

KANAWHA VALLEY SENIOR SERVICES, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

WITH

INDEPENDENT AUDITORS' REPORT

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 – 4
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 14
SUPPLEMENTAL INFORMATION	
Schedule of Federal, State and Other Support, Expenditures and Changes in Net Assets	16 – 17
Schedule of Direct State Grant Awards	18
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 <i>Government Auditing Standards</i>	19 – 20
Schedule of Findings	21



INDEPENDENT AUDITORS' REPORT

Board of Directors
Kanawha Valley Senior Services, Inc.
Charleston, West Virginia

We have audited the accompanying statements of financial position of Kanawha Valley Senior Services, Inc. (KVSS), a nonprofit organization, as of September 30, 2012 and 2011, and the related statement activities and cash flows for the years then ended. These financial statements are the responsibility of KVSS'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 of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KVSS'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 KVSS as of September 30, 2012 and 2011, and the results of its operations 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 February 19, 2013 on our consideration of KVSS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of KVSS taken as a whole. The supplemental Schedule of Federal, State and Other Support, Expenditures and Changes in Net Assets on pages 16 – 17 and the Schedule of Direct State Grant Awards on page 18 are presented for purposes of additional analysis and are not a required part of the 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 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 financial statements as a whole.

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

Charleston, West Virginia
February 19, 2013

KANAWHA VALLEY SENIOR SERVICES, INC.
 STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 789,287	\$ 760,310
Client service receivables, less allowance for uncollectable accounts	372,645	209,787
Grants receivable	91,901	87,187
Other current assets	21,420	32,041
Total current assets	1,275,253	1,089,325
Property and equipment, less accumulated depreciation	1,050,844	975,313
Other noncurrent assets	46,634	43,890
Total noncurrent assets	1,097,478	1,019,203
Total assets	\$ 2,372,731	\$ 2,108,528
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 33,522	\$ 54,446
Accrued liabilities	129,616	123,060
Refundable advances	133,524	95,464
Other post employment benefits	683,243	555,745
Total current liabilities	979,905	828,715
Net assets		
Unrestricted	1,392,826	1,279,813
Total net assets	1,392,826	1,279,813
Total liabilities and net assets	\$ 2,372,731	\$ 2,108,528

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

KANAWHA VALLEY SENIOR SERVICES, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Changes in unrestricted net assets		
Support and revenue		
Federal support	\$ 301,715	\$ 320,988
State support	1,737,089	1,652,041
Client service revenue	1,280,620	1,238,947
Other	<u>39,405</u>	<u>88,871</u>
Total support and revenue	<u>3,358,829</u>	<u>3,300,847</u>
Expenses		
Salaries and wages	1,979,981	2,000,346
Payroll taxes and fringes	360,274	396,931
Other post employment benefits	160,881	203,314
Insurance	31,191	39,625
Office expense	108,493	107,638
Program costs	163,987	124,173
Rent	20,811	29,620
Depreciation	81,323	64,179
Printing and publications	20,283	15,956
Travel	92,850	83,361
Equipment	5,853	2,472
Repairs and maintenance	23,769	18,096
Vehicles	60,376	55,621
Contractual services	99,319	96,610
Miscellaneous expense	<u>36,425</u>	<u>47,764</u>
Total expenses	<u>3,245,816</u>	<u>3,285,706</u>
CHANGE IN UNRESTRICTED NET ASSETS	113,013	15,141
Net assets, beginning of year	<u>1,279,813</u>	<u>1,264,672</u>
Net assets, end of year	<u>\$ 1,392,826</u>	<u>\$ 1,279,813</u>

KANAWHA VALLEY SENIOR SERVICES, INC
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 113,013	\$ 15,141
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	81,323	64,179
Loss on disposal of assets	-	1,438
(Increase) decrease in assets		
Client service receivables	(162,858)	84,248
Grants receivable	(4,714)	91,987
Other current assets	10,621	1,423
Other noncurrent assets	(2,744)	313
Increase (decrease) in liabilities		
Accounts payable	(20,924)	(818)
Accrued liabilities	6,556	(9,390)
Refundable advances	38,060	20,946
Other post employment benefits	127,498	167,864
Net cash provided (used) by operating activities	<u>185,831</u>	<u>437,331</u>
Cash flows from investing activities		
Cash purchases of property and equipment	(156,854)	(233,842)
Proceeds from disposal of assets	-	400
Net cash provided (used) by investing activities	<u>(156,854)</u>	<u>(233,442)</u>
Net increase (decrease) in cash and cash equivalents	28,977	203,889
Cash and cash equivalents, beginning of year	<u>760,310</u>	<u>556,421</u>
Cash and cash equivalents, end of year	<u>\$ 789,287</u>	<u>\$ 760,310</u>

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS - Kanawha Valley Senior Services, Inc. (KVSS) is a nonprofit organization located in Charleston, West Virginia created to provide programs to serve the elderly of the Kanawha Valley. The primary sources of support and revenue are fees for services provided and grants.

TEMPORARILY RESTRICTED NET ASSETS - The temporarily restricted category is comprised of funds whose use has been limited by donors to a specific time period and/or purpose. KVSS had no temporarily restricted net assets at September 30, 2012 or 2011.

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

PROPERTY AND EQUIPMENT - Property and equipment with a cost of \$1,000 or more are capitalized at cost and depreciated over the estimated useful lives of the assets. Useful lives are 3 to 7 years for office equipment and vehicles, and 39 years for buildings.

INCOME TAXES - KVSS 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. The Internal Revenue Service has classified KVSS as a publicly supported organization, which is not a private foundation. Accordingly, no provision for income taxes has been recorded.

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

KVSS has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognitions and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examinations by taxing authorities. For the year ended September 30, 2012, KVSS has no material uncertain tax positions to be accounted for in the financial statements under the new rules. KVSS recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. KVSS returns for year ending on or after September 30, 2009 remain subject to examination.

CONTRIBUTED SERVICES - 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 have been incurred by KVSS to purchase similar services.

CASH AND CASH EQUIVALENTS - For purposes of the statements of cash flows, cash and cash equivalents include cash deposits in bank accounts and investments in highly liquid debt instruments with a maturity of three months or less.

CLIENT SERVICE RECEIVABLES - KVSS provides service programs for eligible seniors requiring in-home health related services and transportation to specific services. Caregiver programs are also provided to those who have a family member to whom they provide care. These services are reimbursable by Medicaid based on prospectively determined per diem rates. Services billed by KVSS are subject to adjustment by Medicaid. Adjustments, if any, are recorded when they are identified. Therefore, client service receivables are reported at estimated net realizable value. Amounts are generally written off if unresolved differences between KVSS and Medicaid exceed a twelve-month period. Receivables must have Board approval prior to charging off.

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - KVSS has established an allowance for uncollectible accounts based on amounts charged off subsequent to September 30, 2012, and an analysis of the likelihood of collectability of the remaining accounts. The allowance for doubtful accounts as of September 30, 2012 and 2011 was \$2,495 and \$1,590, respectively and has been netted against client service receivables and revenue.

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

10

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

SUBSEQUENT EVENTS - In preparing these financial statements, KVSS has evaluated events and transactions for potential recognition or disclosure through February 19, 2013, the date the financial statements were issued.

RECLASSIFICATIONS – Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

NOTE 2 -- CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits with banking institutions in checking and savings accounts. Bank balances are insured by federal deposit insurance by the Federal Deposit Insurance Corporation (FDIC). Balances in these accounts sometimes exceed the federal deposit insurance limits; however, management believes the financial institutions to be creditworthy and believes that credit risk associated with these deposits is minimal.

NOTE 3 -- PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Land	\$ 55,000	\$ 55,000
Buildings and improvements	1,187,606	1,085,851
Equipment	<u>540,887</u>	<u>487,094</u>
	1,783,493	1,627,945
Less accumulated depreciation	<u>(732,649)</u>	<u>(652,632)</u>
	<u>\$ 1,050,844</u>	<u>\$ 975,313</u>

Depreciation expense charged to operations totaled \$81,323 and \$64,179 for the years ended September 30, 2012 and 2011, respectively.

KANAWHA VALLEY SENIOR SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 2012 AND 2011

NOTE 4 -- CONCENTRATIONS OF CREDIT RISK

KVSS generates a substantial portion of its revenue from Medicaid reimbursements and Title III grants. Medicaid amounts are paid on a cost reimbursement basis and are subject to audit and disallowance of charges based on a determination of whether the charges complied with all pertinent Medicaid regulations. If amounts are required to be repaid, such amounts will be recognized if an audit is performed and an amount can be reasonably determined.

KVSS extends credit for services provided without collateral. The mix of net receivables and revenue of its total unrestricted support and revenue exclusive of investment income at September 30, 2012 and 2011 and for the years then ended was as follows:

	<u>2012</u>	<u>2011</u>
Net receivable from:		
Medicaid	29%	27%
Title III	14%	21%
Lighthouse	37%	30%
Other	<u>20%</u>	<u>22%</u>
	<u>100%</u>	<u>100%</u>
Net revenue from:		
Medicaid	31%	27%
Title III	16%	16%
Lighthouse	25%	23%
Other	<u>28%</u>	<u>34%</u>
	<u>100%</u>	<u>100%</u>

A reduction in the level of this reimbursement and support, if this were to occur, may have a significant effect on KVSS's programs and activities.

NOTE 5 -- FUNCTIONAL EXPENSES

KVSS incurred expenses in the conduct of the following programs for the years ended September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Community Care Program: KVSS provides an in-home care program, funded by the Medicaid program and the Veterans Administration that makes personal assistance available to eligible adults.	\$ 1,039,896	\$ 1,121,642

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

NOTE 5 -- FUNCTIONAL EXPENSES (Continued)

Title III Programs: Older Americans Act funds that cover social support activities including case management, transportation, assessments, etc. KVSS also makes caregiver training available to family members providing care.	442,378	457,463
Lighthouse: KVSS provides for in-home assistance for seniors who have functional needs in their homes who do not qualify for other programs.	762,571	725,391
Transportation: KVSS provides transportation services to seniors.	392,811	397,957
Other programs that benefit senior citizens	<u>608,160</u>	<u>583,253</u>
	<u>\$ 3,245,816</u>	<u>\$ 3,285,706</u>

The above amounts include a proportionate allocation of all management and general and indirect costs, which totaled approximately \$461,000 and \$506,000 for the years ended September 30, 2012 and 2011, respectively.

NOTE 6 -- CONTINGENT LIABILITIES

KVSS'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, although management believes such amounts, if any, to be immaterial.

NOTE 7 -- PENSION PLAN

KVSS sponsors a contributory defined contribution pension plan covering qualified employees. All regular, full-time employees of KVSS with at least one full year of service are eligible to participate. Under the Plan employees are able to contribute up to 6% of their annual compensation to the Plan, which is 100% vested with the employee. KVSS matches 200% of contributions up to 2% of employee salary and 50% of contributions that exceed 2% of salary, but do not exceed 6% of salary. Employer contributions become fully vested after four years. KVSS's contributions to the Plan for the years ended September 30, 2012 and 2011, totaled \$24,863 and \$28,253, respectively.

NOTE 8 -- OTHER POST EMPLOYMENT BENEFITS

KVSS is part of the State of West Virginia's Other Post Employment Benefits (OPEB) plan. OPEB costs are accrued based upon invoices received from the West Virginia Retiree Health Benefits Trust Fund (RHBT) based upon actuarially determined amounts. At September 30, 2012 and 2011, the noncurrent liability related to OPEB costs was \$683,243 and \$555,745, respectively. This represents amounts billed by RHBT but not paid by KVSS consistent with RHBT guidance. The total OPEB expense incurred for the years ending June 30, 2012 and 2011 was \$160,881 and \$203,314, respectively. For the year ended September 30, 2012, \$33,383 was paid for retirees receiving benefits. As of September 30, 2012, there were 3 employees receiving these benefits.

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

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

NOTE 9 -- RELATED ENTITY

KVSS has an independent auxiliary called Kanawha Valley Senior Services Auxiliary, Inc. This entity is used to facilitate programs and fund raising activities for the benefit of KVSS. Currently KVSS handles all accounting functions for this entity. However, the entity maintains its own checking account. The following summarizes the transactions within the account during September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Cash	\$ <u>1,357</u>	\$ <u>1,709</u>
Revenues	\$ 648	\$ 544
Expenses	<u>1,000</u>	<u>1,441</u>
Change in Cash	<u>\$ (352)</u>	<u>\$ (897)</u>

These transactions have not been incorporated into the transactions of KVSS due to the independent nature of the Board.

NOTE 10 -- OPERATING LEASES

The Corporation leases out certain facilities under operating lease agreements. Occupancy revenue for September 30, 2012 and 2011 was \$11,443 and 4,880, respectively. Future minimum rental income are as follows as of September 30, 2012:

<u>Year ended September 30</u>	
2013	\$ <u>4,502</u>

SUPPLEMENTAL INFORMATION

KANAWHA VALLEY SENIOR SERVICES, INC.
 Schedule of Federal, State and Other Support, Expenditures and Changes in Net Assets
 Year Ended September 30, 2012

Federal Agency	U.S. Department of Health and Human Services (USDHHS)										N/A	USDHHS	N/A	N/A
	WV Bureau of Senior Services (WVBOSS)					WVSC Metro Area Agency on Aging								
State Agency	WV Bureau of Senior Services (WVBOSS)										N/A	WVBOSS	WVBOSS & WYDHHR	
Pass-Thru Grantor	WVSC Metro Area Agency on Aging										N/A	N/A	N/A	
Program Title	Title IIBB Senior Citizens	Title IIID Preventative Health	Title IIIE Caregiver	Elder Abuse	LIFE	Lighthouse	FAIR	Health Benefits Counseling	Community Partnership	Transportation				
Program Year	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12	07/01/11 - 06/30/12	07/01/11 - 06/30/12	07/01/11 - 06/30/12	04/01/11 - 03/31/12		10/01/11 - 09/30/12				
Federal CFDA Number	93,044	93,043	93,052	93,041				93,779						
	\$ 156,709	\$ 16,380	\$ 120,879	\$ 747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ -	\$ -	
Federal support	203,910	4,801	27,355	-	272,894	833,686	188,653	-	-	205,790	-	-	-	
State support	-	-	-	-	-	-	-	-	-	-	-	-	-	
Client service revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1,780	-	360	-	-	-	-	-	-	-	-	-	31,539	
Total support and revenue	362,399	21,181	148,594	747	272,894	833,686	188,653	7,000	205,790	-	-	-	31,539	
	128,488	10,458	106,411	-	-	511,291	125,077	-	-	-	-	-	147,186	
Salary and wages	35,224	2,033	14,499	-	-	74,930	19,280	-	-	-	-	-	37,837	
Payroll taxes and benefits	32,564	2,365	7,172	-	-	18,872	2,037	-	-	-	-	-	23,705	
Other post employment benefits	455	18	654	-	-	2,937	746	-	-	-	-	-	14,563	
Insurance	1,808	69	1,167	-	5,202	1,320	1,100	-	-	-	-	-	6,682	
Office expense	804	4,254	3,032	-	4,001	2,250	1,852	-	132,496	-	-	-	9,047	
Program costs	903	844	354	-	8,303	686	245	-	-	-	-	-	1,796	
Printing and publications	10,300	231	1,201	-	33,991	2,380	3,069	-	-	-	-	-	368	
Travel	-	-	412	-	608	-	-	-	-	-	-	-	360	
Non-capitalized equipment	-	-	395	-	-	-	-	-	-	-	-	-	518	
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	58,436	
Vehicle costs	-	-	400	-	-	814	238	-	-	-	-	-	2,127	
Consultant/Contractual	93	-	1,255	641	15,478	2,378	715	-	-	-	-	-	2,195	
Miscellaneous	210,639	20,272	145,167	641	865	649,469	156,739	-	132,496	-	-	-	314,550	
Total expenses	36,812	3,601	24,661	106	5,445	113,001	27,988	-	-	-	-	-	58,260	
Allocation of indirect costs	247,451	23,873	169,828	747	39,902	762,470	184,727	-	132,496	-	-	-	372,810	
Total expenditures	114,948	(2,692)	(21,234)	-	232,992	71,216	3,926	7,000	73,294	-	-	-	(341,271)	
Support and revenue over (under) expenditures	(550)	(90)	(586)	-	-	(101)	-	-	-	-	-	-	(20,001)	
Depreciation expense under GAAP	(144,102)	-	40,790	-	(229,938)	-	-	(7,000)	(72,196)	-	-	-	316,949	
Transfer in/(out)														
CHANGE IN NET ASSETS	\$ (29,704)	\$ (2,782)	\$ 18,970	\$ -	\$ 3,054	\$ 71,115	\$ 3,926	\$ -	\$ 1,098	\$ -	\$ -	\$ -	\$ (44,323)	

KANAWHA VALLEY SENIOR SERVICES, INC.
 Schedule of Federal, State and Other Support, Expenditures and Changes in Net Assets
 (Continued)
 Year Ended September 30, 2011

Federal Agency	USDHHS		Veterans Administration		N/A		N/A		
	West Virginia Department of Health and Human Resources (WVDHHR)	N/A	N/A	N/A	N/A	N/A	N/A		
State Agency	N/A		N/A		N/A		N/A		
Pass-Thru Grantor	N/A		N/A		N/A		N/A		
Program Title	Community Care Program (CCP) 10/01/11 - 09/30/12	Medicaid Waiver	Veterans Homemaker	Creative Care Program	Management and General 10/01/11 - 09/30/12	Property & Building 10/01/11 - 09/30/12	Tiskelwah 10/01/11 - 09/30/12	Indirect 10/01/11 - 09/30/12	Totals
Program Year	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12	10/01/11 - 09/30/12
Federal CFDA Number									
Federal support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,715
State support	-	-	-	-	-	-	-	-	1,737,089
Client service revenue	906,249	130,515	184,753	27,564	-	-	-	-	1,280,620
Other	197	-	-	-	7,211	-	29,857	-	39,405
Total support and revenue	906,446	130,515	184,753	27,564	7,211	-	29,857	-	3,358,829
<u>Expenditures</u>									
Salary and wages	515,222	86,104	101,488	17,436	-	-	3,736	227,084	1,979,981
Payroll taxes and benefits	74,190	12,348	17,375	2,505	(10,809)	-	338	80,524	360,274
Other post employment benefits	9,426	2,913	6,266	687	54,874	-	-	-	160,881
Insurance	3,179	487	493	124	-	-	1,992	5,543	31,191
Office expense	655	208	407	43	-	-	53,719	36,113	108,493
Program costs	2,437	353	276	66	-	-	330	2,106	163,987
Rent	-	-	-	-	-	-	-	480	20,811
Printing and publications	772	109	105	20	-	-	275	5,871	20,283
Travel	26,822	5,201	7,370	1,533	-	-	57	3,396	92,850
Non-capitalized equipment	-	-	-	-	-	-	1,901	2,572	5,853
Repairs and maintenance	260	-	-	-	-	-	13,941	8,655	23,769
Vehicle costs	-	-	-	-	-	-	932	1,008	60,376
Consultant/Contractual	875	107	232	12	-	-	4,271	74,765	99,319
Miscellaneous	7,164	277	1,702	133	4,732	-	4,508	9,767	36,425
Total expenses	641,002	108,107	135,714	22,559	48,797	-	86,000	457,884	3,164,493
Allocation of indirect costs	111,783	18,841	23,617	3,927	9,509	5,632	18,166	(461,349)	-
Total expenditures	752,785	126,948	159,331	26,486	58,306	5,632	104,166	(3,465)	3,164,493
Support and revenue over (under) expenditures	153,661	3,567	25,422	1,078	(51,095)	(5,632)	(74,309)	3,465	194,336
Depreciation expense under GAAP	(832)	-	-	-	(5,524)	(32,310)	(18,135)	(3,194)	(81,323)
Transfer in/(out)	-	-	-	-	4,132	10,000	81,636	(271)	-
CHANGE IN NET ASSETS	\$ 152,829	\$ 3,567	\$ 25,422	\$ 1,078	\$ (52,487)	\$ (27,942)	\$ (10,808)	\$ -	\$ 113,013

KANAWHA VALLEY SENIOR SERVICES
SCHEDULE OF DIRECT STATE GRANT AWARDS
YEAR ENDED SEPTEMBER 30, 2012

AWARDING AGENCY: Bureau of Senior Services

GRANT NAME	GRANT IDENTIFICATION	PERIOD OF AWARD	TOTAL AWARD	FUNDS RECEIVED	FUNDS EXPENDED	ENDING BALANCE
Alum Creek Community Development Center	SC21281	7/1/11-6/30/12	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Booker T Washington Community Center	SC 2988	7/1/11-6/30/12	5,000	5,000	5,000	-
Booker T Washington Community Center	SC21274	7/1/11-6/30/12	38,500	38,500	7,104	(31,396)
Booker T Washington Community Center	SC21265	7/1/11-6/30/12	3,000	3,000	2,491	(509)
Elk River Community Health Center	SC21279	7/1/11-6/30/12	25,000	25,000	25,000	-
Elk River Community Health Center	SC21279	7/1/11-6/30/12	1,100	1,100	1,100	-
Rand Community Center	SC21267	7/1/11-6/30/12	25,000	25,000	17,181	(7,819)
Rand Community Center	SC21267A	7/1/11-6/30/12	33,600	33,600	11,837	(21,763)
Sara Smith	SC21292	7/1/11-6/30/12	200	200	200	-
Sissonville Senior Service Center	SC21277	7/1/11-6/30/12	10,500	10,500	7,000	(3,500)
Sissonville Senior Service Center	SC21185	7/1/11-6/30/12	20,000	20,000	20,000	-
TOTAL			<u>\$ 166,900</u>	<u>\$ 166,900</u>	<u>\$ 101,913</u>	<u>\$ (64,987)</u>



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

The Board of Directors
Kanawha Valley Senior Services, Inc.
Charleston, West Virginia

We have audited the financial statements of Kanawha Valley Senior Services, Inc. (KVSS) as of and for the year ended September 30, 2012, and have issued our report thereon dated February 19, 2013. 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 KVSS is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered KVSS'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 KVSS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of KVSS'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 would not necessarily 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KVSS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of KVSS in a separate letter dated February 19, 2013.

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
February 19, 2013

**SCHEDULE OF FINDINGS
YEAR ENDED SEPTEMBER 30, 2012**

2012-01

BILLING CONTROLS

Criteria: One of the objectives of an internal control system is to provide management with reasonable assurance that billings are recorded properly to ensure that all amounts due to the Organization are billed, and that all billings are fully supported by required records.

Condition: A recent review by the West Virginia Bureau for Medical Services of billings related to Personal Assistant / Homemaker Services resulted in a preliminary request for repayment of \$44,863 of billings related to 2 clients, primarily as a result of the lack of dating the signature of the RN on the POC. In addition, during our testing of Transportation billings, we noted that in 1 of 10 billings tested, it appeared that 1 unit of service was not billed.

Cause: The current review process did not identify these items.

Effect: Certain amounts may need to be repaid to the Medicaid Waiver program. In addition certain Transportation revenue may not have been billed.

Recommendation: KVSS should improve its review processes and consider whether additional training or resources are needed to address these issues.

Management's Response/Views of Responsible Officials: *Medicaid Waiver Payback: We have requested a "desk/document review" as per the Bureau of Medical Services rules to appeal the payback they are asking. This is the first stage of the appeals process.*

Our process for reviewing billing will be addressed by hiring an employee to perform quality control on a monthly basis to insure better outcomes.