

KANAWHA VALLEY SENIOR SERVICES, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

WITH

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Kanawha Valley Senior Services, Inc.
Charleston, West Virginia

We have audited the accompanying statement of financial position of Kanawha Valley Senior Services, Inc. (KVSS), a nonprofit organization, as of September 30, 2008, and the related statement activities and cash flows for the year then ended. These financial statements are the responsibility of KVSS's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of KVSS for the year ended September 30, 2007 were audited by other auditors whose report, dated November 30, 2007 expressed an unqualified opinion on those statements.

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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 2008 financial statements referred to above present fairly, in all material respects, the financial position of KVSS as of September 30, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2009 on our consideration of KVSS'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 KVSS taken as a whole. The supplemental Schedule of Federal, State and Other Support, Expenditures and Changes in Net Assets on pages 17 - 18 is presented for purposes of additional analysis and is 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 2008 financial statements taken as a whole.

A handwritten signature in cursive script that reads "Seattle & Stalaker, PLLC".

Charleston, West Virginia
April 22, 2009

KANAWHA VALLEY SENIOR SERVICES, INC.
 STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2008 AND 2007

	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 527,185	\$ 413,089
Client service receivables, less allowance for uncollectable accounts	388,459	258,559
Grants receivable	125,600	70,640
Other receivables	305	3,323
Other current assets	34,324	29,039
Total current assets	1,075,873	774,650
Fixed assets		
Property and equipment, less accumulated depreciation	801,347	715,032
Investments		
Beneficial interest in trust	13,758	14,208
Marketable equity securities	12,127	11,677
Total investments	25,885	25,885
Total assets	\$ 1,903,105	\$ 1,515,567
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 34,014	\$ 39,894
Accrued liabilities	152,081	92,423
Refundable advances	174,079	-
Total current liabilities	360,174	132,317
Net assets		
Unrestricted	1,538,194	1,360,359
Unrestricted - board designated	-	14,208
Total unrestricted	1,538,194	1,374,567
Temporarily restricted	4,737	8,683
Total net assets	1,542,931	1,383,250
Total liabilities and net assets	\$ 1,903,105	\$ 1,515,567

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

KANAWHA VALLEY SENIOR SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Changes in unrestricted net assets		
Support and revenue		
Client service revenue and program support		
Community care revenue	\$ 1,289,925	\$ 1,349,030
Senior support/day treatment	987,598	848,653
Title III	471,533	473,243
Lighthouse	570,084	32,321
Other federal support	4,485	7,464
Other state support	113,470	91,588
Other income	<u>22,132</u>	<u>17,855</u>
Total support and revenue	<u>3,459,227</u>	<u>2,820,154</u>
Expenses		
Salaries and wages	1,996,104	1,555,052
Payroll taxes and fringes	494,855	349,120
Insurance	81,131	99,586
Office expense	66,669	61,524
Program costs	188,110	137,807
Occupancy	67,472	61,675
Depreciation	66,230	64,427
Printing and publications	20,601	20,904
Travel	88,276	83,316
Equipment	7,170	4,637
Repairs and maintenance	13,712	11,962
Vehicles	96,623	62,173
Contractual services	95,253	60,752
Miscellaneous expense	<u>22,093</u>	<u>50,081</u>
Total expenses	<u>3,304,299</u>	<u>2,623,016</u>
Operating income	154,928	197,138
Investment income	4,753	11,266
Gain on disposition of asset	<u>-</u>	<u>12,300</u>
Excess of revenue over expenditures	159,681	220,704
Net assets released from restrictions for the use of restricted property and equipment	<u>3,946</u>	<u>3,158</u>
Increase in unrestricted net assets	<u>163,627</u>	<u>223,862</u>
Changes in temporarily restricted net assets		
Net assets released from restrictions	<u>(3,946)</u>	<u>(3,158)</u>
Decrease in temporarily restricted net assets	<u>(3,946)</u>	<u>(3,158)</u>
INCREASE IN NET ASSETS	159,681	220,704
Net assets, beginning of year	<u>1,383,250</u>	<u>1,162,546</u>
Net assets, end of year	<u>\$ 1,542,931</u>	<u>\$ 1,383,250</u>

KANAWHA VALLEY SENIOR SERVICES, INC
 STATEMENTS OF CASH FLOWS
 YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Increase in net assets	\$ 159,681	\$ 220,704
Adjustments to reconcile net changes in operating activities		
Depreciation	66,230	64,427
Gain (loss) on disposal of assets	-	(12,300)
(Increase) decrease in assets		
Client service receivables	(129,899)	(69,665)
Grants receivable	(54,960)	11,019
Other receivables	3,018	(3,091)
Other current assets	(5,285)	8,912
Increase (decrease) in liabilities		
Accounts payable	(5,880)	6,032
Accrued liabilities	59,658	14,629
Refundable advances	174,079	(22,328)
	<u>266,642</u>	<u>218,339</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Cash purchases of property and equipment	(152,546)	(59,149)
Proceeds from disposal of assets	-	12,300
Purchases of securities	-	(4,064)
	<u>(152,546)</u>	<u>(50,913)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	114,096	167,426
Cash and cash equivalents, beginning of year	<u>413,089</u>	<u>245,663</u>
Cash and cash equivalents, end of year	<u>\$ 527,185</u>	<u>\$ 413,089</u>

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

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NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS - Kanawha Valley Senior Services, Inc. (KVSS) is a nonprofit organization located in Charleston, West Virginia created to provide programs to serve the elderly of the Kanawha Valley. The primary sources of support and revenue are fees for services provided and grants.

TEMPORARILY RESTRICTED NET ASSETS - The temporarily restricted category is comprised of funds whose use has been limited by donors to a specific time period and/or purpose. Temporarily restricted net assets are comprised of cash received for the purchase of real estate, and property and equipment purchased with grant funds that restrict the use and disposition of the property and equipment. KVSS records a release of these restrictions when the qualifying expenditure is made or over the life of the assets.

UNRESTRICTED NET ASSETS - Unrestricted net assets are comprised of funds whose use is limited only to the extent that the organization's by-laws limit the activities of the organization. Contributions with donor-imposed restrictions that are met in the same year in which the contribution is recognized are reported as changes in unrestricted net assets.

USE OF 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.

REVENUE RECOGNITION - Contributions and grants with donor imposed conditions are reported as revenue when qualifying expenses have been incurred or other conditions have been met. Cash received but not yet expended for these conditional grants is recorded as refundable advances. Use of this cash is restricted to the purposes of the grant or contribution. Unrestricted grants and contributions are recorded as revenue in the period received.

PROPERTY AND EQUIPMENT - Property and equipment with a cost of \$500 or more are capitalized at cost and depreciated over the estimated useful lives of the assets. Useful lives are 4 to 5 years for office equipment and vehicles, and 40 years for buildings.

INCOME TAXES - KVSS is a nonprofit corporation classified under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes derived from its nonprofit activities. The Internal Revenue Service has classified KVSS as a publicly supported organization, which is not a private foundation.

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

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NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTED SERVICES - Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. Contributed services which are recognized are valued at the estimated cost that would have been incurred by KVSS to purchase similar services.

CASH AND CASH EQUIVALENTS - For purposes of the statements of cash flows, cash and cash equivalents include cash deposits in bank accounts and investments in highly liquid debt instruments with a maturity of three months or less.

CLIENT SERVICE RECEIVABLES - KVSS provides service programs for eligible seniors requiring in-home health related services and transportation to specific services. Caregiver programs are also provided to those who have a family member to whom they provide care. These services are reimbursable by Medicaid based on prospectively determined per diem rates. Services billed by KVSS are subject to adjustment by Medicaid. Adjustments, if any, are recorded when they are identified. Therefore, client service receivables are reported at estimated net realizable value. Amounts are generally written off if unresolved differences between KVSS and Medicaid exceed a twelve-month period. Receivables must have Board approval prior to charging off.

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - KVSS has established an allowance for uncollectible accounts based on amounts charged off subsequent to September 30, 2008, and an analysis of the likelihood of collectability of the remaining accounts. The allowance for doubtful accounts as of September 30, 2008 and 2007 was \$9,182 and \$20,799, respectively and has been netted against client service receivables and revenue.

INVESTMENTS - Investments consist of equity securities with readily determinable fair values. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of expenses over revenues unless the income or loss is restricted by donor or law. Unrealized gains and losses on the investments are excluded from the excess of expenses over revenues unless the investments are trading securities. Related expenses, such as custodial fees were reported net of related investment revenues.

OTHER POST EMPLOYMENT BENEFITS (OPEB) - KVSS is part of the state's OPEB plan. They have been billed \$54,159. This amount has been accrued as a liability for KVSS.

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

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NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECLASSIFICATIONS - Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation. Such reclassifications did not impact net assets.

NOTE 2 -- CASH AND CASH EQUIVALENTS

KVSS often maintains cash in checking accounts and other interest-bearing deposits exceeding Federal Deposit Insurance Corporation (FDIC) coverage. At September 30, 2008, KVSS's deposits exceeded the FDIC \$100,000 limit by approximately \$249,000. Management believes that the deposits are in financially sound financial institutions resulting in little credit risk associated with the deposits. Subsequent to year end the FDIC limit was raised to \$250,000 through December 31, 2009.

NOTE 3 -- PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Land	\$ 50,000	\$ 50,000
Buildings	769,346	738,446
Equipment	<u>549,706</u>	<u>561,445</u>
	1,369,052	1,349,891
Less accumulated depreciation	<u>(567,705)</u>	<u>(634,859)</u>
	<u>\$ 801,347</u>	<u>\$ 715,032</u>

Depreciation expense charged to operations totaled \$66,230 and \$64,427 for the years ended September 30, 2008 and 2007, respectively.

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

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NOTE 4 -- INVESTMENTS

As of September 30, 2008, the Organization reported \$12,127 as marketable equity securities and \$13,758 related to the beneficial interest in a trust held with the Greater Kanawha Valley Foundation.

Investments in marketable equity securities are reported at fair value and are subject to risks associated with general market conditions as well as risks associated with the type of security or with the industries in which the investments are concentrated. Future changes in market prices can cause financial instruments to be more or less valuable.

KVSS invested \$20,000 with the Greater Kanawha Valley Foundation (GKVF). As such, KVSS created Fund 1 with \$10,000 and Fund 2 with \$10,000. Both funds were established with Kanawha Valley Senior Services, Inc. as the beneficiary and GKVF was granted variance power. However, Fund 1 contributions can be withdrawn at any time, while Fund 2 was placed in perpetuity. Therefore, Fund 1 is reported on the Statement of Financial Position at September 30, 2008 and 2007 at a market value of \$13,758 and \$14,208, respectively, while Fund 2 is not reported in the financial statements.

NOTE 5 -- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2008 and 2007 consist of vehicles acquired with grant funds whose title will revert to the grantor unless the vehicles are used for 5 years or 85,000 miles. Amounts so restricted at September 30, 2008 and 2007 were \$4,737 and \$8,683, respectively.

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

NOTE 6 -- CONCENTRATIONS OF CREDIT RISK

KVSS generates a substantial portion of its revenue from Medicaid reimbursements and Title III grants. Medicaid amounts are paid on a cost reimbursement basis and are subject to audit and disallowance of charges based on a determination of whether the charges complied with all pertinent Medicaid regulations. If amounts are required to be repaid, such amounts will be recognized if an audit is performed and an amount can be reasonably determined.

KVSS extends credit for services provided without collateral. The mix of net receivables and revenue of its total unrestricted support and revenue exclusive of investment income at September 30, 2008 and 2007 and for the years then ended was as follows:

	<u>2008</u>	<u>2007</u>
Net receivable from:		
Medicaid	37%	65%
Title III	21%	20%
Other	<u>42%</u>	<u>15%</u>
	<u>100%</u>	<u>100%</u>
Net revenue from:		
Medicaid	42%	54%
Title III	14%	17%
Other	<u>44%</u>	<u>29%</u>
	<u>100%</u>	<u>100%</u>

A reduction in the level of this reimbursement and support, if this were to occur, may have a significant effect on KVSS's programs and activities.

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

NOTE 7 -- FUNCTIONAL EXPENSES

KVSS incurred expenses in the conduct of the following programs for the years ended September 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Community Care Program: KVSS provides an in-home care program, funded by the Medicaid program that makes personal assistance available to eligible adults.	\$ 1,286,931	\$ 1,272,260
Senior Support/Day Care: KVSS provides the elderly with a program of socialization and prevention as well as a clinical day center treatment program for adults.	320,030	370,863
Title III Programs: Older Americans Act funds that cover social support activities including case management, transportation, assessments, etc. KVSS also makes caregiver training available to family members providing care.	396,114	419,849
Lighthouse: KVSS provides for in-home assistance for seniors who have functional needs in their homes who do not qualify for other programs.	478,274	29,153
Transportation: KVSS provides transportation services to seniors.	454,463	313,725
Other programs that benefit senior citizens	<u>353,621</u>	<u>211,889</u>
	<u>\$ 3,289,433</u>	<u>\$ 2,617,739</u>

The above amounts include a proportionate allocation of all management and general and indirect costs, which totaled approximately \$525,000 and \$480,000 for the years ended September 30, 2008 and 2007, respectively.

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

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NOTE 8 -- CONTINGENT LIABILITIES

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

NOTE 9 -- PENSION PLAN

KVSS sponsors a contributory defined contribution pension plan covering qualified employees. All regular, full-time employees of KVSS with at least one full year of service are eligible to participate. Under the Plan employees are required to contribute 2.5% of their annual compensation to the Plan, which is 100% vested with the employee. KVSS's contribution to the Plan is 4.5% of eligible employee annual compensation, and becomes fully vested after four years. KVSS's contributions to the Plan for the years ended September 30, 2008 and 2007, totaled \$26,239 and \$28,117, respectively.

NOTE 10 -- OPERATING LEASES

The Corporation leases facilities under operating lease agreements. Occupancy expense for September 30, 2008 and 2007 was \$67,472 and \$61,675, respectively. Future minimum rental commitments are as follows as of September 30, 2008:

<u>Year ended September 30</u>	
2009	\$ 22,800
2010	21,800
2011	<u>3,600</u>
Total	<u>\$ 48,200</u>

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

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NOTE 11 -- RELATED ENTITY

KVSS has an independent auxiliary called Kanawha Valley Senior Services Auxiliary, Inc. This entity is used to facilitate programs and fund raising activities for the benefit of KVSS. Currently KVSS handles all accounting functions for this entity. However, the entity maintains its own checking account. The following summarizes the transactions within the account during September 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Cash	\$ <u>1,719</u>	\$ <u>2,128</u>
Revenues	\$ 657	\$ 1,704
Expenses	<u>1,066</u>	<u>1,116</u>
Change in Cash	<u>\$ (409)</u>	<u>\$ 588</u>

These transactions have not been incorporated into the transactions of KVSS due to the independent nature of the Board.

SUPPLEMENTAL INFORMATION

KANAWHA VALLEY SENIOR SERVICES, INC.
 Schedule of Federal, State and Other Support, Expenditures and Changes in Net Assets
 Year Ended September 30, 2008

Federal Grantor	Federal Financial Assistance				State Financial Assistance			
	Department of Health and Human Services				N/A			
Pass-Thru Grantor	WVSC Metro Area Agency on Aging				West Virginia Department of Health and Human Services			
	Title IIB Senior Citizens 10/01/07 - 09/30/08 93,044	Title IID Preventative Health 10/01/07 - 09/30/08 93,043	Title III Elder Abuse 10/01/07 - 09/30/08 93,041	Title IIIA Caregiver 10/01/07 - 09/30/08 93,052	Alzheimer's 07/01/07 - 06/30/08 93,051	Transportation 10/01/07 - 09/30/08	Community Care Program (CCP) 10/01/07 - 09/30/08	Safe Harbor/ Day Treatment 10/01/07 - 09/30/08
	\$ 146,473	\$ 15,836	\$ 4,485	\$ 122,381	\$ 127,220	\$ -	\$ -	\$ -
Federal	123,965	1,071	-	-	-	28,306	909,538	436,940
State	-	-	-	-	-	100,924	-	-
Medicaid/Transportation	-	-	-	-	-	-	380,240	-
Veterans Homemaker	18,800	1,863	41,144	1,000	1,000	24,216	146	1,372
Miscellaneous	289,238	18,770	4,485	163,525	128,220	153,446	1,289,924	438,312
Total Support and Revenue								
	116,004	3,883	85,400	85,400	69,926	153,917	784,908	164,376
Salary and wages	44,785	1,826	19,721	19,721	11,519	69,308	159,910	30,136
Payroll taxes and benefits	2,352	6	2,280	2,280	1,902	21,689	26,413	5,116
Insurance	2,919	-	3,011	3,011	12	7,995	9,589	7,549
Office expense	1,796	3,865	6,720	6,720	29,289	7,197	9,312	6,415
Program costs	205	2,326	-	12,000	-	12,000	11,001	28,724
Occupancy - Space	8,978	94	3,761	3,761	1,302	417	1,806	2,237
Travel	-	-	874	874	56	62	1,347	6,574
Non-capitalized equipment	-	-	1,123	1,123	-	1,583	326	1,551
Repairs and maintenance	13	2,800	320	320	-	96,402	-	20
Vehicle Costs	110	2,004	212	212	36	1,455	18,208	8,062
Consultant/Contractual	-	-	-	-	-	3,880	7,985	3,254
Miscellaneous	-	-	-	-	-	-	220	58
Capitalized property and equipment	177,162	16,804	3,614	135,768	114,042	376,511	1,075,533	267,479
Total Expenses	35,357	3,227	675	16,166	16,166	77,952	211,397	52,551
Allocation of indirect costs	212,519	20,031	4,289	163,564	130,208	454,463	1,286,930	320,030
Total Expenditures								
Total Support and Revenue Over Expenditures	76,719	(1,261)	196	(39)	(1,988)	(301,017)	2,994	118,282
Depreciation expense under GAAP	(315)	-	-	(3,560)	-	(24,434)	(933)	(1,644)
Capitalized equipment	-	-	-	-	-	-	-	-
Property and equipment capitalized	-	-	-	-	-	-	-	-
Transfer In/(Out)	(76,404)	1,261	3,599	3,599	1,988	324,304	-	(19,000)
Increase (Decrease) in Net Assets	-	-	196	-	196	(1,147)	2,061	97,638
BEGINNING NET ASSETS	-	-	-	-	-	(18,791)	247,136	752,747
ENDING NET ASSETS	\$ -	\$ -	\$ 196	\$ -	\$ -	\$ (19,938)	\$ 249,197	\$ 850,385



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
Kanawha Valley Senior Services, Inc.
Charleston, West Virginia

We have audited the financial statements of Kanawha Valley Senior Services, Inc. (KVSS) as of and for the year ended September 30, 2008, and have issued our report thereon dated April 22, 2009. 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 KVSS'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 KVSS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the KVSS's internal control over financial reporting.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 entity's internal control.

Our consideration of 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KVSS'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*.

We noted certain matters that we have reported to management of the KVSS in a separate letter dated April 22, 2009.

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



Charleston, West Virginia
April 22, 2009