

**FAMILY SERVICE - UPPER OHIO VALLEY, INC.
WHEELING, WEST VIRGINIA**

**FINANCIAL STATEMENTS AND REPORTS ON
COMPLIANCE AND INTERNAL CONTROL
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Service - Upper Ohio Valley, Inc.
Wheeling, WV 26003

We have audited the accompanying statements of financial position of Family Service - Upper Ohio Valley, Inc., (a nonprofit organization) as of December 31, 2008 and 2007 and the related statements of activities, functional expenses and cash flows for the years 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 audits.

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*, 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 the 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 Family Service - Upper Ohio Valley, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years 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 April 28, 2009, on our consideration of Family Service - Upper Ohio Valley, Inc.'s, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Family Service - Upper Ohio Valley, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards, expenditures of state awards, and other revenues from state sources 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.

Wiseman Hutzell + Co.

WISEMAN HUTZELL & CO.

Wheeling, West Virginia

April 28, 2009

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,019,470	\$ 1,232,837
Certificates of deposit	25,000	25,000
Accounts receivable	153,398	114,610
Grants receivable	84,374	64,389
Deposits and prepaid expenses	20,530	20,884
Endowment and investments	617,529	355,113
Property and equipment – at cost	550,262	603,710
<u>TOTAL ASSETS</u>	<u>\$ 2,470,563</u>	<u>\$ 2,416,543</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 172,208	\$ 167,184
Clients' funds held by agency	249,588	330,639
Deposits	597	597
Deferred income	117,112	-
<u>TOTAL LIABILITIES</u>	<u>539,505</u>	<u>498,420</u>
 <u>NET ASSETS</u>		
<u>Unrestricted</u>		
Operating	1,380,796	1,314,413
Property and equipment	540,575	576,569
<u>Total Unrestricted</u>	<u>1,921,371</u>	<u>1,890,982</u>
 <u>Temporarily Restricted</u>	 <u>9,687</u>	 <u>27,141</u>
 <u>TOTAL NET ASSETS</u>	 <u>1,931,058</u>	 <u>1,918,123</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 2,470,563</u>	 <u>\$ 2,416,543</u>

See the accompanying Notes to Financial Statements

FAMILY SERVICE - UPPER OHIO VALLEY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2008

2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
<u>Public Support</u>			
Federal Grants	\$ 387,999	\$	\$ 387,999
State government grants	940,075		940,075
Local government grants	15,370		15,370
United Way	71,841		71,841
Contributions	87,494		87,494
<u>Total Public Support</u>	<u>1,502,779</u>	<u>-</u>	<u>1,502,779</u>
<u>Revenues</u>			
Service and program fees	530,555		530,555
Rental income	24,426		24,426
Memberships	6,277		6,277
Special events - net of cost			
Of \$908,519 - 2008; \$559,224 - 2007	143,064		143,064
Interest and investment income	17,233		17,233
Net realized and unrealized gain (loss)			
on investments	(233,238)		(233,238)
Other program income	330,855		330,855
<u>Total Revenues</u>	<u>819,172</u>	<u>-</u>	<u>819,172</u>
<u>Total Public Support and Revenues</u>	<u>2,321,951</u>	<u>-</u>	<u>2,321,951</u>
 <u>NET ASSETS RELEASED FROM RESTRICTIONS</u>			
Expiration of time restrictions	17,454	(17,454)	-
Satisfaction of program restrictions			
<u>TOTAL REVENUES, GAINS AND OTHER SUPPORT</u>	<u>2,339,405</u>	<u>(17,454)</u>	<u>2,321,951</u>
 <u>EXPENSES</u>			
<u>Program Services</u>			
Title IIIB	85,747		85,747
Title IIIC-1	242,225		242,225
Title IIIC-2	264,286		264,286
Title IIID	6,648		6,648
Title IIIE	30,213		30,213
Adult Daycare/Treatment	199,535		199,535
Resource Center	122,934		122,934
In-home services	445,687		445,687
Consumer Credit	160,725		160,725
Conservator	92,306		92,306
Outreach and Recreation	66,396		66,396
Other Programs	422,461		422,461
<u>Total Program Services</u>	<u>2,139,163</u>	<u>-</u>	<u>2,139,163</u>
<u>Support Services</u>			
Administrative, indirect and property expenses	92,812		92,812
Depreciation and amortization	74,801		74,801
Fundraising	2,240		2,240
Advocacy	-		-
<u>Total Support Services</u>	<u>169,853</u>	<u>-</u>	<u>169,853</u>
<u>TOTAL EXPENSES</u>	<u>2,309,016</u>	<u>-</u>	<u>2,309,016</u>
 <u>CHANGE IN NET ASSETS</u>	 <u>30,389</u>	 <u>(17,454)</u>	 <u>12,935</u>
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	 <u>1,890,982</u>	 <u>27,141</u>	 <u>1,918,123</u>
 <u>NET ASSETS AT END OF YEAR</u>	 <u>\$ 1,921,371</u>	 <u>\$ 9,687</u>	 <u>\$ 1,931,058</u>

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007

2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
<u>Public Support</u>			
Federal Grants	\$ 513,043	\$	\$ 513,043
State government grants	607,969		607,969
Local government grants	17,280		17,280
United Way	73,750		73,750
Contributions	80,953		80,953
<u>Total Public Support</u>	<u>1,292,995</u>	<u>-</u>	<u>1,292,995</u>
<u>Revenues</u>			
Service and program fees	629,683		629,683
Rental income	24,254		24,254
Memberships	3,604		3,604
Special events - net of cost			
Of \$559,224 - 2008; \$499,099 - 2007	119,826		119,826
Interest and investment income	59,908		59,908
Net realized and unrealized gain (loss)			
on investments	(728)		(728)
Other program income	123,223		123,223
<u>Total Revenues</u>	<u>959,770</u>	<u>-</u>	<u>959,770</u>
<u>Total Public Support and Revenues</u>	<u>2,252,765</u>	<u>-</u>	<u>2,252,765</u>
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>			
Expiration of time restrictions	9,656	(9,656)	-
Satisfaction of program restrictions			
<u>TOTAL REVENUES, GAINS AND OTHER SUPPORT</u>	<u>2,262,421</u>	<u>(9,656)</u>	<u>2,252,765</u>
<u>EXPENSES</u>			
<u>Program Services</u>			
Title IIIB	131,484		131,484
Title IIIC-1	255,475		255,475
Title IIIC-2	221,027		221,027
Title IIID	5,450		5,450
Title IIIE	70,801		70,801
Adult Daycare/Treatment	111,583		111,583
Resource Center	99,758		99,758
In-home services	390,012		390,012
Consumer Credit	251,688		251,688
Outreach and Recreation	240,025		240,025
Other Programs	231,553		231,553
<u>Total Program Services</u>	<u>2,008,856</u>	<u>-</u>	<u>2,008,856</u>
<u>Support Services</u>			
Administrative, indirect and property expenses	29,583		29,583
Depreciation and amortization	80,228		80,228
Fundraising	-		-
Advocacy	856		856
<u>Total Support Services</u>	<u>110,667</u>	<u>-</u>	<u>110,667</u>
<u>TOTAL EXPENSES</u>	<u>2,119,523</u>	<u>-</u>	<u>2,119,523</u>
<u>CHANGE IN NET ASSETS</u>	<u>142,898</u>	<u>(9,656)</u>	<u>133,242</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>1,748,084</u>	<u>36,797</u>	<u>1,784,881</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 1,890,982</u>	<u>\$ 27,141</u>	<u>\$ 1,918,123</u>

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Title IIIB</u>	<u>Title III C-1</u>	<u>Title III C-2</u>	<u>Title IIID</u>	<u>Title III E</u>	<u>Adult Daycare/ Treatment</u>	<u>Resource Center</u>	<u>In Home</u>
<u>FUNCTIONAL EXPENSES</u>								
<u>Program Services</u>								
<u>Payroll:</u>								
Salaries and wages	\$ 39,102	\$ 83,055	\$ 72,544	\$ 2,046	\$ 15,498	\$ 115,015	\$ 66,134	\$ 261,936
Payroll taxes	4,986	9,262	8,212	216	2,510	12,532	7,360	30,894
Employee benefits	3,707	6,194	6,033	142	4,461	7,867	8,510	3,819
<u>Total Payroll</u>	<u>47,795</u>	<u>98,511</u>	<u>86,789</u>	<u>2,404</u>	<u>22,469</u>	<u>135,414</u>	<u>82,004</u>	<u>296,649</u>
<u>Other:</u>								
Supplies	115	81,889	115,280	52		4,235	2,842	859
Telephone	883	1,005	915				13	22
Postage	113	177	153			181	189	1,076
Occupancy	2,419	9,492	6,742			4,048	4,562	10,962
Property maintenance & rental		7,120	7,564				150	400
Insurance	8,688	5,571	5,295	94	1,164	4,072	1,618	9,021
Transportation	8,068	4,644	5,018			40		
Printing and publications								
Professional fees								
Taxes				3,215				6,467
Dues and memberships		23	20		19	204		53
Purchase service	1,893	781	681	17	159	2,125	1,669	5,075
Other program expense	15	850	7,782	866	50	2,381	2,135	12,355
Allocated Administrative & Indirect Costs	15,758	32,162	28,047		6,352	46,835	27,752	102,682
<u>Total Other Expenses</u>	<u>37,952</u>	<u>143,714</u>	<u>177,497</u>	<u>4,244</u>	<u>7,744</u>	<u>64,121</u>	<u>40,930</u>	<u>149,038</u>
<u>Total Expenses before Depreciation and Amortization</u>	<u>85,747</u>	<u>242,225</u>	<u>264,286</u>	<u>6,648</u>	<u>30,213</u>	<u>199,535</u>	<u>122,934</u>	<u>445,687</u>
Depreciation and amortization								
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>\$ 85,747</u>	<u>\$ 242,225</u>	<u>\$ 264,286</u>	<u>\$ 6,648</u>	<u>\$ 30,213</u>	<u>\$ 199,535</u>	<u>\$ 122,934</u>	<u>\$ 445,687</u>

Depreciation and amortization

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Consumer Credit	Conservator	Outreach & Recreation	Other Programs	Total Program Expenses	Administrative, Indirect and Property Expenses	Fundraising	Total Support Expenses	Total Expenses
FUNCTIONAL EXPENSES									
<u>Program Services</u>									
Payroll:									
Salaries and wages	\$ 73,961	\$ 45,006	\$ 23,184	\$ 155,296	\$ 952,777	\$ 246,651	\$ 103	\$ 246,754	\$ 1,199,531
Payroll taxes	7,667	4,555	3,171	16,676	108,041	27,265		27,265	135,306
Employee benefits	20,918	12,684	199	22,067	96,601	36,892		36,892	133,493
Total Payroll	102,546	62,245	26,554	194,039	1,157,419	310,808	103	310,911	1,468,330
Other:									
Supplies	1,335	605	4,670	90,241	302,123	15,410	2,067	17,477	319,600
Telephone	12		1,240	4,599	8,689	12,451		12,451	21,140
Postage	2,253	2,695	1,553	1,872	10,262	6,885	70	6,955	17,217
Occupancy	5,758	3,888	4,111	15,264	67,246	(19,733)		(19,733)	47,513
Property maintenance & rental	225			13,220	28,679	9,970		9,970	38,649
Insurance	2,772	1,436	997	8,922	49,650	9,489		9,489	59,139
Transportation			10,338	27,582	55,690	65		65	55,755
Printing and publications						131		131	131
Professional fees	2,797	914		40	13,433	75,818		75,818	89,251
Taxes					53	196		196	249
Dues and memberships	1,076		750	77	2,235	739		739	2,974
Purchase service	8,208	2,703	1,902	2,601	27,814	44,292		44,292	72,106
Other program expense	3,443		2,864	3,617	36,358	6,667		6,667	43,025
Allocated Administrative & Indirect Costs	30,300	17,820	11,417	60,387	379,512	(380,376)		(380,376)	(864)
Total Other Expenses	58,179	30,061	39,842	228,422	981,744	(217,996)	2,137	(215,859)	765,885
Total Expenses before Depreciation and Amortization	160,725	92,306	66,396	422,461	2,139,163	92,812	2,240	95,052	2,234,215
Depreciation and amortization						74,801		74,801	74,801
TOTAL FUNCTIONAL EXPENSES	\$ 160,725	\$ 92,306	\$ 66,396	\$ 422,461	\$ 2,139,163	\$ 167,613	\$ 2,240	\$ 169,853	\$ 2,309,016

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Title IIIB</u>	<u>Title III C-1</u>	<u>Title III C-2</u>	<u>Title IIID</u>	<u>Title III E</u>	<u>Adult Daycare/ Treatment</u>	<u>Resource Center</u>	<u>In Home</u>
FUNCTIONAL EXPENSES								
<u>Program Services</u>								
<u>Payroll:</u>								
Salaries and wages	\$ 60,007	\$ 75,851	\$ 59,203	\$ 2,360	\$ 42,572	\$ 48,328	\$ 53,301	\$ 222,102
Payroll taxes	6,528	8,254	6,401	246	4,030	7,907	5,346	23,103
Employee benefits	3,791	6,030	6,242	92	2,747	6,060	8,638	4,516
Total Payroll	70,326	90,135	71,846	2,698	49,349	62,295	67,285	249,721
<u>Other:</u>								
Supplies	1,879	94,260	94,948	84	84	3,976	996	347
Telephone	136	1,229	712			23	68	62
Postage	3,225	265	137			184	157	653
Occupancy	860	19,377	10,335			4,048	4,562	12,636
Property maintenance & rental	14,199	2,087	1,470	71	1,109	245	2,275	9,393
Insurance	12,296	9,589	6,227			4,030		
Transportation	350	4,716	4,118			110		
Printing and publications	1,492	75	75			567		13,257
Professional fees				1,708	70			87
Taxes	32	23	20			406		
Dues and memberships	1,823	1,097	564	1	26	1,776	1,032	6,403
Purchase service	1,203	2,333	6,500		3,262	3,206	2,288	9,642
Other program expense	23,663	30,289	24,075	972	16,864	30,717	21,095	87,811
Allocated Administrative & Indirect Costs	61,158	165,340	149,181	2,752	21,452	49,288	32,473	140,291
Total Other Expenses	131,484	255,475	221,027	5,450	70,801	111,583	99,758	390,012
Total Expenses before Depreciation and Amortization	\$ 131,484	\$ 255,475	\$ 221,027	\$ 5,450	\$ 70,801	\$ 111,583	\$ 99,758	\$ 390,012
Depreciation and amortization								
TOTAL FUNCTIONAL EXPENSES	\$ 131,484	\$ 255,475	\$ 221,027	\$ 5,450	\$ 70,801	\$ 111,583	\$ 99,758	\$ 390,012

FAMILY SERVICE – UPPER OHIO VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Consumer Credit	Outreach & Recreation	Other Programs	Total Program Expenses	Administrative, Indirect and Property Expenses	Fund Raising	Advocacy	Total Support Expenses	Total Expenses
FUNCTIONAL EXPENSES									
Program Services									
Payroll:									
Salaries and wages	\$ 115,835	\$ 109,631	\$ 73,108	\$ 862,298	\$ 238,602	\$ -	\$ 716	\$ 239,318	\$ 1,101,616
Payroll taxes	11,131	10,291	7,438	90,675	22,222	-	-	22,222	112,897
Employee benefits	30,415	9,499	8,195	86,225	29,643	-	-	29,643	115,868
Total Payroll	157,381	129,421	88,741	1,039,198	290,467	-	716	291,183	1,330,381
Other:									
Supplies	5,442	6,521	68,276	274,850	14,879	-	-	14,879	289,729
Telephone	621	2,713	345	7,652	12,215	-	-	12,215	19,867
Postage	7,081	3,036	313	11,962	3,992	-	-	3,992	15,954
Occupancy	9,645	10,081	16,215	90,124	(26,601)	-	-	(26,601)	63,523
Property maintenance & rental	5,240	3,116	4,522	12,300	13,877	-	-	13,877	26,177
Insurance		5,798	1,915	59,846	10,744	-	-	10,744	70,590
Transportation		17,447	10,469	49,156	546	-	-	546	49,702
Printing and publications	5,575	2,709	5,053	3,209	20,287	-	-	20,287	3,209
Professional fees		410		28,132		-	-		48,419
Taxes		2	32	121	159	-	-	159	280
Dues and memberships	1,260	733	259	2,770	708	-	-	708	3,478
Purchase service	7,328	3,070	1,153	24,273	40,716	-	-	40,716	64,989
Other program expense	3,700	12,013	543	44,690	8,167	-	140	8,307	52,997
Allocated Administrative & Indirect Costs	48,415	42,955	33,717	360,573	(360,573)	-	-	(360,573)	-
Total Other Expenses	94,307	110,604	142,812	969,658	(260,884)	-	140	(260,744)	708,914
Total Expenses before Depreciation and Amortization	251,688	240,025	231,553	2,008,856	29,583	-	856	30,439	2,039,295
Depreciation and amortization					80,228			80,228	80,228
TOTAL FUNCTIONAL EXPENSES	\$ 251,688	\$ 240,025	\$ 231,553	\$ 2,008,856	\$ 109,811	\$ -	\$ 856	\$ 110,667	\$ 2,119,523

See the accompanying Notes to Financial Statements.

FAMILY SERVICE UPPER OHIO VALLEY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 12,935	\$ 133,242
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	74,801	80,228
Unrealized (gain) loss on investments	222,162	5,553
Realized (gain) loss on investments	11,076	(4,825)
Changes in operating assets and liabilities		
Accounts and grants receivable	(58,773)	(7,492)
Deposit and prepaid expenses	354	12,150
Accounts payable and other liabilities	(76,027)	(50,905)
Deferred income	117,112	(43,141)
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>303,640</u>	<u>124,810</u>
<u>INVESTMENT ACTIVITIES</u>		
Purchase of property and equipment	(21,353)	(77,633)
Proceeds from sale of investments	251,608	58,525
Purchase of investments	(747,262)	(65,781)
<u>NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES</u>	<u>(517,007)</u>	<u>(84,889)</u>
<u>FINANCING ACTIVITIES</u>		
Repayment of notes payable	-	(2,000)
<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>	<u>-</u>	<u>(2,000)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(213,367)</u>	<u>37,921</u>
<u>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR</u>	<u>1,232,837</u>	<u>1,194,916</u>
<u>CASH AND CASH EQUIVALENTS AS OF END OF YEAR</u>	<u>\$ 1,019,470</u>	<u>\$ 1,232,837</u>

See the accompanying Notes to Financial Statements.

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Agency

Family Service - Upper Ohio Valley, Inc. (The Agency) is a non-profit organization. The Agency provides a variety of social and health related services to individuals, couples and families; including consumer credit and housing counseling. Other services provided by the Agency are educational programs, a volunteer program, a conservator/representative payee program, and student training.

The Agency also has an extensive Senior Service Division; including social support services, In-home Care, nutrition, health screening, recreation, transportation and adult day care.

As of December 31, 1998 The Human Resource Center of the Upper Ohio Valley merged with and into Family Service Upper Ohio Valley, Inc. The Human Resource Center owned the building housing the Agency at 51 Eleventh Street, Wheeling, West Virginia. Other nonprofit entities and commercial businesses continue to rent space in the building from the Agency. Family Service-Upper Ohio Valley, Inc. was identified as the surviving corporation as a result of the merger.

Business Combinations

Effective January 1, 2000, the Agency became a subsidiary of Ohio Valley Health Services and Education Corporation (OVHS&E), a not-for-profit corporation. In addition to the Agency, OVHS&E serves as sole/member parent of the following corporations:

- Ohio Valley Medical Center, Incorporated
- East Ohio Regional Hospital
- River Health Enterprises, Inc.
- OVHS&E Foundation, Inc.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board its Statement 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. Family Service has no permanently restricted net assets.

Investments

The Agency carries investments at their fair values in the Statement of Financial Position.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Agency considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the assets, which range from three to twenty years. The Agency has followed the practice of capitalizing all expenditures for property and equipment in excess of \$500 during the fiscal years ended December 31, 2008 and 2007.

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Items

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Those funds restricted by the donor are recorded under restricted funds. The Agency is a non-profit organization, exempt under Section 501 (c)(3) of the Internal Revenue Code.

Concentration of Credit Risk

The agency receives significant revenue from services provided to the State of West Virginia Medical Assistance Program Title XIX (Medicaid) patients. During the fiscal years ended December 31, 2008 and 2007, revenue recognized from Medicaid Services totaled \$159,520 and \$228,437 respectively. Also, the agency may extend credit for services rendered to clients in the Upper Ohio Valley.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

NOTE 2 - CASH

Family Service - Upper Ohio Valley, Inc. maintains checking and savings accounts at various local financial institutions. At December 31, 2008 and 2007, the amount on deposit in one institution exceeded the \$100,000 federally insured limit. The institution has pledged securities to cover amounts on deposit in excess of the FDIC coverage.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2008 and 2007 consists of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 126,000	\$ 126,000
Building	403,683	401,319
Building improvements	798,065	798,065
Equipment	994,793	975,804
	<u>2,322,541</u>	<u>2,301,188</u>
<u>Less:</u> Accumulated depreciation	<u>1,772,279</u>	<u>1,697,478</u>
	<u>\$ 550,262</u>	<u>\$ 603,710</u>

Equipment purchased exclusively by the Nutrition Title III-C program could revert to the restrictive authority should the Agency lose the Title III-C contract. These assets have a cost of \$225,289 and have a net book value of \$9,687 on December 31, 2008.

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 4 - LEASES

All leases in 2008 and 2007 are month to month leases.

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at December 31, 2008 and 2007 consist of the following:

	2008	2007
	Unrestricted	Unrestricted
Accrued payables and expenses	\$ 78,266	\$ 35,126
Accrued payroll and payroll taxes	12,789	66,880
Accrued vacation pay	81,153	65,178
	<u>\$ 172,208</u>	<u>\$ 167,184</u>

NOTE 6 - CLIENTS' FUNDS HELD BY THE AGENCY

The Consumer Credit Counseling Division of Family Service - Upper Ohio Valley, Inc. consists of two distinct programs, regular Consumer Credit Counseling and Conservator Program. The regular program receives funds from clients and assists these individuals by paying the clients' obligations as they become due. At December 31, 2008 and 2007, the Agency held \$5,027 and \$4,852 of clients funds in the regular program. The Conservator Program receives funds from third parties (i.e. social security) on behalf of certain clients who are unable to manage their finances. The program disburses these funds to clients on a request/needs basis and also pays the clients' obligations as they become due. At December 31, 2008 and 2007, the Agency held \$244,561 and \$325,787 of clients' funds in the Conservator Program.

NOTE 7 - RETIREMENT PLANS

The Agency has a policy of contributing to each qualified employee's individual retirement contract. No separate plan is maintained by the Agency. The Agency will contribute to each employee's individual contract, up to 6% of the employee's gross salary, if the employee contributed up to 3% of his gross salary. Plan costs for the fiscal periods ended December 31, 2008 and 2007, were \$44,564 and \$35,819, respectively.

NOTE 8 - DEFERRED INCOME

The balance in unrestricted deferred income represents revenue for various programs received in advance.

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 9 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Provide Nutrition Program Assistance - (Property and Equipment)	\$ 9,687	\$ 27,141
	<u>\$ 9,687</u>	<u>\$ 27,141</u>

NOTE 10 - ENDOWMENT AND INVESTMENTS

Cost and fair value of investments at December 31, 2008 and 2007, are as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Long-term investments	<u>\$ 839,690</u>	<u>\$ 617,529</u>	<u>\$ 348,610</u>	<u>\$ 355,113</u>

Components of investment return consist of the following:

	<u>2008</u>	<u>2007</u>
Investment income	\$ 12,207	\$ 20,167
Unrealized gain (loss) on investments	(222,162)	(5,553)
Realized gain (loss)	(11,076)	4,825
	<u>\$ (221,031)</u>	<u>\$ 19,439</u>

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 11 - BUSINESS COMBINATIONS

Effective January 1, 2000, the Agency combined with Ohio Valley Health Services and Education Corporation (OVHS&E) with the acquisition of the Agency by OVHS&E. No consideration was exchanged in the transaction and the acquisition was accounted for as a pooling of interest.

The following summarized the activity and inter-company accounts between the Agency and OVHS&E and Subsidiaries:

	<u>2008</u>	<u>2007</u>
Accounts receivable as of December 31 from OVHS&E	8,945	8,945
Accounts payable as of December 31 to OVHS&E	-	844
Revenue earned net of adjustment for year ended December 31 from OVHS&E	9,047	3,500
Administrative and other expenses for year ended December 31 paid to OVHS&E	49,168	45,432

NOTE 12 - CONTINGENCIES

In July 2007 the Agency became aware of suspicious activity by one employee working in the Conservator program. This employee has been terminated and the SSA investigation has not yet been concluded. The SSA estimates the provable theft to be in the approximate range of \$40,000 to \$45,000. If the Agency were deemed liable for these amounts it appears they would be covered by insurance with the exception of a small deductible. To date there have been no claims against the Agency. Accordingly, no provision for possible loss has been made to these financial statements.

During 2008 the investigation was concluded. The Agency is liable for \$40,893. This amount is included as a liability at December 31, 2008. There is also a receivable from the insurance company of \$38,393 at December 31, 2008.

The Agency is listed as co-borrower and has provided security for a loan held by its parent Corporation (OVHS&E). The security for the loan includes the investments in the WesBanco trust. The total value of these assets at December 31, 2008 was \$1,139,415.

ADDITIONAL INFORMATION

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Pass-Through programs from WV			
Bureau of Senior Services			
Special Programs for the Aging			
Title IV and Title II Discretionary Projects	93.051	ALZ2634	4
			<u>4</u>
Resource Center	93.048	2860	18,415
			<u>18,415</u>
Pass-Through programs from Bel-O-Mar			
Interstate Planning Commission			
Special Programs for the Aging			
	93.041	Elder Abuse -11-08	1,125
	93.041	Elder Abuse -11-09	277
			<u>1,402</u>
Title IIID	93.043	T3 B/D/E-11-08	4,403
	93.043	T3 B/D/E-11-09	519
			<u>4,922</u>
Title IIIB	93.044	T3 B/D/E-11-08	59,152
	93.044	T3 B/D/E-11-09	5,437
			<u>64,589</u>
Title IIIC	93.045		166,004
	93.045		52,514
			<u>218,518</u>
Title IIIE	93.052	T3 B/D/E-11-08	28,081
	93.052	T3 B/D/E-11-09	5,456
			<u>33,537</u>
Health Care Financing Research	93.779	11-P-20209/3-16	5,000
			<u>5,000</u>
Total U.S. Department of Health and Human Resources			<u>346,387</u>

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Pass-Through programs from Bel-O-Mar			
Interstate Planning Commission			
Nutrition Program for Elderly (Commodities)	10.575	2835A	46,413
			<u>46,413</u>
Total U.S. Department of Agriculture			<u>46,413</u>
Total Expenditures of Federal Awards			<u>\$ 392,800</u>

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Family Service - Upper Ohio Valley, Inc. and is presented on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

FAMILY SERVICE - UPPER OHIO VALLEY, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

State Grantor/ Pass-Through Grantor/ Program Title	<u>Award #/ Account #</u>	State Financial Awards <u>Expenditures</u>
West Virginia Bureau of Senior Services		
Direct Program		
Non-Medicaid Grant:		
Lighthouse Grant	LH2834	\$ 117,368
Lighthouse Grant	LH2834	119,020
Alzheimer Grant	ALZ2834	17,029
Alzheimer Grant	ALZ2834	33,408
Resource Center	2860	107,491
Legislative Grant	SC2739	20,000
Legislative Grant	SC2866	18,919
Pass-through Bel-O-Mar		
Interstate Planning Commission		
State funds for:		
Title III-B	T3 B/D/E-11-08	60,592
	T3 B/D/E-11-09	22,592
Title III-D	T3 B/D/E-11-08	276
	T3 B/D/E-11-09	706
Title III-C (C-1)		12,909
Title III-C (C-1)		45,880
Title III-C (C-2)		27,441
Title III-C (C-2)		70,486
Title III-C supplement	2827A	14,668
Title III-C supplement	2927A	7,471
Life Services	11-08	148,263
Life Services	11-09	175,554
New Life Transportation		15,941
Nutrition Supplement	2845A	11,331
Total Expenditures of State Awards		<u>\$ 1,047,345</u>

SCHEDULE OF OTHER REVENUES FROM STATE SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2008

West Virginia Department of Health and
Human Resources-

Medicaid Reimbursements

Personal care, case management clinical
services, rehabilitation services

\$ 159,520



**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
Family Service - Upper Ohio Valley, Inc.
Wheeling, West Virginia 26003

We have audited the financial statements of Family Service - Upper Ohio Valley, Inc., (a nonprofit organization), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 28, 2009. 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*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Family Service-Upper Ohio Valley 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 Family Service-Upper Ohio Valley Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization'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 the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether Family Service - Upper Ohio Valley, 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*.

We noted certain matters that we reported to management of Family Service -- Upper Ohio Valley, Inc. in a separate letter dated April 28, 2009.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Wiseman Hutzell & Co.

WISEMAN HUTZELL & CO.

Wheeling, West Virginia

April 28, 2009

