

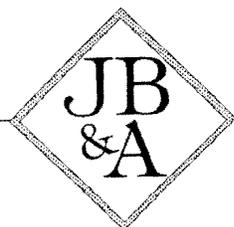
**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.**

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

**SEPTEMBER 30, 2016**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to financial statements	8-12
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues and Support	13-14
Schedule of Expenditures of State Awards	15
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	16-17
<b>MANAGEMENT LETTER</b>	18-19



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Council of Senior Citizens of Gilmer County, Inc.  
Glennville, West Virginia

We have audited the accompanying financial statements of Council of Senior Citizens of Gilmer County, 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.

### **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. 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 of 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 Council of Senior Citizens of Gilmer County, 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 Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and support and schedule of expenditures of state awards, 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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017, on our consideration of Council of Senior Citizens of Gilmer County, 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 Council of Senior Citizens of Gilmer County, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia  
June 14, 2017

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2016**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 1,278,073
Accounts receivable	326,022
Grants receivable	36,319
Investment	752,539
Prepaid expenses	<u>11,079</u>

Total current assets 2,404,032

**Property and Equipment, net** 1,265,905

**TOTAL ASSETS** \$ 3,669,937

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 13,159
Accrued wages payable	60,074
Payroll taxes payable	19,001
Accrued annual leave	<u>20,206</u>

Total current liabilities 112,440

**Net Assets**

Unrestricted 3,557,497

Temporarily restricted                     

Total net assets 3,557,497

**TOTAL LIABILITIES AND NET ASSETS** \$ 3,669,937

The accompanying notes are an integral part of this statement.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 221,460	\$	\$ 221,460
State grant allocations	335,969		335,969
Donations and match	75,455		75,455
Contractual revenues	961,195		961,195
Other income	51,549		51,549
Project income	86,425		86,425
Investment income	27,850		27,850
Unrealized gain on investment	89,899		89,899
Net assets released from restrictions:			
Restrictions released with time			
Restrictions satisfied with payments			
Total Revenue and Support	<u>1,849,802</u>		<u>1,849,802</u>
<b>EXPENSES</b>			
Program Services			
Title III-B	55,198		55,198
Title III-D	1,279		1,279
Title III-E	6,524		6,524
Title III-C - congregate	77,688		77,688
Title III-C - home delivered	136,200		136,200
Lighthouse	73,301		73,301
Marketplace	15,102		15,102
Personal care	1,067,905		1,067,905
LIFE	194,196		194,196
FAIR	31,679		31,679
Management and general	245,579		245,579
Total Expenses	<u>1,904,651</u>		<u>1,904,651</u>
Change in Net Assets	(54,849)		(54,849)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>3,612,346</u>		<u>3,612,346</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 3,557,497</u>	<u>\$</u>	<u>\$ 3,557,497</u>

The accompanying notes are an integral part of this statement.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Title III-B	Title III-D	Title III-E	Title III-C	
				Congregate	Home Delivered
Salaries and wages	\$ 26,946	\$	\$ 5,723	\$ 24,612	\$ 55,067
Fringe benefits	11,654		801	8,318	11,645
Travel	750				
Printing and supplies	650				
Repairs and maintenance				2,420	3,342
Communications and utilities	2,230			7,758	10,723
Other		1,279		3,497	4,745
Depreciation					
Raw food				26,883	38,054
Disposables				4,200	5,749
Transportation/Trip	12,968				6,875
Insurance					
Contractual					
	<u>\$ 55,198</u>	<u>\$ 1,279</u>	<u>\$ 6,524</u>	<u>\$ 77,688</u>	<u>\$ 136,200</u>

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<u>Lighthouse/ SAMS</u>	<u>Marketplace</u>	<u>Personal Care</u>	<u>LIFE</u>	<u>FAIR</u>	<u>Management and General</u>	<u>Totals (Memorandum Only)</u>
\$ 65,000	\$ 11,915	\$ 873,424	\$ 152,727	\$ 28,515	\$ 7,045	\$ 1,250,974
8,301	1,639	102,920	22,657	3,164	12,136	183,235
		51,050	11,646		3,401	66,847
		2,115			18,242	18,892
			4,766		21,594	29,471
	1,548	35,241	2,400		13,655	39,132
					33,094	81,804
					105,180	105,180
					4,463	69,400
						9,949
						19,843
		1,500			23,209	24,709
		1,655			3,560	5,215
<u>\$ 73,301</u>	<u>\$ 15,102</u>	<u>\$ 1,067,905</u>	<u>\$ 194,196</u>	<u>\$ 31,679</u>	<u>\$ 245,579</u>	<u>\$ 1,904,651</u>

The accompanying notes are an integral part of this statement.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (54,849)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	105,180
Unrealized loss on investments	(89,944)
(Increase) decrease in operating assets:	
Accounts and grants receivable	(142,265)
Prepaid expense	2,558
Increase (decrease) in operating liabilities:	
Accounts payable	1,315
Accrued wages and fringes	14,358
	(163,647)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(163,647)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed asset additions	(158,212)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(158,212)</b>

Decrease in cash and cash equivalents	(321,859)
---------------------------------------	-----------

<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>1,599,932</b>
---	------------------

<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 1,278,073</b>
---	---------------------

The accompanying notes are an integral part of this statement.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

The Council of Senior Citizens of Gilmer County, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Gilmer 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 in 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 Council of Senior Citizens of Gilmer County, 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 Council of Senior Citizens of Gilmer County, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. 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.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Allowance for Doubtful Accounts**

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

**Inventories**

Inventories of raw food, materials and supplies are deemed immaterial and are accordingly expensed as purchased.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 3,000 capitalization policy whereby all property and equipment over \$ 3,000 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

**Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

**Federal and State Grant Revenue**

Grant monies are received on a reimbursement basis for Title III-B, Title III-D, Title III-E, Title VII and LIFE grants. Upon completion of a grant year, any unexpended grant funds has to be approved for carryover to the next grant year.

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Lighthouse and FAIR are drawn down per unit of service as are Medicare and Waiver personal care services.

Total federal and state grant revenues for the year ended September 30, 2016, were \$ 221,460 and 335,969, respectively.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Donated Services**

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in relation to such volunteer services.

**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.

**Estimates**

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

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed.

**Note 2. Cash**

The Organization had deposits in excess of the \$250,000 FDIC limit with one financial institution at September 30, 2016 of \$847,018. The financial institution has pledged U. S. Treasury Securities to secure the deposits in excess of the FDIC limit.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 3. Investments**

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	-----	-----	-----	-----
Equity Securities				
Common Stocks	\$ 382,635	\$ 369,904	\$	\$ 752,539
	=====	=====	=====	=====

**Note 4. Receivables**

Receivables at September 30, 2016, consisted of the following:

Accounts Receivable			
Contractual revenues – Personal care		\$ 326,022	
			=====
Grants Receivable			
LIFE		\$ 18,928	
Lighthouse/SAMS		7,216	
5310 Grant		6,552	
FAIR		3,623	
			-----
Total		\$ 36,319	
			=====

**Note 5. Property and Equipment**

Property and equipment consisted of the following at September 30, 2016:

Land	\$ 70,000
Building and improvements	1,627,471
Vehicles	327,703
Equipment, furniture and fixtures	190,146
	-----
	2,215,320
Less accumulated depreciation	949,415
	-----
Total	\$ 1,265,905
	=====

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 6. Retirement**

The Organization has a simple IRA plan in which the company matches up to 3%. The Organization's contribution for the year ended September 30, 2016 was \$19,040.

**Note 7. Concentration**

The Organization receives about 31 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 45 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

**Note 8. 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 precedent to the granting funds. Any liability for reimbursement which may arise as the result of this audit is not believed to be material.

The Organization participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The Organization does not provide post retirement health benefits. However, PEIA shows a liability of \$183,410 at September 30, 2016 for post retirement benefits. The Organization does not expect to have to pay this liability.

**Note 9. Net Asset - Restrictions on Net Assets**

There are no temporarily restricted net assets at September 30, 2016.

**Note 10. Subsequent Events**

Management has evaluated subsequent events through June 14, 2017, the date which the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
SCHEDULE OF REVENUES AND SUPPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Title III-B	Title III-D	Title III-C		Title III-E	Lighthouse/ SAMS
			Congregate	Home Delivered		
Federal financial assistance	\$ 26,053	\$ 1,054	\$ 47,779	\$ 65,998	\$ 4,548	\$
State grant	9,478	186				78,049
Donations and match	4,595	186	1,933	2,670	1,516	
Contractual revenues						
Other income	3,200		4,853	6,241		
Project income	6,929		27,179	23,732		10,307
Investment income						
Unrealized gain on investment						
	<u>\$ 50,255</u>	<u>\$ 1,426</u>	<u>\$ 81,744</u>	<u>\$ 98,641</u>	<u>\$ 6,064</u>	<u>\$ 88,356</u>

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

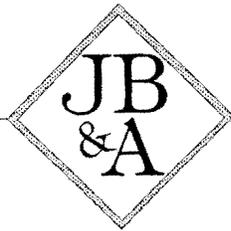
<u>FAIR</u>	<u>Marketplace</u>	<u>Other Programs</u>	<u>LIFE</u>	<u>Personal Care</u>	<u>Totals (Memorandum Only)</u>
\$	\$	\$	\$	\$	221,460
33,873	14,333	76,028	190,050		335,969
		10,000			75,455
		64,555			961,195
				961,195	961,195
		37,255			51,549
5,483		12,795			86,425
		27,850			27,850
		89,899			89,899
<u>\$ 39,356</u>	<u>\$ 14,333</u>	<u>\$ 318,382</u>	<u>\$ 190,050</u>	<u>\$ 961,195</u>	<u>\$ 1,849,802</u>

The accompanying independent auditor's report on supplemental information is an integral part of this schedule.

**COUNCIL OF SENIOR CITIZENS OF GILMER COUNTY, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2016	IH1603	67,109
Lighthouse	June 30, 2017	IH1703	10,940
FAIR	June 30, 2016	IH1603	28,214
FAIR	June 30, 2017	IH1703	5,659
Data Entry	June 30, 2016	IH1603	5,000
Data Entry	June 30, 2017	IH1703	5,000
Marketplace	June 30, 2016	MCAP1404	<u>14,333</u>
Total Direct Programs			<u>136,255</u>
Pass through Awards			
Bel-O-Mar Interstate Planning Commission			
IIIB State	June 30, 2016	21635	9,478
IIID	June 30, 2016	21635	186
LIFE	June 30, 2016	21602	128,639
LIFE	June 30, 2017	21702	<u>61,411</u>
Total pass-through awards			<u>199,714</u>
 TOTAL EXPENDITURES OF STATE AWARDS			 <u><u>\$ 335,969</u></u>

The independent auditors' report on supplemental information is an integral part of this schedule.



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Council of Senior Citizens of Gilmer County, Inc.  
Glennville, 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 Council of Senior Citizens of Gilmer County, 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 14, 2017.

### Internal Control Over Financial Reporting

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

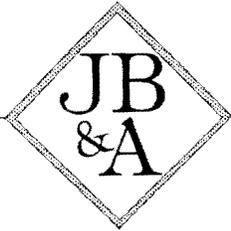
We noted certain other matters that we reported to management of Council of Senior Citizens of Gilmer County, Inc. in a separate letter dated June 14, 2017.

**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 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.



Buckhannon, West Virginia  
June 14, 2017



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## MANAGEMENT LETTER

To the Board of Directors  
and Senior Management  
Council of Senior Citizens of Gilmer County, Inc.  
Glennville, West Virginia

In planning and performing our audit of the financial statements of Council of Senior Citizens of Gilmer County, Inc. for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter on pages 16 and 17, dated June 14, 2017 contains our communication of significant deficiencies or material weaknesses in the Organization's internal control. This letter does not affect our report dated June 14, 2017, on the financial statements of Council of Senior Citizens of Gilmer County, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### **Accrual Basis Accounting Records**

The Organization's policy is to prepare its financial statement on the accrual basis of accounting and therefore all accrued revenue and expenses should be recorded in the general ledger at year end.

Accrued liabilities and accounts receivable should be recorded in the general ledger at September 30, 2016. Although acceptable for the auditor to help convert the Organization from cash to accrual basis there are advantages for maintaining books on the accrual basis. The most important being more accurate financial reporting with better matching of income and expenses during the year.

## Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank the Executive Director and her staff for their support and assistance during our audit.

This report is intended solely for the information and use of management, Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.



Buckhannon, West Virginia  
June 14, 2017