

PRIDE COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED DECEMBER 31, 2011 AND 2010

AND

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of PRIDE Community Services, Inc. (PRIDE), as of December 31, 2011, and 2010, and the related statements of activities and cash flows for the years 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 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 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 PRIDE'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 audits provide 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, 2011, and 2010 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2012 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. The supplemental Schedule of Support, Revenue and Expenditures, 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, 2011 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, 2011 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, 2011 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, 2011 basic financial statements taken as a whole.

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

Charleston, West Virginia
August 23, 2012

PRIDE COMMUNITY SERVICES, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 189,160	\$ 39,405
Grants receivable	287,931	532,071
Other receivables	38,450	15,939
Prepaid expenses	42,453	34,946
Total current assets	557,994	622,361
Property and equipment, net of accumulated depreciation	1,068,464	1,080,569
Total assets	\$ 1,626,458	\$ 1,702,930
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 83,452	\$ 187,071
Accrued salaries and benefits	153,762	162,297
Other post retirement benefits (OPEB)	1,091,122	789,039
Refundable advances	134,173	98,654
Short term debt	-	50,000
Total current liabilities	1,462,509	1,287,061
Net assets - unrestricted		
Total unrestricted net assets	163,949	415,869
Total liabilities and net assets	\$ 1,626,458	\$ 1,702,930

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

PRIDE COMMUNITY SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Changes in unrestricted net assets		
Support and revenue		
Grant revenue	\$ 2,706,085	\$ 2,950,820
American Recovery Reinvestment Act (ARRA) grant revenue	501,759	810,798
In-kind contributions	445,201	467,211
Food reimbursements	296,053	313,226
Program income	20,013	18,444
Client service revenue	339,770	346,123
Other income	170,865	233,203
Total support and revenue	4,479,746	5,139,825
Expenses		
Salaries and wages	1,626,726	1,755,787
Fringe benefits	626,595	713,870
In-kind labor and expenses	445,204	467,211
Consumable supplies	154,996	339,254
Travel	36,951	33,069
Training	51,572	107,573
Repairs and maintenance	96,504	97,254
Contractual and consultants	43,804	125,585
Telephone and utilities	122,807	120,664
Operating expenses	53,720	84,705
Insurance	85,461	73,183
Occupancy	15,596	18,401
Transportation	73,066	56,761
Meal costs	413,275	443,728
Indirect costs	408,228	446,850
Depreciation expense	126,537	141,143
Other post retirement benefits (OPEB)	302,083	393,250
Other expenses	48,541	11,382
Total expenses	4,731,666	5,429,670
CHANGE IN NET ASSETS	(251,920)	(289,845)
Net assets beginning of year	415,869	705,714
Net assets, end of year	\$ 163,949	\$ 415,869

The Accompanying Notes Are An Integral
Part Of These Financial Statements

PRIDE COMMUNITY SERVICES, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ (251,920)	\$ (289,845)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Gain on disposal of capital assets	(18,963)	-
Depreciation	126,537	141,143
(Increase) decrease in operating assets		
Grants receivable	244,140	(243,439)
Other receivables	(22,511)	1,697
Prepaid expenses	(7,507)	4,035
Increase (decrease) in operating liabilities		
Accounts payable	(103,619)	86,345
Accrued salaries and benefits	(8,535)	(8,281)
Other post retirement benefits	302,083	449,960
Refundable advances	35,519	35,737
	<u>295,224</u>	<u>177,352</u>
Cash flows from investing activities		
Purchase of property and equipment	(138,857)	(246,084)
Proceeds from sale of equipment	43,388	-
	<u>(95,469)</u>	<u>(246,084)</u>
Cash flows from financing activities		
Proceeds (repayment) of line of credit	(50,000)	50,000
	<u>(50,000)</u>	<u>50,000</u>
Net increase (decrease) in cash and cash equivalents	149,755	(18,732)
Cash and cash equivalents, beginning of year	<u>39,405</u>	<u>58,137</u>
Cash and cash equivalents, end of year	<u>\$ 189,160</u>	<u>\$ 39,405</u>

PRIDE COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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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 - As of January 1, 2011, 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. During fiscal year 2010 the capitalization threshold was \$5,000 and prior to 2010, property and equipment with a cost of \$1,000 or more were capitalized. Items which were capitalized in prior years were not removed.

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, 2011 AND 2010

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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 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. For the year ended December 31, 2011, management believes that PRIDE has no material uncertain tax positions to be accounted for in the financial statements. As of December 31, 2011, tax years ending on or after December 31, 2008 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 - 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 August 23, 2012, the date the financial statements were issued.

NOTE 2 -- CASH AND CASH EQUIVALENTS

Federal Deposit Insurance Corporation (FDIC) coverage is \$250,000. PRIDE normally maintains the cash balance in their account below this amount. In addition, PRIDE obtains collateral for amounts over the FDIC coverage limit. The balance in PRIDE's accounts at December 31, 2011 and 2010 were fully FDIC insured.

PRIDE COMMUNITY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 -- PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 335,000	\$ 338,500
Buildings	500,685	482,797
Vehicles and equipment	<u>1,294,150</u>	<u>1,231,249</u>
	2,129,835	2,052,546
Less: Accumulated depreciation	<u>1,061,371</u>	<u>971,977</u>
Property and equipment	<u>\$ 1,068,464</u>	<u>\$ 1,080,569</u>

NOTE 4 -- 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, 2011 and 2010:

<u>Description</u>	<u>2011</u>	<u>2010</u>
Head Start	\$ 89,958	\$ 71,630
Weatherization	4,128	-
Health Benefit/SHIP	-	8,500
Waiver	17,096	
Case Management	4,103	4,042
Title IIIC2	6,112	3,134
Lighthouse	4,427	-
Medicaid	1,301	-
FAIR	-	2,629
Title IIIE	-	366
Mountains of Hope	-	1,000
Child Food Care Program	<u>7,048</u>	<u>7,353</u>
Total	<u>\$ 134,173</u>	<u>\$ 98,654</u>

NOTE 5 -- 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.

PRIDE COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 6 -- FUNCTIONAL EXPENSES

PRIDE incurred expenditures in the conduct of the following programs for the years ended December 31, 2011 and 2010:

	2011	2010
Head Start Program: PRIDE provides comprehensive education activities to eligible Pre-Kindergarten students.	\$ 2,265,246	\$ 2,503,475
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.	591,916	581,134
Title III Programs: This includes programs for older Americans and covers social support activities including case management, transportation, assessments, etc.	344,087	295,995
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.	316,652	320,675
CSBG program: PRIDE provides emergency assistance to low-income, disabled, or elderly individuals and families and supports other agency programs as needed.	261,249	690,695
Personal Care programs: PRIDE provides an in-home care program, funded by the Medicaid program that makes personal assistance available to eligible adults.	345,558	341,490
Other programs that benefit children, senior citizens and families:	619,278	801,147
	4,743,986	5,534,611
Depreciation expense under GAAP	126,537	141,143
Less: Capitalized assets	(138,857)	(246,084)
Total expenses	\$ 4,731,666	\$ 5,429,670

NOTE 7 -- 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 8 -- 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 through July 1, 2010. After July 1, 2010 the organization's contribution increased to 12.5% and effective July 1, 2011 the rate increased to 14.5%. The organization's contribution to the plan for 2011 and 2010 totaled \$146,317 and \$103,638. 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 2011 and 2010 were \$8,201 and \$10,412.

NOTE 9 -- RETIREE HEALTH PLAN

PRIDE Community Services, 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.

PRIDE COMMUNITY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 9 -- RETIREE HEALTH PLAN (Continued)

The estimated expense incurred for these Other Post Retirement Benefits (OPEB) are separately identified in the statements of activities. For the years ended December 31, 2011 and 2010, OPEB costs are accrued based upon invoices received from PEIA based upon actuarially determined amounts. At December 31, 2011 and 2010, the current liability related to OPEB cost was \$1,091,122 and \$789,039. The total OPEB expense incurred for the years ended December 31, 2011 and 2010 was \$302,083 and \$393,250, respectively, and there was no OPEB expense directly related to retirees during 2011. As of the year ended December 31, 2011 there were 3 retirees receiving these benefits.

NOTE 10 -- DONATED SERVICES AND OTHER

During 2011 and 2010, 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:

	2011			
	Volunteer Labor	Use of Facilities	Other	Total
Head Start	\$ 179,447	\$ 230,000	\$ -	\$ 409,447
Title IIIB	301	1,600	5,314	7,215
Title III-C1	13,077	-	441	13,518
Title III-C2	10,470	-	-	10,470
Title IIID	100	-	-	100
Title IIIE	<u>4,451</u>	<u>-</u>	<u>-</u>	<u>4,451</u>
Total	<u>\$ 207,846</u>	<u>\$ 231,600</u>	<u>\$ 5,755</u>	<u>\$ 445,201</u>

	2010			
	Volunteer Labor	Use of Facilities	Other	Total
Head Start	\$ 296,289	\$ 145,428	\$ -	\$ 441,717
Title IIIB	9,132	-	-	9,132
Title III-C1	7,778	-	50	7,828
Title IIID	-	-	800	800
Title IIIE	<u>6,794</u>	<u>-</u>	<u>940</u>	<u>7,734</u>
Total	<u>\$ 319,993</u>	<u>\$ 145,428</u>	<u>\$ 1,790</u>	<u>\$ 467,211</u>

SUPPLEMENTAL INFORMATION

PRIDE COMMUNITY SERVICES, INC.
 SCHEDULE OF FEDERAL, STATE AND OTHER SUPPORT, EXPENDITURES, AND CHANGES IN NET ASSETS
 YEAR ENDED DECEMBER 31, 2011

Federal Grantor	Federal Financial Assistance										State Assistance			Other		
	Department of Health and Human Services					Bureau for Children and Families					WVSC Metro Area Agency on Aging					
	Head Start/USDA	Title IIB Senior Citizens	Title IIC-1 Nutrition Services	Title IIC-2 Nutrition Services	Title IID Preventative Health	Title III Caregiver	Elder Abuse	CSBG	Weatherization ARRA	Weatherization	CACFP	Personal Care	LIFE		In-Home	Other
	\$ 1,642,789	\$ 73,622	\$ 67,010	\$ 165,832	\$ 3,923	\$ 19,387	\$ 890	\$ 261,249	\$ -	\$ 104,067	\$ 86,508	\$ -	\$ 152,877	\$ 99,575	\$ 28,496	\$ 2,706,085
Grant revenue																501,759
ARRA grant revenue									501,759							
In-kind contributions	409,447	7,215	13,518	10,470	100	4,451	-	-	-	-	-	-	-	-	-	445,201
Food reimbursements	65,769	-	-	-	-	-	-	-	-	230,284	-	-	-	-	-	296,053
Program income	-	448	3,100	3,694	-	-	-	-	-	-	-	-	12,771	-	-	20,013
Client service revenue	147,240	-	-	-	-	-	-	-	(24,765)	-	-	-	-	430	-	339,770
Other income	-	-	-	-	-	-	-	-	476,994	6,091	-	-	-	-	42,299	170,865
Total revenue and support	2,265,245	81,285	83,628	179,996	4,023	23,838	890	261,249	476,994	110,158	316,652	339,340	152,877	112,346	71,225	4,479,746
Expenditures																
Salary and wages	816,205	38,691	28,183	37,375	-	10,563	-	118,586	154,013	51,377	40,016	207,226	49,118	71,427	3,946	1,626,726
Fringe benefits	341,964	14,404	10,062	13,565	-	2,862	-	48,274	61,337	15,777	13,799	59,603	19,023	24,643	1,282	626,595
In-kind labor & other	409,447	7,216	13,518	10,470	101	4,452	-	-	-	-	-	-	-	-	-	445,204
Consumable supplies	50,304	(180)	1,894	2,823	2,398	316	-	2,422	140,329	24,076	6,223	1,088	1,213	680	2,599	236,185
Travel	8,044	414	238	233	-	209	590	2,270	5,550	-	1,476	13,179	1,568	360	2,820	36,951
Training	29,384	(450)	-	-	500	-	300	5,070	11,353	-	1,310	497	143	79	3,386	51,572
Repairs and maintenance	51,488	7,145	935	917	100	-	-	4,089	14,549	451	63	170	5,971	89	10,537	96,504
Contractual and consultants	14,274	168	91	148	-	-	-	10,132	2,259	6,279	4,044	5,913	496	-	-	43,804
Telephone and utilities	79,067	2,430	177	84	400	513	-	8,555	9,770	477	2,431	3,813	15,090	124	2,944	122,807
Operating expenses	29,250	(466)	105	171	99	645	-	11,119	1,165	70	3,586	1,995	2,913	-	-	53,720
Insurance	37,176	-	-	-	325	1,759	-	9,468	18,251	(1,170)	2,617	798	16,237	-	-	85,461
Occupancy	1,364	428	-	-	100	-	-	1,100	9,900	900	220	176	1,408	-	-	15,596
Transportation	43,507	6,012	-	50,745	-	-	-	57	9,108	1,336	697	30	12,319	-	-	73,066
Meal costs	94,060	37	33,682	-	-	-	-	991	498	-	230,307	116	567	-	-	413,275
Other	23,479	181	(511)	11	-	58	-	2,570	2,373	(303)	96	690	7,760	(6,802)	18,959	48,541
Equipment	27,072	(3,389)	-	12,737	-	-	-	6,361	428	172	-	1,355	7,412	398	5,122	57,688
Subtotal	2,056,085	72,641	88,374	129,279	4,023	21,377	890	231,064	440,883	99,143	306,885	296,619	141,238	90,908	53,847	4,033,675
Allocation of indirect costs	209,161	9,677	6,970	9,285	-	2,161	-	30,185	39,331	12,746	9,967	48,909	11,639	17,637	946	408,228
Total expenditures	2,265,246	82,318	95,344	138,564	4,023	23,538	890	261,249	480,214	111,702	316,652	345,538	152,877	108,635	54,793	4,441,903
Total support and revenue over expenditures	(1)	(1,033)	(11,716)	41,432	-	-	-	-	(3,220)	(1,544)	-	(6,218)	-	3,711	16,432	37,843
Depreciation expense under GAAP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(126,537)	(126,537)
Capitalized Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	138,857	138,857
Other post retirement benefits (OPEB)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(302,083)	(302,083)
Transfer in/(out)	1	1,033	11,716	(41,432)	-	-	-	-	3,220	1,544	-	6,218	-	(3,711)	21,411	-
CHANGE IN NET ASSETS																
Beginning net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(251,920)
Ending net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	415,869	415,869
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,949	\$ 165,949

PRIDE COMMUNITY SERVICES, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
WEATHERIZATION DOE GRANT - GRANT NUMBER 2011-WX-1011
GRANT PERIOD JULY 1, 2010 TO JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
Federal revenue	\$ 51,404	\$ 51,404	\$ -
Total support and revenue	<u>51,404</u>	<u>51,404</u>	<u>-</u>
Expenses			
Salaries and wages	22,318	22,542	(224)
Fringe benefits	8,706	8,483	223
Insurance	1,550	1,549	1
Contractual	-	1,952	(1,952)
Repairs and maintenance	130	-	130
Transportation	1,446	-	1,446
Operating expenses	50	-	50
Occupancy	-	850	(850)
Consumable supplies	12,383	11,916	467
Telephone and utilities	709	-	709
Indirect costs	<u>4,112</u>	<u>5,646</u>	<u>(1,534)</u>
Total expenses	<u>51,404</u>	<u>52,938</u>	<u>(1,534)</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ (1,534)</u>	<u>\$ 1,534</u>
Transfers in (out)		<u>1,534</u>	
Net assets, December 31, 2011		<u>\$ -</u>	

SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES
 COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
 WEATHERIZATION DOE PART 2 GRANT - GRANT NUMBER 2011-WX-1011
 GRANT PERIOD JULY 1, 2010 TO JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
Federal revenue	\$ 36,852	\$ 36,852	\$ -
Total support and revenue	<u>36,852</u>	<u>36,852</u>	<u>-</u>
Expenses			
Salaries and wages	13,391	15,592	(2,201)
Fringe benefits	7,101	4,901	2,200
Insurance	1,111	1,110	1
Contractual	-	21	(21)
Repairs and maintenance	130	-	130
Transportation	1,267	473	794
Operating expenses	50	16	34
Occupancy	1,200	2,150	(950)
Consumable supplies	8,766	8,528	238
Telephone and utilities	888	1,113	(225)
Indirect costs	2,948	3,730	(782)
Total expenses	<u>36,852</u>	<u>37,634</u>	<u>(782)</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ (782)</u>	<u>\$ 782</u>
Transfers in (out)		<u>782</u>	
Net assets, December 31, 2011		<u>\$ -</u>	

PRIDE COMMUNITY SERVICES, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
WEATHERIZATION DHHR GRANT - GRANT NUMBER 2011-WX-1011
GRANT PERIOD JULY 1, 2010 TO JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
Federal revenue	\$ 119,281	\$ 119,281	\$ -
Total support and revenue	<u>119,281</u>	<u>119,281</u>	<u>-</u>
Expenses			
Salaries and wages	43,422	45,739	(2,317)
Fringe benefits	11,436	13,653	(2,217)
Insurance	4,147	4,147	-
Contractual	-	378	(378)
Travel	-	105	(105)
Training	-	288	(288)
Repairs and maintenance	1,130	451	679
Transportation	1,770	1,336	434
Operating expenses	50	70	(20)
Occupancy	3,600	900	2,700
Consumable supplies	42,089	40,306	1,783
Telephone and utilities	625	547	78
Other expenses	-	552	(552)
Indirect costs	<u>11,012</u>	<u>10,809</u>	<u>203</u>
Total expenses	<u>119,281</u>	<u>119,281</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers in (out)		<u>-</u>	
Net assets, December 31, 2011		<u>\$ -</u>	

PRIDE COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

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 Cluster			
Head Start	93.600	N/A	\$ 1,637,789
Head Start Play Space Grant	93.600	N/A	5,000
Passed-through WVSU Metro Area Agency on Aging			
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation Aging Cluster	93.041	21133	890
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	21136, 21236	39,989
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	21136, 21236	232,842
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	21136, 21236	3,702
National Family Caregiver Support, Title III, Part E	93.052	21136, 21236	20,338
Passed-through WV Governor's Office of Economic Opportunity			
Low-Income Home Energy Assistance CSBG	93.568	2011-WX-1011	87,291
Community Services Block Grant	93.569	2009-0013	3,948
Community Services Block Grant	93.569	2011-0013	253,682
Passed-through WV Bureau of Senior Services			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - Health Benefits/SHIP	93.779	SH21271	7,000
U.S. Department of Energy			
Passed-through WV Governor's Office of Economic Opportunity			
Weatherization Assistance for Low-Income Persons	81.042	2011-WX-1011	7,433
ARRA - Weatherization Assistance for Low-Income Persons	81.042	2011-WX-1011	501,759
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	51215	360,143
Passed-through Logan County Board of Education			
National School Lunch Program	10.555	None provided	22,278
Total Expenditures of Federal Awards			<u>\$ 3,184,084</u>

PRIDE COMMUNITY SERVICES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

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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 STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

Grantor Name/Program Title	Grant/ Fund Account Number	Award Amount	Receivable (Refundable) 12/31/10	Receipts	Expenditures	Receivable (Refundable) 12/31/11
WVSC Metro Area Agency on Aging						
Title IIIB Senior Services	21136	\$ 33,633	\$ -	\$ 33,633	\$ 33,633	\$ -
Title IIID - Health Services	21136	221	-	221	221	-
Legislative Initiatives for the Elderly - LIFE	21103	189,403	49,510	114,341	64,831	-
Legislative Initiatives for the Elderly - LIFE	21203	189,403	-	72,447	88,046	15,599
Alzheimer's Respite - FAIR	21050	28,000	(4,068)	-	4,068	-
Alzheimer's Respite - FAIR	21150	25,134	7,431	19,645	12,214	-
Alzheimer's Respite - FAIR	21250	50,102	-	14,776	22,299	7,523
Lighthouse In Home Services	21150	60,000	-	44,864	44,864	-
Lighthouse In Home Services	21250	47,567	-	26,174	28,541	2,367
WV Bureau of Senior Services						
Community Partnership	SC21122	28,311	11,549	28,311	16,762	-
Community Partnership	SC21222	8,312	-	-	4,734	4,734



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
PRIDE Community Services, Inc.
Logan, West Virginia

We have audited the financial statements of PRIDE Community Services, Inc. (PRIDE) as of and for the year ended December 31, 2011, and have issued our report thereon dated August 23, 2012. 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

Management of PRIDE is responsible for establishing and maintaining effective 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*.

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
August 23, 2012



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
PRIDE Community Services, Inc.
Logan, West Virginia

Compliance

We have audited the compliance of PRIDE Community Services, 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, 2011. 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, 2011.

Internal Control Over Compliance

Management of PRIDE is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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

August 23, 2012

PRIDE COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011

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2010-01 **ELIGIBILITY**

Federal Program Information:	Federal Agency and Program Name	CFDA
	Passed-through WV Governor's Office of Economic Opportunity ARRA - Community Services Block Grant Grant Award Number 2009-013A	93.710

Condition: A total of three individuals for CSBG eligibility in the Leadership Enrichment After School Program (LEAP) and Life Skills Program were not eligible for participation. For LEAP two participants from a sample of eight were ineligible, and for Life Skills one participant from a sample of four was ineligible based on the Federal Poverty Level Requirement.

Status: *Resolved*

PRIDE COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011

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	Head Start
81.042	Weatherization Assistance for Low-Income Persons, including ARRA
10.558	Child and Adult Food Care Program

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

Auditee qualified as low-risk auditee? _____ yes X No

PRIDE COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011

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SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

NONE

PRIDE COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011

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SECTION III

FEDERAL AWARD FINDINGS
AND QUESTIONED COSTS SECTION

NONE