

**HARRISON COUNTY SENIOR
CITIZENS CENTER, INC.**

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

JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Harrison County Senior Citizens Center, Inc.
Clarksburg, West Virginia

We have audited the accompanying statement of financial position of Harrison County Senior Citizens Center, Inc. (a nonprofit organization) as of June 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 the Organization'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 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 Harrison County Senior Citizens Center, Inc. as of June 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 August 11, 2008, on our consideration of Harrison County Senior Citizens Center, 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 and not to provide an opinion on the 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 important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Harrison County Senior Citizens Center, Inc. taken as a whole. The 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 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.

Detrick • Bartlett, PLLC

August 11, 2008

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Current Assets			
Cash	\$	628,997	
Accounts receivable		96,289	
Other receivables		1,450	
Inventory		3,794	
Prepaid expenses		<u>10,866</u>	\$ 741,396
Capital assets, net			<u>525,759</u>
TOTAL ASSETS			\$ <u>1,267,155</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Accounts payable	\$	24,725	
Accrued expenses		38,004	
Accrued compensated absences		<u>17,680</u>	\$ 80,409
Net Assets			
Invested in capital assets, net		525,759	
Unrestricted		652,822	
Temporarily restricted		<u>8,165</u>	<u>1,186,746</u>
TOTAL LIABILITIES AND NET ASSETS			\$ <u>1,267,155</u>

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

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2008

Revenue and Support

Federal financial assistance	\$ 82,040	
State grant allocations	270,957	
City of Clarksburg	17,500	
Harrison County Commission	95,625	
Contributions	31,486	
Meal programs	134,403	
Community service program	558,895	
Membership fees	15,820	
Interest income	27,764	
Miscellaneous income	<u>4,000</u>	\$ 1,238,490

Expenses

Program Services:

Title III - B	121,878	
Title III - D and III - D Medication Management	4,078	
Title III - E	26,185	
Lottery life	180,037	
Meals	148,622	
Community service - programs	<u>758,273</u>	<u>1,239,073</u>

Change in net assets		(583)
Net assets - beginning of year		<u>1,187,329</u>
Net assets - end of year		\$ <u>1,186,746</u>

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

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Title</u> <u>III - B</u>	<u>Title</u> <u>III - D & III - D</u> <u>Medication</u> <u>Management</u>	<u>Title</u> <u>III - E</u>	<u>Lottery</u> <u>Life</u>	<u>Meals</u> <u>Program</u>	<u>Community</u> <u>Service</u> <u>Program</u>	<u>Total</u>
Salaries and related expenses	\$ 121,878	\$ 4,078	\$ 21,556	\$ 93,258	\$ 64,868	\$ 492,785	\$ 798,423
Food purchases	-0-	-0-	-0-	-0-	83,754	105	83,859
Telephone and utilities	-0-	-0-	-0-	12,275	-0-	53,161	65,436
Printing and office supplies	-0-	-0-	3,972	8,040	-0-	3,775	15,787
Ceramics and gift shop	-0-	-0-	-0-	-0-	-0-	2,287	2,287
Supplies	-0-	-0-	-0-	11,491	-0-	37,226	48,717
Repairs and maintenance	-0-	-0-	-0-	10,034	-0-	12,297	22,331
Professional fees	-0-	-0-	-0-	-0-	-0-	17,273	17,273
Travel	-0-	-0-	657	-0-	-0-	32,124	32,781
Automobile expense	-0-	-0-	-0-	33,461	-0-	252	33,713
Insurance	-0-	-0-	-0-	11,478	-0-	14,975	26,453
Taxes and licenses	-0-	-0-	-0-	-0-	-0-	1,196	1,196
Advertising	-0-	-0-	-0-	-0-	-0-	3,349	3,349
Special events	-0-	-0-	-0-	-0-	-0-	5,399	5,399
Training	-0-	-0-	-0-	-0-	-0-	1,970	1,970
Travel club	-0-	-0-	-0-	-0-	-0-	43,750	43,750
Miscellaneous	-0-	-0-	-0-	-0-	-0-	5,262	5,262
Depreciation	-0-	-0-	-0-	-0-	-0-	31,087	31,087
Total expenses	\$ <u>121,878</u>	\$ <u>4,078</u>	\$ <u>26,185</u>	\$ <u>180,037</u>	\$ <u>148,622</u>	\$ <u>758,273</u>	\$ <u>1,239,073</u>

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

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Cash Flows From Operating Activities

Increase in net assets	\$ (583)	
Adjustments to reconcile decrease in net assets to net cash (used in) operating activities		
Depreciation	31,087	
Gain on the sale of capital assets	(4,000)	
(Increase) decrease in:		
Accounts receivable	(14,135)	
Other receivables	(1,450)	
Inventory	374	
Prepaid expenses	(4,284)	
Increase (decrease) in:		
Accounts payable	(3,321)	
Accrued expenses	36,904	
Accrued compensated absences	(<u>12,398</u>)	
Net cash provided by operating activities		\$ 28,194

Cash Flows From Investing Activities

Proceeds from the sale of capital assets	<u>4,000</u>	
Net cash (used in) investing activities		<u>4,000</u>
Net increase in cash		32,194
Cash at beginning of year		<u>596,803</u>
Cash at end of year		\$ <u>628,997</u>

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

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

The Harrison County Senior Citizens Center, Inc. is a non-capital stock entity.

1. Summary of Significant Accounting Policies

A summary of the significant accounting policies of the Harrison County Senior Citizens Center, Inc. is presented below.

Fund Accounting

The accounts of this Center are organized on the basis of funds or group of accounts, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The Center's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into generic fund types under the following broad fund categories:

Governmental Funds

General fund: The General fund is the general operating fund of the Center. It is used to account for all financial resources except those required to be accounted for in another fund.

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.

Concentration of Credit Risk

Harrison County Senior Citizens Center, Inc. is a nonprofit corporation in north central West Virginia. The accounts receivable represents grants and other reimbursements from governmental agencies.

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

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

Capital Assets

Capital assets are recorded at cost with depreciation being calculated by the straight line method over the following useful lives:

Vehicles	5 years
Buildings	50 years
Building improvements	50 years

Method of Accounting

The financial statements of the Harrison County Senior Citizens Center, Inc. have been prepared utilizing the accrual basis of accounting.

Cash and Investments

Cash on hand and deposits with banking institutions either in checking, savings or money market accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2008 were not entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Center's name.

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.

Inventories

Inventories are valued at cost, determined by the first-in, first-out method, which is lower than market. The cost of supplies is expensed as incurred.

Donated Services

No amounts have been reported in the financial statements for donated services because no objective basis is available to measure the value of such services.

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

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

Donated Facilities

Harrison County has provided the Center the use of a building currently used as its main operating facility. No amount has been reported in the financial statements for the use of the building because no objective basis is available to measure the value of the use of the building.

Tax Exemption

The Harrison County Senior Citizens Center, Inc. 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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers cash to be cash and cash equivalents.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits and Investments

Cash and certificates of deposit held by the Organization is summarized below.

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.

	<u>Bank</u> <u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>
Cash	\$ <u>757,236</u>	\$ <u>476,533</u>	\$ <u>-0-</u>	\$ <u>280,703</u>	\$ <u>628,997</u>

The Organization had no investments as of June 30, 2008.

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

**HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)**

3. Capital Assets

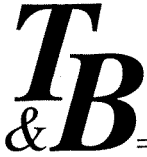
Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -0-	\$ -0-	\$ 5,000
Other capital assets:				
Vehicles	147,230	-0-	8,315	138,915
Buildings and improvements	<u>527,789</u>	<u>-0-</u>	<u>-0-</u>	<u>527,789</u>
Total other capital assets	<u>675,019</u>	<u>-0-</u>	<u>8,315</u>	<u>666,704</u>
Less: Accumulated depreciation for:				
Vehicles	65,476	20,531	8,315	77,692
Building and improvements	<u>57,697</u>	<u>10,556</u>	<u>-0-</u>	<u>68,253</u>
Total accumulated depreciation	<u>123,173</u>	<u>31,087</u>	<u>8,315</u>	<u>145,945</u>
Other capital assets, net	<u>551,846</u>	<u>(31,087)</u>	<u>-0-</u>	<u>520,759</u>
Capital assets, net	<u>\$ 556,846</u>	<u>\$(31,087)</u>	<u>\$ -0-</u>	<u>\$ 525,759</u>

4. Restricted Net Assets

The United States Department of Transportation typically provides annual support to the Senior Center by providing eighty percent (80%) of the cost of a new van that is used to transport members of the Senior Center. As a stipulation of the support, the vans must be titled to both the State of West Virginia and the Senior Center until such time as the vans' odometers have reached 80,000 miles. At that time, the vans are retitled solely in the name of the Senior Center. As of June 30, 2008, the Center had made a deposit in the amount of \$8,165, representing twenty percent (20%) of the total cost of a new van. However, the van had not been delivered nor had title transferred to the State and Senior Center. Therefore, the \$8,165 has been recognized as a temporarily restricted prepaid deposit.

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
Harrison County Senior Citizens Center, Inc.
Clarksburg, West Virginia

We have audited the financial statements of Harrison County Senior Citizens Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated August 11, 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 Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited 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 function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Harrison County Senior Citizens Center, Inc.'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 Harrison County Senior Citizens Center, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Harrison County Senior Citizens Center, Inc.'s internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

08-1 Segregation of Duties

Criteria: Analysis of the internal control system indicated a lack of segregation of duties.

Condition: Responsibility for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals.

Cause: Responsibilities of approval, execution, recording and custody are not distributed among the office staff to the best degree possible. However, we recognize that complete segregation of duties is not economically feasible.

Effect: Because of the failure to segregate duties, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

08-2 Qualification and Knowledge

Criteria: Internal control should be implemented to the degree possible in recording the entity's financial transactions and the preparation of financial statements.

Condition: Analysis of the internal control system indicated a lack of particular skills, training, and knowledge in the recording of financial transactions or preparation of financial statements. More specifically, this should include all required financial statement presentations and all required financial statement note disclosures.

Cause: Individuals responsible for the accounting and reporting function lack the particular skills, training, and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

Effect: Because of the lack of particular skills, training, and knowledge, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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 prevented or detected by Harrison County Senior Citizens Center, Inc.'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 items 08-1 and 08-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison County Senior Citizens Center, 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 the Board of Directors of the Harrison County Senior Citizens Center, Inc., management, 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.

Tetrick + Bartlett, PLLC

August 11, 2008

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
 SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Grantor Pass-through Number</u>	<u>Financial Awards Recognized</u>
U.S. Department of Health and Human Services			
Title III – B	93.044	T3 B/D/E 06-08	\$ 54,349
Title III – D	93.043	T3 B/D/E 06-08	3,760
Title III – E	93.052	T3 B/D/E 06-08	<u>23,931</u>
 Total Federal Funds			 \$ <u>82,040</u>

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

HARRISON COUNTY SENIOR CITIZENS CENTER, INC.
 SCHEDULE OF STATE AWARDS AND OTHER ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Grantor Program

West Virginia Bureau of Senior Services <u>Through the Bel-O-Mar Regional Council:</u>	<u>Award/Grant No.</u>	<u>Financial Awards Recognized</u>
Lottery Life	N/A	\$ 188,202
State Matching Funds	N/A	<u>82,755</u>
 Total State Funds		 \$ <u>270,957</u>

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