

**LINCOLN COUNTY OPPORTUNITY
COMPANY, INC.
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2016
WITH INDEPENDENT AUDITOR'S REPORTS**

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2016

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Ware & Hall, PLLC

Certified Public Accountants

The River Tower, Suite 501, 1108 3rd Avenue
Post Office Box 819, Huntington, West Virginia 25712-0819
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA
William L. Hall, CPA

Members of
American Institute of
Certified Public Accountants
WV Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lincoln County Opportunity Company, Inc.
Hamlin, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Lincoln County Opportunity Company, Inc., (a non-profit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As explained in Note 1 to the financial statements, property and equipment purchases have been charged to expense in the accompanying financial statements. Accounting principles generally accepted in the United States of America require purchases of property and equipment to be capitalized and depreciated over their estimated useful lives. The effects on the accompanying financial statements of the failure to capitalize purchases of property and equipment and depreciate them over their estimated useful lives have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Lincoln County Opportunity Company, Inc. as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of Support and Revenue, Expenses and Changes in Net Assets; and Grant Support, Revenue and Expenses Compared to Grant Budgets (Non-GAAP basis); and Expenditures of Federal and State Awards presented on pages 13 through 21 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, except as described in Note 11 to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of Lincoln County Opportunity Company, 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* in considering Lincoln County Opportunity Company, Inc.'s internal control over financial reporting and compliance.

Huntington, West Virginia
June 28, 2017

Ware & Hall PLLC

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	955,814
Grants receivable		129,146
Accounts receivable		361,603
Prepaid expenses		<u>20,854</u>
TOTAL CURRENT ASSETS		1,467,417

INVESTMENTS 4,897,041

PROPERTY AND EQUIPMENT 3,149,214

OTHER ASSETS

Security deposits		<u>4,941</u>
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TOTAL OTHER ASSETS 4,941

TOTAL ASSETS \$ 9,518,613

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	34,809
Accrued annual leave		94,383
Accrued payroll		98,453
Payroll taxes withheld and accrued		37,255
Current portion of employment contract liability		82,290
Security deposits payable		4,941
Due to other entities		<u>220,500</u>

TOTAL CURRENT LIABILITIES 572,631

LONG-TERM LIABILITIES

Employment contract liability, less current portion included above		<u>714,167</u>
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TOTAL LONG-TERM LIABILITIES 714,167

TOTAL LIABILITIES 1,286,798

NET ASSETS

Unrestricted		5,080,101
Investment in property and equipment		3,149,214
Temporarily restricted		<u>2,500</u>
TOTAL NET ASSETS		<u>8,231,815</u>

TOTAL LIABILITIES AND NET ASSETS \$ 9,518,613

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Grants:	
Federal/State/pass-through	\$ 1,010,885
In-kind matching	16,531
Contributions	2,035
Program income	2,513,973
Investment income	309,549
Other income	<u>136,383</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>3,989,356</u>

EXPENSES

PROGRAM SERVICES

Title IIIB - Supportive Services and Senior Centers	57,220
Title IIIC-1 Congregate Nutrition Services	97,535
Title IIIC-2 Home Delivered Nutrition Services	125,953
Title IIID - Disease Prevention and Health Promotion Services	2,594
Title IIIE - National Family Caregiver Support	16,693
SMP, MIPPA & SHIP	19,089
Life	46,057
Lighthouse	316,338
FAIR	85,578
Transportation	59,536
Veterans	54,481
Personal care	<u>2,125,408</u>
TOTAL PROGRAM SERVICES	<u>3,006,482</u>

SUPPORTING SERVICES

Management and general	<u>660,384</u>
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TOTAL EXPENSES	<u>3,666,866</u>
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CHANGE IN UNRESTRICTED NET ASSETS	<u>322,490</u>
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TEMPORARILY RESTRICTED NET ASSETS

Contributions	<u>2,500</u>
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CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>2,500</u>
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CHANGE IN NET ASSETS	324,990
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NET ASSETS, BEGINNING OF YEAR	<u>4,757,611</u>
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NET ASSETS, END OF YEAR	<u><u>\$ 5,082,601</u></u>
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LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	324,990
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) on investments		(308,753)
(Increase) decrease in operating assets:		
Grants receivable		(63,517)
Accounts receivable		95,637
Prepaid expenses		(9,712)
Increase (decrease) in operating liabilities:		
Accounts payable		9,902
Accrued annual leave		1,771
Accrued payroll		2,169
Payroll taxes withheld and accrued		192
Employment contract liability		(84,707)
Due to other entities		45,530
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>13,502</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments		(410)
Sales of investments		<u>90,000</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>89,590</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 103,092

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 852,722

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 955,814

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:		
Interest	\$	<u><u>-0-</u></u>
Income tax		<u><u>-0-</u></u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - Lincoln County Opportunity Company, Inc. is a non-profit agency which provides services to low income individuals and families and the elderly in Lincoln County, West Virginia. Lincoln County Opportunity Company, Inc.'s headquarters is located in Hamlin, West Virginia. Lincoln County Opportunity Company, Inc. also operates a number of Senior Citizens Centers throughout Lincoln County. In July 2016, Lincoln County Opportunity Company, Inc. began operating senior centers in Wayne County, West Virginia under the contract agreement with the West Virginia Bureau of Senior Services. The Organization is funded primarily through grants and other agreements with the federal and state governments.

ACCOUNTS RECEIVABLE- Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectibility. Once it is determined by management that the account will not be collected, it is charged-off as a bad debt.

PROPERTY AND EQUIPMENT - Property and equipment is charged to expense in the period during which it is purchased in the accompanying financial statements. Accounting principles generally accepted in the United States of America require purchases of property and equipment to be capitalized and depreciated over their estimated useful lives. The effects of this departure on the accompanying financial statements cannot be reasonably determined.

The property and equipment acquired is owned by Lincoln County Opportunity Company, Inc. while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sales proceeds therefrom, is subject to funding source regulations.

To provide a means of accountability over property and equipment purchases, Lincoln County Opportunity Company, Inc. also records the cost of such items as an asset with an offset to property and equipment net assets. Therefore, the effect of property and equipment purchases and disposals does not appear in the investing activities section of the statement of cash flows.

INVENTORY - Inventory is considered immaterial and, therefore, is charged to expense in the period during which it is purchased instead of being recognized as an asset and being expensed as it is used.

REVENUE AND EXPENSE RECOGNITION - The financial statements have been prepared on the accrual basis of accounting. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Funds received in advance of incurring qualifying expenses are recorded as deferred revenue. Revenue from fee for service contracts is recognized in the accompanying financial statements when the services have been provided.

DONATED SERVICES, SPACE AND OTHER - Donated (in-kind) matching is required by certain funding sources. Donated hourly services are valued at the federally established minimum wage. Donated space is valued at the estimated fair rental value. Donated other is valued at the estimated fair market value at the date of receipt.

CASH EQUIVALENTS - The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INCOME TAXES - Lincoln County Opportunity Company, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes the Organization is no longer subject to income tax examination for the years prior to 2013.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

CONTRIBUTIONS - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are 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 are reclassified to unrestricted net assets.

Contributions of long lived assets received without donor stipulation about how long the donated asset must be used are reported as unrestricted support.

INVESTMENTS - Investments are comprised of long-term annuity accounts and balanced multi-asset funds which are reported at fair value. Unrealized gains and losses are included in the change in unrestricted net assets.

ADVERTISING COSTS - Advertising costs totaling \$31,116 are charged to operations when incurred.

NOTE 2 - SUMMARY OF GRANT AGREEMENTS

The following summarizes grant awards which were active during the period October 1, 2015 through September 30, 2016:

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
Federal Assistance		
U.S. Department of Health and Human Services		
West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Grants for Supportive Services and Senior Centers - T3B/D/E 21636	10/01/15 - 09/30/16	\$ 40,382
Title IIIC Nutrition Services - Lincoln	10/01/15 - 09/30/16	78,482
Title IIIC Nutrition Services - Wayne	10/01/15 - 09/30/16	66,331
Title IIIE National Family Caregiver Support - T3B/D/E 21636	10/01/15 - 09/30/16	13,625
Title IIID Disease Prevention and Health Promotion Services- T3B/D/E 21636	10/01/15 - 09/30/16	2,096
West Virginia Bureau of Senior Services:		
Medicare Enrollment Assistance Program MIPPA1620	10/01/15 - 09/30/16	\$ 2,500
State Health Insurance Assistance Program - SHIP1614	04/01/15 - 03/31/16	3,250
State Health Insurance Assistance Program - SHIP1714	04/01/16 - 03/31/17	30,000
Senior Medicare Patrol - SMP 1614	06/01/15 - 05/31/16	2,000

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 2 - SUMMARY OF GRANT AGREEMENTS (CONTINUED)

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
State Assistance		
West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Grants for Supportive Services and Senior Centers - T3B/D/E 21636	10/01/15 - 09/30/16	\$ 23,815
Title IIIC Nutrition Services - Lincoln	10/01/15 - 09/30/16	55,295
Title IIID Disease Prevention and Health Promotion Services - T3B/D/E 21636	10/01/15 - 09/30/16	128
LIFE - 21603 - Lincoln	07/01/15 - 06/30/16	179,231
LIFE - 21703 - Lincoln	07/01/16 - 06/30/17	336,024
Transition Award - Start up Costs T3 B/D/E 21636	10/01/15 - 09/30/16	62,000
West Virginia Bureau of Senior Services:		
In-Home Services - IH1620	07/01/15 - 06/30/16	257,215
In-Home Services - IH1658	07/01/15 - 06/30/16	92,000
In-Home Services - IH1720	07/01/16- 06/30/17	269,716
In-Home Services - IH1758	07/01/16 - 06/30/17	74,500
In-Home Services - IH1726	07/01/16 - 06/30/17	231,413
Senior Grant - SC21006A	07/01/13 - 06/30/15	7,500

NOTE 3 - INVESTMENTS

Investments as of September 30, 2016 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Annuities			
AXA Equitable Life Insurance Company	\$ 683,598	\$ 709,803	\$ 26,205
Jackson National Life Insurance Company	2,714,096	3,867,749	1,153,653
Pacific National Life Insurance Company	<u>226,596</u>	<u>311,411</u>	<u>84,815</u>
Total Annuities	<u>3,624,290</u>	<u>4,888,963</u>	<u>1,264,673</u>
Balanced Multi-Asset Funds			
MFS Moderate Allocation	<u>9,337</u>	<u>8,078</u>	<u>(1,259)</u>
Total	<u>\$ 3,633,627</u>	<u>\$ 4,897,041</u>	<u>\$ 1,263,414</u>

The following summarizes the investment return for the year ended September 30, 2016 inclusive of interest earned on cash and cash equivalents:

Interest and Dividends	\$ 796
Unrealized Gains (Losses)	<u>308,753</u>
Total Investment Return	<u>\$ 309,549</u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment of Lincoln County Opportunity Company, Inc. consists of the following:

Land	\$	124,498
Buildings		1,654,567
Improvements		436,308
Furniture, Fixtures and equipment		509,859
Vehicles		<u>423,982</u>
Total Property And Equipment	\$	<u><u>3,149,214</u></u>

NOTE 5 - DEFINED CONTRIBUTION BENEFIT PLAN

Lincoln County Opportunity Company, Inc. sponsors a noncontributory defined contribution pension plan that covers all regular employees with over one year of service. Pension costs include current service costs, which are accrued and funded on a current basis. Pension expense charged to operations during the year ended September 30, 2016 totaled \$119,121.

NOTE 6 - LEASES

Lincoln County Opportunity Company, Inc. leases centers for the Senior Citizens Program and other facilities and equipment under operating leases on an annual, monthly or daily basis. For the year ended September 30, 2016, total rent expense amounted to \$8,950. An additional \$5,932 was recorded as *in-kind* space costs which represents the fair market value of facilities provided at no charge.

NOTE 7 - DONATED SERVICES

Lincoln County Opportunity Company, Inc. received services from volunteers for the Title IIIIC Nutrition program and recorded the related in-kind revenue and expenses with values of \$10,599.

NOTE 8 - COST ALLOCATION

Lincoln County Opportunity Company, Inc. has adopted a cost allocation plan whereby each program is charged its fair share of the general administration costs of the Agency as a direct charge. Space costs, maintenance fees and utilities are allocated to the programs based on square footage of building space used by the program. Copy costs, telephone usage, and standard agency forms are allocated to the programs based on usage of each program.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization provides various services to the elderly and low income individuals of Lincoln County and Wayne County, West Virginia on a third-party reimbursement basis. The Organization bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Grants and accounts receivable have been adjusted for all known uncollectible accounts.

The Organization maintains cash balances with various financial institutions. All accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. In addition, cash balances can be secured by adequate bond or other securities held by the banking institution in the account holder's name. As of September 30, 2016, \$152,736 of such deposits were not covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Organization's name.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 10 - EMPLOYMENT CONTRACT LIABILITY

The Organization had an employment contract with their previous Executive Director who retired in July, 2014. The agreement provides for the payment of accrued sick and annual leave totaling \$435,767 and \$275,000 for split-dollar life insurance purchased by the Executive Director. The amount, totaling \$710,767 is payable in one hundred forty two monthly installments of \$5,000 and one final installment of \$767. In the event of death, any remaining unpaid balance will be paid to the decedent's beneficiaries under the same terms. At September 30, 2016, the total outstanding commitment, inclusive of \$215,737 of payroll related taxes accrued, amounted to \$796,457.

NOTE 11 - BUDGETARY REPORTING BASIS

Except for the treatment of property and equipment as described in Note 1, the accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying schedule of grant support, revenue and expenses compared to grant budgets contained on page 17 is prepared on a basis which differs from the financial statements in the following areas:

- 1) Encumbrances are reported as expenditures in the year in which they are budgeted.
- 2) With the exception of per-diem reimbursement contracts, revenue is recognized at the time the grant is awarded as opposed to when qualifying expenses have been incurred.

NOTE 12 - FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its financial instruments based on the fair value hierarchy established by the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification which specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of the fair value hierarchy based on these two types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in an active market for identical assets and liabilities at the measurement date.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The hierarchy requires the use of observable market data when available. When determining fair value measurements, the Organization utilizes active and observable market prices for identical assets and liabilities whenever possible and classifies such items as Level 1. When identical assets and liabilities are not traded in active markets, the Organization utilizes market observable data for similar assets and liabilities in an active market, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market and classifies such items as Level 2. When observable data is not available, the Organization uses alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. Items valued using such internally generated valuation techniques are based on the lowest level of input that is significant to the valuation.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at September 30, 2016 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
INVESTMENTS				
Annuities				
AXA Equitable Life Insurance Company	\$ 709,803	\$ 709,803	\$ -0-	\$ -0-
Jackson National Life Insurance Company	3,867,749	2,790,939	-0-	1,076,810
Pacific National Life Insurance Company	<u>311,411</u>	<u>311,411</u>	<u>-0-</u>	<u>-0-</u>
Total Annuities	<u>4,888,963</u>	<u>3,812,153</u>	<u>-0-</u>	<u>1,076,810</u>
Balanced Multi-Asset Funds				
MFS Moderate Allocation	<u>8,078</u>	<u>8,078</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>4,897,041</u>	\$ <u>3,820,231</u>	\$ <u>-0-</u>	\$ <u>1,076,810</u>

Fair value measurements at the reporting date using significant unobservable inputs (Level 3) are as follows:

Beginning Balance	\$ 1,135,270
Investment Income (Loss)	-0-
Unrealized/Realized Gain (Loss) Including Changes in Net Assets, Reported in Investment Income	(58,460)
Purchases	-0-
Sales	<u>-0-</u>
Ending Balance	\$ <u>1,076,810</u>

The amount of total gains and (losses) for the period included in change in net assets, reported in investment income, attributable to the change in unrealized gains and losses relating to assets still held at September 30, 2016 was \$31,540.

The Organization utilizes the services of an independent third party investment broker to value their instruments on a recurring basis. The following describes the valuation methodologies used to measure financial instruments at fair value on a recurring basis.

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

The Organization uses quoted market prices in an active market when available, these investments consist of variable rate annuities and balanced multi-asset funds and are included in Level 1. The quoted market prices are provided by an independent third party investment broker.

When observable inputs are not available, the Organization uses fair value measurements provided by an independent third party investment broker utilizing model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market. These investments are included in Level 3 and consist of fixed rate annuities.

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2016 are available for the following purposes:

Meals on Wheels Loves Pets	\$	<u>2,500</u>
Total temporarily restricted net assets	\$	<u><u>2,500</u></u>

NOTE 14 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to September 30, 2016 through June 28, 2017 (the date the final statements were available to be issued) for possible adjustments to, or disclosure in, the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification.

ADDITIONAL INFORMATION

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2016

	Title IIIB Supportive Services and Senior Centers	Title IIC-1 Congregate Nutrition Services	Title IIC-2 Home-Delivered Nutrition Services
SUPPORT AND REVENUE			
Grant revenue-federal/state/pass-through	\$ 64,197	\$ 88,372	\$ 111,736
In-kind matching	5,562	3,816	6,783
Contributions	-0-	-0-	2,035
Program income	395	9,511	9,825
Investment income	-0-	31	-0-
Other income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>70,154</u>	<u>101,730</u>	<u>130,379</u>
EXPENSES			
Salaries and benefits	47,622	38,630	52,668
Travel and training	2,003	42	8,714
Consumable supplies	1,000	1,556	1,064
Buildings	-0-	576	576
Vehicles and equipment	2,000	2,260	5,404
Insurance	2,408	6,204	6,204
Occupancy	600	300	300
Contractual and Consultants	-0-	-0-	-0-
Telephone and utilities	8,959	9,793	9,896
Program costs	-0-	38,553	38,610
Other	-0-	-0-	160
Volunteer Labor - nonfunded	-0-	3,816	6,783
Other costs - nonfunded	<u>5,562</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>70,154</u>	<u>101,730</u>	<u>130,379</u>
INCREASE (DECREASE) IN NET ASSETS	-0-	-0-	-0-
NET ASSETS - BEGINNING OF YEAR	-0-	-0-	-0-
TRANSFER IN (OUT)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS - END OF YEAR	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

<u>Title IIID</u> <u>Disease Prevention</u> <u>and Health</u> <u>Promotion Services</u>	<u>Title IIIE</u> <u>National Family</u> <u>Caregiver Support</u>	<u>SMP,</u> <u>MIPPA</u> <u>& SHIP</u>
\$ 2,224	\$ 13,625	\$ 19,089
370	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>2,594</u>	<u>13,625</u>	<u>19,089</u>
2,224	16,196	11,555
-0-	9	392
-0-	462	2,784
-0-	-0-	-0-
-0-	2	49
-0-	7	185
-0-	-0-	-0-
-0-	-0-	-0-
-0-	17	1,101
-0-	-0-	3,023
-0-	-0-	-0-
-0-	-0-	-0-
<u>370</u>	<u>-0-</u>	<u>-0-</u>
<u>2,594</u>	<u>16,693</u>	<u>19,089</u>
-0-	(3,068)	-0-
-0-	-0-	-0-
<u>-0-</u>	<u>3,068</u>	<u>-0-</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2016

	<u>LIFE</u>	Lighthouse In-Home <u>Services</u>	<u>FAIR</u>	<u>Transportation</u>
SUPPORT AND REVENUE				
Grant revenue-federal/state/pass-through	\$ 208,237	\$ 340,216	\$ 98,529	\$ -0-
In-kind matching	-0-	-0-	-0-	-0-
Contributions	-0-	-0-	-0-	-0-
Program income	-0-	33,747	-0-	45,304
Investment income	-0-	-0-	-0-	-0-
Other income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	\$ <u>208,237</u>	\$ <u>373,963</u>	\$ <u>98,529</u>	\$ <u>45,304</u>
EXPENSES				
Salaries and benefits	24,341	319,175	85,480	43,165
Travel and training	1,090	11,685	2,764	3,911
Consumable supplies	1,416	2,829	1,390	463
Buildings	-0-	-0-	-0-	-0-
Vehicles and equipment	-0-	50	18	4
Insurance	-0-	189	69	15
Occupancy	7,750	-0-	-0-	-0-
Contractual and consultants	-0-	-0-	-0-	-0-
Telephone and utilities	11,460	854	131	5,205
Program costs	-0-	695	-0-	8,068
Other	-0-	12	-0-	-0-
Volunteer labor - nonfunded	-0-	-0-	-0-	-0-
Other costs - nonfunded	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>46,057</u>	<u>335,489</u>	<u>89,852</u>	<u>60,831</u>
INCREASE (DECREASE) IN NET ASSETS				
	162,180	38,474	8,677	(15,527)
NET ASSETS - BEGINNING OF YEAR	-0-	-0-	-0-	-0-
TRANSFER IN (OUT)	<u>(162,180)</u>	<u>(38,474)</u>	<u>(8,677)</u>	<u>15,527</u>
NET ASSETS - END OF YEAR	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

<u>Veteran's Administration</u>	<u>Medicaid</u>	<u>Medicaid Waiver</u>	<u>Other Programs</u>	<u>Total</u>
\$ -0-	\$ -0-	\$ -0-	\$ 64,660	\$ 1,010,885
-0-	-0-	-0-	-0-	16,531
-0-	-0-	-0-	2,500	4,535
88,156	1,411,771	915,264	-0-	2,513,973
-0-	30,306	19,032	260,180	309,549
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>136,383</u>	<u>136,383</u>
<u>88,156</u>	<u>1,442,077</u>	<u>934,296</u>	<u>463,723</u>	<u>3,991,856</u>
51,851	1,274,235	863,981	342,817	3,173,940
2,533	21,641	16,831	2,358	73,973
2,359	15,468	8,989	14,846	54,626
-0-	-0-	-0-	4,375	5,527
24	6,676	5,213	25,309	47,009
91	11,315	6,295	1,026	34,008
-0-	-0-	-0-	-0-	8,950
-0-	2,480	2,480	16,500	21,460
216	9,320	7,553	3,554	68,059
-0-	4,347	4,398	-0-	97,694
-0-	25,630	17,869	21,418	65,089
-0-	-0-	-0-	-0-	10,599
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,932</u>
<u>57,074</u>	<u>1,371,112</u>	<u>933,609</u>	<u>432,203</u>	<u>3,666,866</u>
31,082	70,965	687	31,520	324,990
-0-	-0-	-0-	4,757,611	4,757,611
<u>(31,082)</u>	<u>(70,965)</u>	<u>(687)</u>	<u>293,470</u>	<u>-0-</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>5,082,601</u></u>	\$ <u><u>5,082,601</u></u>

**LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
GRANTS FOR SUPPORTIVE SERVICES AND
SENIOR CENTERS - TITLE IIIB, DISEASE PREVENTION AND
HEALTH PROMOTION SERVICES - TITLE IIID, AND
NATIONAL FAMILY CAREGIVER SUPPORT - TITLE IIIE
GRANT NUMBER T3B/D/E 21636
GRANT PERIOD OCTOBER 1, 2015 TO SEPTEMBER 30, 2016**

		<u>Actual</u>			
	<u>Budget</u>	<u>IIIB</u>	<u>IIID</u>	<u>IIIE</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE					
Federal	\$ 56,103	\$ 40,382	\$ 2,096	\$ 13,625	\$ -0-
State	23,943	23,815	128	-0-	-0-
In-kind - matching	5,932	5,562	370	-0-	-0-
Other	<u>395</u>	<u>395</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>86,373</u>	<u>70,154</u>	<u>2,594</u>	<u>13,625</u>	<u>-0-</u>
EXPENSES					
Personnel	49,846	47,622	2,224	-0-	-0-
Travel	2,003	2,003	-0-	-0-	-0-
Printing and supplies	1,500	1,500	-0-	-0-	-0-
Building space	600	600	-0-	-0-	-0-
Communications and utilities	8,959	8,959	-0-	-0-	-0-
Program costs	16,693	-0-	-0-	16,693	-0-
Other	<u>3,908</u>	<u>3,908</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>83,509</u>	<u>64,592</u>	<u>2,224</u>	<u>16,693</u>	<u>-0-</u>
GRANTEE'S SHARE	<u>5,932</u>	<u>5,562</u>	<u>370</u>	<u>-0-</u>	<u>-0-</u>
GRAND TOTAL	89,441	70,154	2,594	16,693	-0-
(DECREASE) INCREASE IN NET ASSETS	(3,068)	-0-	-0-	(3,068)	-0-
TRANSFERS IN (OUT)	3,068	-0-	-0-	3,068	-0-
Net assets from prior years not reprogrammed	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS, SEPTEMBER 30, 2016	\$ <u><u>-0-</u></u>				

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2016

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Pass-through Number</u>	<u>Agency/ Program Period</u>
FEDERAL AWARDS		
U.S. Department of Health and Human Services		
Pass-through West Virginia State University, Metro Area Agency on Aging:		
Title IIIB Grants for Supportive Services and Senior Centers	T3B/D/E 21636	10/01/15 - 09/30/16
Title IIIC Nutrition Services	N/A	10/01/15 - 09/30/16
Title IIID Disease Prevention and Health Promotion Services	T3B/D/E 21636	10/01/15 - 09/30/16
Title IIIE National Family Caregiver Support	T3B/D/E 21636	10/01/15 - 09/30/16
Pass-through West Virginia Bureau of Senior Services:		
Medicare Enrollment Assistance Program	MIPPA1620	10/01/15 - 09/30/16
Senior Medicare Patrol	SMP1614	06/01/15 - 05/31/16
State Health Insurance Assistance Program	SHIP1614	04/01/15 - 03/31/16
State Health Insurance Assistance Program	SHIP1714	04/01/16 - 03/31/17

Total Federal Awards

STATE AWARDS

**West Virginia State University, Metro Area
Agency on Aging**

Title IIIB Grants for Supportive Services and Senior Centers	T3B/D/E 21636	10/01/15 - 09/30/16
Title IIIC Nutrition Services	N/A	10/01/15 - 09/30/16
Title IIID Disease Prevention and Health Promotion Services	T3B/D/E 21636	10/01/15 - 09/30/16
Transition Award - Startup Costs	T3B/D/E 21636	10/01/15 - 09/30/16

<u>Program or Award Amount</u>	<u>Expenditures</u>
\$ 40,382	\$ 40,382
144,813	144,813
2,096	2,096
13,625	13,625
2,500	2,500
2,000	2,000
3,250	3,250
30,000	<u>11,339</u>
	<u>220,005</u>
23,815	23,815
55,295	55,295
128	128
62,000	62,000

LINCOLN COUNTY OPPORTUNITY COMPANY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2016

Federal or State Grantor/Pass-through Grantor/ Program Title	Agency/ Pass-through Number	Program Period
STATE AWARDS (CONTINUED)		
West Virginia State University, Metro Area Agency on Aging (Continued)		
LIFE	21603 - Lincoln	07/01/15 - 06/30/16
LIFE	21703 - Lincoln	07/01/16 - 06/30/17
West Virginia Bureau of Senior Services		
In-Home Services	IH1620	07/01/15 - 06/30/16
In-Home Services	IH1658	07/01/15 - 06/30/16
In-Home Services	IH1720	07/01/16 - 06/30/17
In-Home Services	IH1758	07/01/16 - 06/30/17
In-Home Services	IH1726	07/01/16 - 06/30/17
Senior Grant	SC21006A	07/01/13 - 06/30/15
Total State Awards		
Total Federal and State awards		

<u>Program or Recognized</u>	<u>Expenditures</u>
\$ 179,231	\$ 171,523
336,024	36,714
257,215	185,389
92,000	65,892
269,716	113,420
74,500	17,812
231,413	56,232
7,500	<u>2,660</u>
	<u>790,880</u>
	\$ <u>1,010,885</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
AND ON COMPLIANCE**

Ware & Hall, PLLC

Certified Public Accountants

The River Tower, Suite 501, 1108 3rd Avenue
Post Office Box 819, Huntington, West Virginia 25712-0819
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA
William L. Hall, CPA

Members of
American Institute of
Certified Public Accountants
WV Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S 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***

Board of Directors
Lincoln County Opportunity
Company, Inc.
Hamlin, West Virginia

We have audited, in accordance with the 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, the financial statements of Lincoln County Opportunity Company, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2017 which was qualified because the Organization expenses property and equipment purchases as opposed to capitalizing the assets and depreciating them over their estimated useful lives.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln County Opportunity Company, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County Opportunity Company, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County's Opportunity Company, Inc.'s internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County Opportunity Company, 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*.

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Huntington, West Virginia
June 28, 2017

Ware & Hall PLLC