

P.R.I.D.E. IN LOGAN COUNTY, INC.

FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2009

AND

INDEPENDENT AUDITORS' REPORT

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
P.R.I.D.E. in Logan County, Inc.  
Logan, West Virginia

We have audited the accompanying statement of financial position of P.R.I.D.E. in Logan County, Inc. (PRIDE), as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of PRIDE's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 financial statements referred to above present fairly, in all material respects, the financial position of PRIDE as of December 31, 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 described in Note 2 to the financial statements, PRIDE changed its method of the accounting for property and equipment and related depreciation from a method that was not in accordance with accounting principles generally accepted in the United States of America to a method that is in accordance with accounting principles generally accepted in the United States of America. Beginning net assets have been restated for this correction.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2010 on our consideration of PRIDE'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 the Agency taken as a whole. The supplemental Schedule of Support, Revenue and Expenditures, and the Schedule of Grant Support, Revenue and Expenditures Compared to Grant Budget are presented for purposes of additional analysis. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These schedules are not a required part of the December 31, 2009 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 2009 financial statements taken as a whole

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

Charleston, West Virginia  
September 20, 2010

P.R.I.D.E. IN LOGAN COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009

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ASSETS

Current assets	
Cash and cash equivalents	\$ 58,137
Grants receivable	288,632
Other receivables	17,636
Prepaid expenses	<u>38,981</u>
Total current assets	403,386
Property and equipment, net of accumulated depreciation	<u>975,628</u>
Total assets	<u><u>\$ 1,379,014</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 100,726
Accrued salaries and benefits	113,868
Other post retirement benefits	395,789
Refundable advances	<u>62,917</u>
Total current liabilities	<u>673,300</u>
Net assets - unrestricted	
Total unrestricted net assets	<u>705,714</u>
Total liabilities and net assets	<u><u>\$ 1,379,014</u></u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

P.R.I.D.E. IN LOGAN COUNTY, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2009

Changes in unrestricted net assets	
Support and revenue	
Grant revenue	\$ 3,100,456
American Recovery Reinvestment Act (ARRA) grant revenue	281,946
In-kind contributions	425,116
Food reimbursements	348,186
Program income	69,223
Other income	<u>232,274</u>
Total support and revenue	<u>4,457,201</u>
Expenses	
Salaries and wages	1,587,235
Fringe benefits	882,105
In-kind labor	425,116
Consumable supplies	274,843
Travel	44,025
Training	41,733
Repairs and maintenance	56,796
Contractual and consultants	9,279
Telephone and utilities	126,004
Operating expenses	34,132
Insurance	92,683
Occupancy	5,612
Transportation	56,449
Meal Reimbursement	275,880
Indirect costs	495,580
Depreciation expense	125,840
Other expenses	<u>122,086</u>
Total expenses	<u>4,655,398</u>
INCREASE (DECREASE) IN NET ASSETS	(198,197)
Net assets beginning of year, as restated	<u>903,911</u>
Net assets, end of year	<u><u>\$ 705,714</u></u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

P.R.I.D.E. IN LOGAN COUNTY, INC  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2009

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Cash flows from operating activities	
(Increase) in net assets	\$ (198,197)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities	
Gain on disposal of capital assets	(2,924)
Depreciation	125,840
(Increase) decrease in operating assets	
Grants receivable	36,288
Other receivables	80,347
Prepaid expenses	15,337
Increase (decrease) in operating liabilities	
Accounts payable	(45,125)
Accrued salaries and benefits	48,961
Other post retirement benefits	210,186
Refundable advances	<u>(107,576)</u>
Net cash provided (used) by operating activities	<u>163,137</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(227,472)</u>
Net cash provided (used) by investing activities	<u>(227,472)</u>
Net increase (decrease) in cash and cash equivalents	(64,335)
Cash and cash equivalents, beginning of year	<u>122,472</u>
Cash and cash equivalents, end of year	<u><u>\$ 58,137</u></u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**NATURE OF OPERATIONS** - P.R.I.D.E. in Logan County, Inc. (PRIDE) is a nonprofit community action agency located in Logan, West Virginia created to provide services to low income individuals, families and the elderly in Logan County, West Virginia. The organization is funded primarily through grants and other agreements with the federal and state government.

**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 contribution. Unrestricted grants and contributions are recorded as revenue in the period received.

**PROPERTY AND EQUIPMENT** - As of December 31, 2009 property and equipment with a cost of \$1,000 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. Prior to this property and equipment were charged to expense during the year in which it was purchased. See Note 2.

**CONTRIBUTED SERVICES AND SPACE** - 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 be incurred by the Agency to purchase similar services. Donated space is valued at the estimated fair rental value.

P.R.I.D.E. IN LOGAN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

**CONTRIBUTIONS** - Contribution income is recognized in the period in which the Agency received restricted or unrestricted assets or unconditional promises of future donation. Contribution income shall be classified as increases in unrestricted, temporarily restricted or permanently restricted net assets based on the existence or absence of such restrictions. Unconditional promises to give that are to be collected within one year shall be recorded at fair value, less any reserve for uncollectable promises, as estimated by management. Unconditional promises to give that are collectible in excess of one year shall be recorded at their discounted net present value and recorded up to the date

**INCOME TAXES** - PRIDE 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.

**CASH AND CASH EQUIVALENTS** - For purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

**INVENTORY** - Inventory is considered immaterial and, therefore, is charged to expense in the period during which it is purchased instead of being recognized as an asset and being expensed as it is used.

**ADVERTISING COSTS** - Advertising costs are expensed as incurred.

**SUBSEQUENT EVENTS** - In preparing these financial statements, PRIDE has evaluated events and transactions for potential recognition or disclosure through September 20, 2010, the date the financial statements were issued.

NOTE 2 -- CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2009, PRIDE chose to capitalize property and equipment with a cost of \$1,000 or more and depreciate over the estimated useful lives of the assets, which is in accordance with Accounting Principles Generally Accepted in the United States of America. Prior to this property and equipment were charged to expense during the year in which it was purchased. This implementation resulted in an \$830,353 change in the beginning net asset balance.

P.R.I.D.E. IN LOGAN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

NOTE 3 -- CASH AND CASH EQUIVALENTS

Federal Deposit Insurance Corporation (FDIC) coverage is \$250,000. PRIDE maintains the cash balance in their account below this amount at all times. Therefore, the balance in PRIDE's accounts at December 31, 2009 was fully FDIC insured.

NOTE 4 -- PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2009 is as follows:

Land	\$ 338,500
Buildings	439,423
Vehicles & equipment	<u>1,028,539</u>
	1,806,462
Less: Accumulated depreciation	<u>830,834</u>
Property and equipment	<u>\$ 975,628</u>

NOTE 5 -- REFUNDABLE ADVANCES

Refundable advances, which consist of grant funds received by P.R.I.D.E. in Logan County, Inc. but not yet expended for qualifying expenses, is comprised of the following at December 31, 2009:

<u>Description</u>	
Head Start	\$ 44,698
Weatherization	12,431
Child Food Care Program	<u>5,788</u>
Total	<u>\$ 62,917</u>

NOTE 6 -- CONCENTRATIONS OF CREDIT RISK

The organization provides various services to the elderly and low income individuals 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.

P.R.I.D.E. IN LOGAN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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NOTE 7 -- FUNCTIONAL EXPENSES

PRIDE incurred expenditures in the conduct of the following programs for the year ended December 31, 2009:

Head Start Program: PRIDE provides comprehensive education activities to eligible Pre-Kindergarten students \$ 2,333,240

Weatherization Program: PRIDE provides services to reduce the energy costs of low-income families, particularly the elderly, people with disabilities, and children, by improving the energy efficiency of their homes. 460,165

Title III Programs: This includes programs for older Americans and covers social support activities including case management, transportation, assessments, etc. 342,337

Child and Adult Care Food Program: This program is funded by the Department of Education and the USDA and provides reimbursement for providing meals and care to children. 256,490

CSBG program: PRIDE provides emergency assistance to low-income, disabled, or elderly individuals and families and supports other agency programs as needed. 419,453

Personal Care programs: PRIDE provides an in-home care program, funded by the Medicaid program that makes personal assistance available to eligible adults 46,268

Other programs that benefit children, senior citizens and families: 899,078

4,757,031

Depreciation expense under GAAP 125,840  
Less: Capitalized Assets (227,472)

Total Expenses \$ 4,655,399

The above amounts include a proportionate allocation of all management and general and indirect costs, which totaled approximately \$495,000 for the year ended December 31, 2009.

NOTE 8 -- CONTINGENT LIABILITIES

PRIDE'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.

NOTE 9 -- RETIREMENT PLANS

The organization is a participating employer in the West Virginia Public Employees Retirement System. This is a cost sharing, multi-employer public employee retirement system which covers employees of the state of West Virginia and various other governmental and non-profit entities. Under this plan, all full-time employees contribute 4.5% of their salary and the organization contributes 11% of the employee's salary. The organization's contribution to the plan for 2009 totaled \$213,576. Trend information showing the progress of the system in accumulating sufficient assets to pay benefits when due is presented in their annual financial report. Copies can be obtained from the State.

The organization also sponsors a defined contribution pension plan for its union employees and for those employees who are not eligible to participate in the West Virginia Public Employees Retirement System. Contributions to the plan for 2009 were \$27,977.

NOTE 10 -- RETIREE HEALTH PLAN

P.R.I.D.E. in Logan County, Inc. participates in the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefits post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Blvd. East, Charleston, West Virginia, 25305-0710.

P.R.I.D.E. IN LOGAN COUNTY, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2009

NOTE 10 -- RETIREE HEALTH PLAN (Continued)

The estimated expense and expense incurred for OPEB benefits are recorded as a component of accrued salaries and benefits on the statement of financial position. For the year ended December 31, 2009, with the adoption of GASB Statement No. 45, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At December 31, 2009, the current liability related to OPEB cost was \$395,789. The total OPEB expense incurred for the year ended June 30, 2009 was \$224,700 and there was no OPEB expense directly related to retirees during 2009. As of the year ended December 31, 2009 there were no retirees receiving these benefits.

NOTE 11 -- DONATED SERVICES AND OTHER

During 2009, the organization received donated services from unpaid volunteers, the use of facilities without charge and other donated items. Such amounts have been recorded as revenue and expenses by the following programs in the accompanying 2009 financial statements:

	<u>Volunteer Labor</u>	<u>Use of Facilities</u>	<u>Total</u>
Head Start	\$ 201,854	\$ 199,458	\$ 401,312
Title IIIB	7,212	-	7,212
Title III-C1	4,545	-	4,545
Title III-C2	5,583	-	5,583
Title IIID	1,164	-	1,164
Other	<u>-</u>	<u>5,300</u>	<u>5,300</u>
Total	<u>\$ 220,358</u>	<u>\$ 204,758</u>	<u>\$ 425,116</u>

## SUPPLEMENTAL INFORMATION



P.R.I.D.E. IN LOGAN COUNTY, INC.  
 SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES  
 COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)  
 COMMUNITY SERVICES BLOCK GRANT - GRANT NUMBER 2009-0013  
 GRANT PERIOD JANUARY 1, 2009 TO DECEMBER 31, 2009

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
State/pass-through	\$ 274,456	\$ 235,458	\$ 38,998
Total support and revenue	<u>274,456</u>	<u>235,458</u>	<u>38,998</u>
Expenses			
Salaries and wages	101,078	80,379	20,699
Fringe benefits	39,075	37,198	1,877
Contractual	2,300	-	2,300
Travel	4,500	3,195	1,305
Equipment	9,500	13,562	(4,062)
Occupancy	2,200	770	1,430
Consumable supplies	6,000	3,904	2,096
Telephone and utilities	6,500	5,322	1,178
Program costs	39,953	39,953	-
Other costs	35,600	26,290	9,310
Indirect costs	<u>27,750</u>	<u>24,885</u>	<u>2,865</u>
Total expenses	<u>274,456</u>	<u>235,458</u>	<u>38,998</u>
Increase (decrease) in net assets	<u>\$ -</u>	-	<u>\$ -</u>
Transfers		<u>-</u>	
Net assets, December 31, 2009		<u>\$ -</u>	

P.R.I.D.E. IN LOGAN COUNTY, INC.  
 SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES  
 COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)  
 WEATHERIZATION PROGRAM GRANT NUMBER 2008-1012  
 GRANT PERIOD APRIL 1, 2008 TO MARCH 31, 2009

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
State/pass-through	\$ 188,576	\$ 185,441	\$ 3,135
Other revenue	-	1,659	(1,659)
Total support and revenue	<u>188,576</u>	<u>187,100</u>	<u>1,476</u>
Expenses			
Personnel	95,557	86,792	8,765
Insurance	13,000	7,294	5,706
Materials	40,584	40,231	353
Other	25,973	37,465	(11,492)
Indirect costs	13,462	15,318	(1,856)
Total expenses	<u>188,576</u>	<u>187,100</u>	<u>1,476</u>
Increase (decrease) in net assets	<u>\$ -</u>	-	<u>\$ -</u>
Transfers		<u>-</u>	
Net assets, December, 2009		<u>\$ -</u>	

P.R.I.D.E. IN LOGAN COUNTY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Head Start ARRA	93.708		\$ 69,583
Head Start	93.600		1,576,599
Passed-through WVSC Metro Area Agency on Aging			
Aging Cluster			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	21036	45,953
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	21036	168,933
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	21036	763
National Family Caregiver Support, Title III, Part E	93.052	21036	16,203
Passed-through WV Office of Economic Opportunity			
Low-Income Home Energy Assistance	93.568	2009-1012	147,042
Community Services Block Grant	93.569	2009-0013	344,340
Community Services Block Grant - ARRA	93.710	2009-0013A	51,682
U.S. Department of Energy			
Passed-through WV Office of Economic Opportunity			
Weatherization Assistance for Low-Income Persons	81.042	2009-1012	132,013
Weatherization Assistance for Low-Income Persons - ARRA	81.042	2009-1012	160,682
U.S. Department of Agriculture, Food and Nutrition Service			
Passed-through WV Department of Education, Office of Child Nutrition			
Child and Adult Food Care Program	10.558		287,678
Passed-through Logan County Board of Education			
National School Lunch Program	10.555		98,455
Total Expenditures of Federal Awards			\$ 3,099,926

P.R.I.D.E. IN LOGAN COUNTY, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2008

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NOTE 1 -- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of PRIDE and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

P.R.I.D.E. IN LOGAN COUNTY, INC.  
SUMMARY SCHEDULE OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2009

Grantor Name/Program Title	Grant/ Fund Account Number	Award Amount	Receivable (Refundable) 12/31/2008	Receipts	Expenditures	Receivable (Refundable) 12/31/2009
<b>WVSC Metro Area Agency on Aging</b>						
Title IIIB Senior Services	2936	\$ 57,636	\$ 11,488	\$ 26,347	\$ 14,859	\$ -
Title IIIB Senior Services	21036	33,633	-	4,132	4,132	-
Title IIID - Health Services	2936	221	-	137	137	-
Title IIID - Health Services	21036	221	-	-	25	25
Legislative Initiatives for the Elderly - LIFE	2903	170,000	10,758	50,616	39,858	-
Legislative Initiatives for the Elderly - LIFE	21003	170,000	-	61,846	57,639	(4,207)
Alzheimer's Respite - FAIR	2950	24,000	11,952	26,452	10,891	(3,609)
Alzheimer's Respite - FAIR	21050	28,000	-	7,307	9,490	2,183
Lighthouse In Home Services	2950	60,000	(7,069)	23,673	24,878	(5,864)
Lighthouse In Home Services	21050	55,000	-	21,276	26,328	5,052
<b>WV Bureau of Senior Services</b>						
Hot/Cold Trucks	HC2906	31,246	-	31,246	(31,246)	(62,492)
Community Partnership	SC2967	25,417	-	-	-	-
<b>WV Department of Health and Human Resources, Bureau for Children and Families</b>						
Planning and Coordination - FRN	G090213	40,000	17,608	22,511	4,903	-
Planning and Coordination - FRN	G100297	40,000	-	20,000	22,928	2,928



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*

Board of Directors  
P.R.I.D.E. in Logan County, Inc.  
Logan, West Virginia

We have audited the financial statements of P.R.I.D.E. in Logan County, Inc. (PRIDE) as of and for the year ended December 31, 2009, and have issued our report thereon dated September 20, 2010, which was modified due to a change in accounting for property and equipment and related depreciation from a method that was not in accordance with accounting principles generally accepted in the United States of America to a method that is in accordance with accounting principles generally accepted in the United States of America. 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 PRIDE'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 PRIDE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of PRIDE's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 PRIDE'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 other matters that we have reported to management of PRIDE in a separate letter dated September 20, 2010.

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.

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

Charleston, West Virginia  
September 20, 2010



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO THE MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
P.R.I.D.E. in Logan County, Inc.  
Logan, West Virginia

Compliance

We have audited the compliance of P.R.I.D.E. in Logan County, Inc. (PRIDE) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. PRIDE's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of PRIDE's management. Our responsibility is to express an opinion on PRIDE's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PRIDE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on PRIDE's compliance with those requirements.

In our opinion, PRIDE complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

### Internal Control Over Compliance

Management of PRIDE is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered PRIDE's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PRIDE's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

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

September 20, 2010



P.R.I.D.E. IN LOGAN COUNTY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED DECEMBER 31, 2009

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ yes  X  no  
 Significant deficiency(ies) identified that are not  
 considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ yes  X  no  
 Significant deficiency(ies) identified that are not  
 considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditors' report issued on compliance for major  
 programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported  
 in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600/93.708	Head Start, including ARRA
93.569/93.710	Community Services Block Grant, including ARRA
93.568/81.042	Weatherization Assistance for Low-Income Persons, including ARRA

Dollar threshold used to distinguish between Type A and  
 Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  No

P.R.I.D.E. IN LOGAN COUNTY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2009

SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

None

SECTION III

FEDERAL AWARD FINDINGS  
AND QUESTIONED COSTS SECTION

None