

**SENIOR CENTER RESOURCES
AND PUBLIC TRANSIT, INC.**

FINANCIAL STATEMENTS
&
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2017 and 2016



**Senior Center Resources
and Public Transit**
Serving Hunt County since 1976

**SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016**

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SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

OFFICERS AND DIRECTORS

AS OF SEPTEMBER 30, 2017

Chairman of the Board.....	Sheryl Zelhart
Vice Chairman.....	Bob Romero
Secretary/Treasurer.....	Larry McKinney
Directors.....	Charles Adams
	Angela Roberts
	Nelda Young
	Shirley Rice
	Marliyn Wooten
Executive Director.....	Danny Allembaugh

FINANCIAL SECTION



**Senior Center Resources
and Public Transit**
Serving Hunt County since 1976



Michael Conway, CPA
Neil Conway, CPA

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ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Senior Center Resources and Public Transit, Inc.
Greenville, TX 75402

We have audited the accompanying financial statements of Senior Center Resources and Public Transit Corporation, a nonprofit organization, (the "Center") which comprise the statements of financial position as of September 30, 2017 and 2016 and the related statements of activities, functional expenses, cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits 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 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 controls 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Center Resources and Public Transit, Inc. as of September 30, 2017 and 2016, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 April 16, 2018 on our consideration of Senior Center Resources and Public Transit, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering Senior Center Resources and Public Transit, Inc.'s internal control over financial reporting and compliance.

CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.

Greenville, Texas
April 16, 2018

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BASIC FINANCIAL STATEMENTS



**Senior Center Resources
and Public Transit**
Serving Hunt County since 1976

**SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 890,406	\$ 1,164,693
Due from Contracting Agencies	301,018	94,277
Prepaid Expenses	-	11,633
Total Current Assets	<u>1,191,424</u>	<u>1,270,603</u>
Non-current Assets:		
Restricted Cash	<u>13,337</u>	<u>13,337</u>
Capital Assets:		
Non-depreciable Asset:		
Land	<u>25,201</u>	<u>25,201</u>
Depreciable Assets:		
Buildings	2,922,134	2,922,134
Equipment	811,629	811,629
Vehicles	2,012,391	1,510,029
Accumulated Depreciation	<u>(2,931,269)</u>	<u>(2,711,145)</u>
Depreciable Assets, net	<u>2,814,885</u>	<u>2,532,647</u>
Total Fixed Assets, net	<u>2,840,086</u>	<u>2,557,848</u>
Total Non-current Assets	<u>2,853,423</u>	<u>2,571,185</u>
Total Assets	<u><u>4,044,847</u></u>	<u><u>3,841,788</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	152,246	65,161
Accrued Liabilities	<u>31,872</u>	<u>23,700</u>
Total Current Liabilities	<u>184,118</u>	<u>88,861</u>
Total Liabilities	<u>184,118</u>	<u>88,861</u>
Net Assets:		
Temporarily Restricted Net Assets	13,337	13,337
Unrestricted Net Assets	<u>3,847,392</u>	<u>3,739,590</u>
Total Net Assets	<u>3,860,729</u>	<u>3,752,927</u>
Total Liabilities and Net Assets	<u><u>\$ 4,044,847</u></u>	<u><u>\$ 3,841,788</u></u>

The accompanying notes are an integral part of this financial statement.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues:						
Federal Financial Assistance	\$ 1,084,023	\$ -	\$ 1,084,023	\$ 759,212	\$ -	\$ 759,212
State Financial Assistance	529,992	-	529,992	346,464	-	346,464
Program Income	289,084	-	289,084	432,618	-	432,618
Hunt Memorial Hospital District	212,387	-	212,387	182,527	-	182,527
United Way	15,701	-	15,701	12,906	-	12,906
Intergovernmental Support	55,079	-	55,079	55,000	-	55,000
Public Donations	406	-	406	-	-	-
In-Kind Donations	131,647	-	131,647	113,159	-	113,159
Interest Income	2,499	-	2,499	2,290	-	2,290
Miscellaneous Income	23,160	-	23,160	40,925	-	40,925
Unrestricted Support and Revenues	2,343,978	-	2,343,978	1,945,101	-	1,945,101
Expenses						
Program Services:						
Aging Programs	560,297	-	560,297	663,757	-	663,757
Transportation Programs	1,424,677	-	1,424,677	1,500,460	-	1,500,460
Supporting Services:						
Administration Costs	251,202	-	251,202	133,968	-	133,968
Total Expenses	2,236,176	-	2,236,176	2,298,185	-	2,298,185
Net Increase (Decrease) in Net Assets	107,802	-	107,802	(353,084)	-	(353,084)
Net Assets, October 1	3,739,590	13,337	3,752,927	4,092,674	13,337	4,106,011
Net Assets, September 30	\$ 3,847,392	\$ 13,337	\$ 3,860,729	\$ 3,739,590	\$ 13,337	\$ 3,752,927

The accompanying notes are an integral part of this financial statement.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

Expenses	Program Services			Support Services	Total
	Aging Programs	Transportation Programs	Total	Administration Expenses	2017 Expenses
Salaries and Employee Benefits	\$ 179,490	\$ 647,038	\$ 826,528	\$ 240,300	\$ 1,066,828
Travel	488	5,002	5,490	-	5,490
Food Costs	200,321	-	200,321	-	200,321
Supplies	2,115	6,505	8,620	-	8,620
Utilities	10,555	25,568	36,123	-	36,123
Automobile Expense	13,687	265,106	278,793	-	278,793
Insurance	20,468	94,296	114,764	-	114,764
Center Maintenance	4,274	3,881	8,155	-	8,155
Operations	32,531	-	32,531	-	32,531
Professional Fees	6,148	24,590	30,738	-	30,738
Marketing	870	12,871	13,741	-	13,741
Human Resources	710	10,263	10,973	-	10,973
Communications	229	21,338	21,567	-	21,567
Office Expenses	11,292	41,890	53,182	-	53,182
Other Operating Costs	657	1,922	2,579	-	2,579
Expenses before Depreciation and In Kind Expenses	483,835	1,160,270	1,644,105	240,300	1,884,405
Loss on Sale of Assets	-	-	-	-	-
In Kind Expense	46,190	85,457	131,647	-	131,647
Depreciation	30,272	178,950	209,222	10,902	220,124
Total Expenses	\$ 560,297	\$ 1,424,677	\$ 1,984,974	\$ 251,202	\$ 2,236,176
Functional Expense Percentages	25.06%	63.71%	88.77%	11.23%	100%

The accompanying notes are an integral part of this financial statement.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

Expenses	Program Services			Support Services	Total
	Aging Programs	Transportation Programs	Total	Administration Expenses	2016 Expenses
Salaries and Employee Benefits	\$ 198,444	\$ 687,850	\$ 886,294	\$ 119,767	\$ 1,006,061
Travel	746	1,244	1,990	-	1,990
Food Costs	223,200	-	223,200	-	223,200
Supplies	1,103	6,158	7,261	735	7,996
Utilities	10,666	27,413	38,079	330	38,409
Automobile Expense	12,180	290,175	302,355	-	302,355
Insurance	20,437	79,492	99,929	-	99,929
Center Maintenance	5,491	6,861	12,352	-	12,352
Operations	56,916	36	56,952	-	56,952
Professional Fees	5,360	21,441	26,801	-	26,801
Marketing	1,540	8,761	10,301	-	10,301
Human Resources	4,684	9,873	14,557	-	14,557
Communications	13,326	61,388	74,714	-	74,714
Office Expenses	11,132	29,671	40,803	-	40,803
Other Operating Costs	961	2,414	3,375	-	3,375
Expenses before Depreciation and In Kind Expenses	566,186	1,232,777	1,798,963	120,832	1,919,795
Loss on Sale of Assets	-	-	-	-	-
In Kind Expense	61,096	52,063	113,159	-	113,159
Depreciation	36,475	215,620	252,095	13,136	265,231
Total Expenses	\$ 663,757	\$ 1,500,460	\$ 2,164,217	\$ 133,968	\$ 2,298,185
Functional Expense Percentages	28.88%	65.29%	94.17%	5.83%	100%

The accompanying notes are an integral part of this financial statement.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 107,802	\$ (353,084)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	220,124	265,231
Changes in operating assets and liabilities:		
(Increase) Decrease in Accounts Receivable	(206,741)	10,233
(Increase) Decrease in Prepaid Expenses	11,633	-
Increase (Decrease) in Accounts Payable	87,086	65,161
Increase (Decrease) in Accrued Expenses	8,172	15,003
Net Cash Provided by Operating Activities	228,076	2,544
Cash Flows from Capital Activities:		
Gain from the Sale of Fixed Assets	-	-
Purchases of Vehicles and Equipment	(502,363)	(239,407)
Net Cash Used by Capital Activities	(502,363)	(239,407)
Net Increase in Cash and Cash Equivalents	(274,287)	(236,863)
Cash and Cash Equivalents at Beginning of Year	1,178,030	1,414,893
Cash and Cash Equivalents at End of Year	\$ 903,743	\$ 1,178,030
Supplemental Cash Flow Information:		
Non-cash contributions received: In-kind	\$ 131,647	\$ 113,159

The accompanying notes are an integral part of this financial statement.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016

NOTE A – FINANCIAL REPORTING ENTITY

Senior Center Resources and Public Transit, Inc. (the “Center”) was chartered as an organization other than a private foundation under the laws of the State of Texas. The center was formed in 1976 to provide transportation and nutrition and supporting aging services to the residents of Hunt County, Texas.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles.

Method of Accounting

The financial statements of the Center have been prepared utilizing the accrual basis of accounting. Contributions are recorded when received unless susceptible to accrual. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates.

Financial Statement Presentation

The Center prepares its financial statements in accordance with Accounting Standards Codification (ASC) 958-205 and subsections (formerly Statements of Financial Accounting Standards [“SFAS”] No. 117, *Financial Statements of Not-for-Profit Organizations* [“SFAS 117”]). Thus, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Center is required to present a statement of cash flows.

Net assets and revenues, expenses, gains and losses are classified based on the existence of absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations are classified as unrestricted. These may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – support that is restricted by the donor is reported as an increase in temporarily restricted net assets. Donor restricted support that will be met either by action of the Agency and/or the passage of time, are classified as an increase in temporarily restricted net assets. When restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Center are classified as permanently restricted. The Center has no Permanently Restricted Net Assets.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents reported in the statement of financial position approximate fair values as of September 30, 2017 and 2016. The Center considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents. For purposes of the Statement of Cash Flows, the Center consolidates cash and cash equivalents and restricted cash to be cash and cash equivalents.

Receivables

The Center believes that sufficient detail of receivable balances is provided in the notes to the financial statements to avoid the obscuring of significant components by aggregation. Management has evaluated the necessity of providing for an allowance for doubtful accounts and has concluded that no such allowance is required as of September 30, 2017 and 2016.

Revenue Recognition

Grants – Support received under grant contract agreements with various federal and state agencies are recorded as revenue when the related costs are incurred. Grant amounts receivable at September 30, 2017 and 2016 represent amounts due for expenses incurred prior to year end.

Contributions – Contributions received from the public, Corporations, intercounty agencies, and local governments are recognized as support when received and are reported as unrestricted net assets.

In-Kind Donations – The Center receives ongoing in-kind donations for municipal facilities provided for congregant meal service and certain vehicle maintenance items, such as oil changes and tire rotations. All donations are recorded as valued by the donor, which values most closely approximate the arms length purchase price for the items or facilities received.

Recognition of 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, temporarily restricted net assets are reclassified to unrestricted net assets. As of September 30, 2017 and 2016, temporarily restricted net assets total \$13,337, and are held for use for facility capital improvements. There are no permanently restricted net assets.

Income Taxes

The Center operates under Section 501(c) (3) of the Internal Revenue Code and is generally exempt from federal, state, and local income taxes. Accordingly, no provision for income taxes is included in the financial statements. The Center is classified as an organization other than a private foundation.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording depreciation. It is at least reasonably possible that the significant estimates used will change within the next year.

Fixed Assets and Accumulated Depreciation

Expenditures for property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service or as instructed by the donor.

The Center defines capital assets as those with an individual cost of \$5,000 or more and a useful life exceeding three years. Property and equipment are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset – Class</u>	<u>Estimated Life</u>
Buildings	40 Years
Furniture & Equipment	5-7 Years
Vehicles	5 Years

Description of Programs

Title III – Aging Services

The Center provides the following service to senior citizens age sixty and over with priority given to low income minorities, as addressed in the Older American Act. The objective of these programs is to enhance the participants' overall quality of life.

Congregate Meals Program – Meals meeting one-third of the required daily nutrition requirements are provided at specified nutrition sites.

Home Delivered Meals – Home delivered meals are provided to home bound eligible participants. These meals meet one-third of the required daily nutrition requirements.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016

Transportation – Transportation is provided to nutrition sites, medical appointments and essential shopping for eligible individuals.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Description of Programs (cont'd)

Senior Center Operations – A multi-purpose center is available to help senior citizens deal with various issues affecting their daily life such as health screening, advocacy, information, and insurance benefits counseling.

Case Management – The Center provides needs assessment along with the development of a plan of care for helping individuals maintain independent living at home. The Center also provides for assistance in obtaining medications, equipment or treatment not otherwise attainable by the participant. In addition, the Center makes arrangements for minor repairs or modifications to homes necessary for health considerations or to adjust to a new disability.

Preventive Health – The Center makes referrals to the Area Agency on Aging for medical supplies, residential repairs, medical equipment, or prescriptions that cannot be obtained by any other means.

Section 5311 Rural Public Transit

This program provides daily public transportation with the origin and destination within the service area of Hunt County. Weekly transportation is provided as needed within a 55 mile radius.

Title XIX - Medical Transportation

Eligible participants are approved by Medicaid Central Dispatch for the provision of non-emergency medical transportation within Hunt County. Limited service is also provided to counties contiguous to Hunt County.

Financial Instruments

The carrying values of the Center's financial instruments (receivables, checking and money market accounts, Certificates of Deposit, accounts payable and accrued expenses) approximate fair market value due to their relatively short maturities. These values all qualify as Level 1 inputs in accordance with FAS no. 157.

Compensated Absences

Employees of the Center are entitled to paid vacation and sick leave, depending upon length of service. It is not practical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Center's policy is to record the cost of compensated time off when approved and paid to the employees.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016

Risk Management

The Center is exposed to various risks of loss related to collisions, theft of, damage to and destruction of assets; injuries to employees; errors and omissions; and natural disasters. During fiscal 2017 and 2016, the Center contracted for commercial insurance to cover these liabilities. There were no settlements exceeding insurance coverage during this time period..

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

NOTE C - RESTRICTED CASH

The Center received restricted donations towards the construction of their existing building, all of which were not used in its initial completion. The activity relating to these funds is as follows:

	<u>2017</u>	<u>2016</u>
Balance as of October 1	\$ 13,337	\$ 13,337
Interest Income	-	-
Bank Service Charges	-	-
Balance as of September 30	<u>\$ 13,337</u>	<u>\$ 13,337</u>

NOTE D - INVESTMENTS

Investments, when applicable are stated at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the Center had no investments subject to the fair value hierarchy established by generally accepted accounting principles. For investments in local government pools, the reported value of the pool is the same as the fair value of the pool shares.

NOTE E - FIXED ASSETS

The following is a summary of property and equipment and the related accumulated depreciation as of September 30, 2017:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balances</u>
Non-Depreciated				
Capital Assets:				
Land	\$ 25,201	\$ -	\$ -	\$ 25,201
	<u>25,201</u>	<u>-</u>	<u>-</u>	<u>25,201</u>
Depreciable Assets:				
Buildings and Improvements	2,922,134	-	-	2,922,134
Machinery & Equipment	811,629	-	-	811,629
Vehicles	1,510,029	502,362	-	2,012,391
	<u>5,243,792</u>	<u>502,362</u>	<u>-</u>	<u>5,746,154</u>
Total Fixed Assets	<u>5,268,993</u>	<u>502,362</u>	<u>-</u>	<u>5,771,355</u>
Less accumulated depreciation for:				
Buildings and Improvements	(718,967)	(73,054)	-	(792,021)
Machinery & Equipment	(765,537)	(12,045)	-	(777,582)
Vehicles	(1,226,641)	(135,025)	-	(1,361,666)
Total Accumulated Depreciation	<u>(2,711,145)</u>	<u>(220,124)</u>	<u>-</u>	<u>(2,931,269)</u>
Total Capital Assets being Depreciated, net	<u>2,532,647</u>	<u>282,238</u>	<u>-</u>	<u>2,814,885</u>
Capital Assets, net	<u>\$ 2,557,848</u>	<u>\$ 282,238</u>	<u>\$ -</u>	<u>\$ 2,840,086</u>

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

NOTE E - FIXED ASSETS (cont'd)

The following is a summary of property and equipment and the related accumulated depreciation as of September 30, 2016:

	Beginning Balances	Additions	Decreases	Ending Balances
Non-Depreciated				
Capital Assets:				
Land	\$ 25,201	\$ -	\$ -	\$ 25,201
	<u>25,201</u>	<u>-</u>	<u>-</u>	<u>25,201</u>
Depreciable Assets:				
Buildings and Improvements	2,922,134	-	-	2,922,134
Machinery & Equipment	775,779	35,850	-	811,629
Vehicles	1,306,472	203,557	-	1,510,029
	<u>5,004,385</u>	<u>239,407</u>	<u>-</u>	<u>5,243,792</u>
Total Fixed Assets	<u>5,029,586</u>	<u>239,407</u>	<u>-</u>	<u>5,268,993</u>
Less accumulated depreciation for:				
Buildings and Improvements	(645,913)	(73,054)	-	(718,967)
Machinery & Equipment	(712,953)	(52,584)	-	(765,537)
Vehicles	(1,087,048)	(139,593)	-	(1,226,641)
Total Accumulated Depreciation	<u>(2,445,914)</u>	<u>(265,231)</u>	<u>-</u>	<u>(2,711,145)</u>
Total Capital Assets being Depreciated, net	<u>2,558,471</u>	<u>(25,824)</u>	<u>-</u>	<u>2,532,647</u>
Capital Assets, net	<u>\$ 2,583,672</u>	<u>\$ (25,824)</u>	<u>\$ -</u>	<u>\$ 2,557,848</u>

TxDOT holds title to all vehicles used in the public transportation program as their funding was at least partially used to purchase the vehicles in question. The net asset value of these vehicles was \$650,725 and \$283,388 as of September 30, 2017 and 2016, respectively. By holding title to these vehicles, TxDOT retains the right to control the sale of the vehicles and also can transfer the vehicles to use by another Texas transportation authority should the vehicles be idled by the current location. This right has not been exercised by TxDOT for any vehicles used by the Center either in the past or during the current fiscal year. Management believes its purchase and usage policy is such that TxDOT will not find it necessary to do so.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

NOTE F - DUE FROM CONTRACTING AGENCIES

As of September 30, 2017 and 2016, the Center had the following amounts due from contracting agencies:

	2017	2016
Hunt County Memorial Hospital	\$ 16,667	\$ -
Logisticare	31,294	-
North Central Texas Council of Governments	58,548	-
Texas Department of Transportation - State 5311	78,094	49,853
Texas Department of Transportation - Federal 5311	116,415	44,424
Total	<u>\$ 301,018</u>	<u>\$ 94,277</u>

Since all receivables are from state and local agencies, the Center does not record an allowance for doubtful accounts.

NOTE G - FEDERAL AND STATE FINANCIAL ASSISTANCE

Following is a summary of federal and state financial assistance by contracting source for September 30, 2017:

	September 30, 2017		
	Federal	State	Total
North Central Texas			
Council of Governments	\$ 325,786	\$ -	\$ 325,786
Texas Department of Transportation	758,237	385,765	1,144,002
Texas Department of H & HS	-	144,227	144,227
Texas Department of Agriculture	-	-	-
Totals	<u>\$ 1,084,023</u>	<u>\$ 529,992</u>	<u>\$ 1,614,015</u>

Following is a summary of federal and state financial assistance by contracting source for September 30, 2016:

	September 30, 2016		
	Federal	State	Total
North Central Texas			
Council of Governments	\$ 337,073	\$ -	\$ 337,073
Texas Department of Transportation	422,139	175,016	597,155
Texas Department of H & HS	-	82,200	82,200
Texas Department of Agriculture	-	89,248	89,248
Totals	<u>\$ 759,212</u>	<u>\$ 346,464</u>	<u>\$ 1,105,676</u>

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

NOTE H - ECONOMIC DEPENDENCY

The Center receives a majority of its revenue through grants and contracts with the North Central Texas Council of Governments, the Texas Department of Human Services, and the Texas Department of Transportation. In addition, the majority of the Center's receivables are due from these agencies (see note E). The Center is economically dependent on these revenues as they comprise more than 63% of total funding received. At September 30, 2017 these grants and contracts have been extended through November 30, 2018.

NOTE I - CONTRIBUTIONS

Under SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are reported as temporarily or permanently restricted support are reclassified to unrestricted net assets upon expiration of the time or purpose of restriction. Contributions and grant restrictions that are satisfied in the year of receipt are reported as unrestricted revenue in the same year.

Contributions of volunteer hours and mileage are recorded as contributions in the period the services is received and as a corresponding expense within the same period. These services are referred to as "In Kind Donations." The value of volunteer hours and mileage has been recorded based on the Center's recommended per hour and per mile rate. Following is a summary of the value of these contributions as of September 30, 2017 and 2016.

In-Kind Donations	<u>9/30/2017</u>
Volunteer Hours	\$ 35,010
Volunteer Mileage	2,809
Other In-Kind Donations	<u>93,828</u>
Total In-Kind Donations	<u>\$ 131,647</u>
In-Kind Donations	<u>9/30/2016</u>
Volunteer Hours	\$ 3,924
Volunteer Mileage	2,404
Other In-Kind Donations	<u>106,831</u>
Total In-Kind Donations	<u>\$ 113,159</u>

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

NOTE J - OPERATING LEASES

The Center has an operating lease for office equipment. The lease was signed in March of 2012 for a 60 month leasing period at a cost of \$105 a month. The minimum lease commitments as of September 30, 2017 are as follows:

FYE September 30			
	2018	\$	1,260
Total		<u>\$</u>	<u>1,260</u>

NOTE K - CUSTODIAL CREDIT RISK

The Center maintains cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Amounts in excess of the FDIC insurance were fully collateralized by securities held in the Center's name by the financial institution beginning in January, 2014. It also maintained pledged security for all of its certificates of deposit via a C.D.A.R.S Deposit Placement Agreement for all of fiscal 2017 and 2016. The Center has never experienced any losses relating to cash deposits and believes it is not exposed to any significant credit risk to cash.

NOTE L - CONCENTRATION OF CREDIT RISK

The Center concentrates its services within the Hunt County region of Texas, which is a requirement for receiving some of the government financial assistance. As with any operation concentrated in a specific region a risk exists that the Center would be affected by economic events contained in or including this geographic region.

NOTE M - PENSION PLAN

The Center adopted a 401(k) Plan in 2007 and all employees who have been employed by the Center for at least one year and at least 21 years of age are eligible to participate in the plan. The Center contributes to the plan based on a budgeted amount. The employee directs the investments within their respective account. The Center's pension expense was \$32,148 and \$50,351, in 2017 and 2016, respectively.

NOTE N - LITIGATION

The Center is party to various legal proceedings arising in the ordinary course of business. Management, based on the Board's opinion, believes the Center has adequate legal defenses and/or insurance coverage for each of these proceedings and does not believe they will materially alter the Center's financial position.

NOTE O - SUBSEQUENT EVENTS

In March 2018, the Center was notified that Hunt Memorial Hospital would not be renewing its contract to provide \$200,000 in support during the 2017-18 fiscal year resulting from budget reductions.. The Center is investigating other opportunities to replace this funding. The Center has evaluated all events and transactions that occurred after September 30, 2017 through April 16, 2018, the date the financial statements were available for issuance.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2017

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures*
FEDERAL GRANTS			
U.S. Department of Transportation			
Passed through Texas Department of Transportation:			
Grants for Other than Urban Areas	20.509	TX-2016-013	473,968
Enhanced Mobility of Seniors	20.513	TX-2016-031-00	3,349
Transportation Investment Generating Economic Recovery (TIGER)	20.933	TX-2016-043	280,920
Total Department of Transportation			<u>758,237</u>
U.S. Department of Health and Human Services			
Passed through North Central Texas Council of Governments:			
Title III, Part B - Transportation and Senior Option Services	93.044	N/A	39,977
Title III, Part C Congregate and Home Delivered Meals	93.045	N/A	285,809
Total U.S. Department of Health and Human Services			<u>325,786</u>
Total passed through North Central Texs Council of Governments			<u>325,786</u>
Total Federal Grant Awards			<u><u>1,084,023</u></u>

* No amounts noted as paid to subrecipients

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2017

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) included the federal federal award activity of Senior Center Resources and Public Transportation, Inc's ("Center") under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contain in the Uniform Guidance, wherein certain types of expenditures are not allowable or are not limited as to reimbursement.

C. Indirect Cost Rate

The Center has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

D. Program Costs/Matching Contributions

The amounts shown as current year expenses represent only the federal grant portion of the program cost. Entire program cost, including the Center's portion, may be more than shown.



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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

Independent Auditor's Report

To the Board of Directors
Senior Center Resources and Public Transit, Inc.

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 the Senior Center Resources and Public Transit, Inc. (a nonprofit organization), which comprise the statement of financial positions as of September 30, 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Senior Center Resources and Public Transit, 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 on the Senior Center Resources and Public Transit Inc.'s ("Center") internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies in the Center'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 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 questioned costs as item 2017-001 to be a material weakness in the Center's internal control.

A *significant deficiency* is a deficiency, or combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a significant deficiency in the Center's internal control.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Center's Response to Findings

The Center's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Center's 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 intended solely to describe the scope of our testing of internal control and compliance and the results of this 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.

CONWAY COMPANY CPAs, P.C.**Greenville, Texas**

April 16, 2018



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Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors of
Senior Center Resources and Public Transit, Inc.

Report on Compliance for Each Major Federal Program

We have audited Senior Center Resources and Public Transit, Inc.'s ("Center") compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Center's major federal programs for the year ended September 30, 2017. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs and corrective action plan.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Senior Center Resources and Public Transit, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended September 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned cost as items 2017-003, 2017-004, and 2017-005. Our opinion on each major federal program is not modified with respect to this matter.

The Center's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned cost. The Center's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose as described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as items 2017-003, 2017-004, and 2017-005 that we consider to be significant deficiencies.

The Center's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.

Greenville, Texas

April 16, 2018

**SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes

Deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified No

Deficiencies identified that are not considered to be material weaknesses Yes

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) reported in this Schedule? Yes

Major Federal Programs:

U.S. Department of Transportation - Federal Transit Capital Investment Grant (CFDA 20.509)

U.S. Department of Transportation – TIGER (CFDA 20.933)

Dollar threshold used to distinguish between type A and type B federal programs: \$750,000

Auditee qualified as low risk auditee? No

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Section II - Findings and Questioned Costs Related to Financial Statements

Finding: 2017-001 –Grant Revenue and Asset Acquisition (related to U.S. Department of Transportation CFDA #20.933) – Correction of an Error Restatement

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria: The 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of Treadway Commission (“COSO”) framework indicates that a system of internal control is expected to provide an organization with reasonable assurance that those objectives relating to external reporting and compliance with laws and regulations will be achieved. This COSO framework is not a requirement but does highlight criteria supporting guidelines to promote required adherence to Government Accounting Standards in addition to fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Specifically, reporting objectives pertain to the preparation of reports for use by organizations. Internal reporting objectives are driven by internal requirements in response to a variety of potential needs such as the entity’s strategic direction and operating plans. External reporting objectives are driven primarily by regulations established by standard-setting bodies.

According to Texas Department of Transportation July 2017 Compliance Requirements, each recipient must report program outlays and program income on a cash or accrual basis, prescribed by the Federal awarding agency. Also, each recipient is required to establish reasonable procedures to ensure receipt of reports on sub-recipient’s cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete cash reports to the Federal reporting agency or pass-through entity.

Conditions and Context: During our testing, we noted a failure of the reporting entity to record receipt of the program income from the sub-recipient, and a failure to record expenditures in the form of asset additions resulting from the program income.

Cause: The type of grant called “TIGER” was administered almost completely by the pass-through entity (“PTE”), Texas Department of Transportation. Expenditures were approved by the PTE and sent directly to vendors bypassing the Center’s cash management procedures. Center did not respond by recording this external process onto their account system. As well, they did not have in-house staff with the accounting knowledge needed to record such a transaction.

Effect or Potential Effect: As a result of the above situation, a correction of an error in the revenue and assets was required. This error did not result in any external reports showing the material misstatements as this was discovered prior to submission of external reports. Therefore, the result was a discovery in the internal control process which if left unchecked would create a material misstatement in future reporting by underreporting revenues and understating assets.

Repeat Finding: No

Recommendation: We recommend the Center should strengthen its controls and add recording grants that are administered by pass-through entities.

Views of Responsible Officials: Senior Center agrees with the finding and will implement internal control procedures to ensure the recording of program income and associated expenditures, at the time of receipt.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Finding: 2017-002 – Controls over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Type of Finding: Significant deficiency in Internal Control over Financial Reporting

Criteria: Per 2 CFR Subpart F-Audit Requirements, the auditee must: (b) Prepare appropriate financial statements including the schedule of expenditures of federal awards in accordance with 200.510 financial statements.

Conditions and Context: During our testing, we noted a failure of the reporting entity to create a Schedule of Expenditures of Federal Awards (“SEFA”). Inclusive in the issue of not creating this schedule was the underreporting of grant expenditures in the financial records.

Cause: Employees responsible for federal grants have adequate training of the SEFA reporting process and requirements.

Effect or Potential Effect: As information reported on the SEFA is used for audit planning and by grantors, misstatements or specifically an absence of the reporting process could result in missed major programs and potential delays in audit reporting.

Repeat Finding: Yes

Recommendation: We recommend Center employees responsible for federal grants have adequate training of the SEFA reporting process and requirements. We also recommend the Center establish and implement internal controls to ensure complete financial information is requested from internal and external sources to prepare the SEFA.

Views of responsible officials: Senior Center will seek training or seek the help of a third-party to assist in preparing the Schedule of Expenditures of Federal Awards (“SEFA”).

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Section III - Findings and Questioned Costs Related to Federal Awards

Finding: 2017-003

Program Title: Grants for other than Urban Areas

CFDA: 20.509

Contract Grant Number: TX-2016-013

Federal Award Years: 8/17/2016 to 8/31/2017

Federal Agency: United States Department of Transportation

Type of Finding: Significant deficiency and Non-compliance

Criteria: 2 CFR Part 200 – Uniform Administrative Requirements, cost principles, and audit requirements for federal awards as highlighted in July 2017 Compliance Requirements. The grant contract defines the timing requirements. Each recipient is required to establish reasonable procedures to ensure receipt of reports on sub-recipient's cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete cash reports to the Federal reporting agency or pass-through entity.

Conditions/Context: During our testing we noted that the Center had some significant time delays in filing for and receiving program expense reimbursements from the pass-through entity which are required to be submitted within a 60 day time frame from the point of expenditure.

Cause: The Center had a personnel change within the accounting department, and as a result, for a period of time did not have staff that possessed the knowledge to submit expense reimbursement requests.

Effect: A delay in available cash from the Center was experienced requiring the use of up-front local funding until reimbursement requests were prepared.

Questioned Costs: None Reported

Repeat Finding from Prior Year (s): No

Recommendation: We recommend Center cross-training policies to ensure that multiple staff members have adequate knowledge to complete required expense reimbursement requests.

Views of responsible officials: Senior Center will implement a cross-training policy within the organization. This policy will allow others to gain work related experience, and will also ensure the timely filing of grant related expense reports during personnel changes.

**SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Finding: 2017-004

Program Title: Grants for other than Urban Areas

CFDA: 20.509

Contract Grant Number: TX-2016-013

Federal Award Years: 8/17/2016 to 8/31/2017

Program Title: Transportation Investment Generating Economic Recovery (TIGER)

CFDA: 20.933

Contract Grant Number: TX-2016-031-00

Federal Award Years: 10/4/2016 to 11/30/2018

Federal Agency: United States Department of Transportation

Type of Finding: Significant deficiency and Non-compliance

Criteria: 2 CFR Part 200 – Uniform Administrative Requirements, cost principles, and audit requirements for federal awards as highlighted in July 2017 Compliance Requirements. Each recipient is required to prepare and maintain a physical inventory of equipment purchased with program income and must establish property records to account for such purchases.

Conditions/Context: During our testing, we noted that no official records database was maintained to account for all the assets that were purchased with program income.

Effect: Lack of controls over asset records could result in the Center's noncompliance with Equipment requirements and/or could result in the Center being denied future grant funding.

Questioned Costs: None Reported

Repeat Finding: No

Recommendation: We recommend the Center prepare formal fixed asset records for assets purchased with program income.

Views of responsible officials: Senior Center will seek assistance in designing a methodology to track asset purchases from federal funds.

**SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Finding: 2017-005

Program Title: Grants for other than Urban Areas

CFDA: 20.509

Contract Grant Number: TX-2016-013

Federal Award Years: 8/17/2016 to 8/31/2017

Program Title: Transportation Investment Generating Economic Recovery (TIGER)

CFDA: 20.933

Contract Grant Number: TX-2016-031-00

Federal Award Years: 10/4/2016 to 11/30/2018

Federal Agency: United States Department of Transportation

Type of Finding: Significant deficiency and Non-compliance

Criteria: 2 CFR Part 200 – Uniform Administrative Requirements, cost principles, and audit requirements for federal awards as highlighted in July 2017 Compliance Requirements. Each recipient must require that, as a condition to a bid on a transit vehicle procurement, in which program funds are involved, that a manufacturer must certify its' compliance with the requirements of 49 CFR section 26.49, Disadvantaged Business Enterprises (DBE).

Conditions/Context: During our testing, we noted that no Disadvantaged Business Enterprise (DBE) certificates were obtained from bus manufacturers before transit vehicle purchases.

Effect: Lack of controls over asset records could result in the Center's noncompliance with Equipment requirements and/or could result in the Center being denied future grant funding.

Questioned Costs: None Reported

Repeat Finding: No

Recommendation: We recommend the Center request and document receipt of Disadvantage Business Enterprise (DBE) certificates as a condition to the bid process.

Views of responsible officials: Senior Center will make official requests for these certificates before requesting bids for new bus purchases.

Senior Center Resources and Public Transit, Inc.
4912 Lee Street
Greenville, TX 75401

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2017

Finding #2017-001: During our testing, we noted a failure of the reporting entity to record receipt of the program income from the sub-recipient, and a failure to record expenditures in the form of asset additions resulting from the program income.

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Responsible Person
Danny Allembaugh - Executive Director

Implementation Date
April 16, 2018

Views of responsible officials and planned corrective action
Senior Center agrees with the finding and will implement internal control procedures to ensure the recording of program income and associated expenditures, at the time or receipt.

Finding #2017-002: During our testing, we noted a failure of the reporting entity to create a Schedule of Expenditures of Federal Awards ("SEFA"). Inclusive in the issue of not creating this schedule was the underreporting of grant expenditures in the financial records.

Type of Finding: Significant deficiency in Internal Control over Financial Reporting

Responsible Person
Danny Allembaugh - Executive Director

Implementation Date
April 16, 2018

Views of responsible officials and planned corrective action
Senior Center will seek training or seek the help of a third-party to assist in preparing the Schedule of Expenditures of Federal Awards ("SEFA").

Finding #2017-003: During our testing we noted that the Center had some significant time delays in filing for and receiving program expense reimbursements from the pass-through entity which are required to be submitted within a 60 day time frame from the point of expenditure.

Type of Finding: Significant deficiency and Non-compliance

Responsible Person

Danny Allembaugh - Executive Director

Implementation Date

April 16, 2018

Views of responsible officials and planned corrective action

Senior Center will implement a cross-training policy within the organization. This policy will allow others to gain work related experience, and will also ensure the timely filing of grant related expense reports during personnel changes.

Finding #2017-004: During our testing we noted that no official database was maintained to account for all the assets that were purchased with program income.

Type of Finding: Significant deficiency and Non-compliance

Responsible Person

Danny Allembaugh - Executive Director

Implementation Date

April 16, 2018

Views of responsible officials and planned corrective action

Senior Center will seek assistance in designing a methodology to track asset purchases from Federal Funds.

Finding #2017-005: During our testing, we noted that no Disadvantaged Business Enterprise (DBE) certificates were obtained from bus manufacturers before transit vehicle purchases.

Type of Finding: Significant deficiency and Non-compliance

Responsible Person

Danny Allembaugh - Executive Director

Implementation Date

April 16, 2018

Views of responsible officials and planned corrective action

Senior Center will make official requests for these certificates before requesting bids for new bus purchases.

**SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Finding 2016-001

CFDA 20.509 Grants for Other than Urban Areas

Award Number – TX-2016-013

Award Year – 8/17/2016 to 8/31/2017

Federal Agency – United States Department of Transportation

Type of Finding: Control deficiency and Non-Compliance

Criteria: Title 2 U.S. Code of Federal Regulations (CFR) Section 200.512(a) requires the reporting package and data collection form to be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after the reports are received from the auditors or nine months after the end of the audit period. The Federal Audit Clearinghouse considers the submission requirement complete when it has received the electronic submission of both the data collection form and the reporting package.

Conditions/Context: During our testing we noted that the Center did not submit data collection and reporting package.

Cause: The Center did not have staff possessing the knowledge to timely submit the data collection form and reporting package.

Effect: Timely performance and financial information was not received by the grantor agency.

Questioned Costs: None Reported

Repeat Finding from Prior Year (s): No

Recommendation: We recommend reviewing the controls in place to ensure that all future reporting requirements are completed both accurately and timely.

Status: In Progress. The Center was assisted by a third-party in submitting the data collection and reporting package, and was successful in completing the required 2016 Clearinghouse requirements, although beyond the required time frame.

SENIOR CENTER RESOURCES AND PUBLIC TRANSIT, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Finding 2016-002

Type of Finding: Significant deficiency

Criteria: It is management's responsibility to provide for the preparation of the statements, footnotes, and schedules, and the responsibility of the auditor to determine the fairness of presentation of those statements and schedules which includes the preparation of SEFA

Conditions/Context: Conway Company CPAs, P.C. was requested to prepare the audited financial statements and the SEFA.

Cause: The Center did not have staff possessing knowledge necessary to prepare financial statements and the SEFA to be audited.

Effect: The possibility exists that a material misstatement to the financial statements could exist that could have been prevented or detected by management.

Questioned Costs: None Reported

Repeat Finding from Prior Year (s): No

Recommendation: A disclosure checklist should be utilized to ensure all required disclosures are present, and accounting information should be agreed to the amounts reported in the financial statements and disclosures.

Status:

In Progress

A disclosure checklist was created for current year guidance in monitoring procedures.