

PRIDE COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED DECEMBER 31, 2013 AND 2012

AND

INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
PRIDE Community Services, Inc.  
Logan, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of PRIDE Community Services, Inc. (PRIDE), which comprise the statements of financial position as of December 31, 2013, and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted out audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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, 2013, and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental Schedule of Federal, State, and Other Support, Expenditures and Changes in Net Assets, the Schedules of Grant Support, Revenue and Expenditures Compared to Grant Budget, and the Summary Schedule of State Awards are presented for purposes of additional analysis and are not a required part of the December 31, 2013 basic financial statements. 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* and is also not a required part of the December 31, 2013 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the December 31, 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the December 31, 2013 basic financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PRIDE's internal control over financial reporting and compliance.



Charleston, West Virginia  
July 25, 2014

PRIDE COMMUNITY SERVICES, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2013 AND 2012

	2013	2012
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 180,841	\$ 329,786
Grants receivable	412,215	317,337
Other receivables	64,116	45,143
Prepaid expenses	50,079	53,509
Total current assets	707,251	745,775
Noncurrent assets		
HOME program housing inventory	22,795	-
Property and equipment, net of accumulated depreciation	1,139,423	1,106,042
Total assets	\$ 1,869,469	\$ 1,851,817
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 63,521	\$ 77,483
Accrued salaries and benefits	186,368	179,650
Deferred revenue	104,950	157,766
Refundable advances	2,230	16,905
HOME program loans payable	22,795	-
Total current liabilities	379,864	431,804
Noncurrent liabilities		
Other post employment benefits (OPEB)	1,266,370	1,241,669
Total liabilities	1,646,234	1,673,473
Net assets - unrestricted	223,235	178,344
Total liabilities and net assets	\$ 1,869,469	\$ 1,851,817

The Accompanying Notes Are An Integral  
 Part Of These Financial Statements

PRIDE COMMUNITY SERVICES, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Changes in unrestricted net assets		
Support and revenue		
Grant revenue	\$ 2,948,874	\$ 2,919,251
American Recovery Reinvestment Act (ARRA) grant revenue	-	182,418
In-kind contributions	430,690	439,515
Food reimbursements	311,455	282,010
Program income	25,690	21,526
Client service revenue	614,590	572,233
Other income	429,464	310,495
	<u>4,760,763</u>	<u>4,727,448</u>
Total support and revenue		
Expenses		
Salaries and wages	1,562,315	1,608,416
Fringe benefits	654,088	695,549
In-kind labor and expenses	430,688	439,515
Consumable supplies	194,030	248,600
Travel	20,881	32,676
Training	49,945	39,195
Repairs and maintenance	139,091	129,361
Contractual and consultants	319,210	46,613
Telephone and utilities	123,961	123,536
Operating expenses	48,460	79,300
Insurance	94,172	96,238
Occupancy	6,421	3,089
Transportation	56,995	62,816
Meal costs	404,474	381,879
Indirect costs	390,940	414,485
Depreciation expense	138,074	138,481
Other expenses	57,426	22,757
	<u>4,691,171</u>	<u>4,562,506</u>
Total operating expenses		
Operating income	69,592	164,942
Non-operating other post employment benefits (OPEB) expense	<u>24,701</u>	<u>150,547</u>
CHANGE IN UNRESTRICTED NET ASSETS	44,891	14,395
Net assets beginning of year	<u>178,344</u>	<u>163,949</u>
Net assets, end of year	<u>\$ 223,235</u>	<u>\$ 178,344</u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

PRIDE COMMUNITY SERVICES, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

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	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 44,891	\$ 14,395
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
(Gain) / Loss on disposal of capital assets	(1,822)	1,036
Depreciation	138,074	138,481
(Increase) decrease in operating assets		
Grants receivable	(94,878)	(29,406)
Other receivables	(18,973)	(6,693)
Prepaid expenses	3,430	(11,056)
HOME program housing inventory	(22,795)	
Increase (decrease) in operating liabilities		
Accounts payable	(13,962)	(5,969)
Accrued salaries and benefits	6,718	25,888
Deferred revenue	(52,816)	112,506
Refundable advances	(14,675)	(72,008)
Other post retirement benefits	24,701	150,547
	<u>(2,107)</u>	<u>317,721</u>
Cash flows from investing activities		
Purchase of property and equipment	(172,133)	(177,095)
Proceeds from sale of equipment	2,500	-
	<u>(169,633)</u>	<u>(177,095)</u>
Cash flows from financing activities		
Borrowings for HOME Program	22,795	-
	<u>22,795</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(148,945)	140,626
Cash and cash equivalents, beginning of year	<u>329,786</u>	<u>189,160</u>
Cash and cash equivalents, end of year	<u>\$ 180,841</u>	<u>\$ 329,786</u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

PRIDE COMMUNITY SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

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NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**NATURE OF OPERATIONS** - PRIDE Community Services, 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** - 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 30 to 39 years for buildings, and 4 to 5 years for office equipment and vehicles.

**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 that are recognized are valued at the estimated cost that would be incurred by PRIDE to purchase similar services. Donated space is valued at the estimated fair rental value.

PRIDE COMMUNITY SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

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

**CONTRIBUTIONS** - Contribution income is recognized in the period in which PRIDE 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 uncollectible promises, as estimated by management. Unconditional promises to give that are collectible in excess of one year are recorded at their discounted net present value.

**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. For the year ended December 31, 2013, management believes that PRIDE has no material uncertain tax positions to be accounted for in the financial statements. As of December 31, 2013, tax years ending on or after December 31, 2010 remain subject to examination.

**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** – Weatherization 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. Inventory for the HOME program is recognized as an asset and is expensed as it is used. Inventory cost is calculated using the average cost method. Inventory is valued at the lower of cost or market.

**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 July 25, 2014, the date the financial statements were issued.

PRIDE COMMUNITY SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 -- CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits with banking institutions in checking accounts. Bank balances are insured by federal deposit insurance by the Federal Deposit Insurance Corporation (FDIC). Balances in these accounts sometimes exceed the federal deposit insurance limits; however, management believes the financial institutions to be creditworthy and believes that credit risk associated with these deposits is minimal. Management also obtains collateral for amounts in excess of FDIC limits. At December 31, 2013, the amount of cash in banks was covered by either FDIC insurance or collateral.

NOTE 3 -- PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 335,000	\$ 335,000
Buildings	528,276	528,276
Vehicles and equipment	<u>1,589,034</u>	<u>1,440,653</u>
	2,452,310	2,303,929
Less: Accumulated depreciation	<u>1,312,887</u>	<u>1,197,887</u>
Property and equipment	<u>\$ 1,139,423</u>	<u>\$ 1,106,042</u>

NOTE 4 -- DEFERRED REVENUE

Deferred revenue is comprised of funds received for services to be provided pursuant to a collaborative agreement between PRIDE and the Logan County Board of Education. On an annual basis, the Logan County Board of Education calculates an amount to be paid in ten monthly installments. These funds can be used to pay costs to enhance or supplement the Head Start program. Amounts not yet spent to enhance or supplement the Head Start program at December 31, 2013 and 2012 were \$104,950 and \$157,766, respectively.

PRIDE COMMUNITY SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5 -- REFUNDABLE ADVANCES

Refundable advances, which consist of grant funds received by PRIDE but not yet expended for qualifying expenses, is comprised of the following at December 31, 2013 and 2012:

<u>Description</u>	<u>2013</u>	<u>2012</u>
Weatherization	\$ -	\$ 13,009
Child Food Care Program	2,230	2,896
Other	-	1,000
Total	<u>\$ 2,230</u>	<u>\$ 16,905</u>

NOTE 6 -- FUNCTIONAL EXPENSES

PRIDE incurred expenditures in the conduct of the following programs for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Head Start Program: PRIDE provides comprehensive education activities to eligible Pre-Kindergarten students.	\$ 2,298,186	\$ 2,260,525
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.	334,096	369,253
Title III Programs: This includes programs for older Americans and covers social support activities including case management, transportation, assessments, etc.	329,233	301,163
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.	332,452	321,263

PRIDE COMMUNITY SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 -- FUNCTIONAL EXPENSES (Continued)

CSBG program: PRIDE provides emergency assistance to low-income, disabled, or elderly individuals and families and supports other agency programs as needed.	291,750	311,413
Personal Care programs: PRIDE provides an in-home care program, funded by the Medicaid program that makes personal assistance available to eligible adults.	516,524	430,597
Other programs that benefit children, senior citizens and families:	<u>622,989</u>	<u>606,906</u>
	4,725,230	4,601,120
Depreciation expense under GAAP	138,074	138,481
Less: Capitalized assets	<u>(172,133)</u>	<u>(177,095)</u>
Total operating expenses	<u>\$ 4,691,171</u>	<u>\$ 4,562,506</u>

NOTE 7 -- 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.

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.

PRIDE COMMUNITY SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 -- RETIREMENT PLANS

West Virginia Public Employees Retirement System - PRIDE is a participating employer in the West Virginia Public Employees Retirement System (PERS). 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 14.0% of the employee's salary through June 30, 2013. Effective July 1, 2013 the organization's contribution increased to 14.5%. 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.

West Virginia Retiree Health Benefits Trust Fund - PRIDE Community Services, Inc. participates in the West Virginia Retiree Health Benefits Trust Fund (RHBT) to provide certain other post employment benefits (OPEB). RHBT is 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 (RHBT), 601 57<sup>th</sup> Street, SE, Suite 2, Charleston, WV 25304-2345 or <http://www.wvpeia.com>

Funded Status of plans - The funded status of each plan as of the most recent actuarial valuation date, is as follows (total plan assets and accumulated benefit obligation dollar amounts in thousands):

Pension Fund	Total Plan Assets (in thousands)	Accumulated Benefit Obligation (in thousands)	Percentage Funded	Contributions of PRIDE		
				2013	2012	2011
PERS	\$ 4,452,395	\$ 5,735,775	65%-80%	\$ 166,683	\$ 163,354	\$ 146,317
RHBT	\$ 472,079	\$ 3,841,243	< 65%	\$ 86,227	\$ 77,290	\$ 76,180

RHBT / OPEB Liability - All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB actuarial liability.

PRIDE COMMUNITY SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 -- RETIREMENT PLANS (Continued)

Total OPEB expense consists of amounts currently due to fund the “pay as you go” retiree subsidy and additional amounts billed to participating employers for their portion of the overall plan’s Annual Required Contribution (ARC). The “pay as you go” amounts are included with fringe benefits in the accompanying Statement of Activities. The amounts billed from the RHBT for the ARC are not required to be paid by the participating employers. OPEB costs are accrued based upon invoices received from PEIA based upon actuarially determined amounts. In accordance with professional standards, such amounts billed but unpaid are recorded as expenses with a liability for the cumulative amounts billed but unpaid. The annual amount of such ARC billings are identified separately in the Statement of Activities as a non-operating expense. Following is a summary of OPEB expense for the years ended December 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Current “pay as you go” amounts	\$ 86,227	\$ 77,290
Amounts billed for the ARC	<u>24,701</u>	<u>150,547</u>
	<u>\$ 110,928</u>	<u>\$ 227,837</u>

At December 31, 2013 and 2012, the liability related to OPEB cost was \$1,266,370 and \$1,241,669. As of the year ended December 31, 2013 there were three retirees receiving these benefits.

The West Virginia Legislature passed legislation to provide alternate funding sources for the RHBT OPEB unfunded liability. In addition, the PEIA Finance Board imposed limits on the retiree subsidy currently provided for PEIA premiums for retirees. Future increases in the subsidy will be limited to no more than 3% per year. These actions are expected to have a material impact on the amounts billed by the RHBT to PRIDE in the future, resulting in credits being issued to reduce the recorded OPEB liability.

Other - The organization also sponsors a defined contribution pension plan for those employees who are not eligible to participate in the West Virginia Public Employees Retirement System. Contributions to the plan for 2013 and 2012 were \$6,597 and \$7,228.

PRIDE COMMUNITY SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 10 -- DONATED SERVICES AND OTHER

During 2013 and 2012, PRIDE 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 financial statements:

	2013			
	Volunteer Labor	Use of Facilities	Other	Total
Head Start	\$ 106,463	\$ 284,502	\$ -	\$ 390,965
Title IIIB	484	9,600	20	10,104
Title III-C1	7,704	-	-	7,704
Title III-C2	1,904	-	12,055	13,959
Title IIID	565	-	2,240	2,805
Title IIIE	<u>5,153</u>	<u>-</u>	<u>-</u>	<u>5,153</u>
Total	<u>\$ 122,273</u>	<u>\$ 294,102</u>	<u>\$ 14,315</u>	<u>\$ 430,690</u>

	2012			
	Volunteer Labor	Use of Facilities	Other	Total
Head Start	\$ 115,948	\$ 295,524	\$ 876	\$ 412,348
Title IIIB	6,257	-	300	6,557
Title III-C1	10,357	-	-	10,357
Title III-C2	5,731	-	-	5,731
Title IIID	383	-	521	904
Title IIIE	<u>1,339</u>	<u>-</u>	<u>2,279</u>	<u>3,618</u>
Total	<u>\$ 140,015</u>	<u>\$ 295,524</u>	<u>\$ 3,976</u>	<u>\$ 439,515</u>

NOTE 11 -- HOME PROGRAM

PRIDE has been certified as a Community Housing Development Organization (CHDO) by the West Virginia Housing Development Fund (WVHDF) under the state HOME Investment Partnerships Program (HOME Program). PRIDE has entered into a HOME Program agreement with the WVHDF that provides funds to PRIDE in the form of deferred payment loans to be used for the construction of homes. The loans are secured by a deed of trust and a lien on the constructed homes. Loans only have to be repaid if PRIDE fails to provide affordable housing to low-income families in accordance with the HOME Program regulations. Loans payable to WVHDF at December 31, 2013 and 2012 totaled \$22,795 and \$0, respectively.

PRIDE COMMUNITY SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 11 -- HOME PROGRAM (Continued)

Upon completion of constructed homes, PRIDE must sell the homes to qualified low-income buyers. The buyers borrow a portion of the home purchase price from a third-party lender, and PRIDE makes a loan for the remaining portion. Under the provisions of PRIDE's loan to the homeowner, if the new homeowner maintains the unit as his or her residence for a predetermined period of time (10 to 15 years), none of the loan proceeds will be required to be paid back to PRIDE. However, if the home is sold prior to the end of that predetermined period of time, PRIDE will receive from the sales proceeds a prorated portion of the original loan amount. PRIDE has a second deed of trust, which grants a security interest in the residences sold. These loans are accounted for as program subsidy expense by PRIDE at the time the loan is made. Since the full loan is immediately expensed or will be paid back to PRIDE from sales proceeds, no receivable or allowance for uncollectible loans is recorded. If any amounts are subsequently collected from these loans, they would be accounted for as additions to temporarily restricted net assets at that time. The loans receivable for the year ended December 31, 2013 and 2012 totaled \$0.

Upon sale of the homes to qualified buyers, revenue is recognized for the full amount of the WVHDF loan relieved. Cash proceeds received by PRIDE from initial home sales are recorded as additions to temporarily restricted net assets. According to the terms of the HOME Program, PRIDE must use the sales proceeds from a house constructed using the original program funds to construct another house that must be sold to a qualified buyer under the loan program described above. The sale of this second house satisfies the temporary restriction, and the sales proceeds become unrestricted revenue to PRIDE. No second houses were sold during the years ended December 31, 2013 and 2012.

HOME Program housing inventory represents partially or fully completed houses that will be sold to qualified buyers under the program. Initial houses are constructed using original program funds from WVHDF. Second houses are constructed using sales proceeds from initial houses. Housing inventory is comprised of the following:

	December 31,	
	2013	2012
Housing Inventory - Initial Houses	\$ 22,795	\$ -
Housing Inventory - Second Houses	-	-
<b>TOTAL</b>	<b>\$ 22,795</b>	<b>\$ -</b>

## SUPPLEMENTAL INFORMATION

PRIDE COMMUNITY SERVICES, INC.  
SUMMARY SCHEDULE OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2013

Grantor Name/Program Title	Grant/ Fund Account Number	Award Amount	Receivable (Refundable) 12/31/12	Receipts	Expenditures	Receivable (Refundable) 12/31/13
<b>WVSC Metro Area Agency on Aging</b>						
Title IIIB Senior Services	21436	\$ 32,658	\$ -	\$ 28,149	\$ 32,658	\$ 4,509
Title IIID - Health Services	21436	221	-	221	221	-
Legislative Initiatives for the Elderly - LIFE	21303	188,644	11,867	73,618	61,751	-
Legislative Initiatives for the Elderly - LIFE	21403	188,644	-	73,751	120,324	46,573
Alzheimer's Respite - FAIR	21350	59,939	8,631	29,827	21,196	-
Lighthouse In Home Services	21350	73,390	21,360	63,800	42,440	-
<b>WV Bureau of Senior Services</b>						
Alzheimer's Respite - FAIR	IH1425	30,702	-	7,283	36,897	29,614
Lighthouse In Home Services	IH1425	79,130	-	47,009	71,432	24,423
Community Partnership	SC21422	12,000	-	12,000	12,000	-
Community Partnership	SC21322	45,000	-	45,000	45,000	-
<b>WV Affordable Housing Trust Fund</b>						
WV Affordable Housing Trust Fund	2012-01	12,500	-	10,742	12,500	1,758

PRIDE COMMUNITY SERVICES, INC.  
 SCHEDULE OF FEDERAL, STATE, AND OTHER SUPPORT, EXPENDITURES, AND CHANGES IN NET ASSETS  
 YEAR ENDED DECEMBER 31, 2013

Federal Grantor	Federal Financial Assistance										DHHHS/Energy
	Department of Health and Human Services										
	Program Title	Head Start/ USDA	WYSC Metro Area Agency on Aging		Title III D		Title III E		Office of Economic Opportunity		
Title III B Senior Citizens			Title III C-1 Nutrition Services	Title III C-2 Nutrition Services	Title III D Preventative Health	Title III E Caregiver	CSBG	Weatherization			
<u>Support and revenue</u>											
Grant revenue	\$ 1,563,861	\$ 73,326	\$ 51,729	\$ 142,430	\$ 3,730	\$ 24,326	\$ 284,183	\$ 246,972			
In-kind contributions	390,965	10,104	7,704	13,959	2,805	5,153	-	-			
Food reimbursements	56,971	-	-	-	-	-	-	-			
Program income	-	-	3,642	10,874	-	-	-	-			
Client service revenue	-	-	-	-	-	-	-	-			
Other income	287,831	-	-	-	-	-	-	-	88,166		
Total revenue and support	2,299,628	83,430	63,075	167,263	6,535	29,479	284,183	335,138			
<u>Expenditures</u>											
Salaries and wages	714,469	28,227	27,080	38,449	-	15,167	95,582	114,120			
Fringe benefits	305,586	11,058	10,835	15,153	-	5,278	39,874	48,359			
In-kind labor and expenses	390,964	10,104	7,704	13,958	2,805	5,153	-	-			
Consumable supplies and equipment	90,891	377	3,721	4,335	2,068	-	68,757	94,451			
Travel	5,659	-	-	-	-	-	340	20			
Training	30,730	(500)	-	-	1,662	-	8,814	485			
Repairs and maintenance	83,005	4,568	788	1,287	-	-	9,589	13,588			
Contractual and consultants	236,795	364	575	575	-	-	6,720	1,854			
Telephone and utilities	78,488	-	383	728	-	-	5,761	8,102			
Operating expenses	19,309	-	-	-	-	-	5,480	1,072			
Insurance	39,191	12,500	-	-	-	-	21,186	7,609			
Occupancy	2,269	-	-	-	-	-	1,084	258			
Transportation	25,606	9,549	-	-	-	-	819	10,521			
Meal costs	69,290	2	30,897	36,874	-	-	(467)	-			
Other expenses	26,043	234	56	55	-	16	3,748	4,935			
Subtotal	2,118,295	76,483	82,039	111,414	6,535	25,614	267,287	305,374			
Allocation of indirect costs	179,891	6,947	6,729	9,607	-	3,865	24,463	28,722			
Total expenditures	2,298,186	83,430	88,768	121,021	6,535	29,479	291,750	334,096			
Total support and revenue over expenditures	1,442	-	(25,693)	46,242	-	-	(7,567)	1,042			
Depreciation expense under GAAP	-	-	-	-	-	-	-	-			
Capitalized Assets	-	-	-	-	-	-	-	-			
Other post retirement benefits (OPEB)	-	-	-	-	-	-	-	-			
Transfer in/(out)	(1,563)	-	25,693	(37,170)	-	-	7,567	(1,042)			
CHANGE IN NET ASSETS	(121)	-	-	9,072	-	-	-	-			
Beginning net assets	(24)	-	-	-	-	-	-	-			
Ending net assets	(145)	\$ -	\$ -	\$ 9,072	\$ -	\$ -	\$ -	\$ -			

PRIDE COMMUNITY SERVICES, INC.  
 SCHEDULE OF FEDERAL, STATE, AND OTHER SUPPORT, EXPENDITURES, AND CHANGES IN NET ASSETS (Continued)  
 YEAR ENDED DECEMBER 31, 2013

Federal Grantor	State Assistance						Totals
	Education	Personal Care			Other		
Pass-Thru Grantor	Program Title	CACFP	LIFE	In-Home	CHDO	Other	Totals
<u>Support and revenue</u>							
	Grant revenue	\$ 72,157	\$ -	\$ 182,075	\$ 191,518	\$ 21,135	\$ 2,948,874
	In-kind contributions	-	-	-	-	-	430,690
	Food reimbursements	254,484	-	-	-	-	311,455
	Program income	-	-	11,174	-	-	25,690
	Client service revenue	-	540,457	-	-	-	614,590
	Other income	5,811	-	1,250	-	-	429,464
	Total revenue and support	332,452	540,457	183,325	202,692	21,135	4,760,763
<u>Expenditures</u>							
	Salaries and wages	34,644	278,571	49,494	100,150	18,012	1,562,315
	Fringe benefits	14,874	118,309	23,455	41,605	4,442	654,088
	In-kind labor and expenses	-	-	-	-	(78)	430,688
	Consumable supplies and equipment	5,099	3,293	28,129	1,394	-	366,163
	Travel	577	13,022	1,236	27	-	20,881
	Training	508	177	2,930	80	337	49,945
	Repairs and maintenance	1,731	1,524	8,198	(217)	(33)	139,091
	Contractual and consultants	510	10,769	2,201	45,278	-	13,569
	Telephone and utilities	3,239	4,569	19,673	-	-	123,961
	Operating expenses	3,414	2,136	1,177	702	-	48,460
	Insurance	2,810	1,268	9,318	-	-	94,172
	Occupancy	295	416	2,049	-	-	6,421
	Transportation	776	-	9,630	-	-	56,995
	Meal costs	254,484	-	9,791	12	-	404,474
	Other expenses	64	11,356	3,290	904	(62)	57,426
	Subtotal	323,025	445,410	170,571	189,935	22,618	4,334,290
	Allocation of indirect costs	9,427	71,114	12,754	24,919	4,154	390,940
	Total expenditures	332,452	516,524	183,325	214,854	26,772	4,725,230
	Total support and revenue over expenditures	-	23,933	-	(12,162)	(5,637)	35,533
	Depreciation expense under GAAP	-	-	-	-	-	(138,074)
	Capitalized Assets	-	-	-	-	-	172,133
	Other post retirement benefits (OPEB)	-	-	-	-	-	(24,701)
	Transfer in/(out)	-	(13,990)	-	12,162	5,637	-
	CHANGE IN NET ASSETS	-	9,943	-	-	-	44,891
	Beginning net assets	-	-	-	-	-	178,344
	Ending net assets	\$ -	\$ 9,943	\$ -	\$ -	\$ -	\$ 223,235

PRIDE COMMUNITY SERVICES, INC.  
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES  
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)  
COMMUNITY SERVICES BLOCK GRANT - GRANT NUMBER 2013-F-0013  
GRANT PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2013

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
Federal revenue	\$ 241,308	\$ 241,308	\$ -
Total support and revenue	<u>241,308</u>	<u>241,308</u>	<u>-</u>
Expenses			
Salaries and wages	90,220	92,082	(1,862)
Fringe benefits	37,840	36,988	852
Insurance	18,000	21,186	(3,186)
Contractual	4,500	6,721	(2,221)
Travel	400	340	60
Training	8,000	8,777	(777)
Repairs and maintenance	7,600	9,589	(1,989)
Transportation	-	819	(819)
Operating expenses	8,500	7,274	1,226
Occupancy	580	1,084	(504)
Consumable supplies	30,000	31,172	(1,172)
Telephone and utilities	6,168	5,747	421
Other expenses	6,400	4,510	1,890
Indirect costs	<u>23,100</u>	<u>22,586</u>	<u>514</u>
Total expenses	<u>241,308</u>	<u>248,875</u>	<u>(7,567)</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ (7,567)</u>	<u>\$ 7,567</u>
Transfers in (out)		<u>7,567</u>	
Net assets, December 31, 2013		<u>\$ -</u>	

## PRIDE COMMUNITY SERVICES, INC.

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SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES  
 COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)  
 COMMUNITY SERVICES BLOCK GRANT - GRANT NUMBER 2013-D-a4-b4-008  
 GRANT PERIOD OCTOBER 1, 2013 TO DECEMBER 31, 2013

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
Federal revenue	\$ 39,220	\$ 39,220	\$ -
Total support and revenue	<u>39,220</u>	<u>39,220</u>	<u>-</u>
Expenses			
Consumable supplies	<u>39,220</u>	<u>39,220</u>	<u>-</u>
Total expenses	<u>39,220</u>	<u>39,220</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers in (out)		<u>-</u>	
Net assets, December 31, 2013		<u>\$ -</u>	

SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES  
 COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)  
 COMMUNITY SERVICES BLOCK GRANT - GRANT NUMBER 2012-F-0013  
 GRANT PERIOD JANUARY 1, 2012 TO MARCH 31, 2013

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
Federal revenue	\$ 268,455	\$ 268,455	\$ -
Total support and revenue	<u>268,455</u>	<u>268,455</u>	<u>-</u>
Expenses			
Salaries and wages	111,242	108,667	2,575
Fringe benefits	43,571	46,111	(2,540)
Insurance	20,000	11,805	8,195
Contractual	900	1,451	(551)
Travel	2,500	2,116	384
Training	5,000	6,189	(1,189)
Repairs and maintenance	5,000	9,485	(4,485)
Operating expenses	8,700	11,009	(2,309)
Occupancy	1,000	455	545
Consumable supplies	32,300	35,743	(3,443)
Telephone and utilities	8,000	7,060	940
Other expenses	2,237	422	1,815
Indirect costs	<u>28,005</u>	<u>27,942</u>	<u>63</u>
Total expenses	<u>268,455</u>	<u>268,455</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers in (out)		<u>-</u>	
Net assets, December 31, 2013		<u>\$ -</u>	

SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES  
 COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)  
 WEATHERIZATION DHHR GRANT - GRANT NUMBER 2012-WX-1011  
 GRANT PERIOD SEPTEMBER 30, 2012 - SEPTEMBER 30, 2013

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
Federal revenue	\$ 138,025	\$ 138,025	\$ -
Total support and revenue	<u>138,025</u>	<u>138,025</u>	<u>-</u>
Expenses			
Salaries and wages	43,949	60,455	(16,506)
Fringe benefits	18,045	26,156	(8,111)
Insurance	3,395	3,395	-
Contractual	-	690	(690)
Repairs and maintenance	2,000	8,903	(6,903)
Transportation	5,500	4,873	627
Operating expenses	-	417	(417)
Consumable supplies	54,101	44,625	9,476
Telephone and utilities	-	2,326	(2,326)
Other expenses	-	4,600	(4,600)
Indirect costs	11,035	15,602	(4,567)
Total expenses	<u>138,025</u>	<u>172,042</u>	<u>(34,017)</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ (34,017)</u>	<u>\$ 34,017</u>
Transfers in (out)		<u>34,017</u>	
Net assets, December 31, 2013		<u>\$ -</u>	

PRIDE COMMUNITY SERVICES, INC.  
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES  
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)  
WEATHERIZATION DOE GRANT - GRANT NUMBER 2012-WX-1011  
GRANT PERIOD JULY 1, 2012 - JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
Federal revenue	\$ 101,857	\$ 101,857	\$ -
Total support and revenue	<u>101,857</u>	<u>101,857</u>	<u>-</u>
Expenses			
Salaries and wages	42,814	51,566	(8,752)
Fringe benefits	14,708	20,001	(5,293)
Insurance	2,733	3,489	(756)
Contractual	-	393	(393)
Travel	300	20	280
Training	-	150	(150)
Repairs and maintenance	2,792	1,387	1,405
Transportation	2,000	6,213	(4,213)
Operating expenses	150	637	(487)
Occupancy	200	-	200
Consumable supplies	27,901	34,527	(6,626)
Telephone and utilities	400	5,586	(5,186)
Other expenses	-	267	(267)
Indirect costs	7,859	12,964	(5,105)
Meals	-	69	(69)
Total expenses	<u>101,857</u>	<u>137,269</u>	<u>(35,412)</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ (35,412)</u>	<u>\$ 35,412</u>
Transfers in (out)		<u>35,412</u>	
Net assets, December 31, 2013		<u>\$ -</u>	

PRIDE COMMUNITY SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2013

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			
Head Start	93.600	N/A	\$ 1,563,861
Passed-through WVSU Metro Area Agency on Aging			
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Aging Cluster			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	21336, 21436	40,668
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	21336, 21436	194,159
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	21336, 21436	3,559
National Family Caregiver Support, Title III, Part E	93.052	21336, 21436	24,276
Passed-through WV Governor's Office of Economic Opportunity			
Low-Income Home Energy Assistance CSBG	93.568	2012-WX-1011	131,017
Community Services Block Grant	93.569	2012-0013	3,655
Community Services Block Grant	93.569	2013-F-0013	241,308
Community Services Block Grant	93.569	2013-D-0008	39,220
Passed-through WV Bureau of Senior Services			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - Health Benefits/SHIP	93.779	SH21322, 21371	3,327
U.S. Office of Personnel Management			
Passed-through WV Bureau of Senior Services			
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	MCAP1408	6,649
U.S. Department of Energy			
Passed-through WV Governor's Office of Economic Opportunity			
Weatherization Assistance for Low-Income Persons	81.042	2013-WX-1011	47,791
Weatherization Assistance for Low-Income Persons	81.042	2012-WX-1011	69,842
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	51315, 51415	370,024
Passed-through Logan County Board of Education			
National School Lunch Program	10.555	None provided	13,588
U.S. Department of Housing and Urban Development			
Passed-through West Virginia Housing Development Fund			
Home Investment Partnerships Program	14.239	2012-02-05, 2013-01-01	21,135
U.S. Department of Veterans Affairs			
Passed-through West Virginia Community Action Partnerships, Inc.			
VA Supportive Services for Veteran Families Program	64.033	None provided	11,541
Total Expenditures of Federal Awards			\$ 2,785,620

PRIDE COMMUNITY SERVICES, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2013

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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.

PRIDE COMMUNITY SERVICES, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2013

NONE

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  
PRIDE Community Services, Inc.  
Logan, West Virginia

We have audited, 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, the financial statements of PRIDE Community Services, Inc. (PRIDE), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PRIDE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of PRIDE's internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### 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*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PRIDE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PRIDE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia

July 25, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
*OMB CIRCULAR A-133*

Board of Directors  
PRIDE Community Services, Inc.  
Logan, West Virginia

Report on Compliance for Each Major Federal Program

We have audited PRIDE Community Services, Inc.'s (PRIDE's) compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of PRIDE's major federal programs for the year ended December 31, 2013. PRIDE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of PRIDE's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of PRIDE's compliance.

### Opinion on Each Major Federal Program

In our opinion, PRIDE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### Report on Internal Control Over Compliance

Management of PRIDE is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PRIDE's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Charleston, West Virginia  
July 25, 2014

PRIDE COMMUNITY SERVICES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED DECEMBER 31, 2013

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified 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 auditor's report issued on compliance for major programs: Unmodified 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	Head Start
93.044/93.045	Title III Aging Cluster

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

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

PRIDE COMMUNITY SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013

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SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

NONE

PRIDE COMMUNITY SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013

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SECTION III

FEDERAL AWARD FINDINGS  
AND QUESTIONED COSTS SECTION

NONE