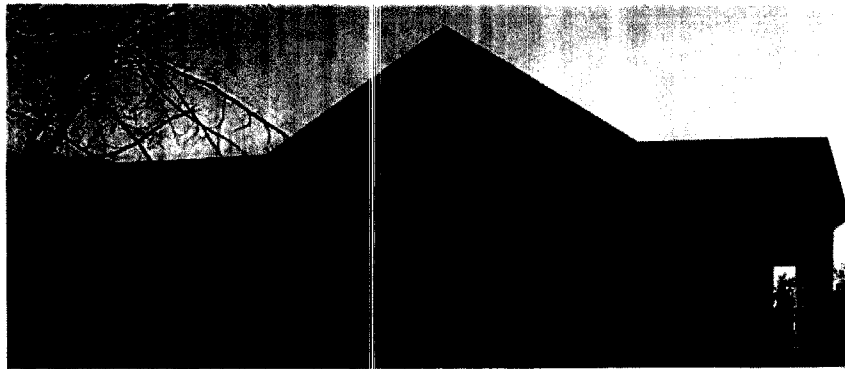


BERKELEY COUNTY COMMITTEE ON AGING, INC.  
d/b/a BERKELEY SENIOR SERVICES



*We are located at 217 N. High Street  
in Martinsburg, West Virginia*

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEARS ENDED SEPTEMBER 30, 2009 AND 2008

# Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services

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## Independent Auditors' Report

The Board of Directors  
**Berkeley County Committee on Aging, Inc.**  
**d/b/a Berkeley Senior Services**  
Martinsburg, West Virginia

We have audited the accompanying statements of financial position of **Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services** "BSS" (a Not-for-Profit Corporation) as of September 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of BSS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 – July 2007 Revision*, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services** as of September 30, 2009 and 2008, and the changes in its net assets and cash flows for the years then end, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 4, 2010, on our consideration of BSS's internal control over financial reporting and 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 Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

*Albright Crumbacker Moul & Itell, P.A.*

Martinsburg, West Virginia  
February 4, 2010

# Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services

## Statements of Financial Position

<i>September 30,</i>	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 484,937	\$ 421,071
Accounts receivable	271,755	212,875
<b>Total current assets</b>	<b>756,692</b>	<b>633,946</b>
<b>Property, plant and equipment, net</b>	<b>1,230,341</b>	<b>1,258,412</b>
<b>Total assets</b>	<b>1,987,033</b>	<b>1,892,358</b>
 <b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	84,404	47,184
<b>Total current liabilities</b>	<b>84,404</b>	<b>47,184</b>
<b>Net assets</b>		
Unrestricted	1,902,629	1,845,174
<b>Total net assets</b>	<b>1,902,629</b>	<b>1,845,174</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,987,033</b>	<b>\$ 1,892,358</b>

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

# Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services

## Statements of Activities

<i>Years ended September 30,</i>	<b>2009</b>	<b>2008</b>
<b>Revenue and support</b>		
<b>Grants</b>		
State	\$ 469,501	\$ 691,068
Federal	199,509	146,887
Other	69,676	88,235
<b>Other support</b>		
Medicaid waiver	635,477	328,446
Community care	474,596	298,450
In-kind services	125,566	125,462
Project income	137,954	103,763
Donations	35,588	48,394
United Way	33,869	35,662
Miscellaneous	34,382	40,424
<b>Total revenue and support</b>	<b>2,216,118</b>	<b>1,906,791</b>
<b>Expenses</b>		
Program services	2,036,742	1,681,920
Support services	121,921	77,882
<b>Total expenses</b>	<b>2,158,663</b>	<b>1,759,802</b>
<b>Increase in net assets</b>	<b>57,455</b>	<b>146,989</b>
<b>Net assets, beginning of year</b>	<b>1,845,174</b>	<b>1,698,185</b>
<b>Net assets, end of year</b>	<b>\$ 1,902,629</b>	<b>\$ 1,845,174</b>

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

# Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services

## Statements of Cash Flows

<i>Years ended September 30,</i>	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 57,455	\$ 146,989
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	62,609	63,148
(Increase) decrease in operating assets		
Accounts receivable	(58,880)	(63,957)
Prepaid expenses	-	5,657
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	37,220	14,012
<b><i>Net cash provided by operating activities</i></b>	<b>98,404</b>	<b>165,849</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(34,538)	(39,299)
<b><i>Net cash used in investing activities</i></b>	<b>(34,538)</b>	<b>(39,299)</b>
<b><i>Net increase in cash and cash equivalents</i></b>	<b>63,866</b>	<b>126,550</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>421,071</b>	<b>294,521</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 484,937</b>	<b>\$ 421,071</b>

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

# Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services

## Notes to Financial Statements

### 1. Summary of significant accounting policies

This summary of significant accounting policies of **Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services** "BSS" (a Not-for-Profit Corporation) is presented to assist in understanding the financial statements. The financial statements and notes are representations of BSS management, who is responsible for their integrity and objectivity.

**Nature of operations:** BSS provides escort, transportation, nutrition, In-Home Care, case management and referral services to senior citizens of Berkeley County, West Virginia, all with the primary objective of improving their quality of life. BSS relies principally on funding under Title III of the Older Americans Act of 1965, as amended; nutritional funding from the U.S. Department of Agriculture; allocations from the United Way; and Berkeley County Commission. In addition, BSS provides In-Home Care to seniors under Medicaid, Veteran's Administration, and West Virginia Lighthouse programs.

**Basis of presentation:** BSS reports information regarding its financial position and activities according to three classes of net assets, which are unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include an allowance for bad debts and estimates of in-kind contributions.

**Cash and cash equivalents:** Cash equivalents include certificates of deposit generally with maturities of six months or less.

# Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services

## Notes to Financial Statements

**Accounts receivable:** Accounts receivables represent fees due under service provider arrangements and amounts due under grant agreements. BSS grants credit without collateral to its clients, most of whom are residents of the area served by BSS and insured under third-party payer agreements. Management has recorded the receivables at their estimated net realizable value and has identified the accounts that it believes to be uncollectible. Accordingly, an allowance for doubtful accounts has been recorded. At September 30, 2009 and 2008, accounts receivable consisted primarily of amounts due from the Veterans Administration and Medicaid.

**Property, plant and equipment:** Property, plant and equipment is recorded at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from three to forty years. Maintenance and repairs are expensed as incurred. Major improvements that increase the useful lives of the assets are capitalized. Upon sale or retirement of depreciable property, the related cost and accumulated depreciation are removed from the accounts and any gains and losses on the sale or retirement are reflected in excess of revenue over expenses.

**Revenue and support:** Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of any donor-stipulated restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets reclassified from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue.

The Berkeley County Commission has donated use of a building to BSS. Such donated facilities are reported as contributed services and building space expense at its fair value, based on rents for comparable properties, and has been used as a local match for BSS's various programs.



# Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services

## Notes to Financial Statements

**Income tax:** BSS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

**Functional allocation of expenses:** Certain costs have been allocated among the programs and supporting services benefits. Allocations of costs by function are based principally on specific identification of cost to program, supporting services, or fund-raising. Non-specifically identified costs are based on management's allocation of time requirements for the various functions based on its analysis of historical activities.

**2. Risk and uncertainties** BSS receives substantial support from various grants from federal and state agencies.

**3. Property, plant and equipment** Property, plant and equipment as of September 30 consisted of the following:

	2009	2008
Building and improvements	\$ 1,663,491	\$ 1,657,491
Equipment	118,198	118,198
Vehicles	143,643	115,105
Furniture and fixtures	57,505	57,505
Land	7,500	7,500
	1,990,337	1,955,799
Less accumulated depreciation	(759,996)	(697,387)
<b>Total</b>	<b>\$ 1,230,341</b>	<b>\$ 1,258,412</b>

# Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services

## Notes to Financial Statements

- 4. Commitments and contingencies** In the normal course of operations, BSS is subject to lawsuits and claims. In the opinion of management, the dispositions of such lawsuits and claims, if any, will not have a material effect on BSS's financial positions or results of operations.
- 5. Retirement plan** BSS sponsors a defined contribution retirement plan under section 403(b) of the Internal Revenue Code covering substantially all employees meeting certain eligibility requirements. BSS matches 100% of the employee's contribution up to 9% of the employee's wages. Employer contributions approximated \$6,500 and \$6,900 for 2009 and 2008, respectively.
- 6. Reclassifications** Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.
- 7. Subsequent event** BSS has evaluated events and transactions subsequent to September 30, 2009 through February 4, 2010, the date these financial statements were available to be issued. Based on the definitions and requirements of U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to September 30, 2009 through February 4, 2010, that require recognition or disclosure in the financial statements.

## **Independent Auditors' Report on the Supplementary Information**

The Board of Directors  
**Berkeley County Committee on Aging, Inc.**  
**d/b/a Berkeley Senior Services**  
Martinsburg, West Virginia

Our report on our audits of the basic financial statements of **Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services** "BSS" (a Not-for-Profit Corporation) for the years ended September 30, 2009 and 2008 appears on Page 2. We conducted our audits for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of revenues and expenses on page 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Albright Crumbacker Moul & Itell, P.A.*

Martinsburg, West Virginia  
February 4, 2010

Years ended September 30,

	Case Management	FAIR (Formerly Alzheimer's Grant)	TITLE III B	III C/Food Service	TITLE III D	III E/Respite	IN HOME Transportation (Formerly Assisted Transportation)	LIFE
<b>Revenue and support</b>								
<b>State Grants</b>								
WV Community partnership grant	\$ 1,085	\$ 4,546	\$ 3,089	\$ 5,210	\$ 181	\$ 723	\$ 640	\$ 3,269
III-C	-	-	-	-	2,124	-	-	-
III-D	-	-	-	-	-	-	-	-
III-B	-	-	30,588	-	-	-	-	-
Medical management	-	-	-	-	-	-	-	-
FAIR	1,300	51,748	-	-	-	-	-	-
LIFE	-	-	18,553	-	-	5,566	-	130,649
Lighthouse	-	-	-	-	-	-	-	-
In home transportation	-	-	-	-	-	-	19,810	-
Other	-	-	-	-	-	-	-	-
Nutrition supplement C-1	-	-	-	-	-	-	-	-
<b>Total State Grants</b>	<b>2,385</b>	<b>56,294</b>	<b>52,230</b>	<b>5,210</b>	<b>2,305</b>	<b>6,289</b>	<b>20,450</b>	<b>133,918</b>
<b>Federal Grants</b>								
III-B	-	-	46,109	-	-	-	-	-
III-D	-	-	-	-	3,371	-	-	-
III-E	-	-	-	-	-	26,523	-	-
Medical management	-	-	-	-	738	-	-	-
Low income energy assistance	-	-	-	-	-	-	-	-
III-C	-	-	-	114,770	-	-	-	-
VII-Elder abuse	-	-	-	-	-	-	-	-
Nutritional supplement income program	-	-	-	-	-	-	-	-
SHIP	-	-	-	-	-	-	-	-
<b>Total federal grants</b>	<b>-</b>	<b>-</b>	<b>46,109</b>	<b>114,770</b>	<b>4,109</b>	<b>26,523</b>	<b>-</b>	<b>-</b>
Other government grants	-	-	-	21,475	678	-	3,500	-
Medicaid waiver	-	-	-	-	-	-	-	-
Community care	31,995	-	-	-	-	-	-	-
In-kind income	7,534	8,790	12,557	8,790	-	2,511	-	13,812
Program income	-	24,891	18,824	32,238	25	24,864	815	11,976
Donations	-	5,975	4,811	1,607	-	3,156	261	2,334
United Way	-	1,731	9,494	12,488	-	-	1,026	2,985
Miscellaneous	-	-	7,067	3,291	-	-	-	-
<b>Total revenue and support</b>	<b>41,914</b>	<b>97,381</b>	<b>150,882</b>	<b>199,869</b>	<b>7,017</b>	<b>63,343</b>	<b>26,052</b>	<b>165,025</b>
<b>Expenses</b>								
Personnel expenses	39,159	75,760	91,397	92,465	6,023	41,413	12,878	110,363
Advertising	6	10	86	222	1	6	37	87
Building repairs and maintenance	183	390	531	3,028	21	264	180	569
Building space	7,534	5,023	12,557	8,790	-	6,278	-	13,812
Depreciation	1,546	3,025	3,479	3,367	232	1,627	358	4,284
Equipment maintenance and repairs	104	588	629	374	12	317	103	651
Food purchase	-	141	6,737	64,955	-	70	-	46
Furniture/equipment purchase	-	1,601	305	3,750	-	2,318	-	305
Gas	-	-	8,931	-	-	-	5,181	9,044
Insurance	635	846	1,838	2,282	73	694	625	1,971
Mileage	528	12	-	82	-	1	-	-
Other expense	135	211	4,130	722	48	142	358	772
Other services	11	15	949	38	1	12	588	951
Postage	106	111	213	267	9	81	73	231
Printing	225	318	662	810	26	246	222	700
Professional services	253	477	1,150	924	29	300	251	792
Supplies	435	1,134	4,355	9,503	17	576	350	3,043
Training	30	143	62	-	-	72	12	62
Utilities	1,122	1,474	2,958	2,901	92	941	1,150	3,091
Vehicle repair and maintenance	-	-	4,356	-	-	-	2,511	4,029
Write off	-	62	45	45	-	-	-	-
<b>Total expenses</b>	<b>52,012</b>	<b>91,341</b>	<b>145,360</b>	<b>194,525</b>	<b>6,584</b>	<b>55,358</b>	<b>24,877</b>	<b>154,802</b>
<b>Change in net assets</b>	<b>\$ (10,098)</b>	<b>\$ 6,040</b>	<b>\$ 5,522</b>	<b>\$ 5,344</b>	<b>\$ 433</b>	<b>\$ 7,985</b>	<b>\$ 1,175</b>	<b>\$ 10,223</b>

**Berkeley County Committee on Aging, Inc.  
d/b/a Berkeley Senior Services**

Schedules of Revenue and Expenses

	2009		2008						
	Lighthouse (In Home Care)	PERSONAL CARE	OTHER	SHIP	Title VII - Elder Abuse	Total Program Services	Support Services	Total	Total
<b>Revenue and support</b>									
<b>State grants</b>									
WV Community partnership grant	\$ 20,899	\$ 6,689	\$ -	\$ -	\$ -	\$ 46,331	\$ 9,948	\$ 56,279	\$ 63,512
III-C	-	-	-	-	-	-	-	-	6,714
III-D	-	-	-	-	-	2,124	-	2,124	186
III-B	-	-	-	-	-	30,588	-	30,588	29,996
Medical management	-	-	-	-	-	-	-	-	63
FAIR	-	-	-	-	-	53,048	-	53,048	78,964
LIFE	-	-	-	-	-	154,768	1,333	156,101	202,738
Lighthouse	151,551	-	-	-	-	151,551	-	151,551	264,763
In home transportation	-	-	-	-	-	19,810	-	19,810	10,601
Other	-	-	-	-	-	-	-	-	14,229
Nutrition supplement C-1	-	-	-	-	-	-	-	-	19,312
<b>Total State Grants</b>	<b>172,450</b>	<b>6,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>458,220</b>	<b>11,281</b>	<b>469,501</b>	<b>691,088</b>
<b>Federal Grants</b>									
III-B	-	-	-	-	-	46,109	-	46,109	44,709
III-D	-	-	-	-	-	3,371	-	3,371	3,154
III-E	-	-	-	-	-	26,523	-	26,523	27,133
Medical management	-	-	-	-	-	738	-	738	1,076
Low income energy assistance	-	-	998	-	-	998	-	998	1,159
IIIC-1	-	-	-	-	-	114,770	-	114,770	54,917
VII-Elder abuse	-	-	-	-	-	-	-	-	999
Nutritional supplement income program	-	-	-	-	-	-	-	-	13,740
SHIP	-	-	-	7,000	-	7,000	-	7,000	-
<b>Total federal grants</b>	<b>-</b>	<b>-</b>	<b>998</b>	<b>7,000</b>	<b>-</b>	<b>199,509</b>	<b>-</b>	<b>199,509</b>	<b>146,887</b>
<b>Other</b>									
Other government grants	8,495	8,161	342	503	1,047	44,101	25,575	69,676	88,235
Medicaid waiver	-	635,477	-	-	-	635,477	-	635,477	328,446
Community care	-	442,601	-	-	-	474,596	-	474,596	298,450
In-kind income	10,045	61,527	-	-	-	125,566	-	125,566	125,462
Program income	-	20,223	2,124	-	-	135,680	2,274	137,954	103,763
Donations	100	-	-	-	-	18,044	17,544	35,588	48,394
United Way	1,804	3,982	-	-	-	33,510	359	33,869	35,662
Miscellaneous	-	-	4,400	-	-	14,748	19,634	34,382	40,424
<b>Total revenue and support</b>	<b>192,894</b>	<b>1,178,660</b>	<b>7,864</b>	<b>7,503</b>	<b>1,047</b>	<b>2,139,451</b>	<b>76,667</b>	<b>2,216,118</b>	<b>1,906,791</b>
<b>Expenses</b>									
Personnel expenses	150,477	922,898	1,397	6,797	748	1,551,775	97,317	1,649,092	1,252,995
Advertising	258	553	-	-	-	1,266	90	1,356	2,587
Building repairs and maintenance	847	2,458	-	-	-	8,471	6,801	15,272	10,342
Building space	10,045	61,527	-	-	-	125,566	-	125,566	125,462
Depreciation	6,281	38,410	-	-	-	62,609	-	62,609	63,148
Equipment maintenance and repairs	645	1,779	1,269	-	-	6,471	969	7,440	9,510
Food purchase	63	130	682	-	-	72,823	387	73,210	69,319
Furniture/equipment purchase	57	113	-	-	-	8,449	-	8,449	4,745
Gas	171	2,226	-	75	-	25,628	723	26,361	35,479
Insurance	2,779	8,540	-	-	-	20,283	-	20,283	20,288
Mileage	4,760	38,035	-	-	-	43,418	26	43,444	42,198
Other expense	627	4,867	-	142	299	12,453	4,591	17,044	14,900
Other services	46	353	-	-	-	2,964	240	3,204	1,918
Postage	336	1,022	-	-	-	2,449	43	2,492	1,796
Printing	981	3,020	-	-	-	7,200	-	7,200	7,200
Professional services	2,125	5,432	-	-	-	11,733	1,632	13,365	10,563
Supplies	2,882	6,776	47	-	-	29,117	9,082	38,199	39,164
Training	190	384	-	-	-	955	-	955	3,619
Utilities	3,589	11,098	-	-	-	28,416	-	28,416	23,522
Vehicle repair and maintenance	7	955	-	-	-	11,858	20	11,878	9,225
Write off	26	2,660	-	-	-	2,838	-	2,838	11,822
<b>Total expenses</b>	<b>187,192</b>	<b>1,113,235</b>	<b>3,395</b>	<b>7,014</b>	<b>1,047</b>	<b>2,036,742</b>	<b>121,921</b>	<b>2,158,663</b>	<b>1,759,802</b>
<b>Change in net assets</b>	<b>\$ 5,702</b>	<b>\$ 65,425</b>	<b>\$ 4,469</b>	<b>\$ 489</b>	<b>\$ -</b>	<b>\$ 102,709</b>	<b>\$ (45,254)</b>	<b>\$ 57,455</b>	<b>\$ 146,989</b>

**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**

The Board of Directors  
217 North High Street  
Martinsburg, West Virginia

We have audited the financial statements of the BSS (a Not-for-Profit Corporation) as of and for the years ended September 30, 2009 and 2008, and have issued our report thereon dated February 4, 2010. We conducted our audits 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 – July 2007 Revision*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the BSS internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BSS internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of BSS's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects BSS's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of BSS's financial statements that is more than inconsequential will not be prevented or detected by BSS's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by BSS's internal control. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. See attached *Schedule of Prior Year Findings*.

### **Compliance with Laws and Regulations**

As part of obtaining reasonable assurance about whether the BSS financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards – July 2007 Revision*.

This report is intended solely for the information and use of the finance committee, Board of Directors, management, and federal, state, and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Albright Crumbacker Moul & Itell, P.A.*

Martinsburg, West Virginia  
February 4, 2010

**BERKELEY COUNTY COMMITTEE ON AGING, INC.  
d/b/a BERKELEY SENIOR SERVICES**

**SCHEDULE OF PRIOR YEAR FINDINGS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Control related matters:**

**Finding:** During the audit of the financial statements, for the year ended September 30, 2008 (“prior year audit”), we noted that journal entries were not authorized by a responsible party other than the finance director.

**Response:** The Board of Directors and management have implemented a policy during the fiscal year ended September 30, 2009 (“current year”), whereby all journal entries are presented to the board on a monthly basis for approval.

**Finding:** During the prior year audit, we further noted that BSS’s periodic financial statements were not formally approved by a responsible party other than the finance director

**Response:** The Board of Directors and management have implemented a policy during the current year whereby monthly financial statements are presented to the board for approval.

**Finding:** During the prior year audit, we noted that the budget was not being updated for material events as they became aware of them, rather leaving the budget outdated, and not up-to-date.

**Response:** The Board of Directors and management have implemented a policy during the current year, whereby the budget is continually monitored and updated as significant changes in operation occur.

**Other matters:**

**Finding:** During the prior year audit, we noted that BSS requires dual signatures on all checks greater than \$500. The Upper Potomac Area Agency on Aging, Inc. has recommended that the dual-signature requirement be lowered to include all checks. Based on our significant experience with not-for-profit corporations, in general, and Federally-funded organizations in particular, we believe that BSS’s policy is appropriate. We further believe that lowering the level would unduly affect its operating efficiency without providing a substantial improvement in internal control. Thus, the cost of revising its dual-signature policy would be disproportionate to the internal control benefits expected to be achieved by a reduction in the dual-signature requirement.

**Response:** The Board of Directors and management have determined that the current policy is adequate and an increase would not be implemented. A.CMI believes that management’s response is appropriate.



**BERKELEY COUNTY COMMITTEE ON AGING, INC.**  
**d/b/a BERKELEY SENIOR SERVICES**

SCHEDULE OF PRIOR YEAR FINDINGS - Continued

FOR THE YEAR ENDED SEPTEMBER 30, 2009

**Finding:** During the prior year audit, we noted that BSS has no written policy for the capitalization of property and equipment purchases, thereby creating the possibility that fixed assets will not be appropriately recorded, depreciated, or reported in conformity with generally accepted accounting principles. Therefore, we suggest that BSS implement a written policy requiring all assets costing more than an established amount to be capitalized and depreciated over the assets' useful lives. To minimize the capitalization of nominal amounts and related depreciation calculations, we further recommend that the Organization adopt a capitalization policy consistent with the provisions of Office of Management and Budget ("OMB") Circular A-110, which requires capitalization of property and equipment with an initial cost of \$5,000.

**Response:** The Board of Directors and management have implemented a policy during the current year, whereby only items in excess of \$5,000 would be included as capital assets.

**Finding:** During the prior year audit, we noted the BSS's Board member Code of Ethics requires Board members to disclose all organization-related matters and put BSS before all said conflicts. However, such policy does not include an explicit conflict-of-interest policy. Because Board members may be jointly and severally liable for another board member's violations of fiduciary responsibilities, we recommend that the Code of Ethics be updated to include a formal, but not necessarily extensive, conflict-of-interest policy either (a) prohibiting BSS from receiving services from any business entity in which a board member is involved or (b) at a minimum, requiring Board members to disclose any business relationships between BSS and any entity in which a Board member plays a significant management role.

**Response:** The Board of Directors and management are currently in the process of drafting an updated conflict-of-interest policy.

**Finding:** During the prior year audit, we noted that BSS direct costs are assigned to program or support services based on approved time sheets for payroll costs and specific identification where feasible. For purposes of allocating indirect expenses to program and support services, BSS used the percentage of prior year income. However, the simplified indirect cost allocation method permitted by *OMB Circular A-122 Cost Principles for Non-Profit Organizations* allows the use of payroll expense or some other rational basis (such as square footage) for allocating indirect expenses. Therefore, we recommended that BSS allocate indirect expenses not specifically identified with a particular program on the basis of the total payroll costs, including salaries and benefits and other payroll-related costs or other rational basis. In addition, we recommend that the schedule of revenue and expenses be modified to include a separate line showing the amounts allocated among the Organization's various programs and support services.

**Response:** The Board of Directors and management have implemented a policy during the current year, whereby allocations would be based on payroll expense. We have also been informed that management expects to submit its revised allocation policy to Upper Potomac Area Agency on Aging, Inc. (UPAAA) in response to UPAAA's finding as part of its fiscal monitor report dated November 13, 2008.

**BERKELEY COUNTY COMMITTEE ON AGING, INC.  
d/b/a BERKELEY SENIOR SERVICES**

**SCHEDULE OF PRIOR YEAR FINDINGS - Continued**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Finding:** During the prior year audit, we noted that the Finance Director calculates depreciation expense using an Excel spreadsheet. Although use of an electronic process is more effective than manual calculations, it is still a time-consuming process that occupies the valuable time of the Finance Director. In addition, it provides a greater possibility of error that may not be detected in the normal course of business. For example, we noted that land (a non-depreciable asset) is being depreciated as part of buildings. Therefore, we recommend that BSS purchase a fixed asset software application, many of which are available for nominal cost. We believe that such an inexpensive application will free up valuable time for the Finance Director to perform more important tasks, minimize unnecessary errors, and expedite the monthly closing process as well as the annual audit. ACMI's accounting services division would be available to provide guidance on the selection of the most effective fixed asset software package as well as assistance in its implementation and training. They are also available to provide assistance to the Finance Director in closing the books on a monthly and/or annual basis.

**Response:** The Board of Directors and management have determined that the costs of implementing our recommendation would outweigh the benefits of purchasing such software and, therefore, did not implement this recommendation. However, ACMI continues to believe this adversely affects the accuracy of the numbers and the efficiency of the audit as documented in ACMI's SAS 114 letter dated February 4, 2010.