

PENDLETON SENIOR & FAMILY SERVICES, INC.

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2009

**PENDLETON SENIOR & FAMILY SERVICES, INC.
YEAR ENDED SEPTEMBER 30, 2009**

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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, 2009, 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, 2009, 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 18, 2010, 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 report on compliance requirements and schedule of findings and questioned costs, as required by a directive from the West

Virginia Bureau of Senior Services, 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 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.

R THOMAS CPA & ASSOCIATES

R. Thomas CPA & Associates

June 18, 2010

PENDLETON SENIOR AND FAMILY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2009

ASSETS	
Current Assets	
Cash	\$ 127,726
Accounts Receivable	64,874
Grants Receivable	18,179
Prepaid Expenses	6,751
Inventory	4,333
Total Current Assets	<u>\$ 221,863</u>
Property and Equipment	
Buildings & Equipment	\$ 2,037,356
Accumulated Depreciation	(799,725)
Property and Equipment, Net	<u>\$ 1,237,631</u>
TOTAL ASSETS	<u><u>\$ 1,459,494</u></u>
LIABILITIES & NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 7,466
Accrued Payroll Expenses	27,839
Accrued Compensated Absences	22,556
Total Current Liabilities	<u>\$ 57,861</u>
Long-Term Liabilities	
OPEB Plan Liabilities	\$ 37,598
Total Liabilities	<u>\$ 95,459</u>
NET ASSETS	
Net Assets, Unrestricted	<u>\$ 1,364,035</u>
TOTAL NET ASSETS	\$ 1,364,035
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,459,494</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, 2009

UNRESTRICTED SUPPORT

Grants		
Federal	\$	32,706
State		309,580
Nutrition		101,797
Program Service Fees		403,447
Program Income		39,620
Contributions		7,689
Interest Income		159
Other		<u>3,645</u>
TOTAL SUPPORT	\$	898,643

UNRESTRICTED EXPENSES

Program Services	\$	603,864
Management and General		<u>369,646</u>
TOTAL EXPENSES	\$	973,510

DECREASE IN UNRESTRICTED NET ASSETS	\$	(74,867)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	\$	<u>1,438,902</u>
UNRESTRICTED NET ASSETS, END OF YEAR	\$	<u><u>1,364,035</u></u>

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, 2009

	PROGRAM				SERVICES			LOCAL FUNDS	PROGRAM SERVICES TOTAL	MANAGEMENT AND GENERAL
	III B	III C	III D	III E	ELDER ABUSE	SHIP	LIFE			
Personnel		\$ 62,046				\$ 4,155	\$ 61,203	\$ 355,883	\$ 483,287	\$ 195,839
Travel		582						4,642	5,224	
Printing/Supplies		1,879	\$ 268	\$ 268		174	2,552	1,641	6,782	10,094
Communications/Utilities										34,769
Transportation							12,758		12,758	
Professional Fees										4,750
Raw Food		41,529							41,529	
Maintenance							2,868		2,868	17,756
Training					\$ 201		1,158	1,466	2,825	200
Insurance										17,643
Other	\$ 22,448	6,192		3,683			1,495	11,964	45,782	16,641
Depreciation Expense							2,809		2,809	71,954
Program Services	\$ 22,448	\$ 112,228	\$ 268	\$ 3,951	\$ 201	\$ 4,329	\$ 84,843	\$ 375,596	\$ 603,864	
Management & General	23,608	39,445	627	1,323		659	93,448	210,536		\$ 369,646
Total Functional Expenses	\$ 46,056	\$ 151,673	\$ 895	\$ 5,274	\$ 201	\$ 4,988	\$ 178,291	\$ 586,132	\$ 603,864	\$ 369,646

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, 2009

Cash Flows From Operating Activities:

Decrease in net assets	\$	(74,867)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation		74,763
(Increase) decrease in operating assets		
Accounts Receivable		(13,639)
Grant Receivable		11,663
Inventory		1,264
Prepaid Expenses		2,230
Increase (decrease) in operating liabilities		
Accounts Payable/Accrued Expenses		(14,371)
Accrued Annual Leave		4,974
OPEB Liability		25,772
		25,772
 Net Cash Provided By Operating Activities	 \$	 17,789
 Cash Flow From Investing Activities:		
Purchases of Property and Equipment	\$	(42,651)
		(42,651)
 Net Cash Used in Investing Activities	 \$	 (42,651)
 Net Decrease In Cash and Cash Equivalents	 \$	 (24,862)
 Cash and Cash Equivalents, Beginning of Year		 152,588
		152,588
 Cash and Cash Equivalents, End of Year	 \$	 127,726
		127,726

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

NOTES TO FINANCIAL STATEMENTS
PENDLETON SENIOR & FAMILY SERVICES, INC.
SEPTEMBER 30, 2009

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 improve the quality of life for senior citizens 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. On May 13, 1998, Pendleton Senior & Family Services, Inc. filed an amendment with the WV Secretary of State to legally change its name from the Pendleton County Committee on Aging, Inc. The Internal Revenue Service accepted this name change without amendment to the 501 (c) tax exempt status. 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. 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, 2009 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, 2009

F. Revenue Recognition

Contributions and grants are recognized when the donor or grantor makes a promise that is, in substance, unconditional. 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, 2009. All grant funds were expended on or before that date.

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. Financial Statement Presentation

Financial statement presentation follows the recommendations as set forth in 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) based upon the existence or absence of donor-imposed restrictions.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 PENDLETON SENIOR & FAMILY SERVICES, INC.
 SEPTEMBER 30, 2009

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 under the guidance of SFAS No. 116.

NOTE 4 – RETIREMENT PLAN

The Agency's Section 403 (B) retirement plan is funded through the purchase of a group insurance annuity contract. 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 \$13,221, 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	\$29,062
Due from WVDHHS for Medical Transportation Services	4,898
Due from US Treasury-Veterans Medicaid Homemaker Services	<u>30,914</u>
	\$64,874

NOTE 6 – GRANTS RECEIVABLE

Grants receivable are comprised of the following:

Due from Potomac Highlands Support Services	
-Direct Life	\$15,202
-Title III D	50
- III E	888
- In-Home Services	1,838
- Elder Abuse	<u>201</u>
	\$18,179

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 PENDLETON SENIOR & FAMILY SERVICES, INC.
 SEPTEMBER 30, 2009

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, 2009 were \$446,547.

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. 9/30/08	Net	Method of Dep.
Land	\$ 62,500		\$ 62,500	
Buildings/ Renovations	1,471,686	\$ 395,987	1,075,699	S/L 35 years
Equipment	<u>503,170</u>	<u>403,738</u>	<u>99,432</u>	S/L – 5 to 10 years
	<u>\$2,037,356</u>	<u>\$ 799,725</u>	<u>\$1,237,631</u>	

Depreciation expense was \$74,763 for the year ended September 30, 2009.

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, 2009

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	\$ 37,179
Adjustments	<u>0</u>
Annual OPEB cost	\$ 37,179
Contributions made	<u>(11,407)</u>
Increase in OPEB obligations	\$ 25,772
Net OPEB obligation, beginning of year	<u>11,826</u>
Net OPEB obligation, end of year	\$ 37,598

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, 2009, the Agency had \$22,556 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.

NOTE 13 – 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 14 – 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, 2009, and have issued our report thereon dated June 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 Pendleton Family & Senior Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 reliable 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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. They are Finding 2009-01 and 2009-02.

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 the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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, and West Virginia Bureau of Senior Services, and is not intended to be and should not be used by anyone other than those specified parties.

R. THOMAS CPA & ASSOCIATES
R. Thomas CPA & Associates

June 18, 2010

SUPPLEMENTARY INFORMATION

PENDLETON SENIOR AND FAMILY SERVICES, INC.
 SCHEDULE OF REVENUES
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>III B</u>	<u>III C</u>	<u>III D</u>	<u>III E</u>	<u>ELDER ABUSE</u>	<u>SHIP</u>	<u>LIGHTHOUSE</u>	<u>FAIR</u>	<u>LIFE</u>	<u>LOCAL</u>	<u>TOTAL ALL ACCOUNTS (MEMORANDUM ONLY)</u>
GRANT REVENUES											
Federal Grants	\$ 26,386		\$ 845	\$ 5,274	\$ 201	\$ -					\$ 32,706
Nutrition Grants		\$ 101,797									101,797
State Grants Through Area Agency on Aging	12,865		50								12,915
LIFE Grants									\$ 167,694		167,694
Other State Grants							\$ 40,196	\$ 32,710	11,064	\$ 45,000	128,970
Total Grant Revenues	<u>\$ 39,251</u>	<u>\$ 101,797</u>	<u>\$ 895</u>	<u>\$ 5,274</u>	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 40,196</u>	<u>\$ 32,710</u>	<u>\$ 178,758</u>	<u>\$ 45,000</u>	<u>\$ 444,082</u>
OTHER REVENUES											
Program Income	\$ 1,298	\$ 38,334									\$ 39,632
Program Service Fees							\$ 2,592	\$ 3,608	\$ 15,309	\$ 381,927	403,436
Contributions										7,689	7,689
Interest										159	159
Misc./Other									375	3,270	3,645
Total Other Revenues	<u>\$ 1,298</u>	<u>\$ 38,334</u>					<u>\$ 2,592</u>	<u>\$ 3,608</u>	<u>\$ 15,684</u>	<u>\$ 393,045</u>	<u>\$ 454,561</u>
Total Revenues	<u>\$ 40,549</u>	<u>\$ 140,131</u>	<u>\$ 895</u>	<u>\$ 5,274</u>	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 42,788</u>	<u>\$ 36,318</u>	<u>\$ 194,442</u>	<u>\$ 438,045</u>	<u>\$ 898,643</u>

SEE INDEPENDENT AUDITORS' REPORT.

PENDLETON SENIOR AND FAMILY SERVICES, INC.
TITLE IIIB, IIID, IIIE
SCHEDULE OF SUPPORT, REVENUES EXPENSES - GRANT BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

REVENUES:

Federal Grants	\$ 32,505
State Grants	12,915
Project Income	1,298
Local Funds	<u>7,414</u>
Total Revenues	<u>\$ 54,132</u>

EXPENDITURES:

Personnel	\$ 19,802
Program Costs	26,131
Printing/Supplies	536
Building Space	1,907
Communication/Utilities	965
Other	<u>4,791</u>
Total Expenditures	<u>\$ 54,132</u>
NET REVENUE (EXPENSES)	<u>\$ -</u>

SEE INDEPENDENT AUDITORS' REPORT.

PENDLETON SENIOR AND FAMILY SERVICES, INC.
 STATEMENT OF SUPPORT, REVENUES EXPENSES - GRANT BASIS
 FOR TITLE IIIC PROGRAM
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	TITLE III C-1 CONGREGATE	TITLE III C-2 HOME DELIVERED	TOTAL
REVENUES:			
Nutrition Award	\$ 48,175	\$ 53,622	\$ 101,797
Project Income	22,705	15,629	38,334
Local Match	<u>5,704</u>	<u>4,573</u>	<u>10,277</u>
Total Revenue	<u>\$ 76,584</u>	<u>\$ 73,824</u>	<u>\$ 150,408</u>
EXPENDITURES:			
Manpower	\$ 40,691	\$ 45,740	\$ 86,431
Raw Food	22,221	18,043	40,264
Disposables	1,178	701	1,879
Other	<u>12,494</u>	<u>9,340</u>	<u>21,834</u>
Total Expenditures	<u>\$ 76,584</u>	<u>\$ 73,824</u>	<u>\$ 150,408</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 EXPENSES - GRANT BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

REVENUES:

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

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 EXPENSES - GRANT BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

REVENUE:

Federal Grant Funds	\$ -
Local Match	<u>-</u>
	<u>\$ -</u>

EXPENDITURES:

Personnel	\$ 4,155
Print/Supplies	174
Utilities	<u>659</u>
	<u>\$ 4,988</u>

NET REVENUES (EXPENSES) \$ (4,988)

Grant period is July 01, 2008 to June 30, 2009.
Grant funds not requested until FY 2010.

SEE INDEPENDENT AUDITORS' REPORT.

PENDLETON SENIOR AND FAMILY SERVICES, INC.
 DIRECT LIFE - FY 08/09
 SCHEDULE OF SUPPORT, REVENUES EXPENSES - GRANT BASIS
 FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009

	ACTUAL 7/1/2008 TO <u>9/30/2008</u>	ACTUAL 10/1/2008 TO <u>6/30/2009</u>	<u>TOTAL</u>
REVENUE:			
State Funds	\$ 58,223	\$ 124,858	\$ 183,081
Program Income	3,707	5,661	9,368
Program Service Fees-Van	<u>7,691</u>	<u>2,461</u>	<u>10,152</u>
Total Revenues	<u>\$ 69,621</u>	<u>\$ 132,980</u>	<u>\$ 202,601</u>
EXPENDITURES:			
Personnel	\$ 32,255	\$ 98,586	\$ 130,841
Travel	782	2,346	3,128
Communication/Utilities	3,127	1,092	4,219
Other	6,607	10,702	17,309
Gasoline/Vehicle M'tce	4,890	20,027	24,917
Personal Emergency Resp System	<u>378</u>	<u>4,267</u>	<u>4,645</u>
Total Expenditures	<u>\$ 48,039</u>	<u>\$ 137,020</u>	<u>\$ 185,059</u>
NET REVENUES (EXPENSES)	<u>\$ 21,582</u>	<u>\$ (4,040)</u>	<u>\$ 17,542</u>

Grant period July 1, 2008 to June 30, 2009.

SEE INDEPENDENT AUDITORS' REPORT.

PENDLETON SENIOR AND FAMILY SERVICES, INC.
DIRECT LIFE - FY 09/10
SCHEDULE OF SUPPORT, REVENUES EXPENSES - GRANT BASIS
FOR THE PERIOD JULY 1, 2009 TO SEPTEMBER 30, 2009

REVENUE:

State Funds - LIFE	\$ 42,836
State Funds - Transportation	11,064
Program Income	2,662
Program Service Fees-Van	<u>4,899</u>
 Total Revenues	 <u>\$ 61,461</u>

EXPENDITURES:

Personnel	\$ 64,853
Travel	355
Personal Emergency Resp Sys	403
Other	8,842
Gasoline/Vehicle	12,758
Communication/Utilities	2,637
Maintenance	<u>2,868</u>
 Total Expenditures	 <u>\$ 92,716</u>

NET REVENUE (EXPENSES) \$ (31,255)

The period for this grant is July 1, 2009 to June 30, 2010.

SEE INDEPENDENT AUDITORS' REPORT.

PENDLETON SENIOR AND FAMILY SERVICES, INC.
 STATEMENT OF SUPPORT, REVENUES EXPENSES - GRANT BASIS
 SPECIAL GRANTS - WEST VIRGINIA BUREAU OF SENIOR SERVICES
 FOR THE PERIOD OCTOBER 1, 2008 TO SEPTEMBER 30, 2009

	<u>GRANT NO.</u> <u>SC2905</u>	<u>GRANT NO.</u> <u>SC2874</u>
REVENUES:		
State Grant Funds	\$ 5,000	\$ 40,000
EXPENDITURES:		
Operating Expenses	\$ 5,000	
Vehicle Purchase/ Transportation Expense	\$ 5,000	\$ 40,000
NET REVENUES (EXPENSES)	<u>\$ -</u>	<u>\$ -</u>

SEE INDEPENDENT AUDITORS' REPORT.

R. Thomas CPA & Associates

(Formerly Gohdes & Thomas, CPAs)

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REPORT ON SELECTED COMPLIANCE REQUIREMENTS AS REQUIRED BY THE WEST VIRGINIA BUREAU OF SENIOR SERVICES

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, 2009, and have issued our report thereon dated June 18, 2010. 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.

As part of obtaining reasonable assurance about whether Pendleton Senior & Family Services, Inc. financial statements are free of material misstatement, we performed tests of certain compliance requirements per the directive of the West Virginia Bureau of Senior Services. However, providing an opinion on compliance with these 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 the directive of the West Virginia Bureau of Senior Services.

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

R. THOMAS CPA & ASSOCIATES
R. Thomas CPA & Associates

June 18, 2010

PENDLETON SENIOR AND FAMILY SERVICES, INC.
SUMMARY OF FINDINGS & RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

A. Reportable Conditions in Internal Control

09-01 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.

09-02 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, 2009

SEGREGATION OF DUTIES:	08-01	Repeated as 09-01
DRAFTING OF FINANCIAL STATEMENTS	08-01	Repeated as 09-01

SEE INDEPENDENT AUDITOR'S REPORT.