BERKELEY COUNTY COMMITTEE ON AGING, INC.

d/b/a BERKELEY SENIOR SERVICES

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2011

Berkeley County Committee on Aging, Inc.
d/b/a Berkeley Senior Services

Contents

ALBRIGHT CRUMBACKER MOUL & ITELL
Certified Public Accountants & Business Consultants

Independent Auditors' Report

The Board of Directors
Berkeley County Committee on Aging, Inc.
d/b/a Berkeley Senior Services
Martinsburg, West Virginia

We have audited the accompanying statement of financial position of **Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services** (a Not-for-Profit Organization) as of September 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berkeley Senior Services as of September 30, 2011, and the changes in its net assets and cash flows for the year then end, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 14, 2012, on our consideration of the Organization'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. 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Albright Crumbacker Moul & Itell, P.A.

Martinsburg, West Virginia
February 14, 2012

Berkeley County Committee on Aging, Inc.
d/b/a Berkeley Senior Services

Statement of Financial Position

September 30,		**2011**
Assets		
Current assets		
Cash and cash equivalents	$	456,836
Accounts receivable		445,285
Prepaid expenses		15,088
Total current assets		917,209
Property, plant and equipment, net		1,249,609
Total assets	$	2,166,818
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$	22,523
Accrued expenses		81,290
Total current liabilities		103,813
Net assets		
Unrestricted		2,005,371
Temporarily restricted		57,634
Total net assets		2,063,005
Total liabilities and net assets	$	2,166,818

The accompanying notes are an integral part of these financial statements.

Berkeley County Committee on Aging, Inc.
d/b/a Berkeley Senior Services

Statement of Activities

Year ended September 30,		**2011**
Changes in unrestricted net assets		
Revenue and support		
Federal and state grants	$	827,255
Other grants		79,758
Medicaid waiver		779,218
Service revenue		644,967
In-kind services		170,718
Contributions		90,461
Other		20,508
		2,612,885
Net assets released from restrictions		38,526
Total unrestricted revenue and support		2,651,411
Expenses		
Program services		2,446,323
Fundraising		57,311
General and administrative		162,903
Total expenses		2,666,537
Decrease in unrestricted net assets	$	(15,126)

The accompanying notes are an integral part of these financial statements.

Berkeley County Committee on Aging, Inc.
d/b/a Berkeley Senior Services

Statement of Activities

Year ended September 30,		**2011**
Changes in temporarily restricted net assets		
Net assets released from restrictions	$	(38,526)
Decrease in temporarily restricted net assets		(38,526)
Decrease in net assets		(53,652)
Net assets, beginning of year		2,116,657
Net assets, end of year	$	2,063,005

The accompanying notes are an integral part of these financial statements.

Berkeley County Committee on Aging, Inc.
d/b/a Berkeley Senior Services

Statement of Cash Flows

Year ended September 30,		**2011**
Cash flows from operating activities		
Decrease in net assets	$	(53,652)
Adjustments to reconcile decrease in net assets to net cash used by operating activities		
Bad Debts		2,000
Depreciation		123,151
(Increase) decrease in operating assets		
Accounts receivable		(127,915)
Prepaid expenses		8,567
Increase (decrease) in operating liabilities		
Accounts payable		(47,014)
Accrued expenses		12,733
Net cash used in operating activities		(82,130)
Cash flows from investing activities		
Purchases of property and equipment		(44,256)
Net cash used in investing activities		(44,256)
Net decrease in cash and cash equivalents		(126,386)
Cash and cash equivalents, beginning of year		583,222
Cash and cash equivalents, end of year	$	456,836

The accompanying notes are an integral part of these financial statements.

Berkeley County Committee on Aging, Inc.
d/b/a Berkeley Senior Services

Statement of Revenue and Expenses

Year ended September 30, 2011

	Direct Cost												Indirect Cost Pool				
	CASE MGMT	FAIR	TITLE III B	IIIC FOOD SERVICE	IIID RECREATION AND SOCIAL ACTIVITIES	IIIE ADULT RESPITE	LIFE	LIGHTHOUSE	OTHER	PERSONAL CARE	VITALS	TOTAL	FUNDRAISING	MANAGEMENT AND GENERAL	FACILITIES	ADMIN	TOTAL
Revenue and support																	
State Grants																	
WV Community Partnership Grant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	$ 69,572	$ -	$ -	$ 69,572
III-D	-	-	-	-	2,047	-	-	-	-	-	-	2,047	-	-	-	-	2,047
III-B	-	-	31,896	-	-	-	-	-	-	-	-	31,896	-	-	-	-	31,896
FAIR	-	62,166	-	-	-	-	-	-	-	-	-	62,166	-	-	-	-	62,166
LIFE	-	-	-	-	-	-	200,346	-	-	-	-	200,346	-	-	-	-	200,346
Lighthouse	-	-	-	-	-		-	248,367	-	-		248,367	-	-	-	-	248,367
Other	-	-	-	-	-	-	-	-	-	-	20,000	20,000	-	6,889	-	-	26,889
Total state grants	-	62,166	31,896	-	2,047	-	200,346	248,367	-	-	20,000	564,822	-	76,461	-	-	641,283
Federal Grants																	
III-B	-	-	46,108	-	-	-	-	-	-	-	-	46,108	-	-	-	-	46,108
III-D	-	-	-	-	4,234	-	-	-	-	-	-	4,234	-	-	-	-	4,234
III-E	-	-	-	-	-	21,795	-	-	-	-	-	21,795	-	-	-	-	21,795
Low income energy assistance	-	-	-	-	-	-	-	-	1,052	-	-	1,052	-	-	-	-	1,052
III-C	-	-	-	101,291	-	-	-	-	-	-	-	101,291	-	-	-	-	101,291
VII-Elder abuse	-	-	-	-	-	-	-	-	1,992	-	-	1,992	-	-	-	-	1,992
SHIP	-	-	-	-	-	-	-	-	9,500	-	-	9,500	-	-	-	-	9,500
Total federal grants	-	-	46,108	101,291	4,234	21,795	-	-	12,544	-	-	185,972	-	-	-	-	185,972
Other government grants	-	-	-	-	-	-	1,250	19,608	-	-	-	20,858	-	58,900	-	-	79,758
Medicaid waiver	-	-	-	-	-		-	-	-	779,218	-	779,218	-	-	-	-	779,218
Case Management	37,683	-	-	-	-	-	-	-	-	-	-	37,683	-	-	-	-	37,683
Community care	-	-	-	-	-	-	-	-	11,070	476,820	-	487,890	-	-	-	-	487,890
In-kind income	10,080	16,800	6,720	25,368	-	8,400	18,480	15,120	1,512	36,960	-	139,440	3,509	27,769	-	-	170,718
Program income	-	16,933	18,814	38,564	-	20,400	9,320		13,930	1,253	-	119,214	-	180	-	-	119,394
Donations	-	826	4,037	3,022	-	393	34	-	-	-	60	8,372	3,364	18,639	-	-	30,375
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	27,763	-	-		27,763
United Way	-	-	-	-	-	-	-	19,507	-	-	-	19,507	-	12,816	-	-	32,323
Miscellaneous	-	-	1,250	2,078	-	-	-	-	2,147	-	-	5,475	-	15,033	-	-	20,508
Total revenue and support	47,763	96,725	108,825	170,323	6,281	50,988	229,430	302,602	41,203	1,294,251	20,060	2,368,451	34,636	209,798	-	-	2,612,885
Expenses																	
Personnel expenses	36,931	94,728	79,468	50,845	6,837	39,330	76,563	205,208	11,049	993,139	14,097	1,608,195	43,490	116,664	24,230	151,326	1,943,905
Advertising	-	-	388	407	-	-	328	398	30	1,819	-	3,370	256	-	-	1,854	5,480
Building repairs and maintenance	-	-	-	-	-	-	-	1,735	-	9,991	-	11,726	-	-	15,188	-	26,914
Equipment maintenance and repairs	203	630	503	2,303	-	314	506	398	612	2,177	-	7,646	995	-	-	2,922	11,563
Food purchase	-	296	1,084	52,278	-	168	1,084	125	-	738	4,460	60,233	3,511	-	-	2,487	66,231
Furniture/equipment purchase	-	-	1,724	-	-		2,993	194	432	774		6,117	-	-	-	4,765	10,882
Gas	336	-	6,513	1,127	-	25	11,706	27	1,729	128		21,591	-	-	70	1,958	23,619
Mileage	152	142	3	6	-	17	-	7,176	-	38,141	40	45,677	563	-	-	62	46,302
Other expense	259	244	241	293	-	152	437	19		125		1,770	87	-	-	2,397	4,254
Other services	-	-	1,733	-	-	-	680	-	117	-	-	2,530	-	-	-	2,556	5,086
Supplies	-	918	3,909	7,684	-	441	3,133	1,783	-	8,280	-	26,148	620	-	377	13,115	40,260
Training	-	519	177	170	-	334	238	613	21	2,437	-	4,509	-	-	-	180	4,689
Transportation	-	-	18,728	-	-	-	37,447		6,243	-	10	62,428	-	-	-	-	62,428
Vehicle repair and maintenance	-	-	3,625	35	-	-	6,515	60	953	-	-	11,188	-	-	-	594	11,782
Write off	-	-	57	192	-	-	-	-	117	1,922	-	2,288	-	-	-	-	2,288
Building space	10,080	16,800	6,720	25,368	-	8,400	18,480	15,120	1,512	36,960	-	139,440	3,360	25,200	-	-	168,000
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	123,151	-	123,151
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,074	24,074
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,820	1,820
Printing	-	-	-	-	-	-	-	-	-	-	-	-	298	-	-	8,365	8,663
Professional services	-	259	74	-	-	129	80	364	-	5,151	-	6,057	-	-	2,209	28,917	37,183
Utilities	315	271	546	-	-	123	844	794	100	3,505	-	6,498	-	-	29,357	2,108	37,963
Total direct expenses	48,276	114,807	125,493	140,708	6,837	49,433	161,034	234,014	22,915	1,105,287	18,607	2,027,411	53,180	141,864	194,582	249,500	2,666,537
Facilities cost pool allocation	12,259	20,198	31,308	40,901	-	13,251	12,492	33,332	1,751	10,663	-	176,155	2,335	16,092	(194,582)	-	-
Administration cost pool allocation	4,934	11,105	12,435	7,859	997	6,430	14,471	34,941	3,260	144,735	1,591	242,757	1,796	4,947	-	(249,500)	-
Total Expenses	65,469	146,110	169,236	189,468	7,834	69,114	187,997	302,287	27,926	1,260,685	20,197	2,446,323	57,311	162,903	-	-	2,666,537
Change in net assets	$ (17,706)	$ (49,385)	$ (60,411)	$ (19,145)	$ (1,553)	$ (18,126)	$ 41,433	$ 315	$ 13,277	$ 33,566	$ (137)	$ (77,872)	$ (22,675)	$ 46,895	$ -	$ -	$ (53,652)

The accompanying notes are an integral part of these financial statements.

1. Summary of significant accounting policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

Nature of activity: The Organization provides transportation, nutrition, in-home care, case management and referral services to senior citizens of Berkeley County, West Virginia, all with the primary objective of improving their quality of life. The Organization relies principally on funding under Title III of the Older Americans Act of 1965, as amended; nutritional funding from the U.S. Department of Agriculture; allocations from the United Way; and Berkeley County Commission. In addition, the Organization provides in-home care to seniors under Medicaid, Veteran's Administration, and West Virginia Lighthouse programs.

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

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include an allowance for bad debts and estimates of in-kind contributions.

Cash and cash equivalents: Cash equivalents include certificates of deposit generally with maturities of 18 months or less.

Accounts receivable: Accounts receivable represent fees due under service provider arrangements and amounts due under grant agreements. The Organization grants credit without collateral to its clients, most of whom are residents of the area served by the Organization and insured under third-party payer agreements. Management has recorded the receivables at their estimated net realizable value and has identified the accounts that it believes to be uncollectible. At September 30, 2011, accounts receivable consisted primarily of amounts due from the Veterans Administration and Medicaid.

Fair value measurements: The Organization complies with ASC 820-10, *Fair Value Measurements*, which (a) defines how fair value should be determined for the invested assets, (b) establishes a framework for measuring fair value, and (c) requires statement preparers to disclose information about their fair value determinations in their financial statements. The three levels of fair value hierarchy under ASC 820-10 are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Property, plant and equipment: Property, plant and equipment is recorded at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from three to forty years. Maintenance and repairs are expensed as incurred. Major improvements that increase the useful lives of the assets are capitalized. Upon sale or retirement of depreciable property, the related cost and accumulated depreciation are removed from the accounts and any gains and losses on the sale or retirement are reflected in the statement of activities.

Revenue and support: Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of any donor-stipulated restrictions. 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 as net assets reclassed from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue.

Donated services and assets: Contributions of donated services that create or enhance non-financial assets, which would typically need to be purchased from individuals with specialized skills if not provided by donation, are recorded at their fair values in the period received.

Donated assets are recorded as support at their estimated fair values (level 3 measurements) on the date of the gift and are depreciated, if appropriate, over their estimated useful lives, except for antiques and art work not expected to depreciate in value. Such donations are reported as unrestricted support unless the donor placed specific restrictions on the donated asset. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

In addition, the Organization has been granted the use of its principal operating facility under a long-term lease agreement with the Berkeley County Council at a below market rent. Accordingly, the fair value of the annual rental is recognized as an in-kind contribution with a corresponding charge to rent expense.

Income tax: The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization complies with ASC 740-10, which establishes a threshold for determining when an income tax benefit of a tax position can be recognized. Under ASC 740-10, a tax position includes, among other things, (a) a decision not to file a tax return (b) an allocation or a shift of income between jurisdictions (c) the characterization of income or a decision to exclude reporting taxable income in a tax return (d) a decision to classify a transaction, entity, or other position in a tax return as tax exempt and (e) an entity's status, including its status as a tax-exempt not-for-profit entity. Based on its interpretation of the requirements of ASC 740-10, management believes that the Organization has no uncertain tax positions that qualify for either recognition or disclosure. The Organization believes they are no longer subject to income tax examinations for years prior to 2008.

Functional allocation of expenses: Certain costs have been allocated among the programs and supporting services benefits. Allocations of costs by function are based principally on specific identification of cost to program, supporting services, or fund-raising. Non-specifically identified costs are based on management's allocation of time requirements for the various functions based on its analysis of historical activities.

2. Risks and uncertainties

The Organization receives a substantial portion of its revenue and support from federal and state grants, as well as the federal Medicaid program. A reduction in such funding as a result of federal and/or state budget cut-backs could have an adverse impact on the Organization's operating activities, and such impact could be material.

3. Property and equipment

Property, plant and equipment as of September 30, 2011 consisted of the following:

Building and improvements	$ 1,671,238
Equipment	46,433
Vehicles	386,990
Land	7,500
	2,112,161
Less accumulated depreciation	(862,552)
Total	$ 1,249,609

4. Temporarily restricted net assets

Temporarily restricted net assets, principally donated vehicles, are available for future periods.

Temporarily Restricted Net Assets

	Balance at 9/30/2010	Grants and Contributions	Satisfaction of Restriction	Balance at 9/30/2011
5310 Grant	$ 96,160	$ -	$ 38,526	$ 57,634

5. Commitments and contingencies

In the normal course of operations, the Organization may be subject to lawsuits and claims. In the opinion of management, the dispositions of such lawsuits and claims, if any, will not have a material effect on the Organization's financial position or results of operations.

6. Retirement plan

The Organization sponsors a defined contribution retirement plan under section 403(b) of the Internal Revenue Code covering substantially all employees meeting certain eligibility requirements. The Organization matches 100% of the employee's contribution up to 9% of the employee's wages. Employer contributions approximated $12,000 for 2011 and are included as personnel expenses in the statement of revenue and expenses.

7. Related parties

A member of the Board of Directors is employed by the company that performs some interim accounting work for the Organization. Another member on the Board of Directors works at the bank where the Organization has its operating account.

8. Subsequent events

The Organization has evaluated events and transactions subsequent to September 30, 2011 through February 14, 2012, the date these financial statements were available to be issued. Based on the definitions and requirements of U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to September 30, 2011 through February 14, 2012, that require recognition or disclosure in the financial statements.

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INDEPENDENT AUDITORS' 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*

The Board of Directors
Berkeley County Committee on Aging
217 North High Street
Martinsburg, West Virginia

We have audited the financial statements of the **Berkeley County Committee on Aging, Inc. d/b/a Berkeley Senior Services** (a Not-for-Profit Organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated February 14, 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

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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.

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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the finance committee, Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Albright Crumbacker Moul & Itell, P.A.

Martinsburg, West Virginia
February 14, 2012