

**CABELL COUNTY COMMUNITY
SERVICES ORGANIZATION, INC.
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2010
WITH INDEPENDENT AUDITOR'S REPORTS**

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
 FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
 YEAR ENDED SEPTEMBER 30, 2010**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cabell County Community Services Organization, Inc.
Huntington, West Virginia

We have audited the accompanying statement of financial position of Cabell County Community Services Organization, Inc., (a non-profit organization), as of September 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 Cabell County Community Services Organization, Inc. as of September 30, 2010, 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*, we have also issued our report dated January 10, 2011, on our consideration of Cabell County Community Services Organization, 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 Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Cabell County Community Services Organization, Inc. taken as a whole. The accompanying schedules of support and revenue, expenses and changes in net assets; grant support, revenue and expenses compared to grant budgets (non-GAAP basis); and expenditures of federal and state awards 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 audit 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, except as described in Note 21 to the basic financial statements.

Warr & Hall PLLC

Huntington, West Virginia
January 10, 2011

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 275,022
Contributions receivable	67,500
Grants receivable	27,702
Other receivables	228,142
Prepaid expenses	35,566
Inventory	<u>9,042</u>

TOTAL CURRENT ASSETS 642,974

INVESTMENTS

9,769

PROPERTY AND EQUIPMENT

2,094,179

OTHER ASSETS

Prepaid expenses	1,714
Deposits	<u>2,756</u>

TOTAL OTHER ASSETS 4,470

TOTAL ASSETS \$ 2,751,392

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 79,180
Accrued annual leave	12,001
Accrued payroll	70,895
Payroll taxes withheld and accrued	9,314
Current portion of notes payable	4,000
Deferred revenue	<u>55,955</u>

TOTAL CURRENT LIABILITIES 231,345

LONG TERM LIABILITIES

Notes payable, less current portion included above	<u>390,941</u>
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TOTAL LONG-TERM LIABILITIES 390,941

TOTAL LIABILITIES 622,286

NET ASSETS

Unrestricted:	
Operations	325,314
Investment in property and equipment	1,699,238
Temporarily restricted	<u>104,554</u>
TOTAL NET ASSETS	<u><u>2,129,106</u></u>

TOTAL LIABILITIES AND NET ASSETS \$ 2,751,392

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010**

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Grants:	
State/pass-through	\$ 1,230,323
In-kind matching	70,658
USDA food reimbursements	53,153
Program income	1,255,920
Contributions	87,368
Interest	<u>1,822</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	2,699,244

NET ASSETS RELEASED FROM RESTRICTIONS:

Satisfaction of purpose restrictions	<u>17,261</u>
TOTAL UNRESTRICTED SUPPORT, REVENUE AND RECLASSIFICATIONS	<u>2,716,505</u>

EXPENSES

PROGRAM SERVICES

Title IIIB - Senior Citizens	180,989
Title IIIC - Nutrition	456,239
Title IIID - Disease Prevention and Health Promotion	7,618
Title IIID - Medication Management	2,245
Title IIIE - Caregiver	71,464
Elder Abuse	1,718
Health Benefits/SHIP	3,167
LIFE	150,324
Lighthouse In Home Services	258,098
Veterans Administration	129,122
Medicaid	254,511
Medicaid Waiver	459,411
Other programs	<u>338,827</u>

TOTAL PROGRAM SERVICES 2,313,733

SUPPORTING SERVICES

Management and general	<u>309,330</u>
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TOTAL EXPENSES 2,623,063

CHANGE IN UNRESTRICTED NET ASSETS 93,442

TEMPORARILY RESTRICTED NET ASSETS

Contributions	77,356
Net assets released from restrictions	<u>(17,261)</u>

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS 60,095

CHANGE IN NET ASSETS 153,537

NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED 2,000,525

Prior period adjustment - overstatement of other
receivables in 2009 (24,956)

NET ASSETS, BEGINNING OF YEAR AS RESTATED 1,975,569

NET ASSETS, END OF YEAR \$ 2,129,106

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 153,537
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	101,478
Unrealized (gain) on investments	(789)
(Increase) decrease in operating assets:	
Contributions receivable	(8,500)
Grants receivable	53,048
Other receivables	(89,295)
Prepaid expenses	(10,089)
Inventory	1,421
Deposits	4,049
Increase (decrease) in operating liabilities:	
Accounts payable	20,075
Accrued annual leave	773
Accrued payroll	11,906
Payroll taxes withheld and accrued	1,570
Other liabilities	(155)
Deferred revenue	<u>1,834</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>240,863</u>

CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(90,324)
Purchase of investments	<u>(29)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(90,353)</u>

CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from notes payable	16,623
Payments on notes payable	(5,059)
Payments on line of credit	<u>(20,000)</u>
NET CASH (USED IN) FINANCING ACTIVITIES	<u>(8,436)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 142,074

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 132,948

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 275,022

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	\$ <u><u>17,345</u></u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Cabell County Community Services Organization, Inc. is a non-profit organization which provides services to low income individuals and families and the elderly in Cabell County, West Virginia. Cabell County Community Services Organization, Inc.'s headquarters are located in Huntington, West Virginia. Cabell County Community Services Organization, Inc. also operates a number of Senior Citizens Centers throughout Cabell County. The Organization is funded primarily through grants and other agreements with the federal and state government.

INVENTORY - The Organization values inventory at the lower of cost, utilizing the first-in first-out method, or market.

PROPERTY AND EQUIPMENT - Cabell County Community Services Organization, Inc. adopted a policy to capitalize all property and equipment over \$500. Property and equipment purchased is stated at cost and donated property and equipment received is stated at fair market value at the date of donation.

Property and equipment is depreciated over the estimated useful lives of the assets on the straight-line method as follows:

Building and Improvements	5-40 years
Office Furniture and Fixtures	5-7 years
Kitchen and Office Equipment	5-10 years
Vehicles and Related Equipment	4-10 years

Property and equipment acquired is owned by Cabell County Community Services Organization, Inc. while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations.

REVENUE AND EXPENSE RECOGNITION - The financial statements have been prepared on the accrual basis of accounting. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Funds received in advance of incurring qualifying expenses are recorded as deferred revenue. Revenue from fee for service contracts is recognized in the accompanying financial statements when the services have been provided.

DEFERRED REVENUE - Deferred revenue represents unexpended funds received as of September 30, 2010. Deferred revenue are funds owed to funding sources or are approved for use in ongoing or future programs.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EXPENSE ALLOCATION - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

DONATED SERVICES, SPACE AND OTHER - Donated (in-kind) matching is required by certain funding sources. Donated hourly services are valued at the federally established minimum wage. Donated space is valued at the estimated fair rental value. Donated other is valued at the estimated fair market value at the date of receipt.

CASH AND CASH EQUIVALENTS - The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INVESTMENTS - Investments are comprised of mutual funds and equity securities and are carried at fair value.

INCOME TAXES - Cabell County Community Services Organization, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONTRIBUTIONS - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

ADVERTISING COSTS - Advertising costs totaling \$13,033 for the fiscal year ending September 30, 2010 were charged to operations when incurred.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 2 - SUMMARY OF GRANT AGREEMENTS

The following summarizes grant awards which were active during the period October 1, 2009 through September 30, 2010:

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
Federal Assistance		
Department of Health and Human Services		
West Virginia State College, Metro Area Agency on Aging:		
Title IIIB - 21036	10/01/09 - 09/30/10	\$ 93,179
Title IIIC	10/01/09 - 09/30/10	194,516
Title IIID - 21036	10/01/09 - 09/30/10	9,241
Title IIIE - 21036	10/01/09 - 09/30/10	54,864
Elder Abuse - 21033	10/01/09 - 09/30/10	2,075
Nutrition Services Incentive Program	10/01/09 - 09/30/10	53,153
West Virginia Bureau of Senior Services:		
Health Benefits/SHIP-SH21046	07/01/09 - 06/30/10	5,000
Health Benefits/SHIP-SH21146	04/01/10 - 03/31/11	8,725
State Assistance		
West Virginia State College, Metro Area Agency on Aging:		
Title IIIB - 21036	10/01/09 - 09/30/10	84,421
Title IIIC	10/01/09 - 09/30/10	32,626
Title IIIC State Supplemental Nutrition	07/01/09 - 06/30/10	87,034
Title IIID - 21036	10/01/09 - 09/30/10	542
LIFE - 21003	07/01/09 - 06/30/10	189,644
LIFE - 21103	07/01/10 - 06/30/11	224,641
Transportation - 21050	07/01/09 - 06/30/10	34,997
Alzheimer's Respite - 21050	07/01/09 - 06/30/10	52,000
Alzheimer's Respite - 21150	07/01/10 - 06/30/11	65,332
Lighthouse - 21050	07/01/09 - 06/30/10	284,450
Lighthouse - 21150	07/01/10 - 06/30/11	314,974

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE 2 - SUMMARY OF GRANT AGREEMENTS (CONTINUED)

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
State Assistance (continued)		
West Virginia Bureau of Senior Services:		
Senior Grant - SC 21069	07/01/09 - 06/30/10	\$ 63,500
Senior Grant - SC 2943	07/01/08 - 04/30/10	70,250
West Virginia Development Office, Community Development Division Cabell County Commission:		
Community Participation		
Grant Program 09CPG0008	10/01/09-09/30/10	5,000
Community Participation		
Grant Program 09LEDA0056	10/01/09-09/30/10	10,000

NOTE 3 - INVESTMENTS

Investments as of September 30, 2010 were comprised of the following:

Mutual Funds	\$ 7,463
Common stock	<u>2,306</u>
Total	\$ <u>9,769</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2010:

	<u>Unrestricted</u>
Interest and dividends	\$ 54
Unrealized losses	789
Investment Fees	<u>(25)</u>
Total Investment Return	\$ <u>818</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2010:

Construction in progress	\$ 25,367
Land	187,445
Buildings	1,023,096
Improvements	1,105,260
Furniture, Fixtures and equipment	193,252
Vehicles	<u>212,758</u>
	2,747,178
Less: Accumulated depreciation	<u>(652,999)</u>
Property and Equipment, Net	\$ <u>2,094,179</u>

Depreciation expense charged to operations amounted to \$101,478 in 2010.

NOTE 5 - PREPAID EXPENSE

On September 17, 2003, the Organization entered into a long-term parking lot lease agreement for a period of seven years beginning on the date that the Organization declares the Fairfield West Senior Center open for its intended purpose. As part of the lease, the Organization agreed to prepay the full lease cost of \$12,000. The Senior Center opened in October 2005, therefore the Organization has begun amortization of the prepaid lease cost over the period of the lease. As of September 30, 2010, the amount of the prepaid expense remaining was \$3,428. Of that amount, \$1,714 is current prepaid expense, while \$1,714 is non-current prepaid expense.

NOTE 6 - NOTES PAYABLE

Notes Payable consisted of the following as of September 30, 2010:

\$400,000 note payable to United States of America, Rural Housing Service, U.S. Department of Agriculture; payable in 480 monthly installments of \$1,766 inclusive of interest at 4.375%, secured by real estate with a book value of \$544,519 at September 30, 2010, pledge of revenue, and all tangible items owned or hereafter acquired, due September, 2048.	\$ <u>394,941</u>
Total	394,941
Less: Current Portion	<u>(4,000)</u>
Long-term Portion	\$ <u>390,941</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 6 - NOTES PAYABLE (CONTINUED)

Following are maturities of notes payable at September 30, 2010 for each of the next five years and in aggregate:

<u>Years Ending September 30,</u>	<u>Amount</u>
2011	\$ 4,000
2012	4,174
2013	4,361
2014	4,555
2015	4,759
Thereafter	<u>373,092</u>
Total	\$ <u>394,941</u>

Interest expense for the year ended September 30, 2010 totaled \$17,345.

NOTE 7 - LINE OF CREDIT

The Organization had a \$50,000 line of credit with a local bank to be drawn upon as needed at a variable interest rate. The balance on the line of credit as of September 30, 2010 was \$-0-. Interest expense for the year ended September 30, 2010 totaled \$-0-.

NOTE 8 - OPERATING LEASES

The Organization leases a facility to house a senior center as well as office space and equipment under operating leases expiring in various years through 2013.

Minimum future rental payments under non-cancelable operating leases having initial or remaining terms in excess of one year as of September 30, 2010 for each of the next three years and in the aggregate are:

<u>Year Ended September 30,</u>	<u>Amount</u>
2011	\$ 16,465
2012	8,765
2013	<u>6,574</u>
Total minimum future lease payments	\$ <u>31,804</u>

Rental expense totaled \$30,094 for the fiscal year ended September 30, 2010.

The operating lease for the senior center facility and office space provides for a renewal option for one year with the option to go on a monthly basis thereafter, at the same monthly rental of \$1,100. In the normal course of business, operating leases are generally renewed or replaced by other leases.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE 9 - DEFERRED REVENUE

Deferred revenue, which consists of restricted funds received by Cabell County Community Services Organization, Inc. but not yet expended for qualifying expenses, is comprised of the following at September 30, 2010:

<u>Description</u>	<u>Amount</u>
Life	\$ 53,298
Elder Abuse	79
Title III B	143
Title III D	159
AIDS Prevention	<u>2,276</u>
Total	\$ <u>55,955</u>

NOTE 10 - COST ALLOCATION

Cabell County Community Services Organization, Inc. has adopted a cost allocation plan whereby each program is charged its fair share of the agency's indirect costs. Indirect costs are those costs incurred for a common purpose benefiting or supporting all agency programs and activities and are not readily assignable directly. Indirect costs are accumulated in an indirect cost pool and are allocated to the various programs in proportion to their direct salaries and wages to total salaries and wages.

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization provides various services to the elderly and low income individuals of Cabell County, West Virginia on a third-party reimbursement basis. The Organization bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Grants and other receivables have been adjusted for all known uncollectible accounts. An allowance for bad debts has not been set up as the amount is not considered material.

The Organization maintains substantially all of its cash balances with two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has gross bank balances of \$325,853 at one of these financial institutions at September 30, 2010.

NOTE 12 - PENSION PLAN

The Organization sponsors a defined contribution pension plan. There were no employer contributions to the plan for the fiscal year ended September 30, 2010.

NOTE 13 - RELATED PARTY TRANSACTIONS

The Organization is associated with Eden Park, Inc., a West Virginia 501(c)(3) entity incorporated to build housing for low-income elderly citizens of Cabell County, through common board members and management. The Organization and its employees currently provide all executive management duties of Eden Park, Inc.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 13 - RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions between the parties were as follows for the year ended September 30, 2010:

Payments received from Eden Park, Inc. for contracted management fees	\$ 8,277
Payments received from Eden Park, Inc. for reimbursement of salaries and benefits	<u>10,067</u>
Total	\$ <u>18,344</u>

NOTE 14 - DONATED SERVICES

During fiscal year ended September 30, 2010, the Organization received donated services from unpaid volunteers. As required by the grant contracts, such amounts have been recorded as revenue and expenses by the following programs in the accompanying financial statements:

<u>Program</u>	<u>Volunteer Labor</u>
Title IIIB Senior Citizens	\$ 16,434
Title IIIC Nutrition	34,306
Title IIID Disease prevention and health promotion	1,240
Title IIID Medication Management	390
Title IIIE Caregiver	<u>18,288</u>
Total	\$ <u>70,658</u>

NOTE 15 - CONTINGENCIES

The Organization's programs are generally funded by federal, state, and local sources. Federal and state grants received for specific purposes are subject to audit or review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, would be immaterial.

NOTE 16 - FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its financial instruments based on the fair value hierarchy established by the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. This standard specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of the fair value hierarchy based on these two types of inputs are as follows:

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 16 - FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities that the Organization has the ability to access at the measurement date.
- Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.
- Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The hierarchy requires the use of observable market data when available. When determining fair value measurements, the Organization utilizes active and observable market prices for identical assets and liabilities whenever possible and classifies such items as Level 1. When identical assets and liabilities are not traded in active markets, the Organization utilizes market observable data for similar assets and liabilities in an active market, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market and classifies such items as Level 2. When observable data is not available, the Organization uses alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. Items valued using such internally generated valuation techniques are based on the lowest level of input that is significant to the valuation.

The following describes the valuation techniques used by the Organization to measure certain financial assets recorded at fair value on a recurring basis in the financial statements:

Investments: Mutual funds and common stock are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices (Level 1).

The balances of financial assets, measured at fair value on a recurring basis as of September 30, 2010 are as follows:

Description	Fair Value Measurements as of September 30, 2010			
	Fair Value at September 30, 2010	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual Funds	\$ 7,463	\$ 7,463	\$ -0-	\$ -0-
Common Stock	<u>2,306</u>	<u>2,306</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	\$ <u>9,769</u>	\$ <u>9,769</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 17 - CONTRIBUTIONS RECEIVABLE

As of September 30, 2010, contributions receivable totaling \$67,500 are due in less than one year. No allowance is considered necessary as all amounts are considered collectible by management.

NOTE 18 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Facilities and equipment	\$ 102,164
March for meals	<u>2,390</u>
Total temporarily restricted net assets	\$ <u>104,554</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished:	
Facilities and equipment	\$ 16,214
March for meals	<u>1,047</u>
Total restrictions released	\$ <u>17,261</u>

NOTE 19 - PRIOR PERIOD ADJUSTMENT

Net assets at the beginning of the fiscal year ended September 30, 2010 have been adjusted to correct for an error in the overstatement of other receivable in the fiscal year ended September 30, 2009. The financial statements for the fiscal year ended September 30, 2009 have, therefore, been restated to correct for this error. Had the error not been made, the change in net assets for the fiscal year ended September 30, 2009 would have been decreased by \$24,956.

NOTE 20 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to September 30, 2010 through January 10, 2011 (the date the financial statements were available to be issued) for possible adjustment to, or disclosure in the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification.

NOTE 21 - BUDGETARY REPORTING BASIS

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying schedules of grant support, revenue and expenses compared to grant budgets (non-GAAP basis) contained on pages 20 through 22 are prepared on a basis which differs from the financial statements in the following areas:

- 1) With the exception of per-diem reimbursement contracts, revenue is recognized at the time the grant is awarded as opposed to when qualifying expenses have been incurred.
- 2) Encumbrances are reported as expenditures in the year in which they are budgeted.
- 3) Purchases of property and equipment are expensed as opposed to being capitalized and depreciated over the estimated useful lives of the assets.

ADDITIONAL INFORMATION

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2010

	Title IIIB Senior Citizens	Title IIIC Nutrition	Title IIID Disease Prevention and Health Promotion	Title IIID Medication Management
SUPPORT AND REVENUE				
Grant revenue-state/pass-through	\$ 177,557	\$ 314,176	\$ 7,413	\$ 2,150
In-kind matching	16,434	34,306	1,240	390
USDA food reimbursement	-0-	53,153	-0-	-0-
Program income	3,512	73,926	-0-	-0-
Contributions	-0-	-0-	-0-	-0-
Interest income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>197,503</u>	<u>475,561</u>	<u>8,653</u>	<u>2,540</u>
EXPENSES				
Salaries and benefits	125,849	169,312	6,274	1,855
Travel and training	2,631	1,043	-0-	-0-
Consumable supplies	21	30,813	-0-	-0-
Buildings	1,585	5,459	-0-	-0-
Vehicles and equipment	11,698	20,783	-0-	-0-
Insurance	9,226	8,589	-0-	-0-
Occupancy	-0-	3,300	-0-	-0-
Contractual and consultants	630	1,829	-0-	-0-
Telephone and utilities	11,749	34,687	-0-	-0-
Food	-0-	127,064	-0-	-0-
Other	1,166	4,420	104	-0-
Interest	-0-	-0-	-0-	-0-
Indirect costs	23,076	32,913	1,035	295
Volunteer labor - nonfunded	16,434	34,306	1,240	390
Depreciation	<u>-0-</u>	<u>14,634</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>204,065</u>	<u>489,152</u>	<u>8,653</u>	<u>2,540</u>
INCREASE (DECREASE) IN NET ASSETS	(6,562)	(13,591)	-0-	-0-
NET ASSETS - BEGINNING OF YEAR AS RESTATED	(115,136)	(21,139)	(4,572)	(668)
TRANSFER IN (OUT)	<u>6,562</u>	<u>27,174</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS - END OF YEAR	\$ <u>(115,136)</u>	\$ <u>(7,556)</u>	\$ <u>(4,572)</u>	\$ <u>(668)</u>

<u>Title III Caregiver</u>	<u>Elder Abuse</u>	<u>Health Benefits/ SHIP</u>	<u>LIFE</u>	<u>Lighthouse In-Home Services</u>
\$ 48,213	\$ 1,996	\$ 3,661	\$ 202,647	\$ 344,370
18,288	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	2,200	26,185
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>66,501</u>	<u>1,996</u>	<u>3,661</u>	<u>204,847</u>	<u>370,555</u>
42,845	1,718	3,167	121,094	246,104
106	-0-	-0-	-0-	10,525
252	-0-	-0-	3	192
214	-0-	-0-	-0-	-0-
908	-0-	-0-	14,411	-0-
2,143	-0-	-0-	7,293	-0-
-0-	-0-	-0-	-0-	-0-
2,065	-0-	-0-	5,010	-0-
2,574	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
2,069	-0-	-0-	2,509	1,277
-0-	-0-	-0-	-0-	-0-
7,486	278	494	20,787	49,122
18,288	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4</u>	<u>-0-</u>
<u>78,950</u>	<u>1,996</u>	<u>3,661</u>	<u>171,111</u>	<u>307,220</u>
(12,449)	-0-	-0-	33,736	63,335
(38,777)	890	(2,034)	108,855	168,051
<u>12,449</u>	<u>-0-</u>	<u>-0-</u>	<u>(33,736)</u>	<u>-0-</u>
\$ <u>(38,777)</u>	\$ <u>890</u>	\$ <u>(2,034)</u>	\$ <u>108,855</u>	\$ <u>231,386</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2010

	<u>Veterans</u> <u>Administration</u>	<u>Medicaid</u>	<u>Medicaid</u> <u>Waiver</u>
SUPPORT AND REVENUE			
Grant revenue-state/pass-through	\$ -0-	\$ -0-	\$ -0-
In-kind matching	-0-	-0-	-0-
USDA food reimbursement	-0-	-0-	-0-
Program income	261,093	270,109	577,506
Contributions	-0-	-0-	-0-
Interest income	<u>4</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>261,097</u>	<u>270,109</u>	<u>577,506</u>
EXPENSES			
Salaries and benefits	124,880	231,837	435,766
Travel and training	3,490	12,947	13,423
Consumable supplies	55	908	1,054
Buildings	-0-	-0-	-0-
Vehicles and equipment	-0-	-0-	-0-
Insurance	-0-	-0-	-0-
Occupancy	-0-	-0-	-0-
Contractual and consultants	-0-	3,106	3,301
Telephone and utilities	-0-	1	462
Food	-0-	-0-	-0-
Other	697	5,712	5,405
Interest	-0-	-0-	-0-
Indirect costs	24,716	46,090	86,303
Volunteer labor - nonfunded	-0-	-0-	-0-
Depreciation	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENSES	<u>153,838</u>	<u>300,601</u>	<u>545,714</u>
INCREASE (DECREASE) IN NET ASSETS	107,259	(30,492)	31,792
NET ASSETS - BEGINNING OF YEAR AS RESTATED	398,259	(556,482)	101,293
TRANSFER IN (OUT)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS - END OF YEAR	\$ <u>505,518</u>	\$ <u>(586,974)</u>	\$ <u>133,085</u>

<u>Other Programs</u>	<u>Total</u>
\$ 128,140	\$ 1,230,323
-0-	70,658
-0-	53,153
69,774	1,255,920
136,339	164,724
<u>1,818</u>	<u>1,822</u>
<u>336,071</u>	<u>2,776,600</u>
124,566	1,635,267
3,294	47,459
4,904	38,202
8,631	15,889
14,305	62,105
2,078	29,329
14,643	17,943
31,415	47,356
2,501	51,974
5,692	132,756
22,613	45,972
17,345	17,345
16,735	309,330
-0-	70,658
<u>86,840</u>	<u>101,478</u>
<u>355,562</u>	<u>2,623,063</u>
(19,491)	153,537
1,937,029	1,975,569
<u>(12,449)</u>	<u>-0-</u>
\$ <u>1,905,089</u>	\$ <u>2,129,106</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGET (NON-GAAP BASIS)
OLDER AMERICANS ACT - TITLE IIB, IID, AND IIE - GRANT NUMBER 21036
GRANT PERIOD OCTOBER 1, 2009 TO SEPTEMBER 30, 2010

	<u>Budget</u>	<u>Actual</u>			<u>(Over) Under Budget</u>
		<u>IIB</u>	<u>IID</u>	<u>IIE</u>	
SUPPORT AND REVENUE					
Federal	\$ 157,284	\$ 93,179	\$ 9,241	\$ 54,864	\$ -0-
State	84,963	84,421	542	-0-	-0-
In-kind - matching	36,352	16,434	1,630	18,288	-0-
Program income	4,500	2,354	-0-	-0-	2,146
Other	<u>-0-</u>	<u>1,159</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,159)</u>
TOTAL SUPPORT AND REVENUE	<u>283,099</u>	<u>197,547</u>	<u>11,413</u>	<u>73,152</u>	<u>987</u>
EXPENSES					
Personnel	179,409	125,849	8,129	42,845	2,586
Travel	1,400	2,391	-0-	50	(1,041)
Printing and supplies	1,149	517	104	535	(7)
Transportation	24,596	20,935	-0-	4,956	(1,295)
Building space	1,088	1,830	-0-	214	(956)
Communications and utilities	17,124	11,919	-0-	4,425	780
Other	1,378	1,114	-0-	152	112
Indirect costs	<u>20,603</u>	<u>23,076</u>	<u>1,330</u>	<u>7,486</u>	<u>(11,289)</u>
TOTAL EXPENSES	<u>246,747</u>	<u>187,631</u>	<u>9,563</u>	<u>60,663</u>	<u>(11,110)</u>
GRANTEE'S SHARE	<u>36,352</u>	<u>16,434</u>	<u>1,630</u>	<u>18,288</u>	<u>-0-</u>
GRAND TOTAL	<u>\$ 283,099</u>	<u>204,065</u>	<u>11,193</u>	<u>78,951</u>	<u>\$ (11,110)</u>
(DECREASE) INCREASE IN NET ASSETS		(6,518)	220	(5,799)	
TRANSFERS IN (OUT)		6,562	(30)	5,799	
Net assets from prior years not reprogrammed		<u>3,764</u>	<u>-0-</u>	<u>-0-</u>	
NET ASSETS, SEPTEMBER 30, 2010		<u>\$ 3,808</u>	<u>\$ 190</u>	<u>\$ -0-</u>	

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGET (NON-GAAP BASIS)
ELDER ABUSE - GRANT NUMBER 21033
GRANT PERIOD OCTOBER 1, 2009 TO SEPTEMBER 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE			
Federal	\$ <u>2,075</u>	\$ <u>2,075</u>	\$ <u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>2,075</u>	<u>2,075</u>	<u>-0-</u>
EXPENSES			
Personnel	1,780	1,718	62
Indirect costs	<u>295</u>	<u>278</u>	<u>17</u>
TOTAL EXPENSES	\$ <u>2,075</u>	<u>1,996</u>	\$ <u>79</u>
INCREASE IN NET ASSETS		79	
Net assets from prior years not reprogrammed		<u>14</u>	
NET ASSETS, SEPTEMBER 30, 2010		\$ <u>93</u>	

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGET (NON-GAAP BASIS)
LEGISLATIVE INITIATIVES FOR THE ELDERLY-LIFE-GRANT NUMBER 21003
GRANT PERIOD JULY 1, 2009 TO JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE			
State/Pass-Through	\$ <u>189,644</u>	\$ <u>189,644</u>	\$ <u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>189,644</u>	<u>189,644</u>	<u>-0-</u>
EXPENSES			
Personnel	44,851	86,455	(41,604)
Fringe benefits	13,443	27,338	(13,895)
Printing and supplies	40	27	13
Other	120,725	59,171	61,554
Indirect costs	<u>10,585</u>	<u>18,578</u>	<u>(7,993)</u>
TOTAL EXPENSES	<u>\$ 189,644</u>	<u>191,569</u>	<u>\$ (1,925)</u>
(DECREASE) IN NET ASSETS		(1,925)	
Transfer in		1,925	
Net assets from prior years not reprogrammed		<u>-0-</u>	
NET ASSETS, JUNE 30, 2010		<u>\$ -0-</u>	

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2010**

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Agency/ Pass-through Number</u>	<u>Program Period</u>
FEDERAL AWARDS		
Department of Health and Human Services		
Pass-through West Virginia State College, Metro Area Agency on Aging:		
Title IIIB Senior Citizens	21036	10/01/09 - 09/30/10
Title IIIC Nutrition Services	N/A	10/01/09 - 09/30/10
Title IIID Disease Prevention and Health Promotion	21036	10/01/09 - 09/30/10
Title IIID Medication Management	21036	10/01/09 - 09/30/10
Title IIIE Caregiver Elder Abuse	21036	10/01/09 - 09/30/10
Nutrition Services Incentive Program	21033	10/01/09 - 09/30/10
	N/A	10/01/09 - 09/30/10
Pass-through West Virginia Bureau of Senior Services:		
Health Benefits/SHIP	SH21146	04/01/10 - 03/31/11
Total Federal Awards		

STATE AWARDS

**West Virginia State College, Metro Area
Agency on Aging**

Title IIIB Senior Citizens	21036	10/01/09 - 09/30/10
Title IIIC Nutrition Services	N/A	10/01/09 - 09/30/10
Title IIIC State Supplemental Nutrition	N/A	10/01/09 - 09/30/10
Title IIID Disease Prevention and Health Promotion	21036	10/01/09 - 09/30/10

<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
\$ 93,179	\$ 93,136	\$ 93,136
194,516	194,516	194,516
7,030	6,871	6,871
2,211	2,180	2,180
54,864	54,864	54,864
2,075	1,996	1,996
53,153	53,153	53,153
8,725	<u>-3,661</u>	<u>3,661</u>
	<u>410,377</u>	<u>410,377</u>
84,421	84,421	84,421
32,626	32,626	32,626
80,034	87,034	87,034
542	542	542

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2010**

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Agency/ Pass-through Number</u>	<u>Program Period</u>
STATE AWARDS (CONTINUED)		
West Virginia State College, Metro Area Agency on Aging (Continued)		
LIFE	21003	07/01/09 - 06/30/10
LIFE	21103	07/01/10 - 06/30/11
Transportation	21050	07/01/09 - 06/30/10
Alzheimer's Respite	21050	07/01/09 - 06/30/10
Alzheimer's Respite	21150	07/01/10 - 06/30/11
Lighthouse	21050	07/01/09 - 06/30/10
Lighthouse	21150	07/01/10 - 06/30/11
West Virginia Bureau of Senior Services:		
Senior Grant	SC2943	07/01/08 - 04/30/10
Senior Grant	SC21069	07/01/09 - 06/30/10
Total State Awards		
Total Federal and State awards		

<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
\$ 189,644	\$ 178,730	\$ 178,730
224,641	23,917	23,917
34,997	25,867	25,867
52,000	40,279	40,279
65,332	28,431	28,431
284,450	255,364	255,364
314,974	25,670	25,670
70,250	3,907	3,907
63,500	<u>29,656</u>	<u>29,656</u>
	<u>816,444</u>	<u>816,444</u>
	<u>\$ 1,226,821</u>	<u>\$ 1,226,821</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
AND ON COMPLIANCE**

Ware & Hall, PLLC

Certified Public Accountants

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**INDEPENDENT AUDITOR'S 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***

Board of Directors
Cabell County Community
Services Organization, Inc.
Huntington, West Virginia

We have audited the financial statements of Cabell County Community Services Organization, Inc. (a non-profit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated January 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cabell County Community Services Organization, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cabell County Community Services Organization, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cabell County Community Services Organization, Inc.'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency identified as 10-3 in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies identified as 10-1 and 10-2 in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cabell County Community Services Organization, Inc.'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*.

Cabell County Community Services Organization, Inc.'s response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit Cabell County Community Services Organization, Inc.'s response and, accordingly, we express no opinion on it.

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

Ware & Hall PLLC

Huntington, West Virginia
January 10, 2011

SCHEDULE OF FINDINGS

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF FINDINGS
YEAR ENDED SEPTEMBER 30, 2010

10-1 INDIRECT COSTS

Condition: We noted the following during our review of the Organization's indirect cost allocation:

- The entire cost of property and liability insurance (exclusive of vehicle insurance) is charged to the indirect cost pool.
- The majority of janitorial supplies is charged to the indirect cost pool.
- Utilities charged to the indirect cost pool are based on estimated space usage.
- The majority of telephone costs at the central office is charged to the indirect cost pool.
- Errors were noted in the allocation of indirect costs to the various programs.

Criteria: OMB Circular A-122 "Cost Principles for Non-Profit Organizations" prescribes the following:

- Indirect costs are those costs that have been incurred for the common or joint objectives and cannot be readily identified with a particular final cost objective. Costs identified specifically with awards are direct costs of the awards and are to be assigned directly thereto.
- When an allocation can be made by assignment of a cost grouping directly to the function benefitted, the allocation shall be made in that manner. When the expenses in a cost grouping are more general in nature, the allocation shall be made through the use of a selected base which produces results that are equitable to both the federal government and the Organization.
- Costs are to be allocated to a particular cost objective in accordance with the relative benefits received. Operation and maintenance expenses such as insurance, repairs and maintenance, and utilities, etc. shall be allocated to the individual functions on the basis of usable square feet of space, excluding common areas. Allocation bases must be established in accordance with reasonable criteria and be supported by current data.
- Telephone toll charges shall be treated as direct costs whenever identifiable to a particular program.

Effect: Failure to follow the established cost principles could result in inaccurate financial reporting. In addition, a portion of the indirect costs charged to the various programs could be disallowed by the various funding sources.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF FINDINGS
YEAR ENDED SEPTEMBER 30, 2010

10-1 INDIRECT COSTS (CONTINUED)

Recommendation: Implement procedures to ensure:

- Only allowable indirect costs are charged to the indirect cost pool. Those costs identified specifically with an award are to be assigned directly thereto.
- Costs are to be allocated to a particular cost objective in accordance with the relative benefits received.
- Measure facilities to determine accurate square footage utilized by the various programs and the indirect portion. Allocate operation and maintenance expenses based on current and accurate square footage measurements.
- Allocate telephone toll charges directly to the benefitting program when identifiable.

Portions of this finding were also noted in the prior year audit.

10-2 PURCHASES

Condition: Several transactions were noted during our audit that did not adhere to the purchasing policies and procedures outlined in the Organization's accounting manual. Among the items noted were: lack of cancellation of invoices, purchase orders were not completed for all non-food purchases, lack of evidence of receipt for goods or services, and directly allocated costs did not contain documentary evidence to support the basis for allocation.

Criteria: The Organization's accounting manual requires cancellation of invoices, preparation and approval of purchase orders, evidence of receipt, and documentary evidence to support the allocation of costs.

Effect: Failure to cancel invoices could result in duplicate payment of the invoice. Failure to obtain approved purchase orders prior to placing the order could result in unauthorized, unnecessary, or unallowable purchases. Failure to obtain evidence of receipt could result in the payment for goods and services which were not received. Lack of documentary evidence to support the allocation of costs could result in financial statement misstatements and unallowable costs.

Recommendation: Management should review and reemphasize the policies included in their accounting manual and implement procedures to ensure all transactions of the Organization abide by these guidelines.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF FINDINGS
YEAR ENDED SEPTEMBER 30, 2010

10-3 RECONCILIATION OF ACCOUNTING RECORDS TO SUPPORTING INFORMATION

Condition: Audit adjusting entries were required to be made to reflect accurate balances in the Organization's year end assets, liabilities, revenues, and expenses. These include receivables, deferred revenue, net assets, transfers, revenue and expenses.

Criteria: One of the objectives of an internal control system is to provide management with reasonable assurance that transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Effect: Management has not produced year end financial statements presented in accordance with generally accepted accounting principles.

Recommendation: While improvement was noted compared to the previous year, we recommend management continue to develop year end closing procedures to reconcile the general ledger control accounts with the supporting subsidiary ledgers, accrual worksheets, etc, to ensure that transactions are recorded completely, timely, and accurately in order to prepare year end financial statements in accordance with generally accepted accounting principles.

This finding was also noted in the prior year audit.

CORRECTIVE ACTION PLAN



"For the Seniors"

724 10th Avenue
Huntington, West Virginia 25701
Phone: (304) 529-4952 • (304) 529-0954 • Fax: (304) 525-2061

Robert E. Roswall
Executive Director

Ware and Hall
Dan Ware
P.O. Box 819
Huntington, WV 25712-0819

Bob Bailey
President

Dale Stephens
Vice President

Re: 2010 Audit Response

Terry H. Cunningham
Secretary

10-1 Indirect Costs

W. Scott Bias
Treasurer

CCCSO is in the process of re-doing measurements of square footage for all properties to better allocate costs of insurance, property, liability and utilities.

Phones are being inventoried by location and using to better allocate phone costs.

Janitorial supplies are now requested and allocated to programs based on usage.

10-2 Purchases

CCCSO has resent a memorandum to all staff on purchasing procedures and purchase orders. Staff was made aware that disciplinary actions will be taken to staff that fail to follow CCCSO's purchasing procedures.

10-3 Reconciliation of accounts

The Fiscal Officer and I have discussed this and he will be paying close attention to reconciliation and closeout of financial transactions in order to achieve accounts year end financials.

If you have any additional questions feel free to contact me at 304-529-4952.

Robert E. Roswall
Executive Director
CCCSO Inc.

RER/taa



cccsoinc@cccso.com

