

**RITCHIE COUNTY INTEGRATED FAMILY
SERVICES, INCORPORATED**

Financial Statements

September 30, 2009

RITCHIE COUNTY INTEGRATED FAMILY SERVICES, INCORPORATED
Financial Statements
September 30, 2009

Table Of Contents

Independent Auditor's Report	
	<u>Page</u>
Financial Statements:	
Statement of Financial Position	1
Statement of Activities	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7
Supplementary Information	
Schedule of Support, Revenue and Expenses – Personal Care	8
Schedule of Support, Revenue and Expenses – Nutrition Programs	9
Schedule of Support, Revenue and Expenses – Transportation Programs	10
Schedule of Support, Revenue and Expenses – Other Programs	11
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	12-13
Schedule of Expenditure of Federal Awards	14
Schedule of State Awards	15

Independent Auditor's Report

Board of Directors

Ritchie County Integrated Family Services, Incorporated:

I have audited the accompanying statement of financial position of Ritchie County Integrated Family Services, Incorporated (a West Virginia non-profit corporation) as of September 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. The financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

As explained in the notes to the financial statements, the Organization expenses the cost of long-lived property and equipment acquired by purchase, donation or capital lease. In my opinion, accounting principles generally accepted in the United States of America require these assets to be capitalized and depreciated over the estimated useful lives of the assets. It was not practical to determine the effects of the unrecorded long-lived property and equipment and related capital lease debt on the financial statements.

In my opinion, except for the effects of not capitalizing and depreciating long-lived property and equipment, the financial statements referred to above present fairly, in all material respects, the financial position of Ritchie County Integrated Family Services, Incorporated, as of September 30, 2009, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Audit Standards*, I have also issued my report dated January 29, 2010 on my consideration of Ritchie County Integrated Family Services, Incorporated's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

The accompanying schedule of expenditure of federal awards and schedule of state awards are presented for purposes of additional analysis as required by OMB Circular A-133 "Audits of States, Local Governments, and Non-profit Organizations," and are not a required part of the basis financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alice M. Harris, CPA

Alice M. Harris, CPA
January 29, 2010

RITCHIE COUNTY INTEGRATED FAMILY SERVICES, INCORPORATED
Notes to Financial Statements

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The purpose of Ritchie County Integrated Family Services, Incorporated (a not-for-profit organization) is to study the social service needs of Ritchie County, West Virginia and its contiguous counties and to take such actions as are necessary to assist in meeting these needs.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America with the exception that the Organization does not capitalize and depreciate the cost of long-lived property and equipment.

Basis of Presentation - The Organization has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, an organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- . Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- . Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or passage of time.
- . Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the organization. Generally, the donors of the assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Contributed Property and Equipment - Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, Ritchie County Integrated Family Services, Incorporated considers all cash on hand and cash in checking accounts to be cash and cash equivalents.

Income Tax Status - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

RITCHIE COUNTY INTEGRATED FAMILY SERVICES, INCORPORATED
Notes to Financial Statements, Continued

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

Property and Equipment - All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments are expensed during the year of purchase. This policy is not in accordance with accounting principles generally accepted in the United States of America which require that all acquisitions of property and equipment be capitalized and depreciated over the estimated useful life of the assets. The independent auditor's report has been qualified to reflect this departure from accounting principles generally accepted in the United States of America.

Advertising – It is the policy of the Organization to expense advertising costs as incurred.

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 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.

DONATED SERVICES

Several members of the Organization have donated significant amounts of time to the Organization in furthering its programs and activities. No amounts have been disclosed in the financial statements for donated member or volunteer services inasmuch as no objective basis is available to measure the value of such services.

RETIREMENT PLAN

The Organization maintains a retirement plan under Internal Revenue Code Section 403(b). Under the plan employees are permitted to defer a portion of their salaries to be contributed to the retirement plan. Currently, there are no matching provisions for the Organization.

LINE OF CREDIT

The Organization entered into a line of credit arrangement with a local bank. Outstanding balances are payable on demand and accrue interest at 6.75%. The note is unsecured. As of September 30, 2009, there were no outstanding balances on the line of credit.

RITCHIE COUNTY INTEGRATED FAMILY SERVICES, INCORPORATED
Notes to Financial Statements, Continued

EQUIPMENT LEASES

The Organization leases copier and fax equipment under the terms of a lease with a monthly payment of \$150 expiring March 2011. Accounting principals generally accepted in the United States of America require that these leases be treated as capital acquisitions. However, as previously stated, the Organization does not capitalize property and equipment purchases as required by generally accepted accounting principals and the independent auditor's report has been qualified to reflect this departure. Rather the above mentioned lease payments are expensed as paid by the Organization.

FUNCTIONAL ALLOCATION OF EXPENSES

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

CONCENTRATIONS OF RISK DISCLOSURE

The Organization is economically dependent on grants from various federal, state and local governments for the operation of their programs. The Organization's ability to receive these grants is somewhat dependent on the national, state and local economy.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Ritchie County Integrated Family Services, Inc.

I have audited the financial statements of Ritchie County Integrated Family Services, Inc., (a nonprofit organization) as of and for the year ended September 30, 2009, and have issued my report thereon dated January 29, 2010, which was qualified for not capitalizing the cost of fixed assets. I conducted my 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 my audit, I considered Ritchie County Integrated Family Service, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Integrated Family Services, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization'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 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.

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.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I considered to be a material weakness as defined above.

**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, CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ritchie County Integrated Family Services, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 audit committee, management, and the U.S. Health and Human Services and is not intended to be and should not be used by anyone other than these specified parties.

Alice M. Harris, CPA

Alice M. Harris, CPA
January 29, 2010

RITCHIE COUNTY INTEGRATED FAMILY SERVICES, INCORPORATED
Schedule of Support, Revenue and Expenses - Personal Care
Year ended September 30, 2009

	Title III B	Title III E	Title III D	Alzheimers Program	Adult Day Care	Medicaid Waiver	Local	Lighthouse Program	Totals
Support and revenue:									
Federal grant awards	\$ 27,261	5,450	848	-	-	-	-	-	33,559
State grant awards	18,008	-	66	24,212	-	-	-	72,016	114,302
Project income	4,765	-	-	-	1,877	-	-	-	6,642
Donations	-	401	-	1,124	40	-	139	-	1,704
Personal care fund	-	-	-	-	-	-	28,559	-	28,559
Medicaid	-	-	-	-	-	81,304	113,613	-	194,917
Medication management	-	-	219	-	-	-	-	-	219
Other income	-	-	-	-	-	-	809	-	809
Total support & revenue	50,034	5,851	1,133	25,336	1,917	81,304	143,120	72,016	380,711
Expenses:									
Personnel	23,403	5,907	1,107	22,457	10,206	62,083	84,905	60,376	270,444
Payroll taxes and benefits	11,358	1,316	135	2,930	321	7,128	9,277	19,079	51,544
Travel and training	-	194	-	766	-	3,305	11,252	6,563	22,080
Communication & utilities	2,520	188	-	3,536	1,486	1,140	-	1,766	10,636
Equipment	619	-	-	-	-	263	-	-	882
Food and disposable supplies	-	-	-	-	3	-	-	-	3
Fuel - automobiles	14,176	-	-	-	1,155	-	-	-	15,331
Insurance	-	-	-	-	-	-	-	-	-
Other program costs	513	-	-	303	503	501	30	-	1,850
Printing and supplies	1,170	-	70	1,927	176	209	-	-	3,552
Preventative maintenance	-	-	-	-	-	-	-	-	-
Parts	-	-	-	-	-	-	-	-	-
Repairs	-	-	-	-	-	-	-	-	-
Total direct expenses	53,759	7,605	1,312	31,919	13,850	74,629	105,464	87,784	376,322
Matching funds transfers (in)/out	(3,207)	-	(139)	-	(14,242)	-	-	-	(17,588)
Total expenses	50,552	7,605	1,173	31,919	(392)	74,629	105,464	87,784	358,734
Net program income (loss)	(518)	(1,754)	(40)	(6,583)	2,309	6,675	37,656	(15,768)	21,977

See accompanying notes to financial statements