



Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants

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January 18, 2013

To the Board of Directors
The Senior Monongalians, Inc.
5000 Greenbag Rd #A5
Morgantown, West Virginia 26501

We have audited the financial statements of the governmental activities of The Senior Monongalians, Inc. for the years ended September 30, 2012 and 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 1, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Senior Monongalians, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted during the fiscal year ended September 30, 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting The Senior Monongalians, Inc.'s financial statements were:

Management's estimate of the accumulated depreciation and depreciation expense is based on the straight line basis of the estimated useful service lives of the various classes of property. Management's estimate of allowance for doubtful accounts is based on historical percentages of collections. We evaluated the key factors and assumptions used to develop the accumulated depreciation, depreciation expense, and allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of cash and capital assets in Note 1 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 18, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial

statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of board of directors and management of The Senior Monongalians, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Tetrick & Bartlett, PLLC

Tetrick & Bartlett, PLLC

THE SENIOR MONONGALIANS, INC.

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Senior Monongalians, Inc. (a nonprofit organization) as of September 30, 2012 and 2011 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinions.

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, 2012 and 2011, and the changes in its net assets and its cash flows for the years 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 January 18, 2013, 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.

Detrick • Bantel, Ph.D.

January 18, 2013

THE SENIOR MONONGALIANS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30,

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 26,836	\$ 42,056
Receivables	85,862	109,694
Prepaid expenses	<u>17,784</u>	<u>10,747</u>
Total current assets	130,482	162,497
Capital assets, net	<u>95,288</u>	<u>102,632</u>
TOTAL ASSETS	<u>\$ 225,770</u>	<u>\$ 265,129</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 13,049	\$ 19,100
Accrued payroll and payroll liabilities	31,998	42,578
Trip receipts and payouts	270	8,902
Accrued compensated absences	<u>20,342</u>	<u>16,615</u>
Total liabilities	<u>65,659</u>	<u>87,195</u>
Net Assets		
Temporarily restricted	1,920	3,500
Unrestricted	<u>158,191</u>	<u>174,434</u>
Total net assets	<u>160,111</u>	<u>177,934</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 225,770</u>	<u>\$ 265,129</u>

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,

	2012	2011
Revenue and Support		
State grants	\$ 563,683	\$ 589,084
Fees for service	193,856	306,311
Federal grants	166,938	188,663
Local grants	117,500	112,500
Program income	56,254	79,376
Fundraising	26,944	19,559
Gain on disposal of asset	-	3,487
Other income	<u>2,170</u>	<u>1,320</u>
Total revenue and support	<u>1,127,345</u>	<u>1,300,300</u>
Operating Expenses		
Program	1,135,675	1,274,440
Management and general	2,969	10,746
Fundraising	<u>8,444</u>	<u>5,650</u>
Total Operating Expenses	<u>1,147,088</u>	<u>1,290,836</u>
Change in unrestricted net assets	(19,743)	9,464
Temporarily Restricted Net Assets		
Grants received	<u>1,920</u>	<u>450</u>
Change in net assets	(17,823)	9,914
Net assets - beginning	<u>177,934</u>	<u>168,020</u>
Net assets - ending	<u>\$ 160,111</u>	<u>\$ 177,934</u>

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

THE SENIOR MONGALIANS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Programs

	Community										Total Program	Management and General	Fundraising	Total Expenses	
	SHIP	Medicaid	Title III-B	Title III-E	Title III-D	Title III-C	Life	Partnership	Lighthouse	SAMS					Fair
Salaries and related expenses	\$ 6,261	\$ 163,485	\$ 31,707	\$ 22,803	\$ 2,587	\$ 75,708	\$ 94,757	\$ -	\$ 81,379	\$ 3,312	\$ 74,708	\$ 556,707	\$ 108,210	\$ 362	\$ 665,279
Supplies	-	-	-	-	-	59,199	-	300	-	-	-	59,499	1,016	5,358	65,873
Contract labor	-	-	42,954	-	-	(599)	26,496	5,060	-	-	-	73,911	16,449	-	90,360
Payroll taxes	285	21,027	3,304	2,964	231	10,202	9,569	10,422	10,634	295	9,948	68,459	9,455	33	77,947
Rent	-	-	-	-	-	-	-	10,422	10,634	295	9,948	10,422	50,624	-	61,046
Utilities and communications	-	411	-	61	-	-	-	-	240	-	190	902	39,756	-	40,658
Medical insurance	52	4,789	2,161	796	271	3,547	7,173	-	2,793	603	2,300	24,485	4,297	21	28,803
Professional fees	-	-	-	-	-	-	-	9,400	-	-	-	9,400	1,578	-	10,978
Depreciation	-	-	-	-	-	15,430	-	-	-	-	-	15,430	20,068	-	35,498
Other insurance	-	360	1,352	17	-	3,030	677	6	69	-	55	5,566	7,150	-	12,716
Travel and training	-	5,015	-	296	-	-	1,168	-	4,822	-	1,347	12,648	243	-	12,891
Office expense	7	202	-	4	-	786	700	1,149	144	-	10	3,002	3,775	-	7,853
Automobile expense	50	772	2,650	39	-	6,332	971	3,610	175	-	171	14,770	2,761	-	14,770
Repairs and maintenance	-	344	-	61	-	1,442	965	965	203	-	148	3,163	23	-	5,924
Printing and reproduction	925	708	1,117	67	1,329	30	1,008	-	319	-	225	5,737	23	-	5,760
Pension expense	-	668	204	87	28	147	917	-	374	-	303	2,728	3,169	6	5,903
Interest	-	-	-	-	-	42	-	-	-	-	-	42	42	-	415
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	1,180	-	1,180
Equipment	-	-	-	-	-	419	-	702	-	-	-	1,121	744	-	1,865
Miscellaneous	-	16	-	-	-	2	1,005	-	156	-	128	1,307	62	-	1,369
Total	925	6,664	197,797	85,449	27,195	4,446	175,717	144,441	31,614	101,308	4,210	89,533	270,933	6,856	1,147,088
Indirect costs	-	869	70,711	23,467	10,375	1,221	48,257	39,666	-	37,235	1,157	33,418	(267,964)	1,588	-
Total Expenses After Allocation of Indirect Costs	\$ 925	\$ 7,533	\$ 268,508	\$ 108,916	\$ 37,570	\$ 5,667	\$ 223,974	\$ 184,107	\$ 31,614	\$ 138,543	\$ 5,367	\$ 122,951	\$ 2,969	\$ 8,444	\$ 1,147,088

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

THE SENIOR MONONGALLIANS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONT'D)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Program													Total Program	Management and General	Fundraising	Total Expenses
	Community			Community			Community			Other Programs							
	Elder Abuse	SHIP	Care	Medicaid	Title III-B	Title III-E	Title III-D	Title III-C	Life	Partnership	Lighthouse	Fair	Other Programs				
Salaries and related expenses	\$ -	\$ 5,074	\$ 3,589	\$ 221,251	\$ 36,312	\$ 28,985	\$ 2,611	\$ 72,125	\$ 92,929	\$ -	\$ 122,332	\$ 89,684	\$ -	\$ 674,892	\$ 93,733	\$ -	\$ 768,625
Supplies	-	-	6	223	-	-	-	71,107	31,800	297	154	73	-	71,863	83	1,002	72,948
Contract labor	-	-	-	-	48,908	-	-	-	7,651	10,770	-	-	-	91,478	10,953	-	102,431
Payroll taxes	-	482	320	19,691	2,973	2,541	199	6,210	7,651	-	10,924	8,109	-	59,100	7,892	-	66,992
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,951	-	57,951
Utilities and communications	-	-	2	95	150	16	-	-	389	-	66	55	-	773	42,983	-	43,756
Medical insurance	-	11	142	6,465	2,082	1,269	139	2,216	4,857	6	3,741	2,509	10	23,448	5,835	-	29,283
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,745	-	15,745
Depreciation	-	-	-	-	-	-	-	12,180	-	-	-	-	-	12,180	19,666	-	31,846
Other insurance	-	14	177	8,045	2,591	1,578	174	2,758	6,043	7	4,655	3,122	13	29,176	4,991	-	34,167
Travel and training	-	-	47	6,050	961	57	-	30	330	-	6,173	1,706	-	15,354	-	-	15,354
Office expense	-	-	-	50	-	1	-	3	2,618	3,536	27	16	-	3,633	3,263	-	6,896
Automobile expense	-	-	-	33	3,609	1	-	3,330	2,618	4,868	6	6	-	9,603	-	-	9,603
Repairs and maintenance	-	-	-	3	-	-	-	1,742	-	-	-	-	-	6,613	5,875	-	12,488
Printing and reproduction	-	-	-	402	1,350	20	-	79	-	-	605	124	-	2,828	188	-	3,016
Pension expense	-	84	17	771	288	41	13	124	948	-	431	240	-	2,957	2,985	-	5,942
Prizes and payouts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,400	3,400
Dues and subscriptions	-	-	-	-	-	-	-	33	21	-	-	-	-	54	469	-	523
Interest	-	-	-	-	-	-	-	35	-	-	-	-	-	35	1,249	-	1,284
Equipment	-	-	-	-	-	-	-	26	-	-	-	-	-	26	255	-	281
Miscellaneous	677	40	-	162	19	20	1,034	520	1,883	584	504	62	-	5,505	2,800	-	8,305
Total	918	5,705	4,307	263,241	99,243	34,532	4,170	172,492	149,469	20,094	149,618	105,706	23	1,009,518	276,916	4,402	1,290,836
Indirect costs	-	1,581	923	68,214	27,512	9,573	1,156	47,818	41,690	-	39,320	27,135	-	264,922	(266,170)	1,248	-
Total Expenses After Allocation of Indirect Costs	\$ 918	\$ 7,286	\$ 5,230	\$ 331,455	\$ 126,755	\$ 44,105	\$ 5,326	\$ 220,310	\$ 191,159	\$ 20,094	\$ 188,938	\$ 132,841	\$ 23	\$ 1,274,440	\$ 10,746	\$ 5,650	\$ 1,290,836

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,

	2012	2011
Cash Flows from Operating Activities		
Change in net assets	\$ (17,823)	\$ 9,914
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	35,498	31,846
(Increase) decrease in:		
Receivables	23,832	(9,744)
Prepaid expenses	(7,037)	(4,580)
Increase (decrease) in:		
Accounts payable	(6,051)	(5,480)
Accrued payroll and payroll liabilities	(10,580)	4,780
Trip receipts and payouts	(8,632)	8,902
Accrued compensated absences	3,727	2,036
Net cash provided by operating activities	<u>12,934</u>	<u>37,674</u>
Cash Flows From Investing Activities		
Purchase of capital assets	<u>(28,154)</u>	<u>(19,845)</u>
Net cash (used in) investing activities	<u>(28,154)</u>	<u>(19,845)</u>
Net (decrease) increase in cash	(15,220)	17,829
Cash at beginning of year	<u>42,056</u>	<u>24,227</u>
Cash at end of year	<u>\$ 26,836</u>	<u>\$ 42,056</u>
Supplemental Disclosure of Cash Flows:		
Cash paid during the year for:		
Interest	<u>\$ 415</u>	<u>\$ 523</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. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

(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.

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

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

(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 Service Code and, therefore, has no provision for federal income taxes.

All required federal tax returns for the Organization have been filed up to, and including the tax year ended September 30, 2011. The Organization's federal income tax returns for 2010, 2009, and 2008 remain subject to examination by the Internal Revenue Service ("IRS").

(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.

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

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

(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, 2012 and 2011, 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 \$35,498 and \$31,846 for the years ended September 30, 2012 and 2011, 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, 2012. 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.

September 30, 2012

	<u>Bank</u>	<u>Category</u>			<u>Carrying</u>
	<u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>
Cash	\$ <u>55,927</u>	\$ <u>55,927</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>26,836</u>

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

The Organization had no investments as of September 30, 2012.

3. Capital Assets

Capital asset activity for the years ended September 30, 2012 and 2011 was as follows:

2012				
	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u>
	<u>Balance</u>			<u>Balance</u>
Depreciable Assets				
Vehicles	\$ 111,127	\$ 14,491	\$ -0-	\$ 125,618
Equipment	<u>324,159</u>	<u>13,663</u>	<u>-0-</u>	<u>337,823</u>
Total assets at historical cost	<u>435,286</u>	<u>28,154</u>	<u>-0-</u>	<u>463,441</u>
 Less: Accumulated depreciation				
Vehicles	81,377	17,840	-0-	99,217
Equipment	<u>251,277</u>	<u>17,658</u>	<u>-0-</u>	<u>268,936</u>
Total accumulated depreciation	<u>332,654</u>	<u>35,498</u>	<u>-0-</u>	<u>368,153</u>
 Total capital assets, net	 \$ <u>102,632</u>	 \$ (<u>7,344</u>)	 \$ <u>-0-</u>	 \$ <u>95,288</u>

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

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

	2011			
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u> <u>Balance</u>
Depreciable Assets				
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>

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, 2012 and 2011, was \$60,644 and \$54,958, respectively.

Future minimum rental payments are as follows:

<u>For the Year</u> <u>Ending September 30,</u>	
2013	\$ 66,708
2014	73,379
2015	80,717
2016	88,789
2017	97,668

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 printing and reproduction expense in the financial statements and amounted to \$2,303 and \$2,894 for the years ended September 30, 2012 and 2011, 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, 2012 and 2011, the employer match amounted to \$5,903 and \$5,942, 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 January 18, 2013, the date the financial statements were made available.

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



Tetrick & Bartlett, PLLC

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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, 2012, and have issued our report thereon dated January 18, 2013. 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

Management of the Senior Monongalians, Inc. (a nonprofit organization) is responsible for establishing and maintaining effective 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 Senior Monongalians, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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.

Dubrick, Barchett, PLLC

January 18, 2013

THE SENIOR MONONGALIANS, INC.
 SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Federal Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Financial Awards Recognized</u>
U.S. Department of Health and Human Services			
Title III-B	93.044	N/A	\$ 53,311
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	76,441
Elder Abuse	93.041	N/A	979
SHIP Health Benefits	93.779	N/A	<u>5,580</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 166,938</u></u>

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

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>Grant Number</u>	<u>Financial Awards Recognized</u>
U.S. Department of Health and Human Services			
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	93.041	N/A	918
SHIP Health Benefits	93.779	N/A	<u>9,500</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 188,663</u></u>

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

THE SENIOR MONONGALLIANS, INC.
 SCHEDULE OF STATE AWARDS AND OTHER ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

State Grantor Program

West Virginia Bureau of Senior Services Through the Bel-O-Mar Regional Council:	<u>Award/Grant No.</u>	Financial Awards <u>Recognized</u>
LIFE	N/A	\$ 183,201
Lighthouse	N/A	93,888
Fair	N/A	80,301
SAMS	N/A	5,110
State Matching Funds	N/A	<u>140,533</u>
 Total state funds through Bel-O-Mar Regional Council		 503,033
State Community Partnership Grant		<u>60,650</u>
 Total State Funds		 <u><u>\$563,683</u></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

West Virginia Bureau of Senior Services Through the Bel-O-Mar Regional Council:	<u>Award/Grant No.</u>	Financial Awards <u>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>
 Total State Funds		 <u>\$ 589,084</u>

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