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

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2012
WITH INDEPENDENT AUDITORS' REPORTS**

bhs

Circleville

Ironton

Piketon

Wheelersburg

Worthington

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2012**

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Members of the Board
Cabell County Community Services Organization, Inc.
724 10th Avenue
Huntington, West Virginia 25701

We have audited the accompanying statement of financial position of Cabell County Community Services Organization, Inc., (a nonprofit organization) as of September 30, 2012, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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, 2012, 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 31, 2013, on our consideration of Cabell County Community Service Organization, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes that scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the financial statements of Cabell County Community Service 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 provide additional analysis and are not a required part of the financial statements. 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 management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to the prepare the financial statements. These schedules were subject to the auditing procedures we applied to the financial statements.

Members of the Board
Cabell County Community Services Organization Inc.
Independent Auditor's Report
Page 2

We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole, except as described in Note 20 to the financial statements.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
January 31, 2013

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 255,791
Contributions Receivable	49,050
Grants Receivable	57,569
Other Receivables	180,075
Prepaid Expenses	25,991
Inventory	<u>11,867</u>
TOTAL CURRENT ASSETS	580,343
INVESTMENTS	12,757
PROPERTY AND EQUIPMENT	2,152,116
TOTAL ASSETS	<u>\$ 2,745,216</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 54,620
Accrued Annual Leave	11,579
Accrued Payroll	59,269
Payroll Taxes Withheld and Accrued	10,114
Current Portion of Notes Payable	4,298
Deferred Revenue	<u>50,654</u>
TOTAL CURRENT LIABILITIES	<u>190,534</u>
LONG-TERM LIABILITIES	
Notes Payable, Less Current Portion Included Above	<u>381,799</u>
TOTAL LONG-TERM LIABILITIES	<u>381,799</u>
TOTAL LIABILITIES	<u>572,333</u>
NET ASSETS	
Unrestricted:	
Operations	310,280
Investment in Property and Equipment	1,766,019
Temporarily Restricted	<u>96,584</u>
TOTAL NET ASSETS	<u>2,172,883</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,745,216</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012

UNRESTRICTED NET ASSETS	
SUPPORT AND REVENUE	
Grants:	
State/Pass-Through	\$ 1,292,528
In-Kind Matching	72,657
USDA Food Reimbursements	53,435
Program Income	1,112,449
Contributions	50,699
Interest	2,539
Miscellaneous Income	5,908
	2,590,215
TOTAL UNRESTRICTED SUPPORT AND REVENUE	2,590,215
NET ASSETS RELEASED FROM RESTRICTIONS:	
Satisfaction of Purpose Restriction	69,982
	69,982
TOTAL UNRESTRICTED SUPPORT AND REVENUE AND RECLASSIFICATIONS	2,660,197
EXPENSES	
PROGRAM SERVICES	
Title IIIB - Senior Citizens	198,654
Title IIIC - Nutrition	498,266
Title IIID - Disease Prevention and Health Promotion	8,171
Title IIID - Medication Management	2,337
Title IIIE - Caregiver	86,238
Elder Abuse	1,951
Health Benefits/SHIP	5,072
LIFE	187,048
Lighthouse In Home Services	281,268
Veterans Administration	57,295
Medicaid	240,482
Medicaid Waiver	447,254
Fairfield East	40,808
Other Programs	370,964
	2,425,808
TOTAL PROGRAM SERVICES	2,425,808
SUPPORT SERVICES	
Management and General	280,929
	280,929
TOTAL EXPENSES	2,706,737
CHANGE IN UNRESTRICTED NET ASSETS	(46,540)
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	53,310
Net Assets Released From Restrictions	(69,982)
	(16,672)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(16,672)
CHANGE IN NET ASSETS	(63,212)
NET ASSETS, BEGINNING OF YEAR	2,236,095
NET ASSETS, END OF YEAR	\$ 2,172,883

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (63,212)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	109,611
Unrealized (Gain) on Investments	(2,535)
(Increase) Decrease in Operating Assets:	
Contributions Receivable	23,110
Grants Receivable	(28,854)
Other Receivables	86,771
Prepaid Expenses	18,061
Inventory	(2,089)
Deposits	1,830
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	10,628
Accrued Annual Leave	(1,415)
Accrued Payroll	(5,403)
Payroll Taxes Withheld and Accrued	830
Deferred Revenue	(642)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>146,691</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property and Equipment	(71,761)
Sale of Investments	48
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(71,713)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on Notes Payable	(4,232)
NET CASH (USED IN) FINANCING ACTIVITIES	<u>(4,232)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,746
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>185,045</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 255,791</u></u>
SUUPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid During the Year for:	
Interest	<u><u>\$ 16,825</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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 – The 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 source, 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 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, 2012. Deferred revenue are funds owed to funding sources or are approved for use in ongoing or future programs.

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.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 until 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 \$10,914 for the fiscal year ending September 30, 2012 were charged to operations when incurred.

NOTE 2 – SUMMARY OF GRANT AGREEMENTS

The following summarizes grant awards which were active during the period October 1, 2011 through September 30, 2012:

<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 – 21136	10/01/11 – 09/30/12	\$ 102,002
Title IIIC	10/01/11 – 09/30/12	195,192
Title IIID – 21136	10/01/11 – 09/30/12	9,399
Title IIIE – 21136	10/01/11 – 09/30/12	55,753
Elder Abuse – 21133	10/01/11 – 09/30/12	2,075
Nutrition Services Incentive Program	10/01/11 – 09/30/12	53,435
West Virginia Bureau of Senior Services:		
Health Benefits/SHIP – 21271	04/01/12– 03/31/13	4,000

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 2 – SUMMARY OF GRANT AGREEMENTS (CONTINUED)

State Assistance

West Virginia State College,

Metro Area Agency on Aging:

Title IIIB – 21136	10/01/11 – 09/30/12	\$ 84,421
Title IIIC	10/01/11 – 09/30/12	32,626
Title IIIC State Supplemental Nutrition	07/01/11 – 06/30/12	116,995
Title IIID – 21136	10/01/11 – 09/30/12	542
LIFE – 21203	07/01/11 – 06/30/12	224,641
LIFE – 21303	07/01/12 – 06/30/13	222,992
Data Entry – 21250	07/01/11 – 06/30/12	5,000
Alzheimer’s Respite – 21250	07/01/11 – 06/30/12	80,413
Alzheimer’s Respite – 21350	07/01/12– 06/30/13	80,413
Lighthouse – 21250	07/01/11 – 06/30/12	329,085
Lighthouse – 21350	07/01/12 – 06/30/13	331,085

West Virginia Bureau of Senior Services:

Senior Grant – SC 21143	07/01/10 – 06/30/11	\$ 88,500
Community Partnership	07/01/11 – 06/30/12	\$ 78,500

NOTE 3 – INVESTMENTS

Investments as of September 30, 2012 were comprised of the following:

Mutual Funds	\$ 9,662
Common Stock	<u>3,095</u>
Total	\$ <u>12,757</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2012:

	<u>Unrestricted</u>
Interest and Dividends	\$ 48
Unrealized Gains	2,535
Investment Fees	<u>(44)</u>
Total	\$ <u>2,539</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2012:

Construction in Progress	\$	167,367
Land		187,446
Buildings		1,023,096
Improvements		1,146,006
Furniture, Fixtures and equipment		186,380
Vehicles		<u>277,399</u>
		2,987,694
Less: Accumulated Depreciation		<u>(835,578)</u>
Property and Equipment, Net	\$	<u>2,152,116</u>

Depreciation expense charged to operations amounted to \$109,611 in 2012.

NOTE 5 – PREPAID EXPENSES

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, 2012, the current lease has been paid in full and the Organization is in the process of renegotiating a new lease for the parking lot.

NOTE 6 – NOTES PAYABLE

Notes payable consisted of the following as of September 30, 2012:

\$400,000 note payable to United States of America, Rural Housing Service, U.S. Department of Agriculture; payable in 480 monthly installments of \$1,784 inclusive of interest at 4.375%, secured by real estate with a book value of \$532,103 at September 30, 2012, pledge of revenue, and all tangible items owned or hereafter acquired, due September, 2048.

Total	\$	386,097
Less: Current Portion		<u>(4,298)</u>
Long-term Portion	\$	<u>381,799</u>

Following are materials of notes payable at September 30, 2012 for each of the years and in aggregate:

<u>Years Ending September 30,</u>		<u>Amount</u>
2013	\$	4,298
2014		4,489
2015		4,690
2016		4,899
2017		5,118
Thereafter		<u>362,603</u>
Total	\$	<u>386,097</u>

Interest expense for the year ended September 30, 2012 totaled \$16,825.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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, 2012 was \$-0-. Interest expense for the year ended September 30, 2012 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, 2012 for the next year is:

<u>Years Ending September 30,</u>		<u>Amount</u>
2012	\$	<u>6,574</u>
	Total Minimum Future Lease payments	\$ <u>6,574</u>

Rental expense totaled \$26,726 for the fiscal year ended September 30, 2012.

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.

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, 2012:

<u>Description</u>		<u>Amount</u>
Life	\$	<u>50,654</u>
Total	\$	<u>50,654</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 benefitting 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.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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 amounts. 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 \$302,458 at one of these financial institutions at September 30, 2012.

NOTE 12 – PENSION PLAN

The Organization sponsors a defined contribution plan. The Organization made \$24,485 in employer contributions to the plan for the fiscal year ended September 30, 2012.

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.

Transactions between the parties were as follows for the year ended September 30, 2012:

Payments received from Eden Park, Inc. for contracted management fees	\$	10,879
Payments received from Eden Park, Inc. for reimbursement of salaries and benefits		<u>8,847</u>
Total	\$	<u>19,726</u>

NOTE 14 – DONATED SERVICES

During fiscal year ended September 30, 2012, 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>Amount</u>
Title IIIB Senior Citizens	\$	17,990
Title IIIC Nutrition		34,425
Title IIID Disease Prevention and Health Promotion		1,268
Title IIID Medication Management		390
Title IIIE Caregiver		<u>18,584</u>
Total	\$	<u>72,657</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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.

The Organization is a defendant in a lawsuit. In the opinion of the Organization's legal counsel, the possible outcome of this action and the potential financial exposure, if any, to the Organization cannot presently be determined.

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:

- 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).

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 16 – FAIR VALUE MEASUREMENTS (CONTINUED)

The balances of financial assets, measured at fair value on a recurring basis as of September 30, 2012 are as follows:

<u>Description</u>	Fair Value Measurement as of September 30, 2012			
	Fair Value At September 30, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual Funds	\$ 9,662	\$ 9,662	\$ -0-	\$ -0-
Common Stock	<u>3,095</u>	<u>3,095</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	\$ <u>12,757</u>	\$ <u>12,757</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE 17 – CONTRIBUTIONS RECEIVABLE

As of September 30, 2012, contributions receivable totaling \$49,050 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	\$ 96,550
March for Meals	<u>34</u>
Total Temporarily Restricted Net Assets	\$ <u>96,584</u>

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

Purpose Restriction Accomplished:	
Facilities and Equipment	\$ 58,000
March for Meals	<u>11,982</u>
Total Temporarily Restricted Net Assets	\$ <u>69,982</u>

NOTE 19 – SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to September 30, 2012 through January 31, 2013 (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.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 20 – 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 19 through 21 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) Purchase of property and equipment are expensed as opposed to being capitalized and depreciated over the estimated useful lives of the assets.

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 186,423	\$ 344,813	\$ 7,730	\$ 2,211
In-kind Matching	17,990	34,425	1,268	390
USDA Food Reimbursement	-	53,435	-	-
Program Income	1,995	61,150	-	-
Contributions	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous Income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	206,408	493,823	8,998	2,601
EXPENSES				
Salaries and Benefits	121,404	191,190	6,866	1,947
Travel and Training	2,535	1,381	-	-
Consumable Supplies	175	34,257	-	-
Buildings	4,030	7,680	-	-
Vehicles and Equipment	13,269	33,119	-	-
Insurance	9,123	9,671	-	-
Occupancy	-	13,200	-	-
Contractual and Consultants	470	1,171	-	-
Telephone and Utilities	27,526	22,155	-	-
Food	-	130,638	-	-
Other	2,132	4,745	37	-
Interest	-	-	-	-
Indirect Costs	20,901	34,639	1,084	264
Volunteer Labor - Non-Funded	17,990	34,425	1,268	390
Depreciation	-	14,634	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	219,555	532,905	9,255	2,601
INCREASE (DECREASE) IN NET ASSETS	(13,147)	(39,082)	(257)	-
NET ASSETS - BEGINNING OF YEAR	<hr/> (114,717)	<hr/> (17,103)	<hr/> (4,786)	<hr/> (679)
NET ASSETS - END OF YEAR	<u>\$ (127,864)</u>	<u>\$ (56,185)</u>	<u>\$ (5,043)</u>	<u>\$ (679)</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2012

	Title III E Caregiver	Elder Abuse	Health Benefits/ SHIP	LIFE
SUPPORT AND REVENUE				
Grant Revenue-State/Pass-Through	\$ 55,753	\$ 2,201	\$ 5,531	\$ 208,147
In-kind Matching	18,584	-	-	-
USDA Food Reimbursement	-	-	-	-
Program Income	11,706	-	-	-
Contributions	-	-	-	1,676
Interest Income	-	-	-	-
Miscellaneous Income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	86,043	2,201	5,531	209,823
EXPENSES				
Salaries and Benefits	63,745	1,951	4,868	153,316
Travel and Training	5	-	54	74
Consumable Supplies	277	-	-	-
Buildings	259	-	-	278
Vehicles and Equipment	-	-	-	12,775
Insurance	-	-	-	6,826
Occupancy	-	-	-	-
Contractual and Consultants	38	-	-	6,941
Telephone and Utilities	2,172	-	-	-
Food	-	-	-	-
Other	1,158	-	150	5,838
Interest	-	-	-	-
Indirect Costs	10,422	309	730	6,377
Volunteer Labor - Non-Funded	18,584	-	-	-
Depreciation	-	-	-	1,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	96,660	2,260	5,802	193,425
INCREASE (DECREASE) IN NET ASSETS	(10,617)	(59)	(271)	16,398
NET ASSETS - BEGINNING OF YEAR	<hr/> (41,963)	<hr/> 962	<hr/> (6,360)	<hr/> 108,855
NET ASSETS - END OF YEAR	<u>\$ (52,580)</u>	<u>\$ 903</u>	<u>\$ (6,631)</u>	<u>\$ 125,253</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2012

	Lighthouse In-Home Services	Veterans Administration	Medicaid	Medicaid Waiver
SUPPORT AND REVENUE				
Grant Revenue-State/Pass-Through	\$ 339,937	\$ -	\$ -	\$ -
In-kind Matching	-	-	-	-
USDA Food Reimbursement	-	-	-	-
Program Income	-	86,148	297,123	590,346
Contributions	25,782	12	-	-
Interest Income	-	-	-	-
Miscellaneous Income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	365,719	86,160	297,123	590,346
EXPENSES				
Salaries and Benefits	268,015	53,926	222,051	424,245
Travel and Training	11,195	2,659	12,938	16,336
Consumable Supplies	521	118	481	844
Buildings	-	-	-	-
Vehicles and Equipment	-	-	-	-
Insurance	-	-	-	-
Occupancy	-	-	-	-
Contractual and Consultants	297	47	1,971	2,137
Telephone and Utilities	-	-	19	476
Food	-	-	-	-
Other	1,240	545	3,022	3,216
Interest	-	-	-	-
Indirect Costs	49,865	9,776	41,016	79,166
Volunteer Labor - Non-Funded	-	-	-	-
Depreciation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	331,133	67,071	281,498	526,420
INCREASE (DECREASE) IN NET ASSETS	34,586	19,089	15,625	63,926
NET ASSETS - BEGINNING OF YEAR	<hr/> 250,431	<hr/> 560,889	<hr/> (591,396)	<hr/> 189,352
NET ASSETS - END OF YEAR	<u>\$ 285,017</u>	<u>\$ 579,978</u>	<u>\$ (575,771)</u>	<u>\$ 253,278</u>

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2012

	Fairfield East	Other Programs	Total
SUPPORT AND REVENUE			
Grant Revenue-State/Pass-Through	\$ 45,123	\$ 94,659	\$ 1,292,528
In-kind Matching	-	-	72,657
USDA Food Reimbursement	-	-	53,435
Program Income	-	63,981	1,112,449
Contributions	-	76,539	104,009
Interest Income	-	2,539	2,539
Miscellaneous Income	-	5,908	5,908
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	45,123	243,626	2,643,525
EXPENSES			
Salaries and Benefits	33,423	136,582	1,683,529
Travel and Training	2	3,878	51,057
Consumable Supplies	117	5,610	42,400
Buildings	-	14,651	26,898
Vehicles and Equipment	5,848	26,762	91,773
Insurance	-	430	26,050
Occupancy	-	1,714	14,914
Contractual and Consultants	572	9,371	23,015
Telephone and Utilities	-	23,542	75,890
Food	396	9,275	140,309
Other	450	28,347	50,880
Interest	-	16,825	16,825
Indirect Costs	6,265	20,115	280,929
Volunteer Labor - Non-Funded	-	-	72,657
Depreciation	-	93,977	109,611
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	47,073	391,079	2,706,737
INCREASE (DECREASE) IN NET ASSETS	(1,950)	(147,453)	(63,212)
NET ASSETS - BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	-	1,902,610	2,236,095
NET ASSETS - END OF YEAR	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (1,950)	\$ 1,755,157	\$ 2,172,883

CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGET (NON-GAAP BASIS)
OLDER AMERICANS ACT - TITLE IIIB, IIID, AND IIIE - GRANT NUMBER 21036
GRANT PERIOD OCTOBER 1, 2011 TO SEPTEMBER 30, 2012

	Budget	Actual			(Over) Under Budget
		IIIB	IIID	IIIE	
SUPPORT AND REVENUE					
Federal	\$ 167,154	\$ 102,002	\$ 9,399	\$ 55,753	\$ -
State	84,963	84,421	542	-	-
In-kind Matching	38,232	17,990	1,658	18,584	-
Program Income	14,349	1,200	-	13,149	-
Other	-	-	-	-	-
TOTAL SUPPORT AND REVENUE	304,698	205,613	11,599	87,486	-
EXPENSES					
Personnel	188,426	138,199	10,357	79,289	(39,419)
Travel	901	901	-	-	-
Printing and Supplies	1,707	800	53	854	-
Transportation	28,254	28,254	-	-	-
Building Space	3,063	2,966	-	97	-
Communication and Utilities	32,836	29,292	-	3,544	-
Other	2,378	200	-	2,178	-
Indirect Costs	8,901	5,003	1,189	2,709	-
TOTAL EXPENSES	266,466	205,615	11,599	88,671	(39,419)
GRANTEE'S SHARE	38,232	17,990	1,658	18,584	-
GRANT TOTAL	\$ 304,698	223,605	13,257	107,255	\$ (39,419)
(DECREASE) INCREASE IN NET ASSETS		(17,992)	(1,658)	(19,769)	
Net Assets from prior years not reprogrammed		7,329	-	13,149	
NET ASSETS - SEPTEMBER 30, 2012		\$ (10,663)	\$ (1,658)	\$ (6,620)	

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
 SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
 COMPARED TO GRANT BUDGET (NON-GAAP BASIS)
 ELDER ABUSE - GRANT NUMBER 21233
 GRANT PERIOD OCTOBER 1, 2011 TO SEPTEMBER 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE			
Federal	\$ 2,201	\$ 2,201	\$ -
TOTAL SUPPORT AND REVENUE	<u>2,201</u>	<u>2,201</u>	<u>-</u>
EXPENSES			
Personnel	1,825	1,924	(99)
Indirect Costs	<u>376</u>	<u>311</u>	<u>65</u>
TOTAL EXPENSES	<u>\$ 2,201</u>	<u>2,235</u>	<u>\$ (34)</u>
(DECREASE) INCREASE IN NET ASSETS		<u>(34)</u>	
NET ASSETS - SEPTEMBER 30, 2012		<u>\$ (34)</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 21203
GRANT PERIOD JULY 1, 2011 TO JUNE 30, 2012

	Budget	Actual	(Over) Under Budget
SUPPORT AND REVENUE			
State/Pass-Through	\$ 224,641	\$ 208,923	\$ 15,718
TOTAL SUPPORT AND REVENUE	224,641	208,923	15,718
EXPENSES			
Personnel	120,104	114,692	5,412
Fringe Benefits	36,487	37,132	(645)
Printing and Supplies	86	245	(159)
Equipment	450	4,880	(4,430)
Renovations and Construction	12,556	5,844	6,712
Building Space	-	-	-
Communication/Utilities	10,710	5,659	5,051
Other	21,523	18,769	2,754
Indirect Costs	22,724	21,684	1,040
TOTAL EXPENSES	\$ 224,640	208,905	\$ 15,735
(DECREASE) INCREASE IN NET ASSETS		18	
NET ASSETS - JUNE 30, 2012		\$ 18	

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2012**

Federal or State Grantor/Pass-through Grantor/ Program Title	Agency/ Pass-through Number	Program Period	Program or Award Amount	Receipts or Revenue Recognized	Disbursements/ Expenditures
FEDERAL AWARDS					
Department of Health and Human Services					
Pass-through West Virginia State College, Metro Area Agency on Aging:					
Title IIIB Senior Citizens	21136	10/01/11 - 9/30/12	\$ 102,002	\$ 102,002	\$ 102,002
Title IIIC Nutrition Services	N/A	10/01/11 - 9/30/12	195,192	195,192	195,192
Title IIID Disease Prevention and Health Promotion	21136	10/01/11 - 9/30/12	7,188	7,188	7,188
Title IIID Medication Management	21136	10/01/11 - 9/30/12	2,211	2,144	2,144
Title IIIE Caregiver	21136	10/01/11 - 9/30/12	55,753	55,753	55,753
Elder Abuse	21233	10/01/11 - 9/30/12	2,075	2,075	2,075
Nutrition Services Incentive Program	N/A	10/01/11 - 9/30/12	53,435	53,435	53,435
Pass-through West Virginia Bureau of Senior Services:					
Health Benefits/SHIP	21371	04/01/12 - 3/31/13	4,000	4,000	4,000
Total Federal Awards				<u>421,789</u>	<u>421,789</u>
STATE AWARDS					
West Virginia State College, Metro Area Agency on Aging					
Title IIIB Senior Citizens	21136	10/01/11 - 9/30/12	84,421	84,421	84,421
Title IIIC Nutrition Services	N/A	10/01/11 - 9/30/12	32,626	32,626	32,626
Title IIIC State Supplemental Nutrition	N/A	7/01/11 - 6/30/12	116,995	116,995	116,995
Title IIID Disease Prevention and Health Promotion	21136	10/01/11 - 9/30/12	542	542	542
LIFE	21203	7/01/11 - 6/30/12	224,641	216,764	216,764
LIFE	21303	7/01/12 - 6/30/13	222,992	-	-
Data Entry	21250	7/01/11 - 6/30/12	5,000	5,000	5,000
Alzheimer's Respite	21250	7/01/11 - 6/30/12	80,413	53,747	53,747
Alzheimer's Respite	21350	7/01/12 - 6/30/13	80,413	-	-
Lighthouse	21250	7/01/11 - 6/30/12	329,085	320,399	320,399
Lighthouse	21350	7/01/12 - 6/30/13	331,085	-	-
West Virginia Bureau of Senior Services					
Senior Grant	SC21143	7/01/10 - 6/30/11	88,500	3,860	3,860
Community Partnership	N/A	7/01/11 - 6/30/12	78,500	-	-
Total State Awards				<u>834,354</u>	<u>834,354</u>
Total Federal and State Awards				<u>\$ 1,256,143</u>	<u>\$ 1,256,143</u>



Balestra, Harr & Scherer, CPAs, Inc.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Members of the Board
Cabell County Community Services Organization, Inc.
724 10th Avenue
Huntington, West Virginia 25701

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, 2012, and have issued our report thereon dated January 31, 2013. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of Cabell County Community Services Organization, Inc.'s internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Cabell County Community Services Organization, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether Cabell County Community Services Organizations, Inc.'s financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

Compliance and Other Matters (Continued)

We did note a certain matter not requiring inclusion in this report that we reported to the Organization's management in a separate letter dated January 31, 2013.

We intend this report solely for the information and use of management, the Board Members, and others within the organization. We intend it for no one other than these specified parties.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
January 31, 2013



Balestra, Harr & Scherer, CPAs, Inc.

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Management Letter

Members of the Board
Cabell County Community Services Organization, Inc.
724 10th Avenue
Huntington, West Virginia 25701

In accordance with *Government Auditing Standards*, we have audited the financial statements of Cabell County Community Services Organization, Inc. as of and for the year ended September 30, 2012, and have issued our report thereon dated January 31, 2013.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in internal controls. We have issued the required report dated January 31, 2013, for the year ended September 30, 2012.

We are also submitting for your consideration the following comment on the Organization's compliance with applicable laws and regulations and on its internal controls. This comment reflect a matter that, while in our opinion do not represent material instances of noncompliance or significant internal control deficiencies, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendation suggested below. However, this comment reflects our continuing desire to assist your government. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

*Indicates the matter was disclosed in the prior audit.

RECOMMENDATIONS

1. * INTERNAL CONTROL OVER PAYROLL PROCESSING

During fiscal year 2012, Cabell County Community Services Organization, Inc. contracted with Service Plus, a payroll processing company located in Morgantown, West Virginia. Service Plus, processes the Organizations payroll transactions. Cabell County Community Services Organization does not currently control the processing of payroll transactions nor does it review the processing controls of the Service Plus organization. Service Plus does not currently have an independent internal control review performed over its payroll processing services. Failure to have the adequacy of a service provider's internal controls evaluated could lead to errors in payroll processing, and/or misuse of funds to go undetected for long periods of time. The Cabell County Community Services Organization, Inc. should require Service Plus to employ the services of an independent auditor to review its internal control processes. We further recommend that the Cabell County Community Services Organization, Inc. require that Service Plus provide a SOC I service organization internal control report following the requirements of SSAE 16 to the Cabell County Community Services Organization, Inc. annually which reports the auditor's results of the internal control examination. Finally Cabell County Community Service Organization, Inc. should require a written contract with Service Plus, detailing what services will be provided, the amount to be charged for the services and the requirement to have a SOC I report.

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
January 31, 2013