

**The Commission on Aging Family Services, Inc.**

**Audited Financial Statements**

**September 30, 2008**

*Audited by*

**Williams & Associates, AC  
#6 Second Street, Post Office Box 2727  
Elkins, West Virginia 26241**

**The Commission on Aging Family Services, Inc.**  
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**For the Year Ended September 30, 2008**

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# Williams & Associates, A.C.

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Commission on Aging Family Services, Inc.  
111 Virginia Avenue  
Petersburg, West Virginia 26847

I have audited the accompanying statement of financial position of The Commission on Aging Family Services, Inc. as of September 30, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Commission on Aging Family Services, Inc. as of September 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 19, 2009 on my consideration of the Commission on Aging Family Services, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Williams & Associates, A.C.*

Williams & Associates, A.C.

May 19, 2008

**The Commission on Aging Family Services, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2008**

**ASSETS**

**Current Assets**

Cash & Equivalents	\$ 200,391	
Investments	215,333	
Accounts Receivable	25,524	
Grants Receivable	90,224	
Prepaid Expenses	5,619	
Total Current Assets		<u>\$ 537,091</u>

**Fixed Assets**

Buildings & Equipment	159,197	
Accumulated Depreciation	(91,996)	
Fixed Assets, net		<u>67,201</u>

**TOTAL ASSETS**

\$ 604,292

**LIABILITIES & NET ASSETS**

**Liabilities**

**Current Liabilities**

Accounts Payable	\$ 12,974	
Payroll Tax Liabilities	7,758	
Employee Benefits Payable	6,480	
Accrued Wages	22,618	
Deferred Compensation	20,473	
Total Current Liabilities		<u>70,303</u>

**TOTAL LIABILITIES**

70,303

**Net Assets**

Net Assets, Unrestricted	554,869	
Unrealized Gain(Loss) on Investments	(20,880)	
Total Net Assets		<u>533,989</u>

**LIABILITIES & NET ASSETS**

\$ 604,292

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

See Independent Auditor's Report.

**The Commission on Aging Family Services, Inc.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2008**

<b>REVENUE &amp; SUPPORT</b>		
Grant Revenues:		
Federal	\$	59,044
USDA		15,632
State		20,047
LIFE 2007-08		148,374
LIFE 2008-09		44,288
Other State		226,923
Program Services		364,159
Project Income		35,909
Interest & Dividends		4,992
In-Kind Contributions		12,345
Contributions		11,743
Other Income		45,209
<b>TOTAL REVENUE &amp; SUPPORT</b>		<u>\$ 988,665</u>
<b>EXPENSES</b>		
Program Service Expenses		608,772
Management & General		203,556
<b>TOTAL EXPENSES</b>		<u>812,328</u>
<b>INCREASE(DECREASE) IN NET ASSETS</b>		176,337
<b>NET ASSETS, 10/1/07</b>		<u>378,532</u>
<b>NET ASSETS, 9/30/08</b>		<u><u>\$ 554,869</u></u>

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

See Independent Auditor's Report.

**The Commission on Aging Family Services, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended September 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase(Decrease) in Net Assets	\$	176,337
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation		5,282
(Increase)Decrease in Accounts Receivable		40,512
(Increase)Decrease in Grants Receivable		(90,224)
(Increase)Decrease in Prepaid Expenses		(613)
Increase(Decrease) in Accounts Payable		10,999
Increase(Decrease) in Payroll Tax Liabilities		4,640
Increase(Decrease) in Employee Benefits Payable		6,480
Increase(Decrease) in Accrued Wages		7,276
Increase(Decrease) in Deferred Compensation		<u>2,621</u>
Net cash provided(used) by operating activities	\$	163,310
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets		<u>(64,803)</u>
Net Cash provided(used) by investing activities		(64,803)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Unrealized Gain(Loss) on Investments		(20,880)
Purchases & Sales of Investments		<u>(11,342)</u>
Net Cash provided(used) by financing activities		<u>(32,222)</u>
Increase(Decrease) in Cash		66,285
Cash Balance, 10/1/07		<u>134,106</u>
Cash Balance, 9/30/08	\$	<u><u>200,391</u></u>

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

See Independent Auditor's Report.

THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Commission on Aging Family Services, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Grant County, West Virginia. The purpose of the Organization is to assist elderly persons and their families regardless of race, religion, creed or color, in finding and making use of their resources; to establish and maintain programs and services which are appropriate and realistic to elderly; to establish the value of human life, dignity, of self-worth, an atmosphere of respect, trust, and support; to make the elderly an integral part of the community allowing them to live with dignity and a purposeful life throughout their golden years and to help avoid institutionalization.

This summary of significant accounting policies of The Commission on Aging Family Services, Inc., is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of The Commission on Aging Family Services, Inc., have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs. In addition, the Organization uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of September 30, 2008, all accounts receivable are deemed collectible.

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine collectibility of grants receivable. As of September 30, 2008, all grants receivable are deemed collectible.

Property and Equipment

Prior to October 1, 1990, the Organization expensed all property and equipment in the period of acquisition as directed by the grantor agencies. The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must have approval from the grantor agency to dispose of such equipment and the method of disposition. The Organization has adopted a capitalization policy in the amount of \$500.

Investments

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant. Because of the rapid inventory turnover as well as the immaterial amount kept on hand, these costs are expensed when incurred.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).



THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.
- 2 – On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, Title III-D/MM, and Elder Abuse grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year, but if approval is denied, the money has to be reimbursed to the grantor.
- 3 – Title III-C grant funds are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.

Operating expenditures made against federal and state grants are subject to audit by the Grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

Donated Facilities

The Commission on Aging Family Services, Inc.'s facilities are owned by the Grant County Commission. These facilities are leased to the Organization and are recorded as in-kind contributions and in-kind expenses in the financial statements.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the year ended September 30, 2008.

Note 2. Receivables

Grants receivable consisted of the following at September 30, 2008:

WV BOSS	\$ 27,500
Lighthouse	18,720
LIFE	18,601
FAIR	7,812
Title III-E	6,202
Title III-C	5,521
Title III-B	4,659
WV State Nutrition Supplement	2,377
Title III-D/MM	978
Elder Abuse	<u>231</u>
	<u>\$ 90,224</u>

THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 2. Receivables (continued)

Accounts receivable consisted of the following at September 30, 2008:

WV DHHR	\$ 25,524
	<u>                    </u>

Note 3. Investments

Investments are stated at fair value and consist of U.S. Government Agency Obligations and U.S. Treasury Bills. Fair values and appreciation (depreciation) at September 30, 2008 are summarized below:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments, unrestricted	\$ 236,213	\$ 215,333	(\$ 20,880)
	<u>                    </u>	<u>                    </u>	<u>                    </u>

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2008:

Vehicles	\$ 69,938
Kitchen Equipment	41,431
Building Improvements	15,116
Office Equipment	27,171
Office Furniture	<u>5,541</u>
Total Fixed Assets	159,197
Less accumulated depreciation	<u>(91,996)</u>
Net property and equipment	<u>\$ 67,201</u>

Note 5. Retirement Program

Certain employees are eligible to be included in the organization's retirement program. The employee contributes 4.5% of his/her gross wages which is combined with 9.5% contributed by The Commission on Aging Family Services, Inc. The covered employees are eligible to draw benefits upon retirement. Service contributions to the retirement program were \$33,354 for the year.

Note 6. Other Post-Employment Benefits (Defined Benefit OPEB Plan)

The Commission on Aging Family Services, Inc. participates in the West Virginia Public Employee Insurance Agency's health insurance plan. In order to comply with GASB Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective July 1, 2007 the Organization began recording annual required contributions (ARC) as a liability. The total of this liability was \$6,480 as of September 30, 2008.

THE COMMISSION ON AGING FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 7. Support Concentration

The Commission on Aging Family Services, Inc., receives approximately 35% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

Note 8. Endowment Fund

The Commission on Aging Family Services, Inc., is the beneficiary of an endowment held by the Tucker Community Foundation and currently invested under a trust agreement with Citizens National Bank. Fund distributions occur at the discretion of the Tucker Community Foundation. The balance of this fund at September 30, 2008 was \$10,500. The market value as of September 30, 2008 was \$8,313.

**SUPPLEMENTAL INFORMATION**

The Commission on Aging Family Services, Inc.  
 STATEMENT OF ACTIVITIES BY PROGRAM  
 For the Year Ended September 30, 2008

	III-B	III-C1	III-C2	III-D/MM	III-E	Elder Abuse	Waiver/ COC/CM	LIFE	LH/ FAIR	Other Programs	Total Programs	Management & General	TOTAL
<b>Revenue &amp; Support</b>													
Federal Revenue	\$ 27,986	\$ 13,088	\$ 10,559	\$ 978	\$ 6,202	\$ 231	\$ -	\$ -			\$ 59,044	\$ -	\$ 59,044
NSIP Revenue		8,523	7,109								15,632		15,632
State Revenue	15,586	2,694	1,649	118							20,047		20,047
LIFE Revenue (2007-08)		2,032	1,354					144,988			148,374		148,374
LIFE Revenue (2008-09)								44,288			44,288		44,288
Other State Revenue		20,358	13,666					163,618	29,281		226,923		226,923
Program Service Fees						345,631					364,159		364,159
Project Income	2,129	18,912	14,149					719		11,743	35,909		35,909
Contributions											11,743	4,992	11,743
Interest Income													4,992
In-Kind Revenue	4,936	2,308	1,862	172	2,067			1,000			12,345		12,345
Other Income		208	192						530		930	44,279	45,209
<b>Total Revenue &amp; Support</b>	<b>50,637</b>	<b>68,123</b>	<b>50,540</b>	<b>1,268</b>	<b>8,269</b>	<b>231</b>	<b>345,631</b>	<b>189,276</b>	<b>165,337</b>	<b>60,082</b>	<b>939,394</b>	<b>49,271</b>	<b>988,665</b>
<b>Expenses</b>													
Payroll & Benefits	20,793	16,012	12,101	844	1,748	115	205,922	65,669	75,886	12,093	411,182	179,538	590,720
Communications	1,351										1,351	3,229	4,580
Food & Disposables		30,372	22,554								52,926		52,926
Equipment & Repairs	8,392										8,392		8,392
Office Supplies					205	4				114	323	4,927	5,250
Travel & Training	218				322	6	7,167	13,144	3,399	1,737	25,992	1,734	27,726
Depreciation											(0)	5,282	5,282
Other Expenses		4,118	2,866		27		194	36,936	1,027	6,815	51,982	8,846	60,828
In-Kind Expenses	4,936	2,308	1,862	172	2,067			1,000			12,345		12,345
Direct Expenses	14,947							29,332			44,279		44,279
Indirect Expenses		9,526	7,199	502	1,040	68	137,891		45,149	2,181	203,556	(203,556)	(0)
<b>Total Expenses</b>	<b>50,637</b>	<b>62,336</b>	<b>46,582</b>	<b>1,518</b>	<b>5,409</b>	<b>193</b>	<b>351,174</b>	<b>145,081</b>	<b>126,461</b>	<b>22,940</b>	<b>812,328</b>	<b>0</b>	<b>812,328</b>
<b>Change in Net Assets</b>	<b>\$ (0)</b>	<b>\$ 5,788</b>	<b>\$ 3,959</b>	<b>\$ (250)</b>	<b>\$ 2,860</b>	<b>\$ 38</b>	<b>\$ (5,544)</b>	<b>\$ 44,195</b>	<b>\$ 38,876</b>	<b>\$ 37,142</b>	<b>\$ 127,065</b>	<b>\$ 49,271</b>	<b>\$ 176,337</b>

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

See Independent Auditor's Report.

**The Commission on Aging Family Services, Inc.**  
**SCHEDULE OF INDIRECT EXPENSES**  
**For the Year Ended September 30, 2008**

Payroll	\$ 73,549
Fringe Benefits	105,989
Communications	3,229
Office Expenses	4,927
Travel & Training	1,734
Depreciation	5,282
Miscellaneous & Other	<u>8,846</u>
Total Indirect Expenses	<u><u>\$203,556</u></u>

The notes are an integral part of these financial statements.

See Independent Auditor's Report.

# Williams & Associates, A.C.

Certified Public Accountant

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

To the Board of Directors  
The Commission on Aging Family Services, Inc.  
Petersburg, West Virginia 26847

I have audited the financial statements of The Commission on Aging Family Services, Inc., (a non-profit organization) as of and for the year ended September 30, 2008, and have issued a report thereon dated May 19, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether The Commission on Aging Family Services, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of law, 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 is not an object of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance, which we have reported to management of The Commission on Aging Family Services, Inc., in a separate letter dated May 19, 2009, and included in this audit report on page 15.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered The Commission on Aging Family Services, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consider of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal

control components does not reduce to a relatively low level the risk that misstatements in an amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of The Commission on Aging Family Services, Inc., in a separate letter dated May 19, 2009, and included in this audit report on page 15.

This report is intended solely for the information and use of the board of directors, management, and West Virginia Bureau of Senior Services and is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Associates, A.C.*  
Elkins, West Virginia  
May 19, 2009



# Williams & Associates, A.C.

Certified Public Accountant

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## REPORT ON SELECTED COMPLIANCE REQUIREMENTS OF THE WEST VIRGINIA BUREAU OF SENIOR SERVICES

To the Board of Directors  
The Commission on Aging Family Services, Inc.  
Elkins, West Virginia

I have audited the financial statements of The Commission on Aging Family Services, Inc. (a non-profit organization) as of and for the year ended September 30, 2008, and have issued my report thereon dated May 19, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether The Commission on Aging Family Services, Inc.'s financial statements are free of material misstatement, I performed tests of certain compliance requirements per the directive of the West Virginia Bureau of Senior Services. Providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. However, the results of my tests disclosed no instances of noncompliance that are required to be reported under the directive of the West Virginia Bureau of Senior Services.

This report is intended for the information of the Board of Directors, management and the granting agencies and it not intended to be and should not be used by anyone other than those specified parties.

*Williams & Associates, A.C.*  
Williams & Associates, A.C.  
May 19, 2009

# *Williams & Associates, A.C.*

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## **MANAGEMENT LETTER**

To the Board of Directors  
The Commission on Aging Family Services, Inc.  
Elkins, West Virginia

My audit of the financial statements of the Commission on Aging Family Services, Inc., for the year ended September 30, 2008, highlighted areas where I would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since my audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

### Segregations of Duties

During my audit I noted that two people perform most of the accounting and financial duties. As a result, many aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the Commission on Aging Family Services, Inc. I recognize that the Organization is not large enough to make the employment of additional staff for the purpose of segregating duties practicable from a financial standpoint, but I am required under my professional responsibilities to describe the situation.

### Inventory

During my audit, I noted that a regular inventory of raw foods and disposables was not being conducted. Although the amount may be immaterial, at least an annual inventory should be completed on the last day of the fiscal year.

### Accounting Records/Trial Balance

I noted during my audit that the trial balance provided did not correspond to the amounts on last year's audit report. Adjusting entries should be entered by accounting staff to insure that the audited amounts correspond with the Organization's accounting records.

To the Board of Directors  
MANAGEMENT LETTER  
May 19, 2009  
Page 2

Balance Sheet Accounts

I noted during my audit that some balance sheet accounts were not accurate, including bank accounts, certificates of deposit and accounts payable. Transactions occurring in asset and liability accounts should be appropriately recorded.

Employee Bonuses and Gifts

I noted during my audit that gifts and/or bonuses were given to employees with no taxes withheld. All forms of compensation should be taxed as required by the Internal Revenue Service requirements.

After you have had the opportunity to review these comments and recommendations, I would be pleased to discuss those points that you desire. I would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve the Commission on Aging Family Services, Inc.

*Williams & Associates, A.C.*  
Elkins, West Virginia  
May 19, 2009