

PRIDE COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED DECEMBER 31, 2010 AND 2009

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, 2010, and 2009, 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, 2010, and 2009 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 26, 2011 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 taken as a whole. The supplemental Schedule of Support, Revenue and Expenditures, Summary Schedule of State Awards, and Schedules of Grant Support, Revenue and Expenditures Compared to Grant Budget are presented for purposes of additional analysis. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These schedules are not a required part of the December 31, 2010 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2010 basic financial statements taken as a whole

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

Charleston, West Virginia

August 26, 2011

PRIDE COMMUNITY SERVICES, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2010 AND 2009

	2010	2009
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 39,405	\$ 58,137
Grants receivable	532,071	288,632
Other receivables	15,939	17,636
Prepaid expenses	34,946	38,981
Total current assets	622,361	403,386
Property and equipment, net of accumulated depreciation	1,080,569	975,628
Total assets	\$ 1,702,930	\$ 1,379,014
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 187,071	\$ 100,726
Accrued salaries and benefits	162,297	113,868
Other post retirement benefits	789,039	395,789
Refundable advances	98,654	62,917
Short term debt	50,000	-
Total current liabilities	1,287,061	673,300
Net assets - unrestricted		
Total unrestricted net assets	415,869	705,714
Total liabilities and net assets	\$ 1,702,930	\$ 1,379,014

The Accompanying Notes Are An Integral  
 Part Of These Financial Statements

PRIDE COMMUNITY SERVICES, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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	2010	2009
Changes in unrestricted net assets		
Support and revenue		
Grant revenue	\$ 2,950,820	\$ 3,100,456
American Recovery Reinvestment Act (ARRA) grant revenue	810,798	281,946
In-kind contributions	467,211	425,116
Food reimbursements	313,226	348,186
Program income	18,444	69,223
Sliding fee revenue	346,123	-
Other income	233,203	232,274
	5,139,825	4,457,201
Total support and revenue		
Expenses		
Salaries and wages	1,755,787	1,587,235
Fringe benefits	713,870	657,405
In-kind labor and expenses	467,211	425,116
Consumable supplies	339,254	274,843
Travel	33,069	44,025
Training	107,573	41,733
Repairs and maintenance	97,254	56,796
Contractual and consultants	125,585	9,279
Telephone and utilities	120,664	126,004
Operating expenses	84,705	34,132
Insurance	73,183	92,683
Occupancy	18,401	5,612
Transportation	56,761	56,449
Meal Reimbursement	443,728	275,880
Indirect costs	446,850	495,580
Depreciation expense	141,143	125,840
Other post retirement benefits (OPEB)	393,250	224,700
Other expenses	11,382	122,086
	5,429,670	4,655,398
Total expenses		
CHANGE IN NET ASSETS	(289,845)	(198,197)
Net assets beginning of year	705,714	903,911
Net assets, end of year	\$ 415,869	\$ 705,714

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

PRIDE COMMUNITY SERVICES, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ (289,845)	\$ (198,197)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Gain on disposal of capital assets	-	(2,924)
Depreciation	141,143	125,840
(Increase) decrease in operating assets		
Grants receivable	(243,439)	36,288
Other receivables	1,697	80,347
Prepaid expenses	4,035	15,337
Increase (decrease) in operating liabilities		
Accounts payable	86,345	(45,125)
Accrued salaries and benefits	(8,281)	48,961
Other post retirement benefits	449,960	210,186
Refundable advances	<u>35,737</u>	<u>(107,576)</u>
Net cash provided (used) by operating activities	<u>177,352</u>	<u>163,137</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(246,084)</u>	<u>(227,472)</u>
Net cash provided (used) by investing activities	<u>(246,084)</u>	<u>(227,472)</u>
Cash flows from financing activities		
Proceeds from line of credit	<u>50,000</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>50,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(18,732)	(64,335)
Cash and cash equivalents, beginning of year	<u>58,137</u>	<u>122,472</u>
Cash and cash equivalents, end of year	<u>\$ 39,405</u>	<u>\$ 58,137</u>

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, 2010, property and equipment with a cost of \$5,000 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. Prior to this, 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 which 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, 2010 AND 2009

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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 uncollectable promises, as estimated by management. Unconditional promises to give that are collectible in excess of one year shall be recorded at their discounted net present value and recorded up to the date

**INCOME TAXES** - PRIDE is a nonprofit corporation classified under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes derived from its nonprofit activities. For the year ended December 31, 2010, management believes that PRIDE has no material uncertain tax positions to be accounted for in the financial statements. As of December 31, 2010, tax years ending on or after December 31, 2007 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.

**RECLASSIFICATIONS** - Certain amounts in the 2009 financial statements have been reclassified to conform with the 2010 presentation. Such reclassifications had no effect on net assets or the change in net assets.

**SUBSEQUENT EVENTS** - In preparing these financial statements, PRIDE has evaluated events and transactions for potential recognition or disclosure through August 26, 2011, the date the financial statements were issued.

NOTE 2 -- CASH AND CASH EQUIVALENTS

Federal Deposit Insurance Corporation (FDIC) coverage is \$250,000. PRIDE maintains the cash balance in their account below this amount at all times. Therefore, the balance in PRIDE's accounts at December 31, 2010 and 2009 were fully FDIC insured.

PRIDE COMMUNITY SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 3 -- PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Land	\$ 338,500	\$ 338,500
Buildings	482,797	439,423
Vehicles & equipment	<u>1,231,249</u>	<u>1,028,539</u>
	2,052,546	1,806,462
Less: Accumulated depreciation	<u>971,977</u>	<u>830,834</u>
Property and equipment	<u>\$ 1,080,569</u>	<u>\$ 975,628</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, 2010 and 2009:

<u>Description</u>	<u>2010</u>	<u>2009</u>
Head Start	\$ 71,630	\$ 44,698
Weatherization	-	12,431
Health Benefit/SHIP	8,500	-
Case Management	4,042	-
Title IIIC2	3,134	-
FAIR	2,629	-
Title III E	366	-
Mountains of Hope	1,000	-
Child Food Care Program	<u>7,353</u>	<u>5,788</u>
Total	<u>\$ 98,654</u>	<u>\$ 62,917</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, 2010 AND 2009

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NOTE 6 -- FUNCTIONAL EXPENSES

PRIDE incurred expenditures in the conduct of the following programs for the years ended December 31, 2010 and 2009:

	2010	2009
Head Start Program: PRIDE provides comprehensive education activities to eligible Pre-Kindergarten students.	\$ 2,503,475	\$ 2,333,240
Weatherization Program: PRIDE provides services to reduce the energy costs of low-income families, particularly the elderly, people with disabilities, and children, by improving the energy efficiency of their homes.	581,134	460,165
Title III Programs: This includes programs for older Americans and covers social support activities including case management, transportation, assessments, etc.	295,995	342,337
Child and Adult Care Food Program: This program is funded by the Department of Education and the USDA and provides reimbursement for providing meals and care to children.	320,675	256,490
CSBG program: PRIDE provides emergency assistance to low-income, disabled, or elderly individuals and families and supports other agency programs as needed.	690,695	419,453
Personal Care programs: PRIDE provides an in-home care program, funded by the Medicaid program that makes personal assistance available to eligible adults.	341,490	46,268
Other programs that benefit children, senior citizens and families:	801,147	899,078
	5,534,611	4,757,031
Depreciation expense under GAAP	141,143	125,840
Less: Capitalized assets	(246,084)	(227,472)
Total Expenses	\$ 5,429,670	\$ 4,655,399

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%. The organization's contribution to the plan for 2010 and 2009 totaled \$103,638 and \$213,576. Trend information showing the progress of the system in accumulating sufficient assets to pay benefits when due is presented in their annual financial report. Copies can be obtained from the State.

The organization also sponsors a defined contribution pension plan for its union employees and for those employees who are not eligible to participate in the West Virginia Public Employees Retirement System. Contributions to the plan for 2010 and 2009 were \$10,412 and \$27,977.

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, 2010 AND 2009

NOTE 9 -- RETIREE HEALTH PLAN (Continued)

The estimated expense incurred for these Other Post Retirement Benefits (OPEB) are recorded as a component of other expenses in the statements of activities. For the years ended December 31, 2010 and 2009, OPEB costs are accrued based upon invoices received from PEIA based upon actuarially determined amounts. At December 31, 2010 and 2009, the current liability related to OPEB cost was \$789,039 and \$395,789. The total OPEB expense incurred for the years ended December 31, 2010 and 2009 was \$393,250 and \$224,700, respectively, and there was no OPEB expense directly related to retirees during 2010. As of the year ended December 31, 2010 there were no retirees receiving these benefits.

NOTE 10 -- DONATED SERVICES AND OTHER

During 2010 and 2009, 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:

	<u>2010</u>	<u>Use of</u>	<u>Other</u>	<u>Total</u>
	<u>Volunteer</u>	<u>Facilities</u>		
	<u>Labor</u>			
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>

	<u>2009</u>	<u>Use of</u>	<u>Total</u>
	<u>Volunteer</u>	<u>Facilities</u>	
	<u>Labor</u>		
Head Start	\$ 201,854	\$ 199,458	\$ 401,312
Title IIIB	7,212	-	7,212
Title III-C1	4,545	-	4,545
Title III-C2	5,583	-	5,583
Title IIID	1,164	-	1,164
Other	<u>-</u>	<u>5,300</u>	<u>5,300</u>
Total	<u>\$ 220,358</u>	<u>\$ 204,758</u>	<u>\$ 425,116</u>

## SUPPLEMENTAL INFORMATION



PRIDE COMMUNITY SERVICES, INC.  
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENDITURES  
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)  
COMMUNITY SERVICES BLOCK GRANT - GRANT NUMBER 2010-0013  
GRANT PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2010

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
State/pass-through	\$ 274,456	\$ 270,508	\$ 3,948
Total support and revenue	<u>274,456</u>	<u>270,508</u>	<u>3,948</u>
Expenses			
Salaries and wages	117,458	111,677	5,781
Fringe benefits	47,696	49,443	(1,747)
Training	12,800	12,821	(21)
Insurance	5,000	2,893	2,107
Contractual	6,337	6,004	333
Travel	2,500	2,189	311
Repairs and maintenance	7,500	2,582	4,918
Equipment	16,623	14,110	2,513
Occupancy	1,000	990	10
Consumable supplies	4,714	13,924	(9,210)
Telephone and utilities	9,500	9,228	272
Program costs	8,400	12,848	(4,448)
Other costs	5,200	2,798	2,402
Indirect costs	<u>29,728</u>	<u>29,001</u>	<u>727</u>
Total expenses	<u>274,456</u>	<u>270,508</u>	<u>3,948</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers		<u>-</u>	
Net assets, December 31, 2010		<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 ARRA - GRANT NUMBER 2009-0013A  
 GRANT PERIOD JULY 1, 2009 TO DECEMBER 31, 2010

	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Support and revenue			
State/pass-through	\$ 388,127	\$ 388,127	\$ -
Program income	-	8,922	(8,922)
Total support and revenue	<u>388,127</u>	<u>397,049</u>	<u>(8,922)</u>
Expenses			
Salary and wages	70,331	70,529	(198)
Fringe benefits	23,203	35,848	(12,645)
Training	17,875	48,243	(30,368)
Insurance	2,640	2,640	-
Consumable supplies	17,102	17,915	(813)
Telephone and utilities	6,237	6,162	75
Occupancy - Space	726	777	(51)
Travel	1,537	106	1,431
Repairs and maintenance	-	1,563	(1,563)
Transportation	1,864	2,182	(318)
Meals	6,530	6,684	(154)
Operating Expenses	4,809	22,871	(18,062)
Consultant/Contractual	14,715	13,541	1,174
Vehicles and Equipment	154,256	139,434	14,822
Other	35,618	9,406	26,212
Indirect	30,684	19,148	11,536
Total expenses	<u>388,127</u>	<u>397,049</u>	<u>(8,922)</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers		<u>-</u>	
Net assets, December, 2010		<u>\$ -</u>	

PRIDE COMMUNITY SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2010

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			
ARRA - Head Start	93.708	03SE202101	\$ 53,541
Head Start	93.600	03CH202145	1,766,855
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	21033	890
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	21036, 21136	45,145
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	21036, 21136	118,583
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	21036, 21136	3,703
National Family Caregiver Support, Title III, Part E	93.052	21036, 21136	25,414
Passed-through WV Governor's Office of Economic Opportunity			
Low-Income Home Energy Assistance	93.568	2009-1012, 2011-WX-1011	79,728
CSBG Cluster			
Community Services Block Grant	93.569	2009-0013	330,180
ARRA - Community Services Block Grant	93.710	2009-0013A	336,445
Passed-through WV Bureau of Senior Services			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - Health Benefits/SHIP	93.779	SH21019	5,000
U.S. Department of Energy			
Passed-through WV Governor's Office of Economic Opportunity			
Weatherization Assistance for Low-Income Persons	81.042	2009-1012, 2011-WX-1011	93,305
ARRA - Weatherization Assistance for Low-Income Persons	81.042	2009-1012, 2011-WX-1011	420,812
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	392,157
Passed-through Logan County Board of Education			
National School Lunch Program	10.555		29,634
Total Expenditures of Federal Awards			<u><u>\$ 3,701,392</u></u>

PRIDE COMMUNITY SERVICES, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2010

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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, 2010

Grantor Name/Program Title	Grant/ Fund Account Number	Award Amount	Receivable (Refundable) 12/31/09	Receipts	Expenditures	Receivable (Refundable) 12/31/10
<b>WVSC Metro Area Agency on Aging</b>						
Title IIIB Senior Services	21036	\$ 33,633	\$ -	\$ 29,501	\$ 29,501	\$ -
Title IIID - Health Services	21036	221	25	221	196	-
Legislative Initiatives for the Elderly - LIFE	21003	170,000	(4,207)	88,994	93,201	-
Legislative Initiatives for the Elderly - LIFE	21103	183,000	-	74,252	123,762	49,510
Alzheimer's Respite - FAIR	2950	24,000	(3,609)	-	3,609	-
Alzheimer's Respite - FAIR	21050	28,000	2,183	19,717	13,466	(4,068)
Alzheimer's Respite - FAIR	21150	3,134	-	4,925	12,356	7,431
Lighthouse In Home Services	2950	60,000	(5,864)	-	5,864	-
Lighthouse In Home Services	21050	60,000	5,052	33,481	28,429	-
Transportation Services	21150	19,403	-	17,982	17,982	-
<b>WV Bureau of Senior Services</b>						
Community Partnership	SC21029	19,999	-	19,999	19,999	-
Community Partnership	SC21122	28,311	-	-	11,549	11,549
<b>WV Department of Health and Human Resources, Bureau for Children and Families</b>						
Planning and Coordination - FRN	G100297	40,000	2,928	20,000	17,072	-



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, 2010, and have issued our report thereon dated August 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered PRIDE's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PRIDE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of PRIDE's internal control over financial reporting.

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether PRIDE's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying *Schedule of Findings and Questioned Costs* as item 2010-01.

PRIDE's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit PRIDE's response and, accordingly, we express no opinion on it.

We noted certain other matters that we have reported to management of PRIDE in a separate letter dated August 26, 2011.

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 26, 2011



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, 2010. 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying *Schedule of Findings and Questioned Costs* as item 2010-01.

### Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over of findings and questioned costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or a 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.

PRIDE's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not Audit PRIDE's response and, accordingly, we express no opinion on it.

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 26, 2011



PRIDE COMMUNITY SERVICES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED DECEMBER 31, 2010

**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?   X   yes            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?   X   yes            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?   X   yes            no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600/93.708	Head Start, including ARRA
93.569/93.710	Community Services Block Grant, including ARRA
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.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2010

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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, 2010

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SECTION III

FEDERAL AWARD FINDINGS  
AND QUESTIONED COSTS SECTION

PRIDE COMMUNITY SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2010

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**2010-01**                      **ELIGIBILITY**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> Passed-through WV Governor's Office of Economic Opportunity ARRA - Community Services Block Grant Grant Award Number 2009-013A	<b>CFDA</b>    93.710
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**Criteria:**                      The specific requirements for eligibility are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program. This compliance requirement specifies the criteria for determining the individuals that can participate in the program.

**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.

**Questioned Costs:**              Unknown

**Context:**                      There were a total of 32 participants in LEAP and 10 participants in Life Skills during the year.

**Cause:**                      The programs were new to the Agency.

**Effect:**                      Benefits were provided to ineligible participants, resulting in questioned costs.

**Recommendation:**              We recommend that management review current policies and procedures and compare these to grant requirements. Grant requirements should be monitored for proper adherence.

**Management's Response/Views of Responsible Officials:**              *Participants who were not income eligible received services due to the turnover of program managers, who did not follow eligibility guidelines. Although both programs are no longer in operation, policies are in place and all CSBG activities will be monitored for proper adherence in the future.*