

Harrison County Senior Citizens Center, Inc.

**Independent Auditors' Report
and
Financial Statements**

September 30, 2021

Harrison County Senior Citizens Center, Inc.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
Supplementary Information	
Schedule of Expenditures of State Awards	14
Independent Auditors' 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>	
	15-16
Schedule of Prior Audit Findings.....	17
Schedule of Findings and Responses.....	18-19

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Harrison County Senior Citizens Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, 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 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 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

To the Board of Directors
Harrison County Senior Citizens Center, Inc.
Page two

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 Harrison County Senior Citizens Center, Inc. as of September 30, 2021, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of state awards on page 14, is presented for purposes 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 January 17, 2022, on our consideration of Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harrison County Senior Citizens Center, Inc.'s 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 Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting and compliance.



Charleston, West Virginia
January 17, 2022

Harrison County Senior Citizens Center, Inc.

Statement of Financial Position

September 30, 2021

Current Assets

Cash and cash equivalents	\$ 524,901
Grants and allocations receivable	49,488
Accounts receivable	71,496
Prepaid expenses	10,644
Inventory	<u>9,557</u>

Total Current Assets 666,086

Property and Equipment

Land	5,000
Building and improvements	600,262
Furniture and fixtures	19,112
Equipment	46,839
Vehicles	369,509
Less: accumulated depreciation	<u>(609,423)</u>

Net Property and Equipment 431,299

Other Assets

Beneficial interest in YCF Fund	35,278
Deposit on 5310 vehicle	<u>14,619</u>

Total Other Assets 49,897

Total Assets \$1,147,282

Current Liabilities

Accounts payable	\$ 15,495
Accrued payroll and payroll taxes	49,088
Accrued compensated absences	<u>21,960</u>

Total Current Liabilities 86,543

Net Assets

Without Donor Restrictions	998,198
With Donor Restrictions	
Purpose restrictions	27,263
Perpetual in nature	<u>35,278</u>

Total Net Assets 1,060,739

Total Liabilities and Net Assets \$1,147,282

See accompanying notes to financial statements.

Harrison County Senior Citizens Center, Inc.

Statement of Activities

For the Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains and Support			
State grants and financial assistance	\$ 667,585	\$ -0-	\$ 667,585
Harrison County vital services levy	172,763	-0-	172,763
Medicaid and Veterans service revenue	274,586	-0-	274,586
Federal financial assistance	177,705	-0-	177,705
City and local grants and allocations	25,000	-0-	25,000
Meal program service revenue	5,877	-0-	5,877
Community service programs	28,984	-0-	28,984
Contributions	10,259	10,000	20,259
Membership fees	1,224	-0-	1,224
Other income	369	-0-	369
Activity fee	2,260	-0-	2,260
Gain on sale of assets	1,185	-0-	1,185
Special events	1,020	-0-	1,020
Changed in beneficial interest in YCF	-0-	4,235	4,235
Interest income	30	-0-	30
Paycheck Protection Program	169,768	-0-	169,768
In-kind rental income	120,386	-0-	120,386
Net assets released from restrictions	<u>37,259</u>	<u>(37,259)</u>	<u>-0-</u>
Total Revenue, Gains and Support	<u>1,696,260</u>	<u>(23,024)</u>	<u>1,673,236</u>
Expenses			
Program activities:			
Program expenses	1,103,023	-0-	1,103,023
Supporting activities:			
Management and general	273,070	-0-	273,070
Fundraising and development	<u>25,578</u>	<u>-0-</u>	<u>25,578</u>
Total Expenses	<u>1,401,671</u>	<u>-0-</u>	<u>1,401,671</u>
Change in Net Assets	294,589	(23,024)	271,565
Net Assets – Beginning of Year	<u>703,609</u>	<u>85,565</u>	<u>789,174</u>
Net Assets – End of Year	<u>\$ 998,198</u>	<u>\$ 62,541</u>	<u>\$1,060,739</u>

See accompanying notes to financial statements.

Harrison County Senior Citizens Center, Inc.

Statement of Functional Expenses

For the Year Ended September 30, 2021

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Expenses				
Salaries and wages	\$ 601,103	\$165,074	\$18,218	\$ 784,395
Payroll taxes and related expenses	53,689	14,550	1,614	69,853
Utilities and occupancy expenses	31,003	17,224	984	49,211
Vehicle expense	53,059	2,793	-0-	55,852
Supplies – meal programs	114,054	-0-	-0-	114,054
Insurance	25,759	6,981	774	33,514
Travel – program	16,532	-0-	-0-	16,532
Supplies and expense – activities	41,509	-0-	-0-	41,509
Office supplies and expense	13,856	3,755	416	18,027
Professional services	6,179	1,674	186	8,039
Repairs and maintenance	11,304	6,280	359	17,943
Supplies – building	1,620	900	51	2,571
Contract services	6,466	1,752	194	8,412
Advertising and public awareness	1,148	311	35	1,494
Travel and training expense	409	111	12	532
Licenses, permits, and fees	1,350	366	41	1,757
Bank and merchant service fees	-0-	349	-0-	349
In-kind rental expense	<u>75,843</u>	<u>42,135</u>	<u>2,408</u>	<u>120,386</u>
Total Expenses Before Depreciation	1,054,883	264,255	25,292	1,344,430
Depreciation	<u>48,140</u>	<u>8,815</u>	<u>286</u>	<u>57,241</u>
Total Expenses	<u>\$1,103,023</u>	<u>\$273,070</u>	<u>\$25,578</u>	<u>\$1,401,671</u>

See accompanying notes to financial statements.

Harrison County Senior Citizens Center, Inc.

Statements of Cash Flows

For the Years Ended September 30, 2021

Cash Flows From Operating Activities	
Change in net assets	\$ 271,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	57,241
Gain on sale of assets	(1,185)
Paycheck Protection Program revenue recognized	(169,768)
Changes in operating assets and liabilities:	
Change in:	
Grants and allocations receivable	3,206
Accounts receivable	(30,244)
Prepaid expenses	2,117
Beneficial interest in YCF fund	(14,235)
Deposit on 5310 vehicle	(14,619)
Accounts payable	6,992
Accrued payroll and payroll taxes	4,908
Accrued compensated absences	98
Net Cash Provided By Operating Activities	<u>116,076</u>
Cash Flows From Investing Activities	
Purchases of property and equipment	(18,238)
Cash received on sale of assets	1,185
Net Cash Used From Investing Activities	<u>(17,053)</u>
Cash Flows From Financing Activities	
Proceeds from Paycheck Protection Program	169,768
Net Cash Provided By Financing Activities	<u>169,768</u>
Net Increase in Cash and Cash Equivalents	268,791
Cash and Cash Equivalents, Beginning of Year	<u>256,110</u>
Cash and Cash Equivalents, End of Year	<u>\$ 524,901</u>

See accompanying notes to financial statements.

Harrison County Senior Citizens Center, Inc.

Notes to Financial Statements

September 30, 2021

Note A – Organization and Nature of Business

Harrison County Senior Citizens Center, Inc. (Organization), a not-for-profit organization, incorporated in West Virginia in 1967, provides a variety of programs and social services and serves as a focal point for the delivery of services to the senior citizens of Harrison County, West Virginia. Programs and services include educational, social healthful, and recreation. Food programs include food box programs, a food pantry, and retail food pickup and redistribution program. Social activities include puzzle room, ceramics, computer lab, and weekly bingo. Through these programs and services, the Organization enriches the lives of older adults, responds to their needs and interest, supports their independence, and encourages their involvement in the community.

The Organization is supported by various federal, state, and county government grants, awards and financial assistance, as well as contributions from seniors and the local community.

Note B – Summary of Significant Accounting Policies

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting as contemplated by generally accepted accounting principles, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor-imposed restrictions. The Organization's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions represent resources available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions represent resources whose use is limited by donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are permanent or perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Harrison County Senior Citizens Center, Inc.

Notes to Financial Statements

September 30, 2021

Note B – Summary of Significant Accounting Policies (Continued)

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions expires in the same reporting period in which the support is received. All other donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions – Unconditional promises to give are recognized as revenue and included in receivables in the period the promise is given. Such unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

Contributions of long-lived assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Grants and Accounts Receivable – Grants receivable and the related revenues are recorded when expenses applicable to grants operating on a cost reimbursement basis have been incurred. The Organization's grants receivable consist primarily of receivables from federal and state granting agencies and are deemed fully collectible; consequently, no provision for uncollectible accounts is considered necessary.

Accounts receivable is comprised of billings for services rendered. The Organization evaluates each accounts receivable individually and provides a charge to revenue that is appropriate, in the opinion of management, to absorb probable credit losses.

Inventory – Inventory is valued at the lower of cost (first-in, first-out method) or market.

Donated Services – Donated services are recognized as contributions 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. For the year ending September 30, 2021 no services were received that met the criteria for recognition as donated services.

Harrison County Senior Citizens Center, Inc.

Notes to Financial Statements

September 30, 2021

Note B – Summary of Significant Accounting Policies (Continued)

Functional Expenses – The costs of providing program and supporting activities have been presented on a functional basis in the statement of functional expenses, and are summarized in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain expenses are charged to program or supporting services as incurred, allocated expenses were charged on the basis of estimates of time and effort or other statistical bases.

Property and Equipment – Purchases of property and equipment are capitalized at cost. Donated assets are capitalized at the estimated fair value at the date of receipt. The Organization capitalizes purchased or donated property and equipment based on an assessment of the individual asset's useful life and cost or fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to fifty years. Depreciation expense for the year ended September 30, 2021 is \$57,241.

Income Taxes – For Federal tax purposes the Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and was determined not to be a private foundation by the Internal Revenue Service; however, the Organization remains subject to tax on any business income unrelated to its tax-exempt purpose. There was no related business income for the year ending September 30, 2021.

The Organization follows *Accounting for Uncertainty in Income Taxes*. This guidance provides a recognition threshold and measurement process for uncertain tax positions, including any estimated penalties and interest associated with those uncertain tax positions. For the year ended September 30, 2021, there were no uncertain tax positions requiring accrual.

The Organization's Form 990, *Return of Organization Exempt from Income Tax* for the prior three (3) years are open to audit by the Internal Revenue Service.

Fair Value Measurements – FASB Codification *Financial Instruments* permits an entity to elect fair value as the initial and subsequent measurement attribute for certain financial statement assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value earnings. The adjustment to reflect the difference between fair value and the carrying amount is accounted for as cumulative effect adjustment to net assets as of the date of this adoption. The adoption of this pronouncement did not have an effect on the Organization's financial statements.

Harrison County Senior Citizens Center, Inc.

Notes to Financial Statements

September 30, 2021

Note B – Summary of Significant Accounting Policies (Continued)

FASB Codification *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Various inputs are used in determining the fair value of assets and liabilities. These inputs are summarized in a hierarchy that segregates fair value measurement in the three levels (levels 1, 2, and 3), determined by the nature of input as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted market price in an active market proves the most reliable evidence of fair value.

Level 2 – Other significant observable inputs, including quoted prices of similar securities in active markets, quoted prices for identical securities in markets that are not active, and other market-corroborated inputs.

Level 3 – Significant unobservable inputs, including the Organization's own assumptions in determining the fair value of investments, based on the best information available in the circumstances.

The fair value of the Organization's cash and cash equivalents, grants, allocation, and accounts, accounts payable, and accrued expenses approximate their carrying amounts due to the short-term nature of these instruments.

For the year ended September 30, 2021, the Organization did not hold any assets or liabilities utilizing level 3 inputs for determining fair value.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash in various checking and savings accounts. The organization considers all highly liquid investments with a remaining maturity date of three months or less at the time of purchase to be cash equivalents.

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 reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

Harrison County Senior Citizens Center, Inc.

Notes to Financial Statements

September 30, 2021

Note C – Concentration

The Organization maintains its cash accounts in financial institutions located in West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash balances at various times throughout the year may be in excess of amounts insured.

During the year ended September 30, 2021, the Organization received a significant amount of support from the U.S. Department of Health and Human Services and the West Virginia Bureau of Senior Services. A loss or substantial reduction in this funding may have a significant impact on the Organization.

Note D – Net Assets with Donor Restrictions

Net assets with donor restrictions subject to purpose or temporary restrictions includes the estimates restricted value of vehicles purchased with the assistance of, and pursuant to an agreement (Agreement) with, the State of West Virginia, acting by and through the Division of Public Transit of the Department of Transportation (Division). In accordance with the agreement... "the titles(s) to and ownership of the vehicle(s), during the *useful life*, shall at all times remain with the Division". *Useful life*, as used in the Agreement, means at least 100,000 miles or four years, whichever comes first, from the date of the signing of the Agreement by the Division. At the conclusion of this period of *useful life*, the Division will transfer title(s) of the vehicles to the Organization.

Purpose restricted net assets are comprised of the following at September 30, 2021:

Beneficial interest in YCF Fund	\$35,278
Section 5310 vehicles	<u>27,263</u>
	<u>\$62,541</u>

Note E – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within on year of the balance sheet date, comprise the following at year ended September 30, 2021:

Cash and cash equivalents	\$524,901
Grants and allocations receivable	49,488
Accounts receivable	<u>71,496</u>
	<u>\$645,885</u>

Harrison County Senior Citizens Center, Inc.

Notes to Financial Statements

September 30, 2021

Note F – Operating Leases

The Organization entered into several non-cancelable lease agreements for certain office equipment. Total monthly lease expense under these lease agreements is approximately \$555 per month and extends through year ending September 30, 2023. Total lease expense under the lease was \$6,836 for the year ended September 30, 2021. Total expected minimum lease payments under these agreements is as follows for year ending September 30:

2022	\$ 6,660
2023	5,600
2024	449
2025	-0-
2026	-0-
Thereafter	-0-
	<u>\$12,649</u>

Note G – Accrued Compensated Absences

Accrued compensated absences are included in these financial statements at the employee's current hourly rate at each respective years' end. Amounts accrued for future absences include amounts that are attributable to the employees' services already rendered, and those for which the employer has an obligation to make payment in the event an employee is terminate.

Note H – Subsequent Events

Subsequent events were evaluated through January 17, 2022, which is the date the financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.

Note I – Donated Facilities

The Organization's policy for gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. The Organization requires the use of a building for its programs and administration. The building is provided at no cost to the Organization by the Harrison County Commission. Based on current market rates, the Organization would have paid approximately \$ 120,386 for the year ended September 30, 2021.

Harrison County Senior Citizens Center, Inc.

Notes to Financial Statements

September 30, 2021

Note J – CARES Act Funding and COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 24, 2020, West Virginia Governor Jim Justice ordered the closure of the physical location of every “non-essential” business for what may be an extended period of time. The Center was closed to the public from the time of the order until June 22, 2021. Future potential impacts may include disruptions or restrictions on our employees’ ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

In response to the COVID-19 pandemic in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief and Economic Security (CARES) Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. The loans are uncollateralized and fully guaranteed by the Federal government. The loan is forgivable for amounts related to certain payroll, rent, utilities, and state and local employer tax expenses for a period of 24 weeks after the loan is received. If not forgiven, the loan has a maturity of 2 years and an interest rate of 1%. In February 2021, the Small Business Administration (SBA) granted the Organization a PPP loan for \$169,768.

Harrison County Senior Citizens Center, Inc. initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$169,768 as grant revenue for the year ended September 30, 2021.

Note K – Assets Transferred to Donor-Designated Fund

The Organization has a beneficial interest in the Harrison County Senior Citizens Center Endowment Fund held with Your Community Foundation of North Central W. VA., Inc. (YCF). The Organization, based upon the donor’s designation, has granted the YCF variance power. The assets are recorded in the Statement of Financial Position. The total amount held in the Harrison County Senior Citizens Center Endowment Fund was \$35,278 at September 30, 2021. Income earned during the year ended September 30, 2021, is recorded as revenue with donor restrictions in the accompanying Statement of Activities.

Note L – Line of Credit

The Organization maintains a line of credit with a local financial institution. The line provides for a maximum principal amount of \$50,000 with a variable interest rate at Prime plus 1.0%, but at no time less than 5.0%. The line is secured by a commercial security agreement on collateral which includes virtually all accounts and equipment. There was no outstanding balance on this Line at September 30, 2021.

Supplementary Information

Harrison County Senior Citizens Center, Inc.
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2021

	<u>Grant Period</u>	<u>State Expenditure</u>
Direct Programs		
WV Department of Transportation	December 31, 2021	\$ 53,000
WV Bureau of Senior Services		
Lighthouse	June 30, 2021	134,064
Lighthouse	June 30, 2022	31,841
FAIR	June 30, 2021	32,798
FAIR	June 30, 2021	13,601
Total WV Bureau of Senior Services		<u>212,304</u>
Total Direct Programs		<u>265,304</u>
 Pass-through Awards		
Northwestern Area Agency on Aging		
IIIB State	September 30, 2021	143,304
IIID	September 30, 2021	4,555
IIIE	September 30, 2021	42,021
IIIE Supplement	September 30, 2021	3,835
LIFE	June 30, 2021	142,084
LIFE	June 30, 2022	<u>44,885</u>
Total pass-through awards		<u>380,684</u>
Total Expenditures of State Awards		<u>\$ 645,988</u>

See independent auditor's report.

**Independent Auditors' 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***

To the Board of Directors of
Harrison County Senior Citizens Center, Inc.
Clarksburg, 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 Harrison County Senior Citizens Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harrison County Senior Citizens Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Harrison County Senior Citizens Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Harrison County Senior Citizens Center, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002, that we consider to be significant deficiencies.

Compliance and Other Matters

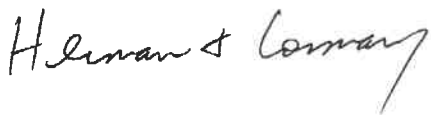
As part of obtaining reasonable assurance about whether Harrison County Senior Citizens Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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*.

Harrison County Senior Citizens Center, Inc.'s Response to Findings

Harrison County Senior Citizens Center, Inc.'s response to the findings identified in our audit is described in the accompany schedule of findings and responses. Harrison County Senior Citizens Center, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion.

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.



Charleston, West Virginia
January 17, 2022

Harrison County Senior Citizens Center, Inc.

Schedule of Prior Findings and Responses

September 30, 2021

20-01 Segregation of Duties

Criteria and Condition: Segregation of duties is a critical piece of the internal control framework. This key internal control element dictates that duties should be aligned so that no one individual controls too many critical aspects of a process or transaction. The Organization has a limited number of personnel with responsibility for accounting and financial reporting matters. As a result, there is a lack of segregation of duties over the initiation, authorization, recording, and reporting of transactions and the preparation and review of financial reports by persons sufficiently independent of the transactions.

Auditor's Recommendation: Responsibility for initiation, authorization, recording, and reporting of transactions should be segregated to the extent possible. Although complete segregation of duties is not feasible given the limited staff available, management has been mindful and resourceful in its efforts to segregate duties and is commended for its efforts. I recommend continued review and assessment in this area of internal control, as this key internal control is vital to ensure errors or irregularities are detected and prevented in a timely basis in the normal course of business. It is incumbent upon the board to remain strong and active; additionally, the board should recognize that its scope of oversight of the internal control system applies to all major areas of control, to include: operations, compliance with laws and regulations, and financial reporting.

Current Status: Similar finding is noted for the year ended September 30, 2021.

20-02 Drafting Financial Statements

Criteria and Condition: Reliable financial reporting requires that financial statements conform with GAAP. Preparing financial statements is the culminating step of financial reporting. The Organization does not have adequate staff to prepare the financial statements in accordance with generally accepted accounting principles (GAAP).

Auditor's Recommendation: The Organization should engage the service of a certified public accountant or other professional with the expertise and ability to prepare financial statements in conformity with GAAP, with the understanding that preparing the financial statements in conformity with GAAP includes not only the broad guidelines of general application, but also detailed practices and procedures. GAAP includes pronouncements of authoritative bodies designated by the AICPA to establish accounting principles.

Current Status: Similar finding is noted for the year ended September 30, 2021.

Harrison County Senior Citizens Center, Inc.

Schedule of Findings and Responses

September 30, 2021

2021-001

Segregation of Duties

Condition: The Organization has a limited number of personnel with responsibility for accounting and financial reporting matters. As a result, there is a lack of segregation of duties over the initiation, authorization, recording, and reporting of transactions and the preparation and review of financial reports by persons sufficiently independent of the transactions.

Criteria: Segregation of duties is a critical piece of the internal control framework. This key internal control element dictates that duties should be aligned so that no one individual controls too many critical aspects of a process or transaction.

Cause: Limited staff decreases the ability to provide for segregation of some accounting processes.

Effect: Increased potential that fraud and abuse could occur.

Recommendation: Responsibility for initiation, authorization, recording, and reporting of transactions should be segregated to the extent possible. Although complete segregation of duties is not feasible giving the limited staff available, management has been mindful and resourceful in its efforts to segregate duties and is commended for its efforts. We recommend continued review and assessment in this area of internal control, as this key internal control is vital to ensure errors or irregularities are detected and prevented in a timely basis in the normal course of business. It is incumbent upon the board to remain strong and active; additionally, the board should recognize that its scope of oversight of the internal control system applies to all major areas of control, to include: operations, compliance with laws and regulations, and financial reporting.

Management Response: Management and the board will remain vigilant in their efforts to consider the control environment, assess risks, monitor activities, and improve policies and procedures when deficiencies are identified.

Harrison County Senior Citizens Center, Inc.

Schedule of Findings and Responses

September 30, 2021

2021-002

Drafting Financial Statements

Condition: The Organization does not have adequate staff to prepare the financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria: Reliable financial reporting requires that financial statements conform with GAAP. Preparing financial statements is the culminating step of financial reporting.

Cause: Limited staff and time decreases the ability to prepare financial statements in conformity with GAAP.

Effect: Increased potential that fraud and abuse could occur.

Recommendation: The Organization should ensure employees with responsibility for accounting and financial reporting matters have appropriate training. Employees with responsibility for accounting and financial reporting matters should make any necessary approved adjusting journal entries to ensure the trial balance is a working trial balance from which financial statements can be prepared.

Management Response: The Organization will enroll employees with responsibility for accounting and financial reporting matters in appropriate training courses. The Organization will ensure there is always a member of management or governance with the skills, knowledge and experience to evaluate and assume responsibility for GAAP basis financial statements.