

KANAWHA VALLEY SENIOR SERVICES, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

WITH

INDEPENDENT AUDITORS' REPORT

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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, 2011 and 2010, 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, 2011 and 2010, 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 April 4, 2012 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 18 - 19 and the Schedule of Direct State Grant Awards on page 20 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

April 4, 2012

KANAWHA VALLEY SENIOR SERVICES, INC.
 STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2011 AND 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 760,310	\$ 556,421
Client service receivables, less allowance for uncollectable accounts	209,787	294,035
Grants receivable	87,187	179,174
Other current assets	32,041	33,464
Total current assets	1,089,325	1,063,094
Property and equipment, less accumulated depreciation	975,313	807,488
Investments		
Beneficial interest in trust	23,286	24,004
Marketable securities	20,604	20,199
Total investments	43,890	44,203
Total assets	\$ 2,108,528	\$ 1,914,785
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 54,446	\$ 55,264
Accrued liabilities	123,060	132,450
Refundable advances	95,464	74,518
Other post employment benefits	555,745	387,881
Total current liabilities	828,715	650,113
Net assets		
Unrestricted	1,279,813	1,264,672
Total net assets	1,279,813	1,264,672
Total liabilities and net assets	\$ 2,108,528	\$ 1,914,785

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

KANAWHA VALLEY SENIOR SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Changes in unrestricted net assets		
Support and revenue		
Federal support	\$ 320,988	\$ 294,296
State support	1,652,041	1,380,339
Client service revenue	1,238,947	1,755,931
Other	<u>88,871</u>	<u>60,643</u>
Total support and revenue	<u>3,300,847</u>	<u>3,491,209</u>
Expenses		
Salaries and wages	2,000,346	2,202,791
Payroll taxes and fringes	396,931	462,902
Other post employment benefits	203,314	251,237
Insurance	39,625	42,641
Office expense	107,638	114,026
Program costs	124,173	121,170
Occupancy	29,620	33,808
Depreciation	64,179	64,273
Printing and publications	15,956	28,751
Travel	83,361	91,142
Equipment	2,472	2,794
Repairs and maintenance	18,096	15,068
Vehicles	55,621	62,973
Contractual services	96,610	97,493
Miscellaneous expense	<u>47,764</u>	<u>59,165</u>
Total expenses	<u>3,285,706</u>	<u>3,650,234</u>
CHANGE IN UNRESTRICTED NET ASSETS	15,141	(159,025)
Net assets, beginning of year	<u>1,264,672</u>	<u>1,423,697</u>
Net assets, end of year	<u>\$ 1,279,813</u>	<u>\$ 1,264,672</u>

KANAWHA VALLEY SENIOR SERVICES, INC
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 15,141	\$ (159,025)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	64,179	64,273
Loss on disposal of assets	1,438	3,195
Loss on value of investments	313	-
(Increase) decrease in assets		
Client service receivables	84,248	69,979
Grants receivable	91,987	(70,783)
Other current assets	1,423	(18,776)
Increase (decrease) in liabilities		
Accounts payable	(818)	11,384
Accrued liabilities	(9,390)	22,474
Refundable advances	20,946	10,126
Other post employment benefits	167,864	211,925
	<u>437,331</u>	<u>144,772</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Cash purchases of property and equipment	(233,842)	(79,559)
Proceeds from disposal of assets	400	800
Purchases of securities	-	(9,516)
	<u>(233,442)</u>	<u>(88,275)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	203,889	56,497
Cash and cash equivalents, beginning of year	<u>556,421</u>	<u>499,924</u>
Cash and cash equivalents, end of year	<u>\$ 760,310</u>	<u>\$ 556,421</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, 2011 or 2010.

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 4 to 5 years for office equipment and vehicles, and 40 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, 2011, 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, 2008 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, 2011, and an analysis of the likelihood of collectability of the remaining accounts. The allowance for doubtful accounts as of September 30, 2011 and 2010 was \$1,590 and \$5,302, respectively and has been netted against client service receivables and revenue.

KANAWHA VALLEY SENIOR SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 2011 AND 2010

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

INVESTMENTS - Investments consist of marketable securities with readily determinable fair values and amounts held by The Greater Kanawha Valley Foundation for the benefit of KVSS. Investment income or loss (including realized and unrealized gains and losses on investments, as well as interest and dividends) is included in the excess of expenses over revenues. Related expenses, such as custodial fees were reported net of related investment revenues.

SUBSEQUENT EVENTS - In preparing these financial statements, KVSS has evaluated events and transactions for potential recognition or disclosure through April 4, 2012, the date the financial statements were issued.

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, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 55,000	\$ 55,000
Buildings and improvements	864,655	779,846
Equipment	<u>708,290</u>	<u>610,033</u>
	1,627,945	1,444,879
Less accumulated depreciation	<u>(652,632)</u>	<u>(637,391)</u>
	<u>\$ 975,313</u>	<u>\$ 807,488</u>

Depreciation expense charged to operations totaled \$64,179 and \$64,273 for the years ended September 30, 2011 and 2010, respectively.

NOTE 4 -- INVESTMENTS

As of September 30, 2011 and 2010, KVSS reported \$20,604 and \$20,199 as marketable securities and \$23,286 and \$24,004 related to the beneficial interest held by the Greater Kanawha Valley Foundation.

Investments in marketable securities are reported at fair value and are subject to risks associated with general market conditions as well as risks associated with the type of security or with the industries in which the investments are concentrated. Future changes in market prices can cause financial instruments to be more or less valuable.

KVSS has contributed funds to the Greater Kanawha Valley Foundation (GKVF) with Kanawha Valley Senior Services, Inc. as the beneficiary. The GKVF was also granted variance power. Under professional accounting standards, if a community foundation accepts a contribution from an agency and agrees to transfer those assets, the return on investment of those assets or both back to the agency, then these contributions are presented as a reciprocal transfer, shown as a liability on the financial statements of the community foundation and as an asset on the financial statements of the agency. Furthermore, if additional contributions are received by the Foundation for the same funds from unrelated third party donors these contributions are considered contributions to the Foundation, and the Foundation is required to report that portion of the fund as a net asset (no offsetting liability for the Foundation and no asset is reported on the agency's records).

NOTE 5 -- 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.

KANAWHA VALLEY SENIOR SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 2011 AND 2010

NOTE 5 -- CONCENTRATIONS OF CREDIT RISK (Continued)

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, 2011 and 2010 and for the years then ended was as follows:

	<u>2011</u>	<u>2010</u>
Net receivable from:		
Medicaid	27%	21%
Title III	21%	30%
Other	<u>52%</u>	<u>49%</u>
	<u>100%</u>	<u>100%</u>
Net revenue from:		
Medicaid	27%	32%
Title III	16%	16%
Other	<u>57%</u>	<u>52%</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 6 -- FUNCTIONAL EXPENSES

KVSS incurred expenses in the conduct of the following programs for the years ended September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Community Care Program: KVSS provides an in-home care program, funded by the Medicaid program that makes personal assistance available to eligible adults.	\$ 1,121,642	\$ 1,356,497
Senior Support/Day Care: KVSS provides the elderly with a program of socialization and prevention as well as a clinical day center treatment program for adults.	8,883	301,147
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.	457,463	441,085

KANAWHA VALLEY SENIOR SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 2011 AND 2010

NOTE 6 -- FUNCTIONAL EXPENSES (Continued)

Lighthouse: KVSS provides for in-home assistance for seniors who have functional needs in their homes who do not qualify for other programs.	725,391	617,326
Transportation: KVSS provides transportation services to seniors.	397,957	437,858
Other programs that benefit senior citizens	574,370	496,321
	<u>\$ 3,285,706</u>	<u>\$ 3,650,234</u>

The above amounts include a proportionate allocation of all management and general and indirect costs, which totaled approximately \$506,000 and \$550,000 for the years ended September 30, 2011 and 2010, respectively.

NOTE 7 -- 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 8 -- 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, 2011 and 2010, totaled \$28,253 and \$26,003, respectively.

NOTE 9 -- 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 actuarial determined amounts. At September 30, 2011 and 2010, the noncurrent liability related to OPEB costs was \$555,745 and \$387,881, 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, 2011 and 2010 was \$203,314 and \$251,236, respectively. Subsequent to year end 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 decreases in the recorded OPEB liability.

NOTE 10 -- FAIR VALUE MEASUREMENTS

Professional standards establish a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach, and cost approach). The levels of the hierarchy are described below:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

NOTE 10 -- FAIR VALUE MEASUREMENTS (Continued)

Fair value of assets and liabilities measured on a recurring basis at September 30, 2011 are as follows:

<u>September 30, 2011</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in GKVF	\$ 23,286	\$ -	\$ 23,286	\$ -
Marketable securities	<u>20,604</u>	<u>20,604</u>	<u>-</u>	<u>-</u>
	<u>\$ 43,890</u>	<u>\$ 20,604</u>	<u>\$ 23,286</u>	<u>\$ -</u>

Fair value of assets and liabilities measured on a recurring basis at September 30, 2010 are as follows:

<u>September 30, 2010</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in GKVF	\$ 24,004	\$ -	\$ 24,004	\$ -
Marketable securities	<u>20,199</u>	<u>20,199</u>	<u>-</u>	<u>-</u>
	<u>\$ 44,203</u>	<u>\$ 20,199</u>	<u>\$ 24,004</u>	<u>\$ -</u>

NOTE 11 -- 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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Cash	<u>\$ 1,709</u>	<u>\$ 2,606</u>
Revenues	\$ 544	\$ 1,607
Expenses	<u>1,441</u>	<u>1,225</u>
Change in Cash	<u>\$ (897)</u>	<u>\$ 382</u>

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

KANAWHA VALLEY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

NOTE 12 -- OPERATING LEASES

The Corporation leases out certain facilities under operating lease agreements. Occupancy revenue for September 30, 2011 and 2010 was \$4,880 and \$0-, respectively. Future minimum rental income are as follows as of September 30, 2011:

<u>Year ended September 30</u>	
2012	<u>\$ 2,440</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, 2011

Federal Agency	Department of Health and Human Services								N/A			
State Agency	WV Bureau of Senior Services (WVBOSS)								WVBOSS & WVDHHR	West Virginia Department of Health and Human Resources (WVDHHR)		
Pass-Thru Grantor	WVSC Metro Area Agency on Aging								N/A			
Program Title	Title IIIB Senior Citizens	Title IIID Preventative Health	Title IIIE Caregiver	Elder Abuse	LIFE	Lighthouse	FAIR	Community Partnership	Transportation	Community Care Program (CCP)	Medicaid Waiver	Safe Harbor/ Day Treatment
Program Year	10/01/10 - 09/30/11	10/01/10 - 09/30/11	10/01/10 - 09/30/11	10/01/10 - 09/30/11	07/01/10 - 06/30/11	07/01/10 - 06/30/11	07/01/10 - 06/30/11		10/01/10 - 09/30/11	10/01/10 - 09/30/11		10/01/10 - 09/30/11
Federal CFDA Number	93.044	93.043	93.052	93.041								
<u>Support and Revenue</u>												
Federal support	\$ 157,941	\$ 15,386	\$ 134,576	\$ 4,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State support	198,177	4,801	4,858	-	272,894	772,493	183,519	215,299	-	-	-	-
Client service revenue	-	-	-	-	-	-	-	-	27,512	784,431	102,377	(5,694)
Other	1,267	-	1,040	-	-	35	64	-	3,230	80	-	-
Total support and revenue	<u>357,385</u>	<u>20,187</u>	<u>140,474</u>	<u>4,351</u>	<u>272,894</u>	<u>772,528</u>	<u>183,583</u>	<u>215,299</u>	<u>30,742</u>	<u>784,511</u>	<u>102,377</u>	<u>(5,694)</u>
<u>Expenditures</u>												
Salary and wages	123,505	6,360	103,523	-	-	475,659	122,087	-	143,810	510,463	61,716	816
Payroll taxes and benefits	39,850	1,955	16,746	-	-	75,279	18,090	-	39,291	79,099	8,665	1,162
Other post employment benefits	44,198	1,228	5,919	-	-	21,552	3,947	-	29,646	10,209	555	940
Insurance	587	22	1,092	-	-	3,744	736	-	16,882	4,701	513	-
Office expense	2,739	48	3,023	-	4,498	1,564	389	-	6,741	707	43	718
Program costs	676	6,286	1,813	831	3,438	3,626	1,971	93,060	6,266	3,280	368	(237)
Occupancy - space	-	-	8,000	-	-	-	-	-	12,000	-	-	2,800
Printing and publications	1,294	18	560	761	4,004	751	238	-	697	1,023	98	-
Travel	8,674	115	1,759	845	-	25,053	1,343	-	330	25,066	2,932	-
Non-capitalized equipment	-	-	-	-	-	220	-	-	325	238	25	-
Repairs and maintenance	-	-	180	-	-	0	171	499	1,118	-	-	-
Vehicle costs	-	-	-	-	-	-	-	-	53,652	-	-	-
Consultant/Contractual	335	-	222	-	6,448	409	-	9,511	938	1,666	52	-
Miscellaneous	277	1,465	1,080	1,406	528	2,844	595	-	783	3,780	341	1,102
Capitalized property and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	222,135	17,497	143,917	3,843	18,916	610,701	149,567	103,070	312,479	640,232	75,308	7,301
Allocation of indirect costs	42,395	2,987	27,285	632	3,276	114,589	27,849	-	63,032	120,962	14,305	1,471
Total expenditures	<u>264,530</u>	<u>20,484</u>	<u>171,202</u>	<u>4,475</u>	<u>22,192</u>	<u>725,290</u>	<u>177,416</u>	<u>103,070</u>	<u>375,511</u>	<u>761,194</u>	<u>89,613</u>	<u>8,772</u>
Support and revenue over (under) expenditures	92,855	(297)	(30,728)	(124)	250,702	47,238	6,167	112,229	(344,769)	23,317	12,764	(14,466)
Depreciation expense under GAAP	(707)	-	(540)	-	-	(101)	-	-	(22,446)	(1,179)	-	(111)
Capitalized equipment	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment capitalized	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in/(out)	(134,395)	-	41,117	-	(250,143)	-	-	(110,123)	302,755	-	-	(3,290)
CHANGE IN NET ASSETS	(42,247)	(297)	9,849	(124)	559	47,137	6,167	2,106	(64,460)	22,138	12,764	(17,867)
Net assets, beginning of year	(53,976)	(3,589)	(6,843)	243	10,464	209,180	(20,492)	-	(66,966)	242,203	(1,187)	469,155
Net assets, end of year	<u>\$ (96,223)</u>	<u>\$ (3,886)</u>	<u>\$ 3,006</u>	<u>\$ 119</u>	<u>\$ 11,023</u>	<u>\$ 256,317</u>	<u>\$ (14,325)</u>	<u>\$ 2,106</u>	<u>\$ (131,426)</u>	<u>\$ 264,341</u>	<u>\$ 11,577</u>	<u>\$ 451,288</u>

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	Veterans Administration		N/A					
	N/A		N/A					
State Agency	N/A		N/A					
Pass-Thru Grantor	N/A	N/A	N/A					
Program Title	Health Benefits Counseling	Veterans Homemaker	Creative Care Program	Management and General	Property & Building	Tiskelwah	Indirect	Totals
Program Year	04/01/11 - 03/31/11			10/01/10 - 09/30/11	10/01/10 - 09/30/11	10/01/10 - 09/30/11	10/01/10 - 09/30/11	
Federal CFDA Number	93.779			93.779				
<u>Support and Revenue</u>								
Federal support	\$ 8,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,988
State support	-	-	-	-	-	-	-	1,652,041
Client service revenue	-	316,024	14,297	-	-	-	-	1,238,947
Other	-	180	3	8,607	36,150	38,215	-	88,871
Total support and revenue	8,734	316,204	14,300	8,607	36,150	38,215	-	3,300,847
<u>Expenditures</u>								
Salary and wages	-	164,360	8,441	3,953	-	7,378	268,275	2,000,346
Payroll taxes and benefits	-	28,267	2,028	(11,705)	-	860	97,343	396,931
Other post employment benefits	-	10,133	1,070	73,918	-	-	-	203,314
Insurance	-	1,659	288	-	-	2,316	7,085	39,625
Office expense	-	683	64	400	-	55,631	30,390	107,638
Program costs	-	1,435	29	-	-	589	742	124,173
Occupancy - space	-	-	-	4,800	-	-	2,020	29,620
Printing and publications	-	590	20	-	-	449	5,453	15,956
Travel	-	15,400	587	-	-	-	1,257	83,361
Non-capitalized equipment	-	104	5	-	-	1,405	150	2,472
Repairs and maintenance	-	-	-	130	261	9,079	6,658	18,096
Vehicle costs	-	-	-	-	-	-	1,969	55,621
Consultant/Contractual	-	415	-	2,706	-	2,662	71,246	96,610
Miscellaneous	-	1,991	102	8,908	-	10,548	12,014	47,764
Capitalized property and equipment	-	-	-	-	-	-	-	-
Total expenses	-	225,037	12,634	83,110	261	90,917	504,602	3,221,527
Allocation of indirect costs	-	44,619	2,677	17,061	4,283	18,834	(506,257)	-
Total expenditures	-	269,656	15,311	100,171	4,544	109,751	(1,655)	3,221,527
Support and revenue over (under) expenditures	8,734	46,548	(1,011)	(91,564)	31,606	(71,536)	1,655	79,320
Depreciation expense under GAAP	-	-	-	(8,017)	(22,474)	(6,196)	(2,408)	(64,179)
Capitalized equipment	-	-	-	-	-	-	-	-
Property and equipment capitalized	-	-	-	-	-	-	-	-
Transfer in/(out)	(8,700)	-	-	585	6,476	155,657	61	-
CHANGE IN NET ASSETS	34	46,548	(1,011)	(98,996)	15,608	77,925	(692)	15,141
Net assets, beginning of year	(34)	304,444	750	(489,745)	721,581	(51,208)	692	1,264,672
Net assets, end of year	\$ -	\$ 350,992	\$ (261)	\$ (588,741)	\$ 737,189	\$ 26,717	\$ -	\$ 1,279,813

KANAWHA VALLEY SENIOR SERVICES
 SCHEDULE OF DIRECT STATE GRANT AWARDS
 YEAR ENDED SEPTEMBER 30, 2011

AWARDING AGENCY: Bureau of Senior Services

GRANT NAME	GRANT IDENTIFICATION	PERIOD OF AWARD	TOTAL AWARD	FUNDS RECEIVED	FUNDS EXPENDED	ENDING BALANCE
Clendenin Senior Service Center	SC21167	7/1/10-6/30/11	\$ 2,250	\$ 2,250	\$ 2,250	\$ -
Elk River Senior Service Center	SC21167	7/1/10-6/30/11	2,250	2,250	2,250	-
Nitro Senior Service Center	SC21167	7/1/10-6/30/11	2,155	2,155	2,155	-
Sissonville Senior Service Center	SC21167	7/1/10-6/30/11	2,345	2,345	1,353	(992)
Nitro Senior Service Center - Van	SC21165	7/1/10-6/30/11	43,000	43,000	43,000	-
TOTAL			<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 51,008</u>	<u>\$ (992)</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, 2011, and have issued our report thereon dated April 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 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 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*.

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

April 4, 2012