

TAYLOR COUNTY SENIOR CITIZENS, INC.

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

SEPTEMBER 30, 2013

INDEX

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activity	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12
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 <i>Government Auditing Standards</i>	13-14
Schedule of Findings and Responses	15
Schedule of Federal Awards	16
Schedule of State Awards and other Assistance	17
Notes to Schedule of Federal and State Awards	18



Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants

122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • www.tetrickbartlett.com
1517 Mary Lou Retton Drive • Fairmont, WV 26554 • (304) 366-2992 • Fax: (304) 366-2370

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Taylor County Senior Citizens, Inc.
Grafton, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Taylor County Senior Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, functional expenses, 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 presentation 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 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 judgment, 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 from the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taylor County Senior Citizens, Inc. as of September 30, 2013, 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 schedule of federal and state funds is presented for purpose of additional analysis and is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2014, on our consideration of Taylor County Senior Citizens, 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 Taylor County Senior Citizens, Inc.'s internal control over financial reporting and compliance.

Patrick + Bartlett, PLLC

April 17, 2014

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2013

Assets

Current Assets

Cash	\$ 45,914	
Restricted cash	1,227	
Accounts receivable	161,528	
Prepaid expenses	<u>10,225</u>	\$ 218,894

Property and Equipment

Property and Equipment	925,663	
Accumulated depreciation	<u>(452,961)</u>	<u>472,702</u>

Total assets

691,596

Liabilities

Current Liabilities

Line of credit	535	
Accounts payable	7,254	
Accrued compensation and taxes	<u>27,783</u>	<u>35,572</u>

Net Assets

Temporarily restricted		1,227
Unrestricted		<u>654,797</u>

Total net assets

\$ 656,024

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Revenues and Support

Federal financial assistance	\$ 179,465	
State grant allocations	392,851	
Local income	91,141	
Medicaid	499,991	
Program income	60,035	
Community service program	16,895	
Contributions	48,736	
Miscellaneous	<u>2,495</u>	\$ 1,291,609

Expenses

Salaries and related expenses	946,294	
Food purchases	73,149	
Occupancy	25,001	
Travel and vehicle operations	71,764	
Repairs and maintenance	28,440	
Insurance	6,906	
Supplies	14,083	
Refunds	43,496	
Depreciation	37,581	
Interest	737	
Miscellaneous	<u>5,123</u>	<u>1,252,574</u>

Change in net assets		39,035
Net assets, beginning		<u>616,989</u>
Net assets, ending		<u>\$ 656,024</u>

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Title</u>	<u>Title</u>	<u>Title</u>	<u>Title</u>	<u>In-Home Services</u>			<u>Community</u>	<u>Total</u>	
	<u>III-B</u>	<u>III-D</u>	<u>III-E</u>	<u>III-C</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>Transportation</u>	<u>Service</u>	<u>Expenses</u>	
								<u>Program</u>		
Salaries and related expenses	\$ 41,159	\$ -	\$ 12,045	\$ 66,363	\$ 36,192	\$ 68,350	\$ -	\$ 72,414	\$ 649,771	\$ 946,294
Food purchases	-	-	-	46,403	-	-	-	-	26,746	73,149
Occupancy	1,164	-	-	6,638	-	-	-	12,407	4,792	25,001
Travel and vehicle operations	32,473	-	-	-	5,333	8,202	25,274	482	-	71,764
Repairs and maintenance	1,926	-	-	2,444	-	-	-	24,070	-	28,440
Insurance	-	-	-	-	-	-	-	6,906	-	6,906
Supplies	321	-	-	-	-	-	-	13,762	-	14,083
Refunds	-	-	-	-	-	-	-	-	43,496	43,496
Depreciation	-	-	-	-	-	-	-	-	37,581	37,581
Interest	-	-	-	-	-	-	-	-	737	737
Miscellaneous	-	416	-	2,318	-	-	-	-	2,389	5,123
Total expenses	\$ 77,043	\$ 416	\$ 12,045	\$ 124,166	\$ 41,525	\$ 76,552	\$ 25,274	\$ 130,041	\$ 765,512	\$ 1,252,574

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Cash Flows From Operating Activities

Change in net assets	\$	39,035
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation		37,581
(Increase) decrease in :		
Accounts receivable		(23,373)
Prepaid expenses		(9,507)
Restricted assets		1
Increase (decrease) in :		
Accounts payable		(3,622)
Accrued compensation and payroll liabilities		4,885
Net cash provided by operating activities		<u>\$ 45,000</u>

Cash Flows From Capital Investment Activities

Acquisition of property and equipment		<u>(4,913)</u>
Net cash (used in) investing activities		<u>(4,913)</u>

Cash Flows From Financing Activities

Proceeds from short-term borrowing		54,950
Repayment of short-term borrowing		(54,518)
Repayment of long-term borrowing		<u>(25,001)</u>
Net cash (used in) financing activities		<u>(24,569)</u>

Net increase in cash		15,518
Cash at beginning of year		<u>30,396</u>
Cash at end of year		<u>\$ 45,914</u>

Supplemental Disclosures of Cash Flows:

Cash paid during the year for:		
Interest		<u>\$ 737</u>

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS

1. Description of Entity and Summary of Significant Accounting Policies

Description of Entity

Taylor County Senior Citizens, Inc. is a nonprofit corporation which is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Taylor County Senior Citizens, Inc. (the Organization) provides a variety of social services to the elderly of Taylor County, West Virginia. In-home care is provided to those Seniors that are otherwise unable to maintain independent living. Transportation throughout the local community as well as to and from the Senior Center is provided to those Seniors who require such services. The Organization also delivers nutritious meals to those individuals in need. The Organization is supported by various federal, state, and county governments in addition to contributions from Seniors and the local community.

Summary of Significant Accounting Policies

Basis of Accounting and Reporting

Taylor County Senior Citizens, Inc. uses the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The Entity maintains its accounting records and prepares its financial reports in accordance with the grantor funding cycles.

Cash

Cash is 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.

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.

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Basis of Presentation

The Organization has adopted FASB ACS 958-605-25-2, *Contributions Received* (formerly SFAS No. 116). The Organization has also adopted FASB ACS 958-205, *Presentation of Financial Statements* (formerly SFAS No. 117). Under FASB ACS 958-205, 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.

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.

Accounts Receivable

Accounts receivable consists of the following:

Nutrition – Federal	\$ 10,378
Medicaid Waiver	23,827
Medicaid Van Transport	3,162
Personal Care	16,877
Fair	4,053
Lighthouse	12,856
LIFE	23,356
Veterans Administration	832
Property taxes	<u>66,187</u>
Total accounts receivable	\$ <u>161,528</u>

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 and rent based on the effective dates of the policies.

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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 FASB Codification (ASC) 958-605, "Revenue Recognition", 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 received by the Organization met these requirements.

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.

All required federal tax returns for the Organization have been filed up to, and including the tax year ended September 30, 2012. The Organization's federal income tax returns for 2011, 2010, and 2009 remain subject to examination by the Internal Revenue Service ("IRS").

Advertising Costs

Taylor County Senior Citizens, Inc. expenses advertising costs as they are incurred.

2. Deposits and Investments

The Organization's deposits are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2013. The categories are described as follows:

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.

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	<u>Bank</u>		<u>Category</u>		<u>Carrying</u>
	<u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>
Cash	\$ 70,160	\$ 70,160	\$ -	\$ -	\$ 45,914
Restricted cash	<u>1,227</u>	<u>1,227</u>	<u>-</u>	<u>-</u>	<u>1,227</u>
	<u>\$ 71,387</u>	<u>\$ 71,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,141</u>

The Organization had no investments as of September 30, 2013.

3. Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation. Property and equipment consists of the following at September 30, 2013:

Equipment	\$ 51,486
Building and improvements	657,943
Food service equipment	25,315
Computer equipment	25,861
Vehicles	<u>165,058</u>
 Total property and equipment at cost	 <u>\$ 925,663</u>

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

Building and improvements	10 – 20 years
Kitchen equipment	5 years
Office furniture and equipment	5 – 7 years
Vehicles	5 years
Sign	10 years

Depreciation expense was \$37,571 for the fiscal year ended September 30, 2013.

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

4. Lease Commitments

The Organization leases a building from the Flemington City Council for the purpose of providing and operating a nutrition program in Flemington, WV. The lease expires on September 30th of each year with the option for the City of Flemington to increase the monthly rental fee by \$300 as long as a written explanation for such an increase is presented to the Organization sixty days prior to the effective date of the increase.

The Organization leases a parcel of land from the West Virginia Department of Transportation for an annual fee of \$1,129. This land is located adjacent to the Senior Center and is used for parking.

The Organization leases a parcel of land from the Taylor County Commission for a one time fee of \$99. This lease will expire in 2098 with the option to renew.

Total rent expense for the year ending September 30, 2013 was \$4,320 and was included in occupancy expense in the financial statements.

5. Short-Term Debt

The Organization obtained a \$25,000 line of credit from First Community Bank. The line has a variable interest rate which is based on Wall Street Prime Rate plus 1% not to go below 6% or above legal maximum. Expires August 15, 2014.

	<u>Balance at</u> <u>9/30/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>9/30/2013</u>
Line of Credit	\$ 103	\$ 54,950	\$ 54,518	\$ 535

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. Restricted Net Assets

During fiscal year 2011, the Organization received a \$25,000 bequest with donor imposed restrictions that limit its use to providing in-home services to members of the Taylor County Senior Citizens Center. This bequest has been recognized as restricted cash in the Statement of Financial Position. As of September 30, 2013, the balance of restricted cash was \$1,227.

7. Subsequent Events

The Taylor County Senior Citizens, Inc. has considered all subsequent events through April 17, 2014 the date the financial statements were made available.

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



**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***

The Board of Directors
Taylor County Senior Citizens, Inc.
Grafton, 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 of America, the financial statements of Taylor County Senior Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Taylor County Senior Citizens, 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 Taylor County Senior Citizens, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Taylor County Senior Citizens, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Taylor County Senior Citizens, Inc.'s financial statements are free from 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*.

Taylor County Senior Citizens, Inc.'s Response to Finding

Taylor County Senior Citizens, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Taylor County Senior Citizens, Inc. response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is 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 Taylor County Senior Citizens, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Taylor County Senior Citizens, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Delia B. Bawlett, Ph.D.

April 17, 2014

**TAYLOR COUNTY SENIOR CITIZENS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

2013-01 Segregation of Duties

Criteria: Internal control should be implemented to the degree possible to assign to different individuals the responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction.

Condition: Responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction should be assigned to different individuals.

Cause: Responsibilities for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction are not assigned to different individuals.

Effect: The lack of complete segregation of duties increases the risk that errors or irregularities in recording, processing, summarizing and reporting financial data could occur and not be detected in a timely manner.

Recommendation: Responsibilities of approval, execution, recording and custody be distributed among the accounting staff to the degree possible. We recommend that the Board should remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

Entity's Response: To the extent possible, the Organization has segregated its duties. Any further segregation of duties would not be economically feasible.

TAYLOR COUNTY SENIOR CITIZENS, INC.
 SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Federal Grantor Agency</u>	<u>CFDA Number</u>	<u>Grantor Pass-Through Number</u>	<u>Financial Awards Recognized</u>
<i>U.S. Department of Health and Human Services</i>			
Title III – B	93.044	T3 B/D/E	\$ 33,357
Title III – D	93.043	T3 B/D/E	985
Title III – E	93.052	T3 B/D/E	8,173
Title III - C Nutrition	93.045	N/A	129,958
Veterans Affairs	64.009	N/A	<u>6,992</u>
 Total Federal Funds			 <u>\$ 179,465</u>

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

TAYLOR COUNTY SENIOR CITIZENS, INC.
 SCHEDULE OF STATE AWARDS AND OTHER ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

State Grantor Program	<u>Aware/Grant No.</u>	<u>Financial Awards Recognized</u>
<i>WV Bureau of Senior Services through the Upper Potomac Area Agency on Aging:</i>		
LIFE	2904	\$ 193,951
Lighthouse	LH21051	118,368
Fair	ALZ21051	47,852
Shine Program	N/A	842
State Matching Funds	N/A	<u>26,838</u>
Total State Funds through the Upper Potomac Area Agency on Aging		387,851
State Community Partnership Grant		<u>5,000</u>
Total State Funds		<u>\$ 392,851</u>

TAYLOR COUNTY SENIOR CITIZENS, INC.
NOTES TO THE SCHEDULE OF FEDERAL AND STATE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Note 1 Basis of Presentation:

The accompanying Schedule of Federal and State Funds is prepared on the accrual basis of accounting which is the same basis used in the preparation of the financial statements.

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