

**WEBSTER COUNTY
COMMISSION OF SENIOR CITIZENS, INC.**

AUDITED FINANCIAL STATEMENTS

September 30, 2007

**WEBSTER COUNTY COMMISSION OF SENIOR CITIZENS, INC.
AUDIT FOR YEAR ENDED SEPTEMBER 30, 2007**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Webster County Commission of Senior Citizens, Inc.
Webster Springs, West Virginia 26288

I have audited the accompanying statement of financial position of the Webster County Commission of Senior Citizens, Inc. as of September 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Webster County Commission of Senior Citizens, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Webster County Commission of Senior Citizens, Inc. as of September 30, 2007, 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, I have also issued my report dated September 26, 2008, on my consideration of the Webster County Commission of Senior Citizens Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Williams & Associates, A.C.

Williams & Associates, A.C.

Elkins, West Virginia

September 26, 2008

Webster County Commission of Senior Citizens, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2007

ASSETS

Current Assets		
Cash and Equivalents	\$ 56,838	
Accounts Receivable	72,317	
Grants Receivable	45,523	
Prepaid Expenses	17,690	
Inventory	8,806	
Total Current Assets		\$ 201,174
Fixed Assets		
Property and Equipment	512,614	
Accumulated Depreciation	(348,513)	
Net Fixed Assets		164,101
TOTAL ASSETS		\$ 365,275

LIABILITIES

Current Liabilities		
Accounts Payable	\$ 13,337	
Accrued Compensation	40,847	
Payroll Liabilities	9,056	
Total Current Liabilities		\$ 63,240
TOTAL LIABILITIES		\$ 63,240
Net Assets, Unrestricted	302,035	
Net Assets, Temporarily Restricted	-	
Net Assets, Permanently Restricted	-	
TOTAL NET ASSETS		302,035
TOTAL LIABILITIES AND NET ASSETS		\$ 365,275

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

Webster County Commission of Senior Citizens, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT			
Grants			
Federal	\$ 83,759	\$ -	\$ 83,759
NSIP	40,095		40,095
LIFE	208,317		208,317
State	85,700		85,700
Other State	28,584		28,584
Program Service Fees	849,743		849,743
Project Income	31,392		31,392
Investment Return	1,128		1,128
Other	6,239		6,239
	-		-
TOTAL SUPPORT	<u>\$ 1,334,957</u>	<u>\$ -</u>	<u>1,334,957</u>
	-		-
	-		-
EXPENSES			
Program Services	\$ 1,417,008	\$ -	1,417,008
Management and General	12,729		12,729
	-		-
TOTAL EXPENSES	<u>\$ 1,429,737</u>	<u>\$ -</u>	<u>1,429,737</u>
	-		-
INCREASE(DECREASE) IN NET ASSETS	(94,780)	-	(94,780)
	-		-
NET ASSETS, 10/1/06	<u>396,815</u>	<u>-</u>	<u>396,815</u>
	-		-
NET ASSETS, 9/30/07	<u>\$ 302,035</u>	<u>\$ -</u>	<u>302,035</u>

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

Webster County Commission of Senior Citizens, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in Net Assets	\$	(94,780)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation		13,998
(Increase)Decrease in Operating Assets:		
Accounts Receivable		(5,335)
Grants Receivable		(2,871)
Prepaid Expenses		(17,690)
Inventory		(4,934)
Increase(Decrease) in Operating Liabilities:		
Accounts Payable		(3,954)
Accrued Compensation		11,688
Payroll Liabilities		3,529
		3,529
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	\$	(100,349)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Certificates of Deposits		50,275
		50,275
NET CASH (PROVIDED)USED IN INVESTING ACTIVITIES		50,275
NET INCREASE IN CASH AND CASH EQUIVALENTS		(50,074)
CASH AND CASH EQUIVALENTS, 10/1/06		106,912
		106,912
CASH AND CASH EQUIVALENTS, 9/30/07	\$	56,838

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

Webster County Commission of Senior Citizens, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2007

	Program Services												Total All Accounts (Memo Only)
	II-B/ Asst Trans	Respite	Federal III-C		III-E	III-D/MM	SHIP	Light- house	LIFE	COC/ VA	Total Program Services	Management & General	
			Congregate	Home Delivered									
FUNCTIONAL EXPENSES													
Personnel	\$ 54,244	\$ 22,760	\$ 54,418	\$ 139,933	\$ 8,242		\$ 7,316	\$ 15,876	\$ 67,833	\$ 754,688	\$ 1,125,310	\$ -	\$ 1,125,310
Travel	1,882								1,546	5,747	9,175	262	9,437
Printing & Supplies										8,305	8,305		8,305
Raw Food			33,140	85,217							118,357		118,357
Professional Fees										27,003	27,003		27,003
Advertising										97	97		97
Disposables			1,607	4,133							5,740		5,740
Equipment			103	265						2,230	2,598		2,598
Insurance									6,824	18,519	25,343		25,343
Interest											-		-
Office & Postage	128									1,302	1,430	692	2,122
Repairs & Maintenance	9,148								4,759	10,282	24,189	1,856	26,045
Supplies										1,075	1,075	888	1,963
Training										2,778	2,778		2,778
Transportation				9,616							9,616		9,616
Communication and Utilities	3,475									8,637	12,112		12,112
Other	5,411		4,754	12,225		1,249				6,242	29,881	9,031	38,912
Depreciation			3,275							10,724	13,999		13,999
Total Functional Expenses	\$ 74,288	\$ 22,760	\$ 97,297	\$ 251,389	\$ 8,242	\$ 1,249	\$ 7,316	\$ 15,876	\$ 80,962	\$ 857,629	\$ 1,417,008	\$ 12,729	\$ 1,429,737

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

WEBSTER COUNTY COMMISSION OF SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS
FYE 9/30/07

Note 1. Summary of Significant Accounting Policies

Webster County Commission of Senior Citizens, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Webster 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 on the problems of aging; to utilize opportunities to establish demonstration programs; and to implement state and local programs for the aging that no other agency is implementing.

This Summary of significant accounting policies of the Webster County Commission of 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 the Webster County Commission of Senior Citizens, Inc., have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

Financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (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.

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

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

WEBSTER COUNTY COMMISSION OF SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS
FYE 9/30/07

Accounts Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs. In addition, the Organization uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of September 30, 2007, all accounts receivable are deemed collectible.

Restricted and Unrestricted Revenue and Support

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor 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/grantor-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. The Organization uses the allowance method to determine collectibility of grants receivable. As of September 30, 2007, all grants receivable are deemed collectible.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant and are recorded at lower of cost (first-in, first-out basis) or market.

Property and Equipment

The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must have approval from the grantor agency to dispose of such equipment and the method of disposition. The Organization has adopted a capitalization policy in the amount of \$1,000. Maintenance and repairs are expensed as incurred.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.

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

WEBSTER COUNTY COMMISSION OF SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS
FYE 9/30/07

Grant Monies (continued)

2 –On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, Title III-D, Transit, SHIP and Elder Abuse grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year, but if approval is denied, the money has to be reimbursed to the grantor.

3 –Title III-C are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.

Total federal and state grant revenues for the year ended September 30, 2007 was \$446,455.

Operating expenditures made against federal and state grants are subject to audit by the Grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

Donated Facilities

Webster County Commission of Senior Citizens, Inc.'s facilities are owned by the Webster County Commission. Since recent appraisals are not available, a fair rental value could not be reasonably calculated and recorded as donated services and rent expense in these financial statements.

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.

Advertising

Advertising costs are expensed when incurred and totaled \$97 for the year.

Note 2. Accounts and Grants Receivable

Accounts and grants receivable consisted of the following at September 30, 2007:

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

WEBSTER COUNTY COMMISSION OF SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS
FYE 9/30/07

Note 2. Accounts and Grants Receivable (continued)

Medicaid – COC	\$	72,317
III-C – State Supplement		2,648
III-C – Federal C-1 (Overserved Meals)		864
III-C – Federal C-2 (Overserved Meals)		2,675
III-C – Federal Nutrition NSIP		10,591
LIFE		27,568
III-B Federal		540
III-D Federal		<u>636</u>
TOTAL	\$	<u><u>117,840</u></u>

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30, 2007:

Land		\$ 1,000
Buildings & Improvements		213,515
Vehicles		150,516
Equipment		<u>147,583</u>
		\$ 512,614
Less accumulated depreciation		<u>348,513</u>
Net property and equipment		<u><u>\$ 164,101</u></u>

Note 4. Restrictions on Net Assets

There were no restricted net assets at September 30, 2007.

Note 5. Support Concentration

Webster County Commission of Senior Citizens, Inc. receives about 33 percent of its total support and revenues from various grants from the federal and state governments.

Additionally, the Organization receives approximately 64% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

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

WEBSTER COUNTY COMMISSION OF SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS
FYE 9/30/07

Note 6. 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 of the funders. Any liability for reimbursement which may arise as the result of this audit is not believed to be material.

Note 7. Leased Facilities

The Organization leases the Camden site from the Town of Camden on Gauley. The annual rent payment is \$1, along with liability and personal injury insurance. Since a recent appraisal is not available, a fair rental value could not be reasonably calculated and recorded as donated services and rent expense in these financial statements.

Note 8. Grant Revenues

The following grants have years ending other than September 30. Revenues were recognized as follows for fiscal year ended September 30, 2007.

Grant	Grant Period	Recognized FYE 9/30/07
LIFE	7/1/06-6/30/07	\$142,940
LIFE	7/1/07-6/30/08	<u>65,377</u>
	Total	<u>\$208,317</u>
NUT SUPP	7/1/06-6/30/07	\$ 20,275
NUT SUPP	7/1/07-6/30/08	<u>8,309</u>
	Total	<u>\$ 28,584</u>

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

Williams & Associates, A.C.

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Webster County Commission of Senior Citizens, Inc.
Webster Springs, West Virginia 26288

My report on my audit of the basic financial statements of Webster County Commission of Senior Citizens, Inc. for the year ended September 30, 2007, appears of page one (1). I conducted my 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 purposes of additional analysis and is not a required part of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams & Associates, A.C.
Elkins, West Virginia
September 26, 2008

SUPPLEMENTAL INFORMATION

Webster County Commission of Senior Citizens, Inc.
SCHEDULE OF REVENUES
For the Year Ended September 30, 2007

	III-B	III-D/MM	III-E	Respite	III-C1	III-C2	LIFE	SHIP	Light-house	COC/VA	Other Programs	TOTAL
GRANT REVENUES												
Federal	\$ 28,664	\$ 1,034	\$ 6,318	\$ 3,396	\$ 12,818	\$ 30,568	\$ -	\$ -	\$ -	\$ -	\$ 961	\$ 83,759
NSIP					11,227	28,868						40,095
State	20,260		2,215	28,976	2,360	150		2,825	20,914		8,000	85,700
LIFE State	-					74,164	134,153					208,317
Other State					8,004	20,580						28,584
Total Grant Revenues	\$ 48,924	\$ 1,034	\$ 8,533	\$ 32,372	\$ 34,409	\$ 154,330	\$ 134,153	\$ 2,825	\$ 20,914	\$ -	\$ 8,961	\$ 446,455
OTHER REVENUES												
Program Service Fees	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ 849,743		\$ 849,743
Investment Return											1,128	1,128
Project Income	2,858			150	15,455	12,134	673				122	31,392
Other Income					152	152				593	5,342	6,239
Total Other Revenues	\$ 2,858	\$ -	\$ -	\$ 150	\$ 15,607	\$ 12,286	\$ 673	\$ -	\$ -	\$ 850,336	\$ 6,592	\$ 888,502
Total Revenues	\$ 51,782	\$ 1,034	\$ 8,533	\$ 32,522	\$ 50,016	\$ 166,616	\$ 134,826	\$ 2,825	\$ 20,914	\$ 850,336	\$ 15,553	\$ 1,334,957

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



internal control components does not reduce to a relatively low level the risk that misstatements in an amount 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. I noted no matters involving the internal control over financial reporting that its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of the Commission of Senior Citizens, Inc., AKA Webster County Senior Center, in a separate letter dated September 26, 2008, and included in this audit report on pages 15 and 16.

This report is intended solely for the information and use of the board of directors, management, and West Virginia Bureau of Senior Services and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Associates, A.C.
Elkins, West Virginia
September 26, 2008

Williams & Associates, A.C.

Certified Public Accountant

MANAGEMENT LETTER

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To the Board of Directors
The Webster County Commission of Senior Citizens, Inc.
Elkins, West Virginia

In planning and performing my audit of the financial statements of the Webster County Commission of Senior Citizens, Inc. for the year ended September 30, 2007, I considered the Organization's internal control structure to plan my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect my report dated September 26, 2008, on the financial statements of the Webster County Commission of Senior Citizens, Inc.

I will review the status of these comments during my next audit engagement. My comments and recommendations are intended to improve the internal control structure or result in other operating efficiencies. I 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. My comments are summarized as follows:

Segregations of Duties

During my audit I noted that two people perform most of the accounting and financial duties. As a result, many aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the Webster County Commission of Senior Citizens, Inc. I recognize that the Organization is not large enough to make the employment of additional staff for the purpose of segregating duties practicable from a financial standpoint, but I am required, under my professional responsibilities, to describe the situation.

After you have had the opportunity to review these comments and recommendations, I would be pleased to discuss those points that you desire. I would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve the Webster County Commission of Senior Citizens, Inc.

Williams & Associates, A.C.

Elkins, West Virginia
September 26, 2008