\$ <u>(70,359)</u>	\$ <u>(87,417)</u>	\$ <u>114,633</u>

**4. Lease Commitments**

The Organization has a 10 year revocable lease for office and program space. This agreement required monthly payments in the original amount of \$3,480 through December 2008 with annual increases of approximately 10% through December 2017. Rental expense for the years ended September 30, 2011 and 2010, was \$54,958 and \$49,197, respectively.

During the fiscal year ended September 30, 2009, the Organization entered into a four (4) year lease for office equipment. This lease requires monthly payments of approximately \$185 through March 2013.

Future minimum rental payments are as follows:

<u>For the Year</u> <u>Ending September 30,</u>	
2012	\$ 62,868
2013	67,683
2014	73,146
2015	79,957
2016	88,487
2017 – 2018	120,541

The accompanying independent auditor's report is an integral part of these notes.

**THE SENIOR MONONGALIANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**5. Advertising Costs**

The Organization expenses advertising costs as incurred. These costs were included in miscellaneous expense in the financial statements and amounted to \$3,089 and \$2,894 for the years ended September 30, 2011 and 2010, respectively.

**6. Pension Plan**

The Organization sponsors a defined contribution retirement plan established under section 403(b) of the Internal Revenue Code. Plan contributions are invested, at the direction of each participant, in one or more funding options available to participants under the plan. Plan contributions are held for the exclusive benefit of participants. Benefits are based solely on the amount of plan contributions to the participants' individual accounts plus any earnings. All benefits under the plan are fully funded. An eligible employee may, on a voluntary basis, begin participation in this plan on the entry date following employment and fulfillment of the following requirements: (1) the completion of one year of service (2) the attainment of age 21.

Participants may contribute up to 3% of their salary and the Organization is permitted to match that amount. For the years ended September 30, 2011 and 2010, the employer match amounted to \$5,943 and \$3,921, respectively.

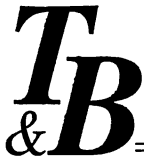
**7. Concentration of Risk**

The Organization receives a substantial amount of its support through federal and state grant awards and fee-for-service programs through the West Virginia Department of Health and Human Resources. Failure to fulfill certain conditions set forth in the grant document could result in the return of the funds to grantors.

**8. Subsequent Events**

Management has considered all subsequent events through March 14, 2012, the date the financial statements were made available.

The accompanying independent auditor's report is an integral part of these notes.



**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**

The Board of Directors  
The Senior Monongalians, Inc.  
Morgantown, West Virginia

We have audited the financial statements of The Senior Monongalians, Inc. (a nonprofit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated March 14, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered The Senior Monongalians, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Senior Monongalians, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the The Senior Monongalians, Inc.'s internal control over financial reporting.

*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.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Senior Monongalians, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

*J. Patrick Bartlett, PHA*

March 14, 2012

**THE SENIOR MONONGALIANS, INC.  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<u>Federal Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Grantor Number</u>	<u>Financial Awards Recognized</u>
<b>U.S. Department of Health and Human Services</b>			
Title III – B	93.044	N/A	\$ 49,311
Title III – D	93.043	N/A	4,120
Title III – E	93.052	N/A	26,507
Title III – C	93.045	N/A	98,307
Elder Abuse	93.044	N/A	918
SHIP Health Benefits	93.779	N/A	<u>9,500</u>
 Total Federal Funds			 \$ <u>188,663</u>

The accompanying independent auditor's report and notes are integral parts of this schedule.

**THE SENIOR MONONGALIANS, INC.**  
**SCHEDULE OF STATE AWARDS AND OTHER ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**State Grantor Program**

<b>West Virginia Bureau of Senior Services Through the Bel-O-Mar Regional Council:</b>	<u>Award/Grant No.</u>	<u>Financial Awards Recognized</u>
LIFE	N/A	\$ 210,152
Lighthouse	N/A	145,456
Fair	N/A	101,569
State Matching Funds	N/A	<u>131,907</u>
<b>Total State Funds</b>		<b>\$ <u>589,084</u></b>

The accompanying independent auditor's report and notes are integral parts of this schedule.