

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

**FINANCIAL STATEMENTS WITH  
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2009  
WITH INDEPENDENT AUDITOR'S REPORTS**

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2009**

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# Ware & Hall, PLLC

## Certified Public Accountants

The River Tower, Suite 601, 1108 3<sup>rd</sup> Avenue  
Post Office Box 819, Huntington, West Virginia 25712-0819  
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA  
William L. Hall, CPA

Members of  
American Institute of  
Certified Public Accountants  
WV Society of Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Cabell County Community Services Organization, Inc.  
Huntington, West Virginia

We have audited the accompanying statement of financial position of Cabell County Community Services Organization, Inc., (a non-profit organization), as of September 30, 2009, 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 Cabell County Community Services Organization, 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 principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, Cabell County Community Services Organization, Inc. changed its method of accounting for fair value measurements in the fiscal year ended September 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2010, on our consideration of Cabell County Community Services Organization, Inc.'s internal control over financial reporting and on 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Cabell County Community Services Organization, Inc. taken as a whole. The accompanying schedules of support and revenue, expenses and changes in net assets; grant support, revenue and expenses compared to grant budgets (non-GAAP basis); and expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, except as described in Note 19 to the basic financial statements.

*Wan & Hall PLLC*

Huntington, West Virginia  
March 19, 2010

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 131,673
Contributions receivable	59,000
Grants receivable	80,750
Other receivables	163,803
Prepaid expenses	23,762
Inventory	<u>10,463</u>

**TOTAL CURRENT ASSETS** 469,451

**INVESTMENTS**

10,226

**PROPERTY AND EQUIPMENT**

2,105,333

**OTHER ASSETS**

Prepaid expenses	3,429
Deposits	<u>6,805</u>

**TOTAL OTHER ASSETS** 10,234

**TOTAL ASSETS** \$ 2,595,244

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 59,105
Accrued annual leave	11,228
Accrued payroll	58,989
Payroll taxes withheld and accrued	7,744
Current portion of notes payable	3,610
Line of credit	20,000
Other liabilities	155
Deferred revenue	<u>54,121</u>

**TOTAL CURRENT LIABILITIES** 214,952

**LONG TERM LIABILITIES**

Notes payable, less current portion included above	<u>379,767</u>
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**TOTAL LONG-TERM LIABILITIES** 379,767

**TOTAL LIABILITIES** 594,719

**NET ASSETS**

Unrestricted:	
Operations	234,109
Investment in property and equipment	1,721,956
Temporarily restricted	44,460
<b>TOTAL NET ASSETS</b>	<u>2,000,525</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 2,595,244

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2009**

**UNRESTRICTED NET ASSETS**

**SUPPORT AND REVENUE**

Grants:	
State/pass-through	\$ 1,102,778
In-kind matching	70,011
USDA food reimbursements	76,703
Program income	1,237,111
Contributions	96,443
Interest	<u>1,043</u>
<b>TOTAL UNRESTRICTED SUPPORT AND REVENUE</b>	<b><u>2,584,089</u></b>

**EXPENSES**

**PROGRAM SERVICES**

Title IIIB - Senior Citizens	174,347
Title IIIC - Nutrition	474,870
Title IIID - Disease Prevention and Health Promotion	7,869
Title IIID - Medication Management	2,261
Title IIIE - Caregiver	72,104
Elder Abuse	1,784
Health Benefits/SHIP	4,205
LIFE	122,443
Lighthouse In Home Services	101,319
AIDS Prevention	42,659
Veterans Administration	115,825
Medicaid	214,899
Medicaid Waiver	456,150
Other programs	<u>277,450</u>

**TOTAL PROGRAM SERVICES** 2,068,185

**SUPPORTING SERVICES**

Management and general	<u>302,827</u>
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**TOTAL EXPENSES** 2,371,012

**INCREASE IN UNRESTRICTED NET ASSETS** 213,077

**TEMPORARILY RESTRICTED NET ASSETS**

Contributions	<u>44,460</u>
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**INCREASE IN TEMPORARILY RESTRICTED NET ASSETS** 44,460

**INCREASE IN NET ASSETS** 257,537

**NET ASSETS, BEGINNING OF YEAR** 1,742,988

**NET ASSETS, END OF YEAR** \$ 2,000,525

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 257,537
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	86,842
Unrealized loss on investments	258
(Increase) decrease in operating assets:	
Contributions receivable	(59,000)
Grants receivable	(21,121)
Other receivables	(5,870)
Prepaid expenses	1,757
Inventory	369
Deposits	(798)
Increase (decrease) in operating liabilities:	
Accounts payable	11,399
Accrued annual leave	1,035
Accrued payroll	(1,702)
Payroll taxes withheld and accrued	(12,355)
Deferred revenue	<u>25,223</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>283,574</b></u>

**CASH FLOW FROM INVESTING ACTIVITIES:**

Purchase of property and equipment	(617,906)
Purchase of investments	<u>(46)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u><b>(617,952)</b></u>

**CASH FLOW FROM FINANCING ACTIVITIES:**

Proceeds from notes payable	383,377
Proceeds from line of credit	21,500
Payments on notes payable	(30,957)
Payments on line of credit	<u>(30,000)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u><b>343,920</b></u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

9,542

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

122,131

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$ **131,673**

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid during the year for:  
Interest

\$ **13,761**

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** - Cabell County Community Services Organization, Inc. is a non-profit organization which provides services to low income individuals and families and the elderly in Cabell County, West Virginia. Cabell County Community Services Organization, Inc.'s headquarters are located in Huntington, West Virginia. Cabell County Community Services Organization, Inc. also operates a number of Senior Citizens Centers throughout Cabell County. The Organization is funded primarily through grants and other agreements with the federal and state government.

**INVENTORY** - The Organization values inventory at the lower of cost, utilizing the first-in first-out method, or market.

**PROPERTY AND EQUIPMENT** - Cabell County Community Services Organization, Inc. adopted a policy to capitalize all property and equipment over \$500. Property and equipment purchased is stated at cost and donated property and equipment received is stated at fair market value at the date of donation.

Property and equipment is depreciated over the estimated useful lives of the assets on the straight-line method as follows:

Building and Improvements	40 years
Office Furniture and Fixtures	5-7 years
Kitchen and Office Equipment	5-7 years
Vehicles and Related Equipment	5-7 years

Property and equipment acquired is owned by Cabell County Community Services Organization, Inc. while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations.

**REVENUE AND EXPENSE RECOGNITION** - The financial statements have been prepared on the accrual basis of accounting. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Funds received in advance of incurring qualifying expenses are recorded as deferred revenue. Revenue from fee for service contracts is recognized in the accompanying financial statements when the services have been provided.

**DEFERRED REVENUE** - Deferred revenue represents unexplained funds received as of September 30, 2009. Deferred revenue are funds owed to funding sources or are approved for use in ongoing or future programs.



**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**EXPENSE ALLOCATION** - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

**DONATED SERVICES, SPACE AND OTHER** - Donated (in-kind) matching is required by certain funding sources. Donated hourly services are valued at the federally established minimum wage. Donated space is valued at the estimated fair rental value. Donated other is valued at the estimated fair market value at the date of receipt.

**CASH AND CASH EQUIVALENTS** - Except for money market funds which were donated, the organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**INVESTMENTS** - Investments are comprised of money market funds, mutual funds, and equity securities and are carried at fair value.

**INCOME TAXES** - Cabell County Community Services Organization, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**ESTIMATES** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CONTRIBUTIONS** - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

**ADVERTISING COSTS** - Advertising costs totaling \$17,929 for the fiscal year ending September 30, 2009 were charged to operations when incurred.

**ACCOUNTING CHANGE** - In the fiscal year ended September 30, 2009, the Organization adopted the fair value measurements and disclosure provisions of the Fair Value Measurements and Disclosure Topic of the FASB Accounting Standards Codification which provides enhanced guidance for using fair value to measure assets and liabilities. The standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The adoption of this standard did not have a material impact on the financial statements.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 2 - SUMMARY OF GRANT AGREEMENTS**

The following summarizes grant awards which were active during the period October 1, 2008 through September 30, 2009:

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
<b>Federal Assistance</b>		
<b>Department of Health and Human Services</b>		
West Virginia State College, Metro Area Agency on Aging:		
Title IIIB - 2936	10/01/08 - 09/30/09	\$ 89,514
Title IIIC	10/01/08 - 09/30/09	194,516
Title IIID - 2936	10/01/08 - 09/30/09	9,241
Title IIIE - 2936	10/01/08 - 09/30/09	54,864
Elder Abuse - 2933	10/01/08 - 09/30/09	2,075
Nutrition Services Incentive Program	10/01/08 - 09/30/09	76,703
West Virginia Bureau of Senior Services:		
Health Benefits/SHIP-SH2906	04/01/08 - 03/31/09	5,000
Health Benefits/SHIP-SH21046	07/01/09 - 06/30/10	5,000
West Virginia Department of Health and Human Resources:		
AIDS Prevention G080673	01/01/08 - 12/21/08	82,000
AIDS Prevention G090702	01/01/09 - 12/31/09	82,000
<b>State Assistance</b>		
West Virginia State College, Metro Area Agency on Aging:		
Title IIIB - 2936	10/01/08 - 09/30/09	84,421
Title IIIC	10/01/08 - 09/30/09	32,626
Title IIIC State Supplemental Nutrition	07/01/08 - 06/30/09	80,343
Title IIID - 2936	10/01/08 - 09/30/09	542
Title IIIE - 2936	10/01/08 - 09/30/09	2,154
LIFE - 2903	07/01/08 - 06/30/09	189,644
LIFE - 21003	07/01/09 - 06/30/10	189,644
Transportation - 2950	07/01/08 - 06/30/09	34,997
Transportation - 21050	07/01/09 - 06/30/10	34,997
Alzheimer's Respite - 2950	07/01/08 - 06/30/09	44,906
Alzheimer's Respite - 21050	07/01/09 - 06/30/10	52,000
Lighthouse - 2950	07/01/08 - 06/30/09	196,159
Lighthouse - 21050	07/01/09 - 06/30/10	240,000

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 2 - SUMMARY OF GRANT AGREEMENTS (CONTINUED)**

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
<b>State Assistance (continued)</b>		
<b>West Virginia Bureau of Senior Services:</b>		
Senior Grant - SC 2839	07/01/07 - 06/30/09	\$ 80,399
Senior Grant - SC 2882	07/01/08 - 06/30/09	30,000
Senior Grant - SC 2943	07/01/08 - 06/30/09	70,250
Hot/Cold Trucks - HC2813	04/01/08 - 06/30/09	30,000

**NOTE 3 - INVESTMENTS**

Investments as of September 30, 2009 were comprised of the following:

Money Market Funds	\$ 1,275
Mutual Funds	6,875
Common stock	<u>2,076</u>
Total	\$ <u>10,226</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2009:

	<u>Unrestricted</u>
Interest and dividends	\$ 46
Unrealized losses	<u>(258)</u>
Total Investment Return	\$ <u>(212)</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of September 30, 2009:

Construction in progress	\$ 25,367
Land	187,445
Buildings	1,008,098
Improvements	1,056,911
Furniture, Fixtures and equipment	232,545
Vehicles	<u>222,314</u>
	2,732,680
Less: Accumulated depreciation	<u>(627,347)</u>
<b>Property and Equipment, Net</b>	<b>\$ <u>2,105,333</u></b>

Depreciation expense charged to operations amounted to \$86,842 in 2009.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 5 - PREPAID EXPENSE**

On September 17, 2003, the Organization entered into a long-term parking lot lease agreement for a period of seven years beginning on the date that the Organization declares the Fairfield West Senior Center open for its intended purpose. As part of the lease, the Organization agreed to prepay the full lease cost of \$12,000. The Senior Center opened in October 2005, therefore the Organization has begun amortization of the prepaid lease cost over the period of the lease. As of September 30, 2009, the amount of the prepaid expense remaining was \$5,143. Of that amount, \$1,714 is current prepaid expense, while \$3,429 is non-current prepaid expense.

**NOTE 6 - NOTES PAYABLE**

Notes Payable consisted of the following as of September 30, 2009:

\$400,000 note payable to United States of America, Rural Housing Service, U.S. Department of Agriculture; payable in 480 monthly installments of \$1,766 inclusive of interest at 4.375%, secured by real estate, pledge of revenue, and all tangible items owned or hereafter acquired.		\$	<u>383,377</u>
Total			383,377
Less: Current Portion			<u>(3,610)</u>
Long-term Portion		\$	<u>379,767</u>

Following are maturities of notes payable at September 30, 2009 for each of the next five years and in aggregate:

<u>Years Ending September 30.</u>	<u>Amount</u>
2010	\$ 3,610
2011	3,772
2012	3,940
2013	4,116
2014	4,300
Thereafter	<u>363,639</u>
Total	\$ <u>383,377</u>

Interest expense for the year ended September 30, 2009 totaled \$12,388.

**NOTE 7 - LINE OF CREDIT**

The Organization had a \$50,000 line of credit with a local bank to be drawn upon as needed with a variable interest rate of 4.25% as of September 30, 2009. The balance on the line of credit as of September 30, 2009 was \$20,000. Interest expense for the year ended September 30, 2009 totaled \$1,373.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 8 - OPERATING LEASES**

The Organization leases various facilities to house their remote senior centers as well as office space and equipment under operating leases expiring in various years through 2013.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2009 for each of the next four years and in the aggregate are:

Year Ended September 30,	<u>Amount</u>
2010	\$ 8,607
2011	8,607
2012	8,607
2013	<u>7,173</u>
Total minimum future lease payments	\$ <u>32,994</u>

Rental expense totaled \$30,332 for the fiscal year ended September 30, 2009.

**NOTE 9 - DEFERRED REVENUE**

Deferred revenue, which consists of restricted funds received by Cabell County Community Services Organization, Inc. but not yet expended for qualifying expenses, is comprised of the following at September 30, 2009:

<u>Description</u>	<u>Amount</u>
Life	\$ 47,814
Alzheimer's Respite	3,872
Title III B	159
AIDS Prevention	<u>2,276</u>
Total	\$ <u>54,121</u>

**NOTE 10 - COST ALLOCATION**

Cabell County Community Services Organization, Inc. has adopted a cost allocation plan whereby each program is charged its fair share of the agency's indirect costs. Indirect costs are those costs incurred for a common purpose benefitting or supporting all agency programs and activities and are not readily assignable directly. Indirect costs are accumulated in an indirect cost pool and are allocated to the various programs in proportion to their direct salaries and wages to total salaries and wages.

**NOTE 11 - CONCENTRATION OF CREDIT RISK**

The Organization provides various services to the elderly and low income individuals of Cabell County, West Virginia on a third-party reimbursement basis. The Organization bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Grants and other receivables have been adjusted for all known uncollectible accounts. An allowance for bad debts has not been set up as the amount is not considered material.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 12 - RELATED PARTY TRANSACTIONS**

The Organization is associated with Eden Park, Inc., a West Virginia 501(c)(3) entity incorporated to build housing for low-income elderly citizens of Cabell County, through common board members and management. The Organization and its employees currently provide all executive management duties of Eden Park, Inc. Management fees received from Eden Park, Inc. during the fiscal year ended September 30, 2009 totaled \$16,505.

**NOTE 13 - DONATED SERVICES**

During fiscal year ended September 30, 2009, the Organization received donated services from unpaid volunteers. As required by the grant contracts, such amounts have been recorded as revenue and expenses by the following programs in the accompanying financial statements:

<u>Program</u>	<u>Volunteer Labor</u>
Title IIIB Senior Citizens	\$ 15,787
Title IIIC Nutrition	34,306
Title IIID Disease prevention and health promotion	1,240
Title IIID Medication Management	390
Title IIIE Caregiver	<u>18,288</u>
Total	\$ <u>70,011</u>

**NOTE 14 - CONTINGENCIES**

The Organization's programs are generally funded by federal, state, and local sources. Federal and state grants received for specific purposes are subject to audit or review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, would be immaterial.

**NOTE 15 - FAIR VALUE MEASUREMENTS**

The Organization determines the fair values of its financial instruments based on the fair value hierarchy established by the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. This standard specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of the fair value hierarchy based on these two types of inputs are as follows:

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 15 - FAIR VALUE MEASUREMENTS (CONTINUED)**

- Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities that the Organization has the ability to access at the measurement date.
- Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.
- Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The hierarchy requires the use of observable market data when available. When determining fair value measurements, the Organization utilizes active and observable market prices for identical assets and liabilities whenever possible and classifies such items as Level 1. When identical assets and liabilities are not traded in active markets, the Organization utilizes market observable data for similar assets and liabilities in an active market, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market and classifies such items as Level 2. When observable data is not available, the Organization uses alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. Items valued using such internally generated valuation techniques are based on the lowest level of input that is significant to the valuation.

The following describes the valuation techniques used by the Organization to measure certain financial assets recorded at fair value on a recurring basis in the financial statements:

**Investments:** Money market funds, mutual funds, and common stock are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices (Level 1).

The balances of financial assets, measured at fair value on a recurring basis as of September 30, 2009 are as follows:

<u>Description</u>	<u>Fair Value Measurements as of September 30, 2009</u>			
	<u>Fair Value at September 30, 2009</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments	\$ 10,226	\$ 10,226	\$ -0-	\$ -0-

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 16 - CONTRIBUTIONS RECEIVABLE**

As of September 30, 2009, contributions receivable totaling \$59,000 are due in less than one year. No allowance is considered necessary as all amounts are considered collectible by management.

**NOTE 17 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Facilities and equipment	\$ 42,274
March for meals	<u>2,186</u>
Total temporarily restricted net assets	\$ <u>44,460</u>

**NOTE 18 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 19, 2010 the date the financial statements were available to be issued.

**NOTE 19 - BUDGETARY REPORTING BASIS**

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying schedules of grant support, revenue and expenses compared to grant budgets (non-GAAP basis) contained on pages 20 through 23 are prepared on a basis which differs from the financial statements in the following areas:

- 1) With the exception of per-diem reimbursement contracts, revenue is recognized at the time the grant is awarded as opposed to when qualifying expenses have been incurred.
- 2) Encumbrances are reported as expenditures in the year in which they are budgeted.
- 3) Purchases of property and equipment are expensed as opposed to being capitalized and depreciated over the estimated useful lives of the assets.



## **ADDITIONAL INFORMATION**

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Title IIIB Senior Citizens	Title IIIC Nutrition	Title IIID Disease Prevention and Health Promotion	Title IIID Medication Management
<b>SUPPORT AND REVENUE</b>				
Grant revenue-state/pass-through	\$ 170,171	\$ 307,485	\$ 7,572	\$ 2,241
In-kind matching	15,787	34,306	1,240	390
USDA food reimbursement	-0-	76,703	-0-	-0-
Program income	5,147	67,115	-0-	-0-
Contributions	-0-	-0-	-0-	-0-
Interest income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>191,105</u>	<u>485,609</u>	<u>8,812</u>	<u>2,631</u>
<b>EXPENSES</b>				
Salaries and benefits	122,048	179,330	6,535	1,871
Travel and training	3,000	617	-0-	-0-
Consumable supplies	88	28,254	-0-	-0-
Buildings	810	9,358	-0-	-0-
Vehicles and equipment	11,326	20,109	-0-	-0-
Insurance	8,121	10,828	-0-	-0-
Occupancy	-0-	13,416	-0-	-0-
Contractual and consultants	383	754	-0-	-0-
Telephone and utilities	11,344	34,188	-0-	-0-
Food	-0-	133,801	-0-	-0-
Other	1,440	5,021	94	-0-
Interest	-0-	-0-	-0-	-0-
Indirect costs	24,326	39,069	1,187	370
Volunteer labor - nonfunded	15,787	34,306	1,240	390
Depreciation	<u>-0-</u>	<u>4,888</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL EXPENSES</b>	<u>198,673</u>	<u>513,939</u>	<u>9,056</u>	<u>2,631</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(7,568)	(28,330)	(244)	-0-
<b>NET ASSETS - BEGINNING OF YEAR AS RESTATED</b>	(115,136)	(19,984)	(4,572)	(668)
<b>TRANSFER IN (OUT)</b>	<u>7,568</u>	<u>27,175</u>	<u>244</u>	<u>-0-</u>
<b>NET ASSETS - END OF YEAR</b>	\$ <u>(115,136)</u>	\$ <u>(21,139)</u>	\$ <u>(4,572)</u>	\$ <u>(668)</u>

<u>Title III</u> <u>Caregiver</u>	<u>Elder</u> <u>Abuse</u>	<u>Health</u> <u>Benefits/</u> <u>SHIP</u>	<u>LIFE</u>	<u>Lighthouse</u> <u>In-Home</u> <u>Services</u>
\$ 61,515	\$ 2,075	\$ 4,992	\$ 173,867	\$ 133,939
18,288	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	2,712	14,628
-0-	-0-	-0-	-0-	-0-
<u>79,803</u>	<u>2,075</u>	<u>4,992</u>	<u>176,579</u>	<u>148,567</u>
45,713	1,784	4,195	86,256	97,323
40	-0-	10	-0-	3,358
336	-0-	-0-	5	-0-
101	-0-	-0-	-0-	-0-
788	-0-	-0-	14,785	-0-
2,707	-0-	-0-	9,083	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	8,955	-0-
2,501	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
1,630	-0-	-0-	2,070	638
-0-	-0-	-0-	-0-	-0-
9,131	330	787	17,960	22,176
18,288	-0-	-0-	-0-	-0-
-0-	-0-	-0-	1,289	-0-
<u>81,235</u>	<u>2,114</u>	<u>4,992</u>	<u>140,403</u>	<u>123,495</u>
(1,432)	(39)	-0-	36,176	25,072
(38,777)	890	(2,034)	108,855	142,979
<u>1,432</u>	<u>39</u>	<u>-0-</u>	<u>(36,176)</u>	<u>-0-</u>
\$ <u>(38,777)</u>	\$ <u>890</u>	\$ <u>(2,034)</u>	\$ <u>108,855</u>	\$ <u>168,051</u>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	<u>AIDS Prevention</u>	<u>Veterans Administration</u>	<u>Medicaid</u>	<u>Medicaid Waiver</u>
<b>SUPPORT AND REVENUE</b>				
Grant revenue-state/pass-through	\$ 47,303	\$ -0-	\$ -0-	\$ -0-
In-kind matching	-0-	-0-	-0-	-0-
USDA food reimbursement	-0-	-0-	-0-	-0-
Program income	-0-	279,927	222,408	590,613
Contributions	-0-	-0-	-0-	-0-
Interest income	<u>-0-</u>	<u>9</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>47,303</u>	<u>279,936</u>	<u>222,408</u>	<u>590,613</u>
<b>EXPENSES</b>				
Salaries and benefits	23,329	111,528	196,727	434,748
Travel and training	4,448	3,768	11,256	11,915
Consumable supplies	1,025	-0-	591	809
Buildings	-0-	-0-	14	79
Vehicles and equipment	75	-0-	-0-	60
Insurance	-0-	-0-	-0-	-0-
Occupancy	4,410	-0-	-0-	-0-
Contractual and consultants	200	-0-	-0-	160
Telephone and utilities	3,645	-0-	-0-	380
Food	-0-	-0-	-0-	-0-
Other	5,527	529	6,311	7,999
Interest	-0-	-0-	-0-	-0-
Indirect costs	4,644	25,582	44,167	97,607
Volunteer labor - nonfunded	-0-	-0-	-0-	-0-
Depreciation	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL EXPENSES</b>	<u>47,303</u>	<u>141,407</u>	<u>259,066</u>	<u>553,757</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	-0-	138,529	(36,658)	36,856
<b>NET ASSETS - BEGINNING OF YEAR AS STATED</b>	(4,029)	259,730	(519,824)	89,393
<b>TRANSFER IN (OUT)</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>NET ASSETS - END OF YEAR</b>	\$ <u>(4,029)</u>	\$ <u>398,259</u>	\$ <u>(556,482)</u>	\$ <u>126,249</u>

<u>Other Programs</u>	<u>Total</u>
\$ 191,618	\$ 1,102,778
-0-	70,011
-0-	76,703
71,901	1,237,111
123,563	140,903
<u>1,034</u>	<u>1,043</u>
<u>388,116</u>	<u>2,628,549</u>
79,800	1,391,187
3,132	41,544
651	31,759
10,824	21,186
25,655	72,798
2,707	33,446
-0-	17,826
10,827	21,279
2,433	54,491
5,696	139,497
41,299	72,558
13,761	13,761
15,491	302,827
-0-	70,011
<u>80,665</u>	<u>86,842</u>
<u>292,941</u>	<u>2,371,012</u>
95,175	257,537
1,846,165	1,742,988
<u>(282)</u>	<u>-0-</u>
\$ <u>1,941,058</u>	\$ <u>2,000,525</u>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO SCHEDULE OF SUPPORT AND REVENUE,**  
**EXPENSES AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 1 - RESTATEMENT OF NET ASSETS**

The individual program's September 30, 2008 net assets have been restated to agree to the September 30, 2008 accounting records. The restatement had no effect on the overall change in net assets. The restatement is as follows:

<u>Program</u>	<u>Net Assets</u> <u>at September 30, 2008,</u> <u>as originally reported</u>	<u>Change</u> <u>Increase</u> <u>(Decrease)</u>	<u>Net Assets</u> <u>at September 30, 2008,</u> <u>as Restated</u>
Title III B Senior Citizens	\$ -0-	\$ (115,136)	\$ (115,136)
Title IIIC Nutrition	30,548	(50,532)	(19,984)
Title IIID Disease Prevention and Health Promotion	-0-	(4,572)	(4,572)
Title IIID Medication Management	-0-	(668)	(668)
Title IIIE Caregiver	-0-	(38,777)	(38,777)
Elder Abuse	14	876	890
Health Benefits/SHIP	-0-	(2,034)	(2,034)
Life	3,197	105,658	108,855
Lighthouse in-home services	138,314	4,665	142,979
AIDS prevention	-0-	(4,029)	(4,029)
Veterans Administration	259,727	3	259,730
Medicaid	(520,290)	466	(519,824)
Medicaid Waiver	90,095	(702)	89,393
Other programs	<u>1,741,383</u>	<u>104,782</u>	<u>1,846,165</u>
<b>TOTAL</b>	<b>\$ <u>1,742,988</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>1,742,988</u></b>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES**  
**COMPARED TO GRANT BUDGET (NON-GAAP BASIS)**  
**OLDER AMERICANS ACT - TITLE IIIB, IIID, AND IIIE - GRANT NUMBER 2936**  
**GRANT PERIOD OCTOBER 1, 2008 TO SEPTEMBER 30, 2009**

		<u>Actual</u>				
	<u>Budget</u>	<u>IIIB</u>	<u>IIID</u>	<u>IIIE</u>	<u>(Over) Under Budget</u>	
<b>SUPPORT AND REVENUE</b>						
Federal	\$ 153,619	\$ 89,514	\$ 9,241	\$ 54,864	\$ -0-	
State	84,963	84,421	542	-0-	-0-	
In-kind - matching	35,705	15,787	1,630	18,288	-0-	
Program income	3,560	3,546	-0-	-0-	(14)	
Other	<u>2,154</u>	<u>1,601</u>	<u>-0-</u>	<u>-0-</u>	<u>(553)</u>	
<b>TOTAL SUPPORT AND REVENUE</b>	<u>280,001</u>	<u>194,869</u>	<u>11,413</u>	<u>73,152</u>	<u>(567)</u>	
<b>EXPENSES</b>						
Personnel	183,398	122,048	8,406	45,713	7,231	
Travel	775	2,419	-0-	-0-	(1,644)	
Printing and supplies	700	626	94	717	(737)	
Transportation	26,860	19,347	-0-	3,495	4,018	
Building space	1,089	1,300	-0-	101	(312)	
Communications and utilities	11,585	11,344	-0-	2,501	(2,260)	
Other	200	1,476	-0-	1,290	(2,566)	
Indirect costs	<u>19,689</u>	<u>24,326</u>	<u>1,557</u>	<u>9,131</u>	<u>(15,325)</u>	
<b>TOTAL EXPENSES</b>	<u>244,296</u>	<u>182,886</u>	<u>10,057</u>	<u>62,948</u>	<u>(11,595)</u>	
<b>GRANTEE'S SHARE</b>	<u>35,705</u>	<u>15,787</u>	<u>1,630</u>	<u>18,288</u>	<u>-0-</u>	
<b>GRAND TOTAL</b>	<u>\$ 280,001</u>	<u>198,673</u>	<u>11,687</u>	<u>81,236</u>	<u>\$ (11,595)</u>	
<b>(DECREASE) IN NET ASSETS</b>		(3,804)	(274)	(8,084)		
<b>TRANSFERS IN</b>		7,568	274	8,084		
Net assets from prior years not reprogrammed		<u>-0-</u>	<u>-0-</u>	<u>-0-</u>		
<b>NET ASSETS, SEPTEMBER 30, 2009</b>		<u>\$ 3,764</u>	<u>\$ -0-</u>	<u>\$ -0-</u>		

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES**  
**COMPARED TO GRANT BUDGET (NON-GAAP BASIS)**  
**ELDER ABUSE - GRANT NUMBER 2933**  
**GRANT PERIOD OCTOBER 1, 2008 TO SEPTEMBER 30, 2009**

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
<b>SUPPORT AND REVENUE</b>			
Federal	\$ <u>2,075</u>	\$ <u>2,075</u>	\$ <u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,075</u>	<u>2,075</u>	<u>-0-</u>
<b>EXPENSES</b>			
Personnel	1,774	1,784	(10)
Indirect costs	<u>301</u>	<u>330</u>	<u>(29)</u>
<b>TOTAL EXPENSES</b>	\$ <u>2,075</u>	<u>2,114</u>	\$ <u>(39)</u>
<b>(DECREASE) IN NET ASSETS</b>		(39)	
Transfers in		39	
Net assets from prior years not reprogrammed		<u>14</u>	
<b>NET ASSETS, SEPTEMBER 30, 2009</b>		\$ <u><u>14</u></u>	



**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES**  
**COMPARED TO GRANT BUDGET (NON-GAAP BASIS)**  
**LEGISLATIVE INITIATIVES FOR THE ELDERLY-LIFE-GRANT NUMBER 2903**  
**GRANT PERIOD JULY 1, 2008 TO JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
<b>SUPPORT AND REVENUE</b>			
State/Pass-Through	\$ <u>189,644</u>	\$ <u>189,644</u>	\$ <u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>189,644</u>	<u>189,644</u>	<u>-0-</u>
<b>EXPENSES</b>			
Personnel	24,251	65,851	(41,600)
Fringe benefits	7,939	20,868	(12,929)
Printing and supplies	50	40	10
Equipment	17,294	17,294	-0-
Other	134,387	70,050	64,337
Indirect costs	<u>5,723</u>	<u>15,541</u>	<u>(9,818)</u>
<b>TOTAL EXPENSES</b>	\$ <u>189,644</u>	<u>189,644</u>	\$ <u>-0-</u>
<b>INCREASE IN NET ASSETS</b>			-0-
Net assets from prior years not reprogrammed			<u>-0-</u>
<b>NET ASSETS, JUNE 30, 2009</b>		\$ <u>-0-</u>	

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES**  
**COMPARED TO GRANT BUDGET (NON-GAAP BASIS)**  
**AIDS PREVENTION - GRANT NUMBER G080673**  
**GRANT PERIOD JANUARY 1, 2008 TO DECEMBER 31, 2008**

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
<b>SUPPORT AND REVENUE</b>			
State/Pass-Through	\$ <u>82,000</u>	\$ <u>82,000</u>	\$ <u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>82,000</u>	<u>82,000</u>	<u>-0-</u>
<b>EXPENSES</b>			
Personnel	30,843	29,740	1,103
Fringe Benefits	8,214	8,081	133
Equipment and other capital expenditures	998	582	416
Materials and supplies	6,905	4,265	2,640
Professional service costs	300	150	150
Rental costs	3,860	3,860	-0-
Other	17,662	11,987	5,675
Subgrants	4,500	4,679	(179)
Contract services	1,515	1,715	(200)
Indirect costs	<u>7,203</u>	<u>7,038</u>	<u>165</u>
<b>TOTAL EXPENSES</b>	\$ <u>82,000</u>	<u>72,097</u>	\$ <u>9,903</u>
<b>INCREASE IN NET ASSETS</b>		9,903	
Net assets from prior years not reprogrammed		<u>13,877</u>	
<b>NET ASSETS, DECEMBER 31, 2008</b>		\$ <u>23,780</u>	

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Agency/ Pass-through Number</u>	<u>Program Period</u>
<b>FEDERAL AWARDS</b>		
<b>Department of Health and Human Services</b>		
Pass-through West Virginia State College, Metro Area Agency on Aging:		
Title IIIB Senior Citizens	2936	10/01/08 - 09/30/09
Title IIIC Nutrition Services	N/A	10/01/08 - 09/30/09
Title IIID Disease Prevention and Health Promotion	2936	10/01/08 - 09/30/09
Title IIID Medication Management	2936	10/01/08 - 09/30/09
Title IIIE Caregiver	2936	10/01/08 - 09/30/09
Elder Abuse	2933	10/01/08 - 09/30/09
Nutrition Services Incentive Program	N/A	10/01/08 - 09/30/09
Pass-through West Virginia Department of Health and Human Resources:		
AIDS Prevention	G080673	01/01/08 - 12/31/08
AIDS Prevention	G090702	01/01/09 - 12/31/09
Total Federal Awards		

**STATE AWARDS**

**West Virginia State College, Metro Area  
Agency on Aging**

Title IIIB Senior Citizens	2936	10/01/08 - 09/30/09
Title IIIC Nutrition Services	N/A	10/01/08 - 09/30/09
Title IIIC State Supplemental Nutrition	N/A	07/01/08 - 06/30/09
Title IIID Disease Prevention and Health Promotion	2936	10/01/08 - 09/30/09
Title III E Caregiver	2936	10/01/08 - 09/30/09

<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
\$ 89,514	\$ 85,750	\$ 85,750
194,516	194,516	194,516
7,030	7,030	7,030
2,211	2,211	2,211
54,864	54,864	54,864
2,075	2,075	2,075
76,703	76,703	76,703
82,000	23,875	23,875
82,000	<u>23,428</u>	<u>23,428</u>
	<u>470,452</u>	<u>470,452</u>
84,421	84,421	84,421
32,626	32,626	32,626
80,343	80,343	80,343
542	542	542
2,154	2,154	2,154

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal or State Grantor/Pass-through Grantor/ Program Title</u>	<u>Agency/ Pass-through Number</u>	<u>Program Period</u>
<b>STATE AWARDS (CONTINUED)</b>		
<b>West Virginia State College, Metro Area Agency on Aging (Continued)</b>		
LIFE	2903	07/01/08 - 06/30/09
LIFE	21003	07/01/09 - 06/30/10
Transportation	2950	07/01/08 - 06/30/09
Transportation	21050	07/01/09 - 06/30/10
Alzheimer's Respite	2950	07/01/08 - 06/30/09
Alzheimer's Respite	21050	07/01/09 - 06/30/10
Lighthouse	2950	07/01/08 - 06/30/09
Lighthouse	21050	07/01/09 - 06/30/10
<b>West Virginia Bureau of Senior Services:</b>		
Senior Grant	SC2839	07/01/07 - 06/30/09
Senior Grant	SC2882	07/01/08 - 06/30/09
Senior Grant	SC2943	07/01/08 - 06/30/09
 Total State Awards		
 Total Federal and State awards		

<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
\$ 189,644	\$ 162,953	\$ 162,953
189,644	10,914	10,914
34,997	31,497	31,497
34,997	5,419	5,419
44,906	23,893	23,893
52,000	11,721	11,721
196,159	98,155	79,781
240,000	35,784	29,086
80,399	22,744	22,744
30,000	30,000	30,000
70,250	<u>66,343</u>	<u>66,343</u>
	<u>699,509</u>	<u>674,437</u>
	<u>\$ 1,169,961</u>	<u>\$ 1,144,889</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
AND ON COMPLIANCE**

# Ware & Hall, PLLC

Certified Public Accountants

The River Tower, Suite 601, 1108 3<sup>rd</sup> Avenue  
Post Office Box 819, Huntington, West Virginia 25712-0819  
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA  
William L. Hall, CPA

Members of  
American Institute of  
Certified Public Accountants  
WV Society of Certified Public Accountants

## **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***

Board of Directors  
Cabell County Community  
Services Organization, Inc.  
Huntington, West Virginia

We have audited the financial statements of Cabell County Community Services Organization, Inc. (a non-profit organization) as of and for the year ended September 30, 2009, and have issued our report thereon dated March 19, 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 Cabell County Community Services Organization, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cabell County Community Services Organization, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiencies described in the accompanying schedule of findings as items 09-1 through 09-2 to be



significant deficiencies in internal control over financial reporting.

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 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, of the significant deficiencies described above, we consider item 09-2 to be a material weakness.

#### Compliance and Other Matters

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

The Organization's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit Cabell County Community Services Organization, Inc.'s response and, accordingly, we express no opinion on it.

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

*Wane & Hall PLLC*

Huntington, West Virginia  
March 19, 2010

## **SCHEDULE OF FINDINGS**

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**09-1 INDIRECT COSTS**

Condition: We noted the following during our review of the Organization's indirect cost allocation:

- The indirect cost allocation plan has not been updated since September 30, 2005.
- Certain management and general personnel whose compensation is charged to the indirect cost pool do not maintain activity reports. Their compensation is charged based on predetermined percentages.
- The entire cost of insurance on the contents of the Organization is charged to the indirect cost pool.
- All non-long distance telephone costs are charged to the indirect cost pool.
- All use taxes are charged to the indirect cost pool.
- Errors were noted in the allocation of indirect costs to the various programs.

Criteria: OMB Circular A-122 "Cost Principles for Non-Profit Organizations" prescribes the following:

- An indirect cost proposal must be updated within six months after the close of each fiscal year.
- Reports reflecting the distribution of activity of each employee must be maintained for all employees whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for employees whose work involves two or more functions or activities if a distribution of their compensation is needed in the determination of the Organization's indirect cost rate. The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (estimates determined before the services are performed) do not qualify as proper support for charges to awards.
- Indirect costs are those costs that have been incurred for the common or joint objectives and cannot be readily identified with a particular final cost objective. Costs identified specifically with awards are direct costs of the awards and are to be assigned directly thereto.

Effect: Failure to follow the established cost principles could result in inaccurate financial reporting. In addition, a portion of the indirect costs charged to the various programs could be disallowed by the various funding sources.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**09-1 INDIRECT COSTS (CONTINUED)**

Recommendation: Implement procedures to ensure:

- The indirect cost proposal is updated within six months after the close of each fiscal year.
- Personnel activity reports are maintained by all employees whose compensation is charged to the indirect cost pool.
- Only allowable indirect costs are charged to the indirect cost pool. Those costs identified specifically with an award are to be assigned directly thereto.
- Costs are to be allocated to a particular cost objective in accordance with the relative benefits received.

Portions of this finding were also noted in the prior year audit.

**09-2 RECONCILIATION OF ACCOUNTING RECORDS TO SUPPORTING INFORMATION**

Condition: Audit adjusting entries were required to be made to reflect accurate balances in the Organization's year end assets, liabilities, revenues, and expenses. These include receivables, fixed assets, deferred revenue, net assets, transfers, revenue and expenses.

Criteria: One of the objectives of an internal control system is to provide management with reasonable assurance that transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Effect: Management has not produced year end financial statements presented in accordance with generally accepted accounting principles.

Recommendation: We recommend management develop year end closing procedures to reconcile the general ledger control accounts with the supporting subsidiary ledgers, accrual worksheets, depreciation schedule, etc, to ensure that transactions are recorded completely, timely, and accurately in order to prepare year end financial statements in accordance with generally accepted accounting principles.

## **CORRECTIVE ACTION PLAN**



*"For the Seniors"*

724 10th Avenue

Huntington, West Virginia 25701

Phone: (304) 529-4952 • (304) 529-0954 • Fax: (304) 525-2061

May 12, 2010

Robert E. Roswall  
Executive Director

Bob Bailey  
President

Dale Stephens  
Vice President

Terry H. Cunningham  
Secretary

W. Scott Bias  
Treasurer

Dan Ware  
Ware and Hall, PLLC  
108 Third Avenue Suite 601  
P.O. Box 819  
Huntington, WV 25712

Mr. Ware,

Here is CCCSO's Corrective Action Plan to our 2009 Audit.

09-1 Indirect Costs

CCCSO has a new direct cost plan under contract with Fyffe and Jones. The draft is dated 5/7/2010 and is based on the last completed audit (2008). The contract includes new indirect cost allocation based on the 2009 audit report to be completed also.

Currently all CCCSO staff including indirect are keeping activity reports.

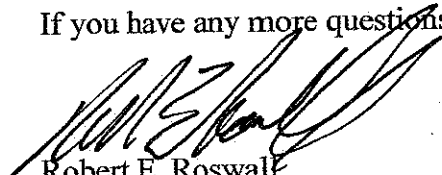
All costs that can be readily identified with a particular cost objective are now being allocated to that objective.

09-2 Reconciliation of Accounting Records

CCCSO now posts at 9/30 the previous years 9 months for grants that end 6/30 then receives entries on October 1.

Depreciation schedule is now being done by CCCSO staff, we had previously relied on Auditors to do depreciation.

If you have any more questions you can contact me at 304-529-4952.

  
Robert E. Roswall  
Executive Director  
CCCSO Inc.  
RER/taa



EDEN PARK, INC.  
730 TENTH AVENUE  
HUNTINGTON, WV 25701

cccssoinc@cccsso.com

