

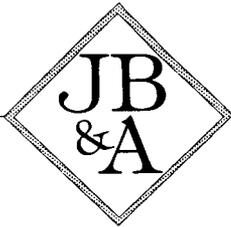
POCAHONTAS COUNTY SENIOR CITIZENS, INC.

**INDEPENDENT AUDITORS' REPORT AND
RELATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2012

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JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pocahontas County Senior Citizens, Inc.
Marlinton, West Virginia

We have audited the accompanying statements of financial position of Pocahontas County Senior Citizens, Inc. (a nonprofit organization) as of September 30, 2012, 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 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pocahontas County Senior Citizens, Inc. as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2013, on our consideration of Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

Buckhannon, West Virginia
June 25, 2013

POCAHONTAS COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$ 42,405
Accounts receivable, net	19,186
Grants receivable	69,223
Prepaid expense	<u>1,348</u>

Total current assets 132,162

Property and Equipment

652,413

TOTAL ASSETS

\$ 784,575

LIABILITIES AND NET ASSETS

Current Liabilities

Line of credit	\$ 20,000
Current portion long-term debt	9,532
Accounts payable	6,851
Accrued wages and taxes	<u>29,562</u>

Total current liabilities 65,945

Long-Term Debt

175,656

Net Assets

Unrestricted	507,908
Temporarily restricted	<u>35,066</u>

TOTAL NET ASSETS

542,974

TOTAL LIABILITIES AND NET ASSETS

\$ 784,575

The accompanying notes are an integral part of this statement

POCAHONTAS COUNTY SENIOR CITIZENS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal financial assistance	\$ 160,295	\$ 35,066	\$ 195,361
State grant allocations	244,020		244,020
County Commission	55,246		55,246
Donations/Match	14,966		14,966
Medicaid	48,001		48,001
Waiver	215,754		215,754
Project income	52,825		52,825
Interest income	118		118
Other	10,977		10,977
 Net assets released from restrictions:			
Restrictions released with time	_____	_____	_____
Total Revenue and Support	802,202	35,066	837,268
 EXPENSES			
Program Services			
Title III-B	57,573		57,573
Title III-D	3,050		3,050
Title III-E	20,180		20,180
Title III-C - congregate	69,476		69,476
Title III-C - home delivered	155,040		155,040
Lighthouse	17,868		17,868
FAIR	8,881		8,881
LIFE	130,921		130,921
Personal Care	400,841		400,841
Support Services:			
Management and general	25,489	_____	25,489
Total Expenses	889,319	_____	889,319
 Change in Net Assets	(87,117)	35,066	(52,051)
 NET ASSETS AT BEGINNING OF YEAR	595,025	_____	595,025
 NET ASSETS AT END OF YEAR	\$ 507,908	\$ 35,066	\$ 542,974

The accompanying notes are an integral part of this statement

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Title III-B	Title III-D	Title III-E	Title III-C	
				Congregate	Home Delivered
Salaries and wages	\$ 42,901	\$ 2,691	\$ 5,708	\$ 28,932	\$ 67,508
Fringe benefits	3,979	346	517	3,348	7,619
Travel	191		358		192
Printing and supplies	434	13	7	183	167
Fuel, repairs and maintenance	5,410			307	3,093
Communications and utilities	4,548			3,724	3,024
Insurance					
Professional services					
Rawfood				25,822	60,240
Disposables				5,655	13,197
Depreciation					
Interest					
Other	110		13,590	1,505	
Total Functional Expenses	\$ 57,573	\$ 3,050	\$20,180	\$ 69,476	\$ 155,040

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Lighthouse</u>	<u>FAIR</u>	<u>LIFE</u>	<u>Personal Care</u>	<u>Admin General</u>	<u>Totals (Memorandum Only)</u>
Salaries and wages	\$ 14,390	\$ 7,593	\$ 69,005	\$ 241,253	\$	\$ 479,981
Fringe benefits	1,395	817	13,682	37,444	89	69,236
Travel	2,083	471	3,115	22,672		29,082
Printing and supplies			5,319	4,878	2,274	13,275
Fuel, repairs and maintenance			18,537	14,362	12,057	53,766
Communications and utilities			13,849	15,402	28	40,575
Insurance			3,486	8,050		11,536
Professional services			2,000	1,000		3,000
Rawfood						86,062
Disposables						18,852
Depreciation				50,139		50,139
Interest					9,464	9,464
Other			1,928	5,641	1,577	24,351
Total Functional Expenses	<u>\$ 17,868</u>	<u>\$ 8,881</u>	<u>\$ 130,921</u>	<u>\$ 400,841</u>	<u>\$25,489</u>	<u>\$ 889,319</u>

The accompanying notes are an integral part of this statement.

POCAHONTAS COUNTY SENIOR CITIZENS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (52,051)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	50,139
(Increase) decrease in operating assets:	
Accounts and grants receivable	(21,066)
Prepaid expenses	3,143
Increase (decrease) in operating liabilities:	
Accounts payable	(68)
Accrued wages payable and taxes	<u>1,450</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(18,453)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Decrease in note receivable	50,000
Fixed asset additions	<u>(27,198)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>22,802</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from short-term borrowing	20,000
Repayment of long-term borrowing	<u>(8,930)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>11,070</u>

Increase in cash and cash equivalents	15,419
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CASH AND CASH EQUIVALENTS, beginning of year	<u>26,986</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 42,405</u></u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid during the year	<u><u>\$ 9,464</u></u>
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The accompanying notes are an integral part of this statement

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The Pocahontas County Senior Citizens, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Pocahontas 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 in 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 Pocahontas County Senior Citizens, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity.

Basis of Accounting

The financial statements of Pocahontas County Senior Citizens, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

Inventories

Inventories of raw food, materials and supplies are deemed immaterial and are accordingly expensed as purchased.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 5,000 capitalization policy whereby all property and equipment over \$ 5,000 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any 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 recognized. 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Federal and State Grant Revenues

Grants Monies are received on a reimbursement basis; this is utilized for Title III-B, Title III-D, Title III-E, Title VII, and LIFE grants. Upon completion of a grant year, any unexpended grants have to be approved for carryover to the next grant year.

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any expended monies are restricted for future Title III-C program operating expenses. Total federal and state grant revenues for the year ended September 30, 2012, was \$ 439,381.

Donated Services

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in related to such volunteer services.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure 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.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed

Note 2. Insurance of Cash and Deposits

The Organization does business with two financial institutions and deposits are insured by FDIC insurance.

Note 3. Grants Receivable

Grants receivable at September 30, 2012, consisted of the following:

Federal Title III-C	\$ 3,630
Federal Title III-D	1,135
Federal Title III-E	4,083
LIFE Program	52,237
Lighthouse	4,379
Fair	3,759

Total	\$ 69,223
	=====

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2012:

Land	\$ 65,500
Buildings	565,065
Vehicles	438,179
Equipment, furniture and fixtures	181,372

	1,250,116
Less accumulated depreciation	(597,703)

Net property and equipment	\$ 652,413
	=====

Note 5. Restrictions on Net Assets

Temporarily restricted net assets at September 30, 2012 of \$ 35,066, consisted of assets in which federal and/or state funding agencies have a reversionary interest.

Note 6. Concentration

The Organization receives about 52 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization receives about 31 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

Note 7. Notes Payable Line Of Credit

As of September 30, 2012 the organization had a business revolving line of credit account with a total credit limit of \$50,000 at Pendleton Community Bank. The interest rate on the account is 4.9%. The balance on the account as of September 30, 2012 was \$20,000 with \$30,000 available to be drawn on this line of credit.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 8. Long-Term Debt

Long-term debt consists of the following as of September 30, 2012

Pendleton Community Bank

4.90% installment note maturing 9/30/25, monthly payments of \$ 1,532.80 secured by real estate.	\$ 185,188
Less: current portion	9,532
Noncurrent portion	<u>\$ 175,656</u> =====

Scheduled maturities at September 30, 2012 are as follows:

September 30, 2013	\$ 9,532
2014	10,009
2015	10,511
2016	11,038
2017	11,591
Thereafter	132,507
Total	----- \$ 185,188 =====

Note 9. Contingent Liabilities

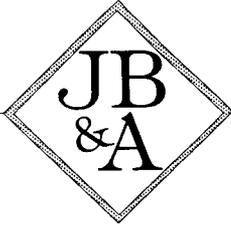
In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement, which may arise, as the result of these audits is not believed to be material.

The Center participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The Center does not provide post retirement health benefits. However, PEIA shows a liability of \$4,045 at September 30, 2012 for post retirement benefits. The Center does not expect to have to pay this liability.

Note 10. Subsequent Events

Management has evaluated subsequent events through June 25, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Pocahontas County Senior Citizens, Inc.
Marlinton, West Virginia

Our report on our audit of the basic financial statements of Pocahontas County Senior Citizens, Inc., for the year ended September 30, 2012 appears on page one (1). We conducted our 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 schedule of revenues is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Buckhannon, West Virginia
June 25, 2013

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE
				Congregate	Home Delivered	
Federal financial assistance	\$ 27,701	\$ 1,050	\$ 6,432	\$ 40,040	\$ 95,866	\$
State grant	12,000	1,000	4,690			179,375
LIFE allocated			6,000	5,077	44,715	(55,792)
County Commission						
Donations/Match	2,000	1,000	2,000		950	
Medicaid						
Waiver						
Project income	6,635		1,058	26,041	12,103	3,120
Interest income						
Other						590
Total Revenue and Support	48,336	3,050	20,180	71,158	153,634	127,293

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
 SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

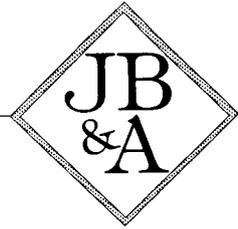
<u>Ship</u>	<u>Medicaid Waiver</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
\$ 8,000	\$	\$	\$	\$ 16,272	\$ 195,361
		18,403	14,552	14,000	244,020
				55,246	55,246
				9,016	14,966
	48,001				48,001
	215,754				215,754
	533	1,365	1,970		52,825
				118	118
				10,387	10,977
<u>8,000</u>	<u>264,288</u>	<u>19,768</u>	<u>16,522</u>	<u>105,039</u>	<u>837,268</u>

The independent auditors' report on supplemental information is an integral part of this schedule.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Community Partnership Grants			<u>\$ 10,000</u>
Total Direct Programs			<u>10,000</u>
 Pass through Awards			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2012	21238	12,000
IIID	June 30, 2012	21238	1,000
IIIE	June 30, 2012	2238	4,690
LIFE	June 30, 2012	21204	123,830
LIFE	June 30, 2013	21304	55,545
Lighthouse	June 30, 2012	21250	9,361
Lighthouse	June 30, 2013	21305	5,191
FAIR	June 30, 2012	21205	13,051
FAIR	June 30, 2013	21305	5,352
Food Supplement	June 30, 2012	21291	<u>4,000</u>
Total pass-through awards			<u>234,020</u>
 TOTAL EXPENDITURES OF STATE AWARDS			 <u><u>\$ 244,020</u></u>

The independent auditors' report on supplemental information is an integral part of this schedule.



JOHN BURDETTE & ASSOCIATES

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INDEPENDENT AUDITORS' 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
Pocahontas County Senior Citizens, Inc.
Marlinton, West Virginia

We have audited the financial statements of Pocahontas County Senior Citizens, Inc. (a nonprofit organization) as of and for the year ended September 30, 2012, and have issued our report thereon dated June 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United State 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 Pocahontas County Senior Citizens, 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 Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 designated 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

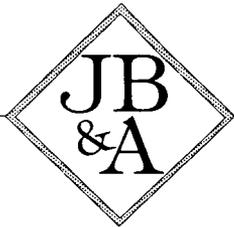
As part of obtaining reasonable assurance about whether Pocahontas County Senior Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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*.

We noted certain other matters that we reported to management of Pocahontas County Senior Citizens, Inc. in a separate letter dated June 25, 2013.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-thru entities and is not intended to be and should not be used by anyone other than these specified parties.



Buckhannon, West Virginia
June 25, 2013



JOHN BURDETTE & ASSOCIATES

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MANAGEMENT LETTER

To the Senior Management and
The Board of Directors of
Pocahontas County Senior Citizens, Inc.
Marlinton, West Virginia

In planning and performing our audit of the financial statements of Pocahontas County Senior Citizens, Inc. for the year ended September 30, 2012, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 25, 2013, on the financial statements of Pocahontas County Senior Citizens, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Segregation of Duties

We noted that two employees are responsible for most of the accounting and financial duties. As a result, many aspects of the internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in Pocahontas County Senior Citizens, Inc. We recognize that the Organization is not large enough to make the employment of additional people for the purpose of segregating duties practicable from a financial standpoint, but we are required, under our professional responsibilities to describe the situation.

We wish to thank the Director and his staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.



Buckhannon, West Virginia

June 25, 2013