

The Commission on Aging Family Services, Inc.

Audited Financial Statements

September 30, 2009

Audited by

**Williams & Associates, AC
204 Davis Avenue
Post Office Box 2727
Elkins, West Virginia 26241**

The Commission on Aging Family Services, Inc.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Commission on Aging Family Services, Inc.
111 Virginia Avenue
Petersburg, West Virginia 26847

I have audited the accompanying statement of financial position of The Commission on Aging Family Services, Inc. as of September 30, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Commission on Aging Family Services, Inc. as of September 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 28, 2010 on my consideration of the Commission on Aging Family Services, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Williams & Associates, A.C.
Williams & Associates, A.C.
April 28, 2010

The Commission on Aging Family Services, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2009

ASSETS		
Current Assets		
Cash & Equivalents	\$ 253,701	
Investments	190,601	
Accounts Receivable	38,957	
Grants Receivable	55,271	
Prepaid Expenses	<u>5,532</u>	
Total Current Assets		\$ 544,062
Fixed Assets		
Buildings & Equipment	192,896	
Accumulated Depreciation	<u>(88,989)</u>	
Fixed Assets, net		<u>103,907</u>
TOTAL ASSETS		<u><u>\$ 647,969</u></u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 735	
Payroll Tax Liabilities	3,033	
Employee Benefits Payable	35,372	
Accrued Wages	23,828	
Deferred Compensation	26,612	
Due to Grantor	<u>2,290</u>	
Total Current Liabilities		<u>91,870</u>
TOTAL LIABILITIES		91,870
Net Assets		
Net Assets, Unrestricted	570,914	
Prior Period Adjustment	(13,133)	
Unrealized Gain(Loss) on Investments	<u>(1,682)</u>	
Total Net Assets		<u>556,099</u>
LIABILITIES & NET ASSETS		<u><u>\$ 647,969</u></u>

The accompanying notes are an integral part of these financial statements.

See Independent Auditor's Report.

The Commission on Aging Family Services, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009

REVENUE & SUPPORT		
Grant Revenues:		
Federal	\$	34,319
State		100,073
LIFE 2007-08		139,615
LIFE 2008-09		38,743
Other State		221,047
Program Services		371,792
Project Income		34,266
Interest & Dividends		473
In-Kind Contributions		6,955
Contributions		1,541
Other Income		31,160
TOTAL REVENUE & SUPPORT		\$ 979,984
EXPENSES		
Program Service Expenses		685,901
Management & General		257,158
TOTAL EXPENSES		943,059
INCREASE(DECREASE) IN NET ASSETS		36,925
PRIOR PERIOD ADJUSTMENT		(13,133)
UNREALIZED GAIN(LOSS) ON INVESTMENTS		(1,682)
NET ASSETS, 10/1/08		533,989
NET ASSETS, 9/30/09		\$ 556,099

The accompanying notes are an integral part of these financial statements.

See Independent Auditor's Report.

The Commission on Aging Family Services, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase(Decrease) in Net Assets	\$	36,925
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Depreciation		11,042
(Increase)Decrease in Accounts Receivable		(13,433)
(Increase)Decrease in Grants Receivable		34,953
(Increase)Decrease in Prepaid Expenses		87
Increase(Decrease) in Accounts Payable		(12,239)
Increase(Decrease) in Payroll Tax Liabilities		(4,725)
Increase(Decrease) in Employee Benefits Payable		28,892
Increase(Decrease) in Accrued Wages		1,210
Increase(Decrease) in Deferred Compensation		6,139
Increase(Decrease) in Due to Grantor		<u>2,290</u>
Net cash provided(used) by operating activities	\$	91,141

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Fixed Assets		<u>(47,748)</u>
Net Cash provided(used) by investing activities		(47,748)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Sale of Investments		<u>24,732</u>
Net Cash provided(used) by financing activities		<u>24,732</u>
Increase(Decrease) in Cash		68,125
Prior Period Adjustment		(13,133)
Unrealized Gain(Loss) on Investments		(1,682)
Cash Balance, 10/1/08		<u>200,391</u>
Cash Balance, 9/30/09	\$	<u><u>253,701</u></u>

The accompanying notes are an integral part of these financial statements.

See Independent Auditor's Report.

THE COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Commission on Aging Family Services, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Grant County, West Virginia. The purpose of the Organization is to assist elderly persons and their families regardless of race, religion, creed or color, in finding and making use of their resources; to establish and maintain programs and services which are appropriate and realistic to elderly; to establish the value of human life, dignity, of self-worth, an atmosphere of respect, trust, and support; to make the elderly an integral part of the community allowing them to live with dignity and a purposeful life throughout their golden years and to help avoid institutionalization.

This summary of significant accounting policies of The Commission on Aging Family Services, Inc., is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of The Commission on Aging Family Services, Inc., have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

THE COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Accounts and Grants Receivable

Accounts receivable represent amounts owed the Organization for services provided to clients of the Organization under contracts with the West Virginia Department of Health and Human Resources – Medicaid Waiver and Community Care Programs. In addition, the Organization uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the realization of the accounts receivable at year end. As of September 30, 2009, all accounts receivable are deemed collectible.

Contributions/grants are recognized when the donor/grantor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor/grantor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine collectibility of grants receivable. As of September 30, 2009, all grants receivable are deemed collectible.

Property and Equipment

Prior to October 1, 1990, the Organization expensed all property and equipment in the period of acquisition as directed by the grantor agencies. The Organization is currently capitalizing all equipment purchases at cost and all donated equipment at fair market value and is depreciating these costs using the straight-line method over the asset's estimated useful life. All equipment/vehicles purchased with grant monies must have approval from the grantor agency to dispose of such equipment and the method of disposition. The Organization has adopted a capitalization policy in the amount of \$500.

Investments

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Inventory

Inventory consists primarily of raw food, disposables, and supplies purchased under the Title III-C grant. Because of the rapid inventory turnover as well as the immaterial amount kept on hand, these costs are expensed when incurred.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

THE COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Grant Monies

Grant monies are received in three ways:

- 1 – On a cost reimbursement basis for which the Organization requests reimbursement for monies already spent. This is utilized for the LIFE program grant.
- 2 – On an as needed basis in which the Organization requests monies that it feels it will need in the immediate future; this is utilized for Title III-B, Title III-E, Title III-D/MM, and Elder Abuse grants. Upon completion of a grant year any unexpended money has to be approved for carryover to the next year, but if approval is denied, the money has to be reimbursed to the grantor.
- 3 – Title III-C grant funds are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any unexpended monies are restricted for future Title III-C program operating expenses.

Operating expenditures made against federal and state grants are subject to audit by the Grantor agency. These agencies may subsequently make adjustments to the grant as originally awarded due to their audit findings.

Donated Facilities

The Commission on Aging Family Services, Inc.'s facilities are owned by the Grant County Commission. These facilities are leased to the Organization and are recorded as in-kind contributions and in-kind expenses in the financial statements.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the year ended September 30, 2009.

Note 2. Receivables

Grants receivable consisted of the following at September 30, 2009:

Lighthouse	9,492
Veterans Care	12,500
LIFE	12,520
FAIR	3,024
Transportation	7,998
Title III-C	<u>9,737</u>
	<u>\$ 55,271</u>

Accounts receivable consisted of the following at September 30, 2009:

WV DHHR	<u>\$ 38,957</u>
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THE COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 3. Investments

Investments are stated at fair value and consist of U.S. Government Agency Obligations and U.S. Treasury Bills. Fair values and appreciation (depreciation) at September 30, 2009 are summarized below:

	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Investments, unrestricted	\$ 192,283	\$ 190,601	(\$ 1,682)

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30, 2009:

Vehicles	\$ 88,790
Kitchen Equipment	41,431
Building Improvements	31,782
Office Equipment	34,504
Office Furniture	6,235
Total Fixed Assets	<u>202,742</u>
Less accumulated depreciation	<u>(98,835)</u>
Net property and equipment	<u>\$ 103,907</u>

Note 5. Due to Grantor

Amounts due to grantors consisted of the following at September 30, 2009:

Federal III-E	\$ 2,290
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Note 6. Retirement Program

Certain employees are eligible to be included in the organization's retirement program. The employee contributes 4.5% of his/her gross wages which is combined with 9.5% contributed by The Commission on Aging Family Services, Inc. The covered employees are eligible to draw benefits upon retirement. Service contributions to the retirement program were \$35,183 for the year.

Note 7. Other Post-Employment Benefits (Defined Benefit OPEB Plan)

The Commission on Aging Family Services, Inc. participates in the West Virginia Public Employee Insurance Agency's health insurance plan. In order to comply with GASB Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective July 1, 2007 the Organization began recording annual required contributions (ARC) as a liability. The total of this liability was \$35,372 as of September 30, 2009.

THE COMMISSION ON AGING FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 8. Support Concentration

The Commission on Aging Family Services, Inc., receives approximately 38% of its support from the West Virginia Department of Health and Human Services for providing services under the Medicaid Waiver and Community Care programs. Any significant reduction in the level of support from these sources could have a material effect on the Organization's programs and activities.

Note 9. Endowment Fund

The Commission on Aging Family Services, Inc., is the beneficiary of an endowment held by the Tucker Community Foundation and currently invested under a trust agreement with Citizens National Bank. Fund distributions occur at the discretion of the Tucker Community Foundation. The balance of this fund at September 30, 2009 was \$10,500. The market value as of September 30, 2009 was \$9,183.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
The Commission on Aging Family Services, Inc.
Petersburg, West Virginia

My report on my audit of the basic financial statements of the The Commission on Aging Family Services, Inc., for the year ended September 30, 2009, appears on page one (1). I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States for the purpose of forming an opinion on the basic financial statements taken as a whole. The state of activities by program and schedule of indirect expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams & Associates, A.C.
Elkins, West Virginia
April 30, 2010

The Commission on Aging Family Services, Inc.
STATEMENT OF ACTIVITIES BY PROGRAM
For the Year Ended September 30, 2009

	III-B	III-C1	III-C2	III-D/MM	III-E	Elder Abuse	Waiver/CO/CM	LIFE	LH/FAIR	Other Programs	Total Programs	Management & General	TOTAL
Revenue & Support													
Federal Revenue	\$19,003	\$ 3,144	\$ 528	\$ 1,939	\$ 9,474	\$ 231	\$ -	\$ -			\$ 34,319	\$ -	\$ 34,319
NSIP Revenue		1,249	1,158								2,407		2,407
State Revenue	20,804	42,505	34,298	59				139,615			97,666		97,666
LIFE Revenue (2008-09)								38,743			139,615		139,615
LIFE Revenue (2009-10)									127,711	93,336	221,047		38,743
Other State Revenue											371,792		221,047
Program Service Fees	1,240	20,408	10,640						1,978		34,266		371,792
Project Income													34,266
Contributions													
Interest Income	4,775			169	2,011							1,541	1,541
In-Kind Revenue	5,940	16									6,955	473	473
Other Income													6,955
Total Revenue & Support	51,762	67,322	46,624	2,167	11,485	231	371,792	178,358	129,689	114,340	973,770	4,200	31,160
Expenses													
Payroll & Benefits	28,847	19,977	18,691	3,068	4,803	45	260,400	72,478	61,312	24,753	494,374	209,883	704,257
Communications	1,070										1,070	3,659	4,729
Food & Disposables											55,697		55,697
Equipment & Repairs		31,072	24,625								8,172		8,172
Office Supplies				20	10	10		2,553			2,593	5,540	8,133
Travel & Training	33			187	273		13,075	8,887	4,719	2,520	29,694	3,118	32,812
Depreciation													
Other Expenses	9,500	2,389	441	218	7		4,126	26,393	271	3,089	46,434	11,042	11,042
In-Kind Expenses													
Direct Expenses	12,394	15,471	14,154	149	619		177,932	34,705			47,867	64,828	111,262
Indirect Expenses				1,565	26				49,364		258,512	6,955	6,955
Total Expenses	60,016	68,909	57,911	5,207	5,738	55	455,533	145,016	115,666	30,362	944,413	(1,354)	943,059
Change in Net Assets	\$(8,254)	\$(1,587)	\$(11,287)	\$(3,040)	\$ 5,747	\$ 176	\$(83,741)	\$33,342	\$14,023	\$ 83,978	\$ 29,357	\$ 7,568	\$ 36,925

The accompanying notes are an integral part of these financial statements.

See Independent Auditor's Report.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
The Commission on Aging Family Services, Inc.
Petersburg, West Virginia

I have audited the financial statements of The Commission on Aging Family Services, Inc., (a non-profit organization) as of and for the year ended September 30, 2009 and have issued my reports thereon dated April 30, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether The Commission on Aging Family Services, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of law, regulations, contracts, and grants, 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 is not an object of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance, which we have reported to management of The Commission on Aging Family Services, Inc., in a separate letter dated April 30, 2010, and included in this audit report on page 14.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered The Commission on Aging Family Services, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in an amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of The Commission on Aging Family Services, Inc., in a separate letter dated April 30, 2010, and included in this audit report on page 14.

This report is intended solely for the information and use of the board of directors, management, and West Virginia Bureau of Senior Services and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Associates, A.C.
Elkins, West Virginia
April 30, 2010

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REPORT ON SELECTED COMPLIANCE REQUIREMENTS OF THE WEST VIRGINIA BUREAU OF SENIOR SERVICES

To the Board of Directors
The Commission on Aging Family Services, Inc.
Elkins, West Virginia

I have audited the financial statements of The Commission on Aging Family Services, Inc. (a non-profit organization) as of and for the year ended September 30, 2009 and have issued my report thereon dated April 30, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether The Commission on Aging Family Services, Inc.'s financial statements are free of material misstatement, I performed tests of certain compliance requirements per the directive of the West Virginia Bureau of Senior Services. Providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. However, the results of my tests disclosed no instances of noncompliance that are required to be reported under the directive of the West Virginia Bureau of Senior Services.

This report is intended for the information of the Board of Directors, management and the granting agencies and it not intended to be and should not be used by anyone other than those specified parties.

Williams & Associates, A.C.
Williams & Associates, A.C.
April 30, 2010

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MANAGEMENT LETTER

To the Board of Directors
The Commission on Aging Family Services, Inc.
Petersburg, West Virginia

My audit of the financial statements of the Commission on Aging Family Services, Inc., for the year ended September 30, 2009, highlighted areas where I would like to make recommendations which would improve the internal control, accounting procedures, and internal financial information of the Organization. Since my audit was not designed to include a complete review of all systems, procedures and controls, the following comments and recommendations should not be considered to be all inclusive of the areas where improvements may be necessary.

Segregations of Duties

During my audit I noted that two people perform most of the accounting and financial duties. As a result, many aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the Commission on Aging Family Services, Inc. I recognize that the Organization is not large enough to make the employment of additional staff for the purpose of segregating duties practicable from a financial standpoint, but I am required under my professional responsibilities to describe the situation.

Inventory

During my audit, I noted that a regular inventory of raw foods and disposables was not being conducted. Although the amount may be immaterial, at least an annual inventory should be completed on the last day of the fiscal year.

Accounting Records/Trial Balance

I noted during my audit that the trial balance provided did not correspond to the amounts on last year's audit report. Adjusting entries should be entered by accounting staff to insure that that audited amounts correspond with the Organization's accounting records.

Balance Sheet Accounts

I noted during my audit that some balance sheet accounts were not accurate, including bank accounts, certificates of deposit and accounts payable. Transactions occurring in asset and liability accounts should be appropriately recorded.

Other Post-Employment Benefit Liabilities

I also noted that the annual required contribution (ARC) liability required to be recorded under GASB Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective July 1, 2007 was not being recorded. The Organization should have begun recording annual required contributions (ARC) as a liability effective July 1, 2007. The ARC liability and corresponding expense should be recorded monthly.

After you have had the opportunity to review these comments and recommendations, I would be pleased to discuss those points that you desire. I would like to thank your staff for their assistance in performing the audit and the Board of Directors for the opportunity to serve the Commission on Aging Family Services, Inc.

Williams & Associates, A.C.
Elkins, West Virginia
April 30, 2010