

PENDLETON SENIOR & FAMILY SERVICES, INC.

INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**PENDLETON SENIOR & FAMILY SERVICES, INC.  
YEAR ENDED SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS  
PENDLETON SENIOR & FAMILY SERVICES, INC.  
FRANKLIN, WV

We have audited the accompanying statement of financial position of Pendleton Senior & Family Services, Inc. (a nonprofit organization) as of September 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Pendleton Senior & Family Service'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 Pendleton Senior & Family Services, Inc. as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2012, on our consideration of Pendleton Senior & Family Service's internal control over financial reporting and on our tests of its compliance with 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Pendleton Senior & Family Services, Inc. taken as a whole. The accompanying schedule of revenues, schedule of findings and responses, and the schedules of grant activity are presented for purposes of

additional analysis and are not a required part of the financial statements of the Pendleton Senior & Family Services, Inc. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*R. Thomas CPA & Associates*

June 13, 2012

**PENDLETON SENIOR AND FAMILY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2011**

ASSETS

Current Assets	
Cash	\$ 74,133
Accounts Receivable	60,614
Grants Receivable	57,039
Prepaid Expenses	5,360
Inventory	8,269
Total Current Assets	<u>\$ 205,415</u>
Property and Equipment	
Buildings & Equipment	\$ 2,090,588
Accumulated Depreciation	<u>(932,655)</u>
Property and Equipment, Net	<u>\$ 1,157,933</u>
TOTAL ASSETS	<u><u>\$ 1,363,348</u></u>

LIABILITIES & NET ASSETS

Current Liabilities	
Accounts Payable	\$ 6,653
Accrued Payroll Expenses	28,910
Accrued Compensated Absences	<u>19,521</u>
Total Current Liabilities	<u>\$ 55,084</u>
Long-Term Liabilities	
OPEB Plan Liabilities	<u>\$ 134,299</u>
Total Liabilities	<u>\$ 189,383</u>
NET ASSETS	
Net Assets, Unrestricted	<u>\$ 1,173,965</u>
TOTAL NET ASSETS	<u>\$ 1,173,965</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,363,348</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**PENDLETON SENIOR AND FAMILY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

UNRESTRICTED REVENUE & SUPPORT

Grants		
Federal	\$	48,396
State		341,127
Nutrition		101,294
Program Service Fees		445,356
Program Income		48,456
Contributions		10,909
Interest Income		169
Other		<u>427</u>
TOTAL SUPPORT	\$	996,134

UNRESTRICTED EXPENSES

Program Services	\$	728,772
Management and General		<u>363,057</u>
TOTAL EXPENSES	\$	1,091,829

DECREASE IN UNRESTRICTED NET ASSETS \$ (95,695)

UNRESTRICTED NET ASSETS, BEGINNING OF YEAR \$ 1,269,660

UNRESTRICTED NET ASSETS, END OF YEAR \$ 1,173,965

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

PENDLETON SENIOR AND FAMILY SERVICES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	PROGRAM				SERVICES				LOCAL FUNDS	PROGRAM SERVICES TOTAL	MANAGEMENT AND GENERAL
	III B	III C	III D	III E	ELDER ABUSE	SHIP	LIFE				
Personnel	\$ 15,376	\$ 45,565		\$ 2,097		\$ 6,725	\$ 95,272	\$ 448,558	\$ 613,593	\$ 187,670	
Travel					243		181	4,727	5,151		
Printing/Supplies			\$ 500		\$ 201	84	2,002	9,622	12,409	11,593	
Communications/Utilities										36,841	
Transportation							12,141	8,525	20,666		
Professional Fees										5,280	
Raw Food		35,733							35,733		
Maintenance		4,295							4,295	8,219	
Training						259		2,260	2,519		
Insurance										12,929	
Other	9,166	1,887		3,577				5,392	20,022	33,597	
Depreciation Expense								14,384	14,384	66,928	
Program Services	\$ 24,542	\$ 87,480	\$ 500	\$ 5,674	\$ 201	\$ 7,311	\$ 109,596	\$ 493,468	\$ 728,772		
Management & General	22,154	48,556	427	1,529		547	62,339	227,505		\$ 363,057	
Total Functional Expenses	\$ 46,696	\$ 136,036	\$ 927	\$ 7,203	\$ 201	\$ 7,858	\$ 171,935	\$ 720,973	\$ 728,772	\$ 363,057	

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PENDLETON SENIOR AND FAMILY SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Cash Flows From Operating Activities:

Decrease in net assets	\$	(95,695)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation		81,312
(Increase) decrease in operating assets		
Accounts Receivable		3,288
Grant Receivable		13,673
Inventory		(1,233)
Prepaid Expenses		(86)
Increase (decrease) in operating liabilities		
Accounts Payable/Accrued Expenses		(14,169)
Accrued Annual Leave		(4,406)
OPEB Liability		<u>45,989</u>
 Net Cash Provided By Operating Activities	 \$	 28,673
 Cash Flow From Investing Activities:		
Purchases of Property and Equipment	\$	<u>(42,645)</u>
 Net Cash Used in Investing Activities	 \$	 (42,645)
 Net Decrease In Cash and Cash Equivalents	 \$	 (13,972)
 Cash and Cash Equivalents, Beginning of Year		 <u>88,105</u>
 Cash and Cash Equivalents, End of Year	 \$	 <u><u>74,133</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**NOTES TO FINANCIAL STATEMENTS  
PENDLETON SENIOR & FAMILY SERVICES, INC.  
SEPTEMBER 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Nature of Activities

The Pendleton Senior & Family Services, Inc. is a nonprofit organization formed to provide a variety of social services to the elderly in Pendleton County, WV. The Agency qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and, accordingly, is not subject to federal tax. The Agency is supported by various federal and state grant programs as well as program services fees for providing in-home care services funded through the WV Department of Health and Human Services.

B. Basis of Accounting

The accompanying financial statements are prepared on the accrual basis in conformity with generally accepted accounting principles, and accordingly reflect all significant receivables and payables and other liabilities.

C. Accounts Receivable

Accounts receivable consist mainly of amounts due from WV Department of Health & Human Resources and the Veterans Administration for in-home care services provided to clients. No allowance for uncollectible accounts has been established. Uncollectible accounts are written-off in the period management determines that collection is not probable. Management believes all receivables will be collected in full.

D. Property & Equipment

Property and equipment is recorded at cost and depreciated on the straight line basis based on estimated useful life. Donations of property and equipment are recorded at their estimated fair value. The Agency capitalizes all expenditures for property, furniture, and equipment in excess of \$1000. All equipment purchased with grant funds must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

E. Inventory

The inventory of raw food on hand at September 30, 2011 at the various nutrition sites has been recorded at cost, as determined by the last purchase price, on a first-in first-out (FIFO) basis.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**PENDLETON SENIOR & FAMILY SERVICES, INC.**  
**SEPTEMBER 30, 2011**

F. Revenue Recognition

Contributions and grants with donor imposed conditions are reported as revenue when qualifying expenses have been incurred or other conditions have been met. Contributions that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restrictions expire in the year that the contributions are recognized. There are no temporarily or permanently restricted net assets as of or for the year ended September 30, 2011.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Pendleton Senior & Family Services considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

H. Basis of Presentation

The accompanying financial statements are presented in conformity with *FASB ASC 958, Not-for-Profit Entities*. Accordingly, the Agency reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

I. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The Agency has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets. Funds received by the Agency, consists mainly of grant monies awarded from federal and state government programs and program service fees. These funds are viewed as exchange transactions and not contributions.

J. Estimates

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

K. Advertising Costs

It is the policy of the Agency to expense advertising costs as incurred.

L. Fair Value of Financial Instruments

The following methods and assumptions were used by the Agency in estimating the fair value disclosures for financial instruments:

Cash and cash equivalents – The carrying amounts reported in the statements of assets, liabilities and net assets approximate fair value because of the short maturities of those instruments.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**PENDLETON SENIOR & FAMILY SERVICES, INC.**  
**SEPTEMBER 30, 2011**

NOTE 2 – CASH DEPOSITS

Cash consists of interest and non-interest bearing checking accounts and savings accounts on deposit in institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. All the carrying values are the same as market value. At year-end all deposits were fully insured by FDIC.

NOTE 3 – DONATED SERVICES

A number of volunteers have donated time and services to the Agency in carrying out its programs and activities. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

NOTE 4 – RETIREMENT PLAN

The Agency sponsors a defined contribution retirement plan under Section 403 (b) of the Internal Revenue Code. Full-time employees are eligible to participate in the plan; employee contributions are voluntary and are made on a pretax basis. Currently, employer contributions are 9 ½% of the employee's earnings for those hired before March 2000 and 4% of earnings for employees hired after that date. The employer's share of retirement payments for the current year was \$16,267, and is included in personnel costs on the respective statement of functional expense.

NOTE 5 – ACCOUNTS RECEIVABLE

The accounts receivable amounts consist of the following:

Due from State of WV for homemaker services provided to clients	\$36,399
Due from WVDHHS for Medical Transportation Services	8,236
Due from US Treasury-Veterans Medicaid Homemaker Services	15,541
Due from Tiny Tots Daycare – Meals Served	<u>438</u>
	\$60,614

NOTE 6 – GRANTS RECEIVABLE

Grants receivable are comprised of the following:

Due from Potomac Highlands Support Services	
-Direct Life	\$33,828
-Title III C	3,330
- III E	2,866
-In-Home Services	15,228
- Title III B	1,586
- Elder Abuse	<u>201</u>
	\$57,039

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**PENDLETON SENIOR & FAMILY SERVICES, INC.**  
**SEPTEMBER 30, 2011**

NOTE 7 – GRANT MONIES

Grant monies are received as follows:

1. On a cost reimbursement basis for monies already spent. This is used for the LIFE program grant.
2. On an as needed basis. The Agency requests monies that it will need in the immediate future. This method applies to Title III B, Title III D, Title III E, SHIP and Elder Abuse grants. Once a grant period has been completed, any unexpended money must be approved for carryover into the following year or reimbursed to the grantor.
3. Title III C monies are received on a meal reimbursement basis. The amount reimbursed for meals cannot exceed the total grant award. Any unexpended funds at the end of the year are restricted to future III C program expenditures.

Total government grant revenues for the year ended September 30, 2011 were \$490,817.

Federal and state grant expenditures are subject to audit by the grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

NOTE 8 – PROPERTY AND EQUIPMENT

The major classes of property are as follows:

	Cost	Acc. Dep. 9/30/11	Net	Method of Dep.
Land	\$ 62,500		\$ 62,500	
Buildings/ Renovations	1,471,686	\$ 486,420	985,266	S/L 35 years
Equipment	<u>556,402</u>	<u>446,235</u>	<u>110,167</u>	S/L – 5 to 10 years
	<u>\$2,090,588</u>	<u>\$ 932,655</u>	<u>\$1,157,933</u>	

Depreciation expense was \$81,312 for the year ended September 30, 2011.

NOTE 9 – OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB)

Plan description: The Agency contributes to the West Virginia Retiree Health Care Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). The Trust provides medical benefits to retired employees. Article 16D, of the Statutes of the State of West Virginia assigns PEIA with the administration of the WV OPEB plan. PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report may be obtained by writing to Public Employees Insurance Agency, 1900 Kanawha Blvd., East, Charleston, WV 25305.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**PENDLETON SENIOR & FAMILY SERVICES, INC.**  
**SEPTEMBER 30, 2011**

Funding Policy: W.VA. Code 5-16D-6 requires PEIA to bill the entire annual required contribution (ARC) beginning July 1, 2007 to employers. PEIA is only required to collect the minimum annual employer payment (MAEP), which is only a component of the ARC. Employers are required to record OPEB expense equal to the billed ARC and reflect a liability in their financial statements for any unpaid portion of the ARC.

The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Agency's net OPEB obligations.

Annual required contributions	\$ 55,050
Adjustments	<u>0</u>
Annual OPEB cost	\$ 55,050
Contributions made	<u>(9,061)</u>
Increase in OPEB obligations	\$ 45,989
Net OPEB obligation, beginning of year	<u>88,310</u>
Net OPEB obligation, end of year	\$ 134,299

NOTE 10 – COMPENSATED ABSENCES

Amounts owed to employees for earned but unused vacation time are accrued as a liability in the statement of financial position. As of September 30, 2011, the Agency had \$19,521 in accrued compensated absences.

NOTE 11 – SUPPORT CONCENTRATION

The Pendleton Senior & Family Services, Inc. receives a significant of its support from the West Virginia Department of Health and Human Services for providing services to the community under the Medicaid Waiver (Title XIX) and Personal Care programs. Any significant reduction in the level of support received from these programs could have a material effect on the Agency's programs and activities.

NOTE 12 – CONTINGENCIES

The Agency receives grant funding from federal and state agencies. The grant programs are subject to audit by the granting authority and are conducted to ensure compliance with conditions of the grant award. Any potential adjustments, which may arise as a result of these audits, are believed to be immaterial.

The Agency is at risk of loss from various torts and suits and mitigates this risk by maintaining insurance with the West Virginia Board of Risk.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 13, 2012, the date on which the financial statements were available to be issued.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**PENDLETON SENIOR & FAMILY SERVICES, INC.**  
**SEPTEMBER 30, 2011**

NOTE 14 – FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 15 – TOTAL COLUMNS

The accompanying financial statements reflect totals of all net assets and activities. The totals are shown for memorandum purposes only and do not reflect the elimination of interagency activities using principles of consolidation. Memorandum total columns are not required components of the financial statements and are presented for analytical purposes only.

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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

TO THE BOARD OF DIRECTORS  
PENDLETON SENIOR & FAMILY SERVICES, INC.  
FRANKLIN, WEST VIRGINIA

We have audited the financial statements of Pendleton Senior & Family Services, Inc. (a nonprofit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated June 13, 2012. 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

Management of Pendleton Senior & Family Services, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Pendleton Senior & Family Services' 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 the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency'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, 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.

Our consideration of the 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 to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. They are Finding 2011-01 and Finding 2011-02. 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pendleton Senior & Family Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Pendleton Senior and Family Services' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Agency's response, and accordingly, we express no opinion on it.

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

*R. Thomas CPA & Associates*

June 13, 2012



SUPPLEMENTARY INFORMATION

PENDLETON SENIOR AND FAMILY SERVICES, INC.  
 SCHEDULE OF REVENUES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	III B	III C	III D	III E	ELDER ABUSE	SHIP	IN-HOME SERVICES	LIFE	LOCAL	TOTAL ALL ACCOUNTS (MEMORANDUM ONLY)
<b>GRANT REVENUES</b>										
Federal Grants	\$ 26,386		\$ 853	\$ 5,356	\$ 201	\$ 15,600				\$ 48,396
Nutrition Grants		\$ 101,294								101,294
State Grants Through Area Agency on Aging	12,865		50				\$ 117,162			130,077
LIFE Grants					\$ 198,551					198,551
Other State Grants						\$ 12,500				12,500
<b>Total Grant Revenues</b>	<b>\$ 39,251</b>	<b>\$ 101,294</b>	<b>\$ 903</b>	<b>\$ 5,356</b>	<b>\$ 201</b>	<b>\$ 15,600</b>	<b>\$ 117,162</b>	<b>\$ 198,551</b>	<b>\$ 12,500</b>	<b>\$ 490,818</b>
<b>OTHER REVENUES</b>										
Program Income	\$ 2,791	\$ 35,975	\$ 5					\$ 9,685		\$ 48,456
Program Service Fees							\$ 10,396	16,169	\$ 418,791	445,356
Contributions									10,909	10,909
Interest									169	169
Misc./Other									427	427
<b>Total Other Revenues</b>	<b>\$ 2,791</b>	<b>\$ 35,975</b>	<b>\$ 5</b>				<b>\$ 10,396</b>	<b>\$ 25,854</b>	<b>\$ 430,296</b>	<b>\$ 505,317</b>
<b>Total Revenues</b>	<b>\$ 42,042</b>	<b>\$ 137,269</b>	<b>\$ 908</b>	<b>\$ 5,356</b>	<b>\$ 201</b>	<b>\$ 15,600</b>	<b>\$ 127,558</b>	<b>\$ 224,405</b>	<b>\$ 442,796</b>	<b>\$ 996,135</b>

SEE INDEPENDENT AUDITORS' REPORT.

**PENDLETON SENIOR AND FAMILY SERVICES, INC.**  
**TITLE IIIB, IIID, IIIE**  
**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES - GRANT BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

REVENUES:

Federal Grants	\$	32,595
State Grants		12,915
Project Income		2,796
Local Funds		<u>6,670</u>
 Total Revenues	 \$	 <u><u>54,976</u></u>

EXPENSES:

Personnel	\$	19,040
Priority Services		27,346
Printing/Supplies		544
Building Space		150
Communication/Utilities		2,919
Other		<u>4,977</u>
 Total Expenditures	 \$	 <u><u>54,976</u></u>
 NET REVENUE (EXPENSES)	 \$	 <u><u>-</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

**PENDLETON SENIOR AND FAMILY SERVICES, INC.**  
**STATEMENT OF SUPPORT, REVENUES AND EXPENSES - GRANT BASIS**  
**FOR TITLE IIIC PROGRAM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	TITLE III C-1 CONGREGATE	TITLE III C-2 HOME DELIVERED	TOTAL
<b>REVENUES:</b>			
Nutrition Award	\$ 70,925	\$ 30,369	\$ 101,294
Project Income	<u>29,182</u>	<u>6,792</u>	<u>35,974</u>
Total Revenue	<u>\$ 100,107</u>	<u>\$ 37,161</u>	<u>\$ 137,268</u>
<b>EXPENSES:</b>			
Manpower	\$ 49,350	\$ 26,247	\$ 75,597
Raw Food	30,244	6,722	36,966
Disposables	1,566	321	1,887
Other	<u>18,947</u>	<u>3,871</u>	<u>22,818</u>
Total Expenditures	<u>\$ 100,107</u>	<u>\$ 37,161</u>	<u>\$ 137,268</u>
NET REVENUES (EXPENSES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE INDEPENDENT AUDITORS' REPORT.

PENDLETON SENIOR AND FAMILY SERVICES, INC.  
ELDER ABUSE  
SCHEDULE OF SUPPORT, REVENUES AND EXPENSES - GRANT BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

REVENUES:

Federal Grant	<u>\$ 201</u>
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EXPENSES:

Training	<u>\$ 201</u>
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NET REVENUE (EXPENSES)	<u><u>\$ -</u></u>
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SEE INDEPENDENT AUDITORS' REPORT.

**PENDLETON SENIOR AND FAMILY SERVICES, INC.**  
**SHIP**  
**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES - GRANT BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

REVENUE:

Federal Grant Funds	<u>\$ 15,600</u>
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EXPENSES:

Personnel	\$ 6,725
Print/Supplies	83
Utilities	223
Other	827
	<u>\$ 7,858</u>

NET REVENUES (EXPENSES)	<u><u>\$ 7,742</u></u>
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Grant period ending March 31, 2011  
Grant period ending March 31, 2012

SEE INDEPENDENT AUDITORS' REPORT.

**PENDLETON SENIOR AND FAMILY SERVICES, INC.**  
**DIRECT LIFE - FY 10/11**  
**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES - GRANT BASIS**  
**FOR THE PERIOD JULY 1, 2010 TO JUNE 30, 2011**

	ACTUAL 7/1/2010 TO 9/30/2010	ACTUAL 10/1/2010 TO 6/30/2011	TOTAL
<b>REVENUE:</b>			
State Funds	\$ 44,336	\$ 151,038	\$ 195,374
Program Income	2,573	6,680	9,253
Program Service Fees-Van	<u>          </u>	<u>15,805</u>	<u>15,805</u>
 Total Revenues	 <u>\$ 46,909</u>	 <u>\$ 173,523</u>	 <u>\$ 220,432</u>
<b>EXPENSES:</b>			
Personnel	\$ 27,906	\$ 109,817	\$ 137,723
Equipment	<u>          </u>	31,536	31,536
Communication/Utilities	2,935	5,076	8,011
Other	5,780	11,558	17,338
Gasoline/Vehicle M'tce	3,899	10,367	14,266
Personal Emergency Resp System	60	32	92
Local Match	<u>          </u>	6,439	6,439
Maintenance	792	<u>220</u>	<u>1,012</u>
 Total Expenditures	 <u>\$ 41,372</u>	 <u>\$ 175,045</u>	 <u>\$ 216,417</u>
 NET REVENUES (EXPENSES)	 <u>\$ 5,537</u>	 <u>\$ (1,522)</u>	 <u>\$ 4,015</u>

Grant period July 1, 2010 to June 30, 2011.

SEE INDEPENDENT AUDITORS' REPORT.

**PENDLETON SENIOR AND FAMILY SERVICES, INC.**  
**DIRECT LIFE - FY 11/12**  
**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES - GRANT BASIS**  
**FOR THE PERIOD JULY 1, 2011 TO SEPTEMBER 30, 2011**

REVENUE:

State Funds	\$ 47,513
Program Income	<u>3,369</u>
Total Revenues	<u>\$ 50,882</u>

EXPENSES:

Personnel	\$ 21,279
Printing/Supplies	1,913
Other	1,264
Gasoline/Vehicle	6,472
Communication/Utilities	2,038
Maintenance	<u>1,899</u>
Total Expenditures	<u>\$ 34,865</u>

NET REVENUE (EXPENSES) \$ 16,017

The period for this grant is July 1, 2011 to June 30, 2012.

SEE INDEPENDENT AUDITORS' REPORT.



**PENDLETON SENIOR AND FAMILY SERVICES, INC.  
 STATEMENT OF SUPPORT, REVENUES AND EXPENSES - GRANT BASIS  
 SPECIAL GRANTS - WEST VIRGINIA BUREAU OF SENIOR SERVICES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>GRANT #SC21013</u>	<u>GRANT #SC21120</u>
REVENUES:		
State Grant Funds	\$ 10,000	\$ 2,500
EXPENSES:		
Equipment & Operating Expenses	<u>10,000</u>	<u>2,500</u>
NET INCOME (EXPENSES)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

**PENDLETON SENIOR AND FAMILY SERVICES, INC.  
SUMMARY OF FINDINGS & RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**2011-01 Segregation of Duties**

Condition: We noted during our audit that the Pendleton Senior and Family Services, Inc. did not have complete segregation of duties in the financial and accounting office.

Criteria: During our analysis of internal control, we noted that duties related to the custody of assets, authorization of transactions, accounting function, and the record keeping responsibility, are not completely separated.

Cause: The small size of the accounting staff precludes certain internal controls necessary to provide optimum segregation of duties.

Effect: Because of the failure to segregate duties, internal accounting control does not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Corrective action: Responsibilities of accounting and financial duties will continue to be distributed among office staff to the best degree possible to assure proper segregation of duties. However, the Agency is not large enough to obtain complete segregation of duties from a financial standpoint. The Board will remain involved in the financial process to provide oversight and independent review functions.

**2011-02 Drafting of Financial Statements**

Condition: Pendleton Senior & Family Services does not prepare financial statements in accordance with generally accepted accounting principles. In order to satisfy GAAP, the year-end financial statements are required to include extensive notes and disclosures in the financial statements

Criteria: Statement of Auditing Standard #112 defines a significant deficiency as a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles.

Cause: Small accounting staff and limited resources

Effect: Unknown

Corrective Action: It is not cost efficient for the Pendleton Senior & Family Services, Inc. to prepare its own financial statements. The Agency has engaged external auditors to ensure that the year-end financial statements are in compliance with GAAP.

SEE INDEPENDENT AUDITOR'S REPORT.

**PENDLETON SENIOR & FAMILY SERVICES  
SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

SEGREGATION OF DUTIES:	2010-01	Repeated as 2011-01
DRAFTING OF FINANCIAL STATEMENTS	2010-01	Repeated as 2011-01

SEE INDEPENDENT AUDITOR'S REPORT.