

**AUDIT REPORT OF
BI-COUNTY NUTRITION PROGRAM, INC.
NUTTER FORT, WEST VIRGINIA
SEPTEMBER 30, 2008**

**BI-COUNTY NUTRITION PROGRAM, INC.
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November 29, 2008

Board of Directors
Bi-County Nutrition Program, Inc.
Nutter Fort, West Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Bi-County Nutrition Program, Inc. (a nonprofit organization) as of September 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Bi-County Nutrition Program, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 Bi-County Nutrition Program, Inc. as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2008 on our consideration of Bi-County Nutrition Program, 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 the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 12 through 15 are presented for purposes of additional analyses and are 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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**BI-COUNTY NUTRITION PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2008**

ASSETS

CURRENT ASSETS

Cash	\$ 54,587	
Grants and Contracts Receivable	35,639	
Inventory	18,406	
Prepaid Expenses	<u>6,057</u>	
TOTAL CURRENT ASSETS		\$ 114,689

PROPERTY AND EQUIPMENT

Property and Equipment	682,794	
Accumulated Depreciation	<u>(426,106)</u>	
NET PROPERTY AND EQUIPMENT		<u>256,688</u>

TOTAL ASSETS		\$ <u>371,377</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 34,281	
Payroll Taxes and Benefits Payable	5,234	
Compensated Absences	<u>5,799</u>	
TOTAL CURRENT LIABILITIES		\$ 45,314

LONG-TERM LIABILITIES

Compensated Absences		<u>5,799</u>
TOTAL LIABILITIES		51,113

UNRESTRICTED NET ASSETS		<u>320,264</u>
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TOTAL LIABILITIES AND NET ASSETS		\$ <u>371,377</u>
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See accompanying notes to the financial statements.

**BI-COUNTY NUTRITION PROGRAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

SUPPORT

Federal Assistance	\$ 173,999
N S I P	72,009
United Way	61,162
Supplement	46,985
Legislative Digest	57,162
State Assistance	19,517
County Commission	20,000
Nutrition Enhancement - State	41,120
LIFE	18,690
Contributions and Fundraising	30,626
Emergency Food & Shelter National Board Program	<u>1,922</u>

TOTAL SUPPORT 543,192

REVENUES

Program Income	155,661
Interest Income	<u>229</u>

TOTAL REVENUES 155,890

TOTAL SUPPORT AND REVENUES 699,082

EXPENSES

Program Expense:	
Title IIIC - Congregate	162,941
Title IIIC - Home Delivered	418,987
Other Programs	32,780
LIFE	18,690
Management & General	91,231
Loss on Disposal of Assets	<u>720</u>

TOTAL EXPENSES 725,349

CHANGE IN NET ASSETS (26,267)

BEGINNING UNRESTRICTED NET ASSETS 346,531

ENDING UNRESTRICTED NET ASSETS \$ 320,264

**BI-COUNTY NUTRITION PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Other Programs	LIFE	Title III-C		Management and General	Totals (Memorandum Only)
			Congregate	Home Delivered		
Salaries & Wages	\$ -	\$ -	51,105	\$ 131,413	\$ 45,630	\$ 228,148
Fringe Benefits & Taxes	-	-	8,784	22,586	7,843	39,213
Training	-	-	-	-	2,727	2,727
Office	-	-	-	-	6,631	6,631
Repairs & Maintenance	-	-	-	-	14,595	14,595
Communications & Utilities	-	-	8,387	21,566	3,328	33,281
Depreciation	3,696	-	8,163	20,989	1,029	33,877
Raw Food	29,084	18,690	62,023	159,486	-	269,283
Disposables	-	-	11,103	28,550	-	39,653
Transportation	-	-	5,901	15,173	5,268	26,342
Professional Services	-	-	1,202	3,092	-	4,294
Insurance & Audit	-	-	6,273	16,132	2,490	24,895
Volunteer Recognition	-	-	-	-	1,690	1,690
	<u>\$ 32,780</u>	<u>\$ 18,690</u>	<u>162,941</u>	<u>\$ 418,987</u>	<u>\$ 91,231</u>	<u>\$ 724,629</u>

See accompanying notes to the financial statements.

**BI-COUNTY NUTRITION PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (26,267)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities	
Depreciation	33,877
In-Kind Donations	(1,987)
Loss on Disposal of Asset	720
In-Kind Expenses	1,987
(Increase) Decrease In:	
Grant and Contracts Receivable	54,359
Inventory	3,561
Prepaid Expenses	240
Increase (Decrease) In:	
Accounts Payable	4,337
Compensated Absences	(530)
Payroll Taxes and Benefits Payable	<u>(512)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 69,785
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in Certificate of Deposit	6,872
Acquisition of Property and Equipment	(56,624)
Sale of Vehicle	<u>300</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(49,452)</u>
NET INCREASE IN CASH	20,333
CASH - BEGINNING OF YEAR	<u>34,254</u>
CASH - END OF YEAR	\$ <u><u>54,587</u></u>

See accompanying notes to the financial statements.

**BI-COUNTY NUTRITION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Entity

Bi-County Nutrition Program, Inc. is a nonprofit corporation which is exempt from income tax under Section 501 (c) (3) of the Internal Revenue Code. The Entity was incorporated on March 4, 1983, and its Articles of Incorporation were amended on October 19, 1983.

The Corporation's operations consist of a program for providing congregate and home delivered meals under Title III-C of the Older Americans Act in Harrison and Doddridge Counties of West Virginia. The Entity also operates various nutrition sites located in Nutter Fort, Shinnston, West Union, Salem, Bridgeport, and Lost Creek.

Summary of Significant Accounting Policies

Basis of Accounting and Reporting

Bi-County Nutrition Program, Inc. uses the accrual basis of accounting. The Entity maintains its accounting records and prepares its financial reports in accordance with the grantor funding cycles.

Cash and Certificate of Deposit

Cash and certificate of deposit are held on deposit with banking institutions covered by federal depository insurance. For the purpose of the statement of cash flows, the Organization considers cash and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents.

Basis of Presentation

The Organization has adopted Statement of Financial Accounting Standard No. 116, "Accounting for Contributions Received and Contributions Made" (SFAS No. 116). The Organization has also adopted Statement of Financial Accounting Standard (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. In addition, the Organization is required to present a statement of cash flows. There are no permanently or temporarily restricted assets as of September 30, 2008.

Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions would be 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 would be reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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 those estimates.

Prepayments

This account consists of prepaid insurance based on the effective dates of the policies and Title V Workers.

**BI-COUNTY NUTRITION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Inventory

Inventory is stated at the lower of cost or market (first-in, first-out basis) and consists of raw food and disposables.

Functional Expenses

Expenses are directly allocated to each program based on the approved budgets of the grants or programs.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, 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 that met those requirements were received during the year.

Income Tax Exemption

The Organization is exempt from income taxes under Section 501 (C) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Pension Plan

The Corporation provides individual retirement annuities for all supervisory employees. The individual agreements provide that eight percent of wages be paid into the annuity on a monthly basis. The Corporation had two employees covered by the pension arrangement during the fiscal year. The cost of the plan for the year ended September 30, 2008 was \$3,759.

Advertising Costs

Bi-County Nutrition Program, Inc. expenses advertising costs as they are incurred.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or at the fair market value at the date of donation. All assets are capitalized. Property and equipment consists of the following at September 30, 2008:

Land	\$	18,443
Building & Improvements		315,044
Food Service Equipment		139,289
Office Furn. & Equipment		42,929
Vehicles		167,089
TOTAL FIXED ASSETS	\$	682,794

Assets are being depreciated on a straight-line basis over the following number of years:

Building & Improvements	40 Years
Food Service Equipment	5-7 Years
Office Furn. & Equipment	5-7 Years
Vehicles	5 Years

**BI-COUNTY NUTRITION PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NOTE 2 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$33,877 for the fiscal year ended September 30, 2008.

In July of 1996, the Harrison County Board of Education deeded property and building to the Organization. The site is to be used exclusively as a nutrition site for the Shinnston area. If, for any reason, Bi-County Nutrition Program, Inc. ceases to exist or substantially changes its activities, the property will revert back to the Board of Education. At the date of donation, the land and building had an appraised value of \$5,000 and \$90,000 respectively.

NOTE 3 – LINE OF CREDIT

In August 2003, Bi-County Nutrition Program, Inc. renewed a revolving line of credit loan from the Huntington National Bank which allows the Organization to borrow up to \$25,000 in order to meet working capital needs. The loan is secured by a deed of trust on the Organization's Ohio Avenue real property. The balance of the line of credit at September 30, 2008 was \$0.

NOTE 4 – RISKS AND UNCERTAINTIES

The majority of Bi-County Nutrition Program, Inc.'s revenues comes from service contracts with the Northwestern Area Agency on Aging. A loss or decrease in these contracts could adversely affect the operation of the organization.

NOTE 5 – COMMITMENT

Bi-County Nutrition Program, Inc. has a contract with Doddridge County Senior Citizens, Inc. to provide meals in Doddridge County. This contract expires on September 30 each year if not renewed. This contract was renewed for the September 30, 2009 year.

**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**



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GARY K. BENNETT, MBA-CPA
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November 29, 2008

Board of Directors
Bi-County Nutrition Program, Inc.
Nutter Fort, West Virginia

**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**

We have audited the financial statements of Bi-County Nutrition Program, Inc. as of and for the year ended September 30, 2008 and have issued our report thereon dated November 29, 2008. 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 Bi-County Nutrition Program, 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 Bi-County Nutrition Program, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bi-County Nutrition Program, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items 08-1 and 08-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bi-County Nutrition Program, 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 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.

Bi-County Nutrition Program, Inc. responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Bi-County Nutrition Program, Inc. responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Directors of Bi-County Nutrition Program, Inc. and Bel-O-Mar Regional Council (Northwestern Area Agency on Aging) and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Bennett & Dobbins PLLC

Bennett & Dobbins PLLC

**BI-COUNTY NUTRITION PROGRAM, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Title</u>	<u>Status</u>
07-1	Segregation of Duties	Uncorrected
07-2	Drafting of Financial Statements	Uncorrected