



# **Balestra, Harr & Scherer, CPAs, Inc.**

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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**CABELL COUNTY COMMUNITY  
SERVICES ORGANIZATION, INC.  
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH  
ADDITIONAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2013  
WITH INDEPENDENT AUDITORS' REPORTS**

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.  
 FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION  
 YEAR ENDED SEPTEMBER 30, 2013**

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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

Members of the Board  
Cabell County Community Services Organization, Inc.  
724 10<sup>th</sup> Avenue  
Huntington, West Virginia 25701

### Report on the Financial Statements

We have audited the accompanying financial statements of Cabell County Community Services Organization, Inc., (a nonprofit organization) which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cabell County Community Services Organization, Inc. as of September 30, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2014, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matter. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the financial statements of Cabell County Community Service Organization, Inc. taken as a whole. The accompanying schedules of support and revenues, expenses and changes in net assets; grant support, revenue and expenses compared to grant budgets (non-GAAP basis); and expenditures of federal and state awards provide additional analysis are not a required part of the financial statements. The accompanying schedules of support and revenue, expenses and changes in nets assets; grant support, revenues and expenses compared to grant budgets (non-GAAP basis); and expenditures of federal and state awards are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to the prepare the financial statements. Theses schedules were subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole, except as described in Note 19 to the financial statements.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
January 20, 2014

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2013**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 214,328
Grants Receivable	24,801
Other Receivables	135,881
Prepaid Expenses	32,499
Inventory	<u>9,376</u>

**TOTAL CURRENT ASSETS** 416,885

**INVESTMENTS**

16,955

**PROPERTY AND EQUIPMENT**

2,059,708

**TOTAL ASSETS**

\$ 2,493,548

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 142,843
Accrued Annual Leave	12,388
Accrued Payroll	56,851
Payroll Taxes Withheld and Accrued	9,458
Current Portion of Notes Payable	4,506
Deferred Revenue	<u>28,097</u>

**TOTAL CURRENT LIABILITIES** 254,143

**LONG-TERM LIABILITIES**

Notes Payable, Less Current Portion Included Above	<u>376,423</u>
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**TOTAL LONG-TERM LIABILITIES** 376,423

**TOTAL LIABILITIES**

630,566

**NET ASSETS**

Unrestricted:	
Operations	105,936
Investment in Property and Equipment	1,678,779
Temporarily Restricted	<u>78,267</u>

**TOTAL NET ASSETS** 1,862,982

**TOTAL LIABILITIES AND NET ASSETS**

\$ 2,493,548

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2013**

**UNRESTRICTED NET ASSETS**

**SUPPORT AND REVENUE**

Grants:	
State/Pass-Through	\$ 1,220,589
In-Kind Matching	68,005
USDA Food Reimbursements	50,109
Program Income	857,390
Contributions	47,268
Interest	2,469
Miscellaneous Income	5,428

**TOTAL UNRESTRICTED SUPPORT AND REVENUE** 2,251,258

**NET ASSETS RELEASED FROM RESTRICTIONS:**

Satisfaction of Purpose Restriction	18,317
-------------------------------------	--------

**TOTAL UNRESTRICTED SUPPORT AND REVENUE AND RECLASSIFICATIONS** 2,269,575

**EXPENSES**

**PROGRAM SERVICES**

Title IIIB - Senior Citizens	186,442
Title IIIC - Nutrition	480,751
Title IIID - Disease Prevention and Health Promotion	7,817
Title IIID - Medication Management	2,342
Title IIIE - Caregiver	83,888
Health Benefits/SHIP	3,200
LIFE	159,978
Lighthouse In Home Services	285,853
Veterans Administration	55,714
Medicaid	220,699
Medicaid Waiver	358,588
Fairfield East	42,266
Other Programs	373,268

**TOTAL PROGRAM SERVICES** 2,260,806

**SUPPORT SERVICES**

Management and General	300,353
------------------------	---------

**TOTAL EXPENSES** 2,561,159

**CHANGE IN UNRESTRICTED NET ASSETS** (291,584)

**TEMPORARILY RESTRICTED NET ASSETS**

Net Assets Released From Restrictions	(18,317)
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**CHANGE IN TEMPORARILY RESTRICTED NET ASSETS** (18,317)

**CHANGE IN NET ASSETS** (309,901)

**NET ASSETS, BEGINNING OF YEAR** 2,172,883

**NET ASSETS, END OF YEAR** \$ 1,862,982

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$	(309,901)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		117,611
Unrealized (Gain) on Investments		(2,199)
(Increase) Decrease in Operating Assets:		
Contributions Receivable		49,050
Grants Receivable		32,768
Other Receivables		44,194
Prepaid Expenses		(6,508)
Inventory		2,491
Increase (Decrease) in Operating Liabilities:		
Accounts Payable		88,223
Accrued Annual Leave		809
Accrued Payroll		(2,418)
Payroll Taxes Withheld and Accrued		(656)
Deferred Revenue		(22,557)

**NET CASH PROVIDED BY OPERATING ACTIVITIES** (9,093)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of Property and Equipment		(27,243)
Sale of Investments		<u>41</u>

**NET CASH (USED IN) INVESTING ACTIVITIES** (27,202)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments on Notes Payable		<u>(5,168)</u>
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**NET CASH (USED IN) FINANCING ACTIVITIES** (5,168)

**NET INCREASE IN CASH AND CASH EQUIVALENTS** (41,463)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 255,791

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 214,328

**SUUPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid During the Year for:		
Interest	\$	<u>16,897</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** – Cabell County Community Services Organization, Inc. is a non-profit organization which provides services to low income individuals and families and the elderly in Cabell County, West Virginia. Cabell County Community Services Organization, Inc.’s headquarters are located in Huntington, West Virginia. Cabell County Community Services Organization, Inc. also operates a number of Senior Citizens Centers throughout Cabell County. The Organization is funded primarily through grants and other agreements with the federal and state government.

**INVENTORY** – The Organization values inventory at the lower of cost, utilizing the first-in first-out method, or market.

**PROPERTY AND EQUIPMENT** – The Cabell County Community Services Organization, Inc. adopted a policy to capitalize all property and equipment over \$500. Property and equipment purchased is stated at cost and donated property and equipment received is stated at fair market value at the date of donation.

Property and equipment is depreciated over the estimated useful lives of the assets on the straight-line method as follows:

Building and Improvements	5-40 years
Office Furniture and Fixtures	5-7 years
Kitchen and Office Equipment	5-10 years
Vehicles and Related Equipment	4-10 years

Property and equipment acquired is owned by Cabell County Community Services Organization, Inc. while used in the program for which it was purchased or in other future authorized programs. The funding source, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations.

**REVENUE AND EXPENSE RECOGNITION** – The financial statements have been prepared on the accrual basis of accounting. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Funds received in advance of incurring qualifying are recorded as deferred revenue. Revenue from fee for service contracts is recognized in the accompanying financial statements when the services have been provided.

**DEFERRED REVENUE** – Deferred revenue represents unexpended funds received as of September 30, 2013. Deferred revenue are funds owed to funding sources or are approved for use in ongoing or future programs.

**EXPENSE ALLOCATION** – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

**DONATED SERVICES, SPACE AND OTHER** – Donated (in-kind) matching is required by certain funding sources. Donated hourly services are valued at the federally established minimum wage. Donated space is valued at the estimated fair rental value. Donated other is valued at the estimated fair market value at the date of receipt.



**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CASH AND CASH EQUIVALENTS** – The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**INVESTMENTS** – Investments are comprised of mutual funds and equity securities and are carried at fair value.

**INCOME TAXES** – Cabell County Community Services Organization, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**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.

**CONTRIBUTIONS** – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

**ADVERTISING COSTS** – Advertising costs totaling \$9,453 for the fiscal year ending September 30, 2013 were charged to operations when incurred.

**NOTE 2 – SUMMARY OF GRANT AGREEMENTS**

The following summarizes grant awards which were active during the period October 1, 2012 through September 30, 2013:

<u>Description</u>	<u>Grant Period</u>	<u>Amount of Award</u>
<b>Federal Assistance</b>		
<b>Department of Health and Human Services</b>		
West Virginia State College, Metro Area Agency on Aging:		
Title IIIB – 21136	10/01/12 – 09/30/13	\$ 87,556
Title IIIC	10/01/12 – 09/30/13	193,025
Title IIID – 21136	10/01/12 – 09/30/13	8,753
Title IIIE – 21136	10/01/12 – 09/30/13	50,929
Elder Abuse – 21133	10/01/12 – 09/30/13	0
Nutrition Services Incentive Program	10/01/12 – 09/30/13	50,376

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 2 – SUMMARY OF GRANT AGREEMENTS (CONTINUED)**

West Virginia Bureau of Senior Services:		
Health Benefits/SHIP – 21271	04/01/13– 03/31/14	4,000

**State Assistance**

**West Virginia State College,**

**Metro Area Agency on Aging:**

Title IIIB – 21136	10/01/12 – 09/30/13	\$ 82,301
Title IIIC	10/01/12 – 09/30/13	32,626
Title IIIC State Supplemental Nutrition	07/01/12 – 06/30/13	113,744
Title IIID – 21136	10/01/12 – 09/30/13	542
LIFE – 21203	07/01/12 – 06/30/13	222,992
LIFE – 21303	07/01/13 – 06/30/14	222,992
Data Entry – 21250	07/01/12 – 06/30/13	5,000
Alzheimer’s Respite – 21250	07/01/12 – 06/30/13	80,413
Alzheimer’s Respite – 21350	07/01/13 – 06/30/14	80,413
Lighthouse – 21250	07/01/12 – 06/30/13	329,085
Lighthouse – 21350	07/01/13 – 06/30/14	331,084

**West Virginia Bureau of Senior Services:**

Senior Grant – SC 21143	07/01/10 – 06/30/11	\$ 88,500
Community Partnership	07/01/11 – 06/30/12	\$ 78,500

**NOTE 3 – INVESTMENTS**

Investments as of September 30, 2013 were comprised of the following:

Mutual Funds	\$ 13,810
Common Stock	<u>3,145</u>
 Total	 \$ <u>16,955</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2013:

	<u>Unrestricted</u>
Interest and Dividends	\$ 49
Unrealized Gains	<u>2,199</u>
 Total	 \$ <u>2,248</u>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of September 30, 2013:

Construction in Progress	\$ 167,367
Land	187,446
Buildings	1,023,096
Improvements	1,155,436
Furniture, Fixtures and equipment	193,299
Vehicles	<u>265,881</u>
	2,992,525
Less: Accumulated Depreciation	<u>(932,817)</u>
<b>Property and Equipment, Net</b>	<b>\$ <u>2,059,708</u></b>

Depreciation expense charged to operations amounted to \$117,611 in 2013.

**NOTE 5 – NOTES PAYABLE**

Notes payable consisted of the following as of September 30, 2013:

\$400,000 note payable to United States of America, Rural Housing Service, U.S. Department of Agriculture; payable in 480 monthly installments of \$1,784 inclusive of interest at 4.375%, secured by real estate with a book value of \$532,103 at September 30, 2013, pledge of revenue, and all tangible items owned or hereafter acquired, due September, 2048.

Total	\$ 380,929
Less: Current Portion	<u>(4,506)</u>
Long-term Portion	<b>\$ <u>376,423</u></b>

Following are materials of notes payable at September 30, 2013 for each of the years and in aggregate:

<u>Years Ending September 30,</u>	<u>Amount</u>
2014	\$ 4,506
2015	4,707
2016	4,920
2017	5,137
2018	5,365
Thereafter	<u>356,294</u>
Total	<b>\$ <u>380,929</u></b>

Interest expense for the year ended September 30, 2013 totaled \$16,897.

**NOTE 6 – LINE OF CREDIT**

The Organization had a \$50,000 line of credit with a local bank to be drawn upon as needed at a variable interest rate. The balance on the line of credit as of September 30, 2013 was \$0. Interest expense for the year ended September 30, 2013 totaled \$0.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**NOTE 7 – OPERATING LEASES**

The Organization leased a facility to house a senior center as well as office space and equipment under an operating lease that expired during fiscal year 2013. The operating lease for the senior center facility and office space provides for the option to go on a monthly basis thereafter, at the same monthly rental of \$1,100. The Organization ended this lease at the end of October 2013.

Rental expense totaled \$27,112 for the fiscal year ended September 30, 2013.

**NOTE 8 – DEFERRED REVENUE**

Deferred revenue, which consists of restricted funds received by Cabell County Community Services Organization, Inc. but not yet expended for qualifying expenses, is comprised of the following at September 30, 2013:

<u>Description</u>	<u>Amount</u>
Life	\$ <u>28,097</u>
Total	\$ <u>28,097</u>

**NOTE 9 – COST ALLOCATION**

Cabell County Community Services Organization, Inc. has adopted a cost allocation plan whereby each program is charged its fair share of the agency's indirect costs. Indirect costs are those costs incurred for a common purpose benefitting or supporting all agency programs and activities and are not readily assignable directly. Indirect costs are accumulated in an indirect cost pool and are allocated to the various programs in proportion to their direct salaries and wages to total salaries and wages.

**NOTE 10 – CONCENTRATION OF CREDIT RISK**

The Organization provides various services to the elderly and low income individuals of Cabell County, West Virginia 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 amounts. An allowance for bad debts has not been set up as the amount is not considered material.

The Organization maintains substantially all of its cash balances with two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has gross bank balances of \$250,749 at one of these financial institutions at September 30, 2013.

**NOTE 11 – PENSION PLAN**

The Organization sponsors a defined contribution plan. The Organization made \$24,485 in employer contributions to the plan for the fiscal year ended September 30, 2013.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**NOTE 12 – RELATED PARTY TRANSACTIONS**

The Organization is associated with Eden Park, Inc., a West Virginia 501(c)(3) entity incorporated to build housing for low-income elderly citizens of Cabell County, through common board members and management. The Organization and its employees currently provide all executive management duties of Eden Park, Inc.

Transactions between the parties were as follows for the year ended September 30, 2013:

Payments received from Eden Park, Inc. for contracted management fees	\$	9,592
Payments received from Eden Park, Inc. for reimbursement of salaries and benefits		<u>10,798</u>
Total	\$	<u>20,390</u>

**NOTE 13 – DONATED SERVICES**

During fiscal year ended September 30, 2013, the Organization received donated services from unpaid volunteers. As required by the grant contracts, such amounts have been recorded as revenue and expenses by the following programs in the accompanying financial statements:

<u>Program</u>		<u>Amount</u>
Title IIIB Senior Citizens	\$	15,442
Title IIIC Nutrition		34,043
Title IIID Disease Prevention and Health Promotion		1,154
Title IIIE Caregiver		<u>16,976</u>
Total	\$	<u>67,615</u>

**NOTE 14 – CONTINGENCIES**

The Organization's programs are generally funded by federal, state, and local sources. Federal and state grants received for specific purposes are subject to audit or review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, would be immaterial.

The Organization was informed by the West Virginia Department of Health and Human Resources that they would be required to pay back the waiver program \$97,400 for overpayment caused by inappropriate billings of services. This amount has been recorded in the financial statements as a current liability.

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**NOTE 15 – FAIR VALUE MEASUREMENTS**

The Organization determines the fair values of its financial instruments based on the fair value hierarchy established by the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. This standard specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of the fair value hierarchy based on these two types of inputs are as follows:

- Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities that the Organization has the ability to access at the measurement date.
- Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.
- Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The hierarchy requires the use of observable market data when available. When determining fair value measurements, the Organization utilizes active and observable market prices for identical assets and liabilities whenever possible and classifies such items as Level 1. When identical assets and liabilities are not traded in active markets, the Organization utilizes market observable data for similar assets and liabilities in an active market, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market and classifies such items as Level 2.

When observable data is not available, the Organization uses alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. Items valued using such internally generated valuation techniques are based on the lowest level of input that is significant to the valuation. The following describes the valuation techniques used by the Organization to measure certain financial assets recorded at fair value on a recurring basis in the financial statements:

**Investments:** Mutual funds and common stock are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices (Level 1).

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 15 – FAIR VALUE MEASUREMENTS (continued)**

The balances of financial assets, measured at fair value on a recurring basis as of September 30, 2013 are as follows:

<u>Description</u>	<u>Fair Value Measurement as of September 30, 2013</u>			
	<u>Fair Value At September 30, 2013</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Mutual Funds	\$ 13,810	\$ 13,810	\$ -0-	\$ -0-
Common Stock	<u>3,145</u>	<u>3,145</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	\$ <u>16,955</u>	\$ <u>16,955</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

**NOTE 16 – SUBSEQUENT EVENTS**

Management has reviewed events occurring subsequent to September 30, 2013 through January 20, 2014 (the date the financial statements were available to be issued) for possible adjustment to, or disclosure in the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification.

**NOTE 17 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Facilities and Equipment	\$ 78,233
March for Meals	<u>34</u>
Total Temporarily Restricted Net Assets	\$ <u>78,267</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donor as follows:

Purpose Restriction Accomplished:	
Facilities and Equipment	\$ <u>18,317</u>
Total Temporarily Restricted Net Assets	\$ <u>18,317</u>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**NOTE 18 – BUDGETARY REPORTING BASIS**

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying schedules of grant support, revenue and expenses compared to grant budgets (non-GAAP basis) contained on pages 19 through 21 are prepared on a basis which differs from the financial statements in the following areas:

- 1) With the exception of per diem reimbursement contracts, revenue is recognized at the time the grant is awarded as opposed to when qualifying expenses have been incurred.
- 2) Encumbrances are reported as expenditures in the year in which they are budgeted.
- 3) Purchase of property and equipment are expensed as opposed to being capitalized and depreciated over the estimated useful lives of the assets.



**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Title IIIB Senior Citizens	Title IIIC Nutrition	Title IIID Disease Prevention and Health Promotion	Title IIID Medication Management
<b>SUPPORT AND REVENUE</b>				
Grant Revenue-State/Pass-Through	\$ 169,857	\$ 335,951	\$ 7,084	\$ 2,211
In-kind Matching	15,442	34,043	1,154	390
USDA Food Reimbursement	-	50,109	-	-
Program Income	1,343	49,522	-	-
Contributions	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous Income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL SUPPORT AND REVENUE</b>	186,642	469,625	8,238	2,601
<b>EXPENSES</b>				
Salaries and Benefits	121,564	193,808	6,562	1,952
Travel and Training	1,040	930	-	-
Consumable Supplies	5	31,116	-	-
Buildings	3,011	8,594	-	-
Vehicles and Equipment	8,644	31,165	-	-
Insurance	4,591	3,722	-	-
Occupancy	-	7,200	-	-
Contractual and Consultants	13	882	-	-
Telephone and Utilities	30,764	22,933	-	-
Food	-	126,225	-	-
Other	1,368	5,499	101	-
Interest	-	-	-	-
Indirect Costs	22,822	38,160	1,139	339
Volunteer Labor - Non-Funded	15,442	34,043	1,154	390
Depreciation	-	14,634	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	209,264	518,911	8,956	2,681
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(22,622)	(49,286)	(718)	(80)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>\$ (127,864)</u>	<u>\$ (56,185)</u>	<u>\$ (5,043)</u>	<u>\$ (679)</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (150,486)</u>	<u>\$ (105,471)</u>	<u>\$ (5,761)</u>	<u>\$ (759)</u>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Title IIIE Caregiver	Elder Abuse	Health Benefits/ SHIP	LIFE
<b>SUPPORT AND REVENUE</b>				
Grant Revenue-State/Pass-Through	\$ 50,929	\$ -	\$ 1,969	\$ 193,267
In-kind Matching	16,976	-	-	-
USDA Food Reimbursement	-	-	-	-
Program Income	7,079	-	-	-
Contributions	-	-	-	1,750
Interest Income	-	-	-	-
Miscellaneous Income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL SUPPORT AND REVENUE</b>	74,984	-	1,969	195,017
<b>EXPENSES</b>				
Salaries and Benefits	62,891	-	3,148	136,255
Travel and Training	8	-	52	0
Consumable Supplies	362	-	-	-
Buildings	703	-	-	-
Vehicles and Equipment	115	-	-	10,813
Insurance	-	-	-	2,986
Occupancy	-	-	-	-
Contractual and Consultants	11	-	-	3,966
Telephone and Utilities	2,389	-	-	-
Food	-	-	-	-
Other	433	-	-	4,608
Interest	-	-	-	-
Indirect Costs	11,488	-	554	18,001
Volunteer Labor - Non-Funded	16,976	-	-	-
Depreciation	-	-	-	1,350
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	95,376	-	3,754	177,979
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(20,392)	-	(1,785)	17,038
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>\$ (52,580)</u>	<u>\$ 971</u>	<u>\$ (6,631)</u>	<u>\$ 125,253</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (72,972)</u>	<u>\$ 971</u>	<u>\$ (8,416)</u>	<u>\$ 142,291</u>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Lighthouse In-Home Services	Veterans Administration	Medicaid	Medicaid Waiver
<b>SUPPORT AND REVENUE</b>				
Grant Revenue-State/Pass-Through	\$ 328,837	\$ -	\$ -	\$ -
In-kind Matching	-	-	-	-
USDA Food Reimbursement	-	-	-	-
Program Income	-	97,565	279,864	354,887
Contributions	27,789	-	-	-
Interest Income	-	-	-	-
Miscellaneous Income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL SUPPORT AND REVENUE</b>	356,626	97,565	279,864	354,887
<b>EXPENSES</b>				
Salaries and Benefits	269,464	52,136	203,376	339,893
Travel and Training	14,244	2,765	12,821	13,140
Consumable Supplies	790	132	706	765
Buildings	-	-	-	88
Vehicles and Equipment	-	-	-	-
Insurance	-	-	-	-
Occupancy	-	-	-	-
Contractual and Consultants	210	-	1,079	1,226
Telephone and Utilities	-	-	3	732
Food	-	-	-	-
Other	1,145	681	2,714	2,744
Interest	-	-	-	-
Indirect Costs	55,684	10,718	41,486	70,498
Volunteer Labor - Non-Funded	-	-	-	-
Depreciation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	341,537	66,432	262,185	429,086
<b>INCREASE (DECREASE) IN NET ASSETS</b>	15,089	31,133	17,679	(74,199)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>\$ 285,017</u>	<u>\$ 579,978</u>	<u>\$ (575,771)</u>	<u>\$ 253,278</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 300,106</u>	<u>\$ 611,111</u>	<u>\$ (558,092)</u>	<u>\$ 179,079</u>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Fairfield East	Other Programs	Total
<b>SUPPORT AND REVENUE</b>			
Grant Revenue-State/Pass-Through	\$ 49,858	\$ 80,626	\$ 1,220,589
In-kind Matching	-	-	68,005
USDA Food Reimbursement	-	-	50,109
Program Income	-	67,130	857,390
Contributions	-	17,729	47,268
Interest Income	-	2,469	2,469
Miscellaneous Income	-	5,428	5,428
	<hr/>	<hr/>	<hr/>
<b>TOTAL SUPPORT AND REVENUE</b>	49,858	173,382	2,251,258
<b>EXPENSES</b>			
Salaries and Benefits	37,250	132,873	1,561,172
Travel and Training	-	1,840	46,840
Consumable Supplies	514	4,399	38,789
Buildings	-	9,106	21,502
Vehicles and Equipment	4,313	12,264	67,314
Insurance	-	499	11,798
Occupancy	-	8,500	15,700
Contractual and Consultants	50	13,222	20,659
Telephone and Utilities	-	6,459	63,280
Food	6	8,323	134,554
Other	133	57,259	76,685
Interest	-	16,897	16,897
Indirect Costs	7,884	21,580	300,353
Volunteer Labor - Non-Funded	-	-	68,005
Depreciation	-	101,627	117,611
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	50,150	394,848	2,561,159
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(292)	(221,466)	(309,901)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>\$ (1,950)</u>	<u>\$ 1,755,157</u>	<u>\$ 2,172,883</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (2,242)</u>	<u>\$ 1,533,691</u>	<u>\$ 1,862,982</u>

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES**  
**COMPARED TO GRANT BUDGET (NON-GAAP BASIS)**  
**OLDER AMERICANS ACT - TITLE IIIB, IIID, AND IIIE - GRANT NUMBER 21036**  
**GRANT PERIOD OCTOBER 1, 2012 TO SEPTEMBER 30, 2013**

	Budget	Actual			(Over) Under Budget
		IIIB	IIID	IIIE	
<b>SUPPORT AND REVENUE</b>					
Federal	\$ 147,238	\$ 87,556	\$ 8,753	\$ 50,929	\$ -
State	82,843	82,301	542	-	-
In-kind Matching	33,962	15,442	1,544	16,976	-
Program Income	11,219	1,343	-	7,079	2,797
Other	-	-	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>275,262</u>	<u>186,642</u>	<u>10,839</u>	<u>74,984</u>	<u>2,797</u>
<b>EXPENSES</b>					
Personnel	186,436	109,946	8,513	70,365	(2,388)
Travel	901	860	-	-	41
Printing and Supplies	1,867	291	101	-	1,475
Transportation	42,739	39,809	-	-	2,930
Building Space	3,128	3,356	-	-	(228)
Communication and Utilities	31,836	30,941	-	-	895
Other	1,200	765	-	-	435
Indirect Costs	9,276	9,045	1,479	8,037	(9,285)
<b>TOTAL EXPENSES</b>	<u>277,383</u>	<u>195,013</u>	<u>10,093</u>	<u>78,402</u>	<u>(6,125)</u>
<b>GRANTEE'S SHARE</b>	<u>38,232</u>	<u>16,785</u>	<u>1,544</u>	<u>24,055</u>	<u>(4,152)</u>
<b>GRANT TOTAL</b>	<u>\$ 315,615</u>	<u>211,798</u>	<u>11,637</u>	<u>102,457</u>	<u>\$ (10,277)</u>
<b>(DECREASE) INCREASE IN NET ASSETS</b>		<u>(25,156)</u>	<u>(798)</u>	<u>(27,473)</u>	
<b>NET ASSETS - SEPTEMBER 30, 2013</b>		<u>\$ (25,156)</u>	<u>\$ (798)</u>	<u>\$ (27,473)</u>	

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES**  
**COMPARED TO GRANT BUDGET (NON-GAAP BASIS)**  
**ELDER ABUSE - GRANT NUMBER 21233**  
**GRANT PERIOD OCTOBER 1, 2012 TO SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b>SUPPORT AND REVENUE</b>			
Federal	\$ -	\$ -	\$ -
<b>TOTAL SUPPORT AND REVENUE</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>			
Personnel	-	-	-
Indirect Costs	-	-	-
<b>TOTAL EXPENSES</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>(DECREASE) INCREASE IN NET ASSETS</b>		<u>-</u>	
<b>NET ASSETS - SEPTEMBER 30, 2013</b>		<u>\$ 933</u>	

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES**  
**COMPARED TO GRANT BUDGET (NON-GAAP BASIS)**  
**LEGISLATIVE INITIATIVES FOR THE ELDERLY-LIFE-GRANT NUMBER 21203**  
**GRANT PERIOD JULY 1, 2012 TO JUNE 30, 2013**

	Budget	Actual	(Over) Under Budget
<b>SUPPORT AND REVENUE</b>			
State/Pass-Through	\$ 222,992	201,297	\$ 21,695
<b>TOTAL SUPPORT AND REVENUE</b>	222,992	201,297	21,695
<b>EXPENSES</b>			
Personnel	125,457	122,892	2,565
Fringe Benefits	34,330	30,555	3,775
Printing and Supplies	226	38	188
Equipment	-	3,218	(3,218)
Renovations and Construction	3,572	-	3,572
Building Space	-	-	-
Communication/Utilities	10,710	4,290	6,420
Other	24,960	18,481	6,479
Indirect Costs	23,737	21,849	1,888
<b>TOTAL EXPENSES</b>	\$ 222,992	201,323	\$ 21,669
<b>(DECREASE) INCREASE IN NET ASSETS</b>		(26)	
<b>NET ASSETS - JUNE 30, 2013</b>		\$ (26)	

**CABELL COUNTY COMMUNITY SERVICES ORGANIZATION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

Federal or State Grantor/Pass-through Grantor/ Program Title	Agency/ Pass-through Number	Program Period	Program or Award Amount	Receipts or Revenue Recognized	Disbursements/ Expenditures
<b>FEDERAL AWARDS</b>					
<b>Department of Health and Human Services</b>					
Pass-through West Virginia State College, Metro Area Agency on Aging:					
Title IIIB Senior Citizens	21136	10/01/12 - 9/30/13	\$ 87,556	\$ 87,556	\$ 87,556
Title IIIC Nutrition Services	N/A	10/01/12 - 9/30/13	193,025	188,704	188,704
Title IIID Disease Prevention and Health Promotion	21136	10/01/12 - 9/30/13	6,542	6,542	6,542
Title IIID Medication Management	21136	10/01/12 - 9/30/13	2,211	2,211	2,211
Title IIIE Caregiver	21136	10/01/12 - 9/30/13	50,929	50,929	50,929
Nutrition Services Incentive Program	N/A	10/01/12 - 9/30/13	50,376	50,376	50,376
Pass-through West Virginia Bureau of Senior Services:					
Health Benefits/SHIP	21371	4/1/12 - 3/31/13	4,000	<u>4,000</u>	<u>4,000</u>
Total Federal Awards				<u>390,318</u>	<u>390,318</u>
<b>STATE AWARDS</b>					
<b>West Virginia State College, Metro Area Agency on Aging</b>					
Title IIIB Senior Citizens	21136	10/01/12 - 9/30/13	82,301	82,301	82,301
Title IIIC Nutrition Services	N/A	10/01/12 - 9/30/13	32,626	32,626	32,626
Title IIIC State Supplemental Nutrition	N/A	7/01/12 - 6/30/13	113,744	113,744	113,744
Title IIID Disease Prevention and Health Promotion	21136	10/01/12 - 9/30/13	542	542	542
LIFE	21203	7/01/12 - 6/30/13	222,992	222,992	222,992
LIFE	21303	7/01/13 - 6/30/14	222,992	-	-
Data Entry	21250	7/01/12 - 6/30/13	5,000	5,000	5,000
Alzheimer's Respite	21250	7/01/12 - 6/30/13	80,413	80,413	80,413
Alzheimer's Respite	21350	7/01/13 - 6/30/14	80,413	-	-
Lighthouse	21250	7/01/12 - 6/30/13	329,085	329,085	329,085
Lighthouse	21350	7/01/13 - 6/30/14	329,084	-	-
<b>West Virginia Bureau of Senior Services</b>					
Senior Grant	SC21143	7/01/10 - 6/30/11	88,500	-	-
Community Partnership	N/A	7/01/11 - 6/30/12	78,500	<u>-</u>	<u>8,100</u>
Total State Awards				<u>866,703</u>	<u>874,803</u>
Total Federal and State Awards				<u>\$ 1,257,021</u>	<u>\$ 1,265,121</u>





# Balestra, Harr & Scherer, CPAs, Inc.

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## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Members of the Board  
Cabell County Community Services Organization, Inc.  
724 10<sup>th</sup> Avenue  
Huntington, West Virginia 25701

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Cabell County Community Services Organization, Inc., (a non-profit organization) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Organizations basic financial statements and have issued our report thereon dated January 20, 2014.

### **Internal Control Over Financial Reporting**

As part of our audit, we considered Cabell County Community Services Organization, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of Cabell County Community Services Organization, Inc.'s internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Organization's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Organization's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Members of the Board  
Cabell County Community Services Organization, Inc.  
Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards*  
Page 2

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
January 20, 2014



# Balestra, Harr & Scherer, CPAs, Inc.

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## Management Letter

Members of the Board  
Cabell County Community Services Organization, Inc.  
724 10<sup>th</sup> Avenue  
Huntington, West Virginia 25701

In accordance with *Government Auditing Standards*, we have audited the financial statements of Cabell County Community Services Organization, Inc. as of and for the year ended September 30, 2013, and have issued our report thereon dated January 20, 2014.

*Government Auditing Standards* also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in internal controls. We have issued the required report dated January 20, 2014, for the year ended September 30, 2013.

We are also submitting for your consideration the following comment on the Organization's compliance with applicable laws and regulations and on its internal controls. This comment reflects a matter that, while in our opinion do not represent material instances of noncompliance or significant internal control deficiencies, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendation suggested below. However, this comment reflects our continuing desire to assist your government. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

\*Indicates the matter was disclosed in the prior audit.

## RECOMMENDATIONS

### 1. \* INTERNAL CONTROL OVER PAYROLL PROCESSING

During fiscal year 2013, Cabell County Community Services Organization, Inc. contracted with Service Plus, a payroll processing company located in Morgantown, West Virginia. Service Plus, processes the Organizations payroll transactions. Cabell County Community Services Organization does not currently control the processing of payroll transactions nor does it review the processing controls of the Service Plus organization. Service Plus does not currently have an independent internal control review performed over its payroll processing services. Failure to have the adequacy of a service provider's internal controls evaluated could lead to errors in payroll processing, and/or misuse of funds to go undetected for long periods of time. The Cabell County Community Services Organization, Inc. should require Service Plus to employ the services of an independent auditor to review its internal control processes. We further recommend that the Cabell County Community Services Organization, Inc. require that Service Plus provide a SOC I service organization internal control report following the requirements of SSAE 16 to the Cabell County Community Services Organization, Inc. annually which reports the auditor's results of the internal control examination.

## RECOMMENDATIONS

### 1. \* INTERNAL CONTROL OVER PAYROLL PROCESSING (continued)

Finally Cabell County Community Service Organization, Inc. should require a written contract with Service Plus, detailing what services will be provided, the amount to be charged for the services and the requirement to have a SOC I report.

This report is intended solely for the information and use of management, members of the Board and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
January 20, 2014