

**CO-COUNTY WELLNESS SERVICES
D/B/A BERKS AIDS NETWORK
AND
SCHUYLKILL WELLNESS SERVICES
(A NONPROFIT CORPORATION)**

**FINANCIAL STATEMENTS & AUDITOR'S REPORT
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008**

CO-COUNTY WELLNESS SERVICES
(A Nonprofit Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Co-County Wellness Services
Reading, Pennsylvania

I have audited the accompanying statements of financial position of Co-County Wellness Services (A Nonprofit Corporation) as of June 30, 2008, and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Co-County Wellness Services as of June 30, 2008, and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

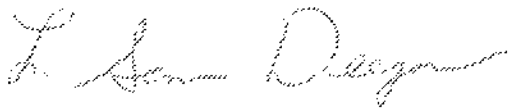
The Statements of Unit Cost on Pages 15 and 16 of the auditor's report is not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information and verification of the methods and calculations of the supplementary information.

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In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2008, on my consideration of Co-County Wellness Services internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or in compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. My audits were performed for the purpose of forming an opinion on the basic financial statements of Co-County Wellness Services taken as a whole.

A handwritten signature in cursive script, reading "L. Samuel Deegan". The signature is written in black ink and is positioned above the typed name and title.

L. Samuel Deegan
Certified Public Accountant
Pottsville, Pennsylvania
September 30, 2008

Co-County Wellnes Services (A Nonprofit Corporation)
Statement of Finicial Position
June 30, 2008
With Comparative Totals as of June 30, 2007

	2008	2007
ASSETS		
Current Assets		
Cash	\$ 321,634	\$ 345,463
Grants and Accounts Receivable	147,685	108,364
Prepaid Expense	10,517	3,166
	479,836	456,993
Property, Plant, and Equipment		
Land	19,993	19,993
Building and Improvements	472,152	470,205
Equipment	77,386	77,386
Less: Accumulated Depreciation	(209,740)	(191,168)
	359,791	376,416
	839,627	833,409
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 3,004	\$ 2,200
Lines of Credit	-	-
Current Portion Long-Term Debt	6,245	5,823
Accrued Interest	-	-
Accrued Vacation	14,807	14,761
Accrued Payroll Taxes	14,007	17,170
	38,063	39,954
Long-Term Debt (less current maturities)	213,407	219,607
TOTAL LIABILITIES	251,470	259,561
NET ASSETS		
Unrestricted	588,157	573,848
Temporarily Restricted	-	-
	588,157	573,848
TOTAL LIABILITIES AND NET ASSETS	\$ 839,627	\$ 833,409

Co-County Wellness Services (A Nonprofit Corporation)
Statement of Activities
For the Year Ended June 30, 2008
With Comparative Totals For the Year Ended June 30, 2007

	2008		2007	
	Unrestricted	Temporarily Restricted	Total (Memorandum Only)	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 42,866	\$ -	\$ 42,866	\$ 56,971
Special Events	96,333	-	96,333	76,921
Public Support:				
Grant Income	982,649	-	982,649	987,105
Interest Income	6,463	-	6,463	4,527
Net Assets Released from Restrictions:				
Satisfaction of Usage Restrictions	-	-	-	-
TOTAL REVENUES AND OTHER SUPPORT	1,128,311	-	1,128,311	1,125,524
EXPENSES				
Program Expenses	959,994	-	959,994	938,445
Management and General	148,096	-	148,096	168,536
Special Events	5,912	-	5,912	6,761
TOTAL EXPENSES	1,114,002	-	1,114,002	1,113,742
Change in Net Assets	14,309	-	14,309	11,782
Net Assets at Beginning of Year	573,848	-	573,848	562,066
NET ASSETS AT END OF YEAR	\$ 588,157	\$ -	\$ 588,157	\$ 573,848

See Notes to Financial Statements.

Co-County Wellness Services (A Nonprofit Corporation)
Statement of Cash Flows
For the Year Ended June 30, 2008
With Comparative Totals for the Year Ended June 30, 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 14,309	\$ 11,782
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation Expense	18,572	19,926
(Increase) Decrease in Grants and Accounts Receivable	(39,321)	27,217
(Increase) Decrease in Prepaid Expense	(7,351)	(3,166)
Increase (Decrease) in Accounts Payable and Accrued Expenses	1,272	(6,358)
Increase (Decrease) in Accrued Payroll Taxes	(3,163)	6,440
	\$ (15,682)	\$ 55,841
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment and Building Improvements	(1,947)	(5,161)
	(1,947)	(5,161)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings on Revolving Credit Agreement		
Decrease in Long Term Debt	(6,200)	151,865
	(6,200)	151,865
Net Increase (Decrease) In Cash	(23,829)	202,545
Cash at Beginning of Year	345,463	142,918
	\$ 321,634	\$ 345,463
Supplemental Data for Noncash Investing Activities:		
Cash Payments for Interest	\$ 15,468	\$ 16,220

Co-County Wellness Services (A Nonprofit Corporation)
Statement of Functional Expenses
For the Year Ended June 30, 2008

	Program Services			Supporting Services			Total Expenses 2008
	Client Services	Prevention Education	Total	General and Administrative	Fund Raising	Total	
Salaries and Related Expenses							
Salaries	\$ 299,270	\$ 260,742	560,012	\$ 79,087	\$ 12,106	\$ 91,193	\$ 651,205
Payroll Taxes	24,578	20,568	45,146	6,821	968	7,789	52,935
Other Employee Benefits	39,747	40,877	80,624	28,393	1,816	30,209	110,833
Total Salaries and Related Expenses	363,595	322,187	685,782	114,301	14,890	129,191	814,973
Functional Expenses							
Accounting	2,646	2,771	5,417	882	-	882	6,299
Advertising	171	179	350	57	-	57	407
Building and Equipment Rentals	6,341	17,118	23,459	2,114	-	2,114	25,573
Contract Services	15,884	4,933	20,817	1,529	-	1,529	22,346
Depreciation	7,800	8,172	15,972	2,600	-	2,600	18,572
Insurance	4,975	5,207	10,182	1,658	-	1,658	11,840
Interest	6,571	6,884	13,455	2,013	-	2,013	15,468
Magic Wand, Journey, Emergency Assistance	40,506	-	40,506	-	-	-	40,506
Office Expense and Miscellaneous	5,484	5,733	11,217	1,811	-	1,811	13,028
Parking	3,635	2,565	6,200	1,279	-	1,279	7,479
Postage	1,454	1,580	3,034	470	-	470	3,504
Printing	1,530	1,603	3,133	510	-	510	3,643
Professional Development	6,907	6,653	13,560	1,973	-	1,973	15,533
Repairs and Maintenance	5,725	5,984	11,709	1,917	-	1,917	13,626
Special Events	-	-	-	-	5,912	5,912	5,912
Supplies	14,517	27,353	41,870	3,013	-	3,013	44,883
Telephone	4,915	5,143	10,058	1,683	-	1,683	11,741
Travel	16,146	9,253	25,399	1,170	-	1,170	26,569
Utilities	5,093	5,336	10,429	1,671	-	1,671	12,100
Total Functional Expenses	150,300	116,467	266,767	26,350	5,912	32,262	299,029
Total Expenses	\$ 513,895	\$ 438,654	\$ 952,549	\$ 140,651	\$ 20,802	\$ 161,453	\$ 1,114,002

See Notes to Financial Statements.

Co-County Wellness Services (A Nonprofit Corporation)
Statement of Functional Expenses
For the Year Ended June 30, 2007

	Program Services			Supporting Services			Total Expenses 2007
	Client Services	Prevention Education	Total	General and Administrative	Fund Raising	Total	
Salaries and Related Expenses							
Salaries	\$ 293,098	\$ 282,685	575,783	\$ 87,921	\$ 12,742	\$ 100,663	\$ 676,446
Payroll Taxes	22,340	26,443	48,783	6,771	1,019	7,790	56,573
Other Employee Benefits	33,274	38,185	71,459	30,731	1,912	32,643	104,102
Total Salaries and Related Expenses	348,712	347,313	696,025	125,423	15,673	141,096	837,121
Functional Expenses							
Accounting	2,460	2,700	5,160	840	-	840	6,000
Advertising	150	144	294	44	-	44	338
Building and Equipment Rentals	6,071	16,872	22,943	1,981	-	1,981	24,924
Contract Services	11,907	4,199	16,106	1,373	-	1,373	17,479
Depreciation	8,170	8,987	17,157	2,796	-	2,796	19,953
Insurance	4,334	4,662	8,996	2,127	-	2,127	11,123
Interest	6,721	7,228	13,949	2,271	-	2,271	16,220
Magic Wand, Journey, Emergency Assistance	29,932	-	29,932	-	-	-	29,932
Office Expense and Miscellaneous	6,718	5,474	12,192	1,706	-	1,706	13,898
Parking	3,748	2,616	6,364	1,293	-	1,293	7,657
Postage	1,707	1,931	3,638	577	-	577	4,215
Printing	1,523	1,653	3,176	423	-	423	3,599
Professional Development	6,153	5,537	11,690	1,532	-	1,532	13,222
Repairs and Maintenance	5,471	5,384	10,855	1,645	-	1,645	12,500
Special Events	-	-	-	-	6,761	6,761	6,761
Supplies	14,226	26,330	40,556	4,792	-	4,792	45,348
Telephone	4,896	5,389	10,285	1,667	-	1,667	11,952
Travel	12,762	5,997	18,759	752	-	752	19,511
Utilities	4,967	5,401	10,368	1,621	-	1,621	11,989
Total Functional Expenses	131,916	110,504	242,420	27,440	6,761	34,201	276,621
Total Expenses	\$ 480,628	\$ 457,817	\$ 938,445	\$ 152,863	\$ 22,434	\$ 175,297	\$ 1,113,742

See Notes to Financial Statements.

**Co-County Wellness Services
(A Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008**

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Co-County Wellness Services is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of providing and advocating human services to support the best possible quality of life for all persons with HIV-related illnesses and to provide information and resources to educate the public and to decrease high risk behaviors and increase public awareness.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

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

Comparative Financial Data

The financial statements include certain prior-year comparative total amounts. Such total amounts do not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such amounts should be read in conjunction with the organization's financial statements for the year ended June 30, 2007, from which the comparative total amounts were derived.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

**Co-County Wellness Services
(A Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008**

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation of property and equipment is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	40
Building Improvements	7 - 40
Equipment	3 - 7

Land, buildings, and equipment acquired with gifts of cash are reported as unrestricted or as temporarily restricted depending on whether there is an explicit, donor-imposed time requirement as to how long the assets must be maintained. When explicit donor stipulations are absent, the Organization records the long-lived assets as unrestricted.

Provisions for Income Taxes

Co-County Wellness Services (A Nonprofit Corporation) is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Revenue Recognition

Grants

Revenue from grants is recognized in the period that the grants specify and related expenses are incurred.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**Co-County Wellness Services
(A Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008**

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other gifts of cash and other assets are presented as 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 statements of activity as net assets released from restrictions.

Donated Materials and Equipment

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

No amounts have been reflected in the financial statements for the years ended June 30, 2008, and 2007, for donated services because the Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations and various committee assignments that are not recognized as contributions in the financial statements since the criteria for SFAS No. 116 are not met.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activity and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Co-County Wellness Services
(A Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008**

NOTE B – LINES OF CREDIT AND LONG-TERM DEBT

Lines of Credit

The Organization has an unsecured \$100,000 line of credit with Fulton Bank. The line of credit bears interest at the Bank's Prime Rate. There were no outstanding balances at June 30, 2008, and 2007.

Long-term Debt

On August 20, 2006, the Organization refinanced Long Term Debt with Fulton Bank.

The current mortgage note is payable to Fulton Bank, due in monthly installments of \$1,785, including interest at 6.95% with a term of 240 months. Note maturity is July 20, 2026. The interest rate will be fixed for five years. At that point, the rate will be adjustable annually to 1.0% above the Fulton Bank prime rate. The note payable is collateralized by a first lien on certain real property, less the current portion.

<u>2008</u>	<u>2007</u>
\$ 223,407	\$ 225,430
<u>(6,245)</u>	<u>(5,823)</u>
<u>\$ 219,652</u>	<u>\$ 219,607</u>

Aggregate maturities required on long-term debt as of June 30, 2008, are due in future years as follows:

2009	6,245
2010	6,698
2011	7,804
2012	7,186
Thereafter	<u>191,719</u>
	<u>\$ 219,652</u>

NOTE C – RESTRICTIONS ON NET ASSETS

There were no net assets released from donor restrictions during the year ended June 30, 2008.

**Co-County Wellness Services
(A Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008**

NOTE D – OPERATING LEASES

The Organization leases office space and equipment under various noncancellable agreements that expire through January 2008 and require various minimum annual rentals.

The total minimum rental commitments as of June 30, 2008, due in future years, are as follows:

Year ended June 30	
2009	\$26,000

Total rent expense for the years ended June 30, 2008, and 2007, totaled \$25,573 and \$24,924 respectively.

NOTE E – CONCENTRATIONS AND COMMITMENTS

Support from governmental units

The Organization receives a substantial amount of its support from the Federal Government, the Commonwealth of Pennsylvania and local governments in Berks County some of which is passed through other Non-Profit recipients. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Organization's programs and activities.

Grant revenue from one government recipient agency amounted to approximately \$489,127 and \$518,454 for the years ended June 30, 2008, and 2007, respectively and grants receivable at June 30, 2008, and 2007, included approximately \$41,308 and \$66,059 respectively from this governmental agency.

Audit

The grants received by the Organization are subject to audit by the federal and state governments. As of the date of this report, management is unaware of any material adjustments that will be required as a result of such audits.

SUPPLEMENTARY INFORMATION

L. SAMUEL DEEGAN, P.C.
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Pottsville, PA 17901
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Co-County Wellness Services
Reading, Pennsylvania

I have audited the financial statements of Co-County Wellness Services (a nonprofit organization) as of and for the years ended June 30, 2008, and 2007, and have issued my report thereon dated September 30, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

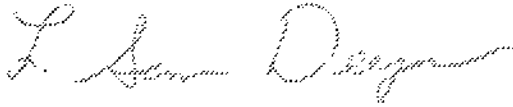
As part of obtaining reasonable assurance about whether Co-County Wellness Services' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Co-County Wellness Services internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "L. Samuel Deegan".

L. Samuel Deegan
Certified Public Accountant
Pottsville, Pennsylvania
September 30, 2008

Co-County Wellness Services (A Nonprofit Corporation)
Statement of Unit Cost
For the Year Ended June 30, 2008

	Contracted Unit Rate	Units Provided	Total Contract Amount	Actual Unit Rate	Total Actual Cost
Prevention Education:					
Outreach	\$ 42.00	440.50	\$ 18,501.00	\$ 45.79	\$ 20,170.50
IDI	\$ 54.00	943.25	\$ 50,935.50	\$ 58.88	\$ 55,538.56
IDG	\$ 50.00	1,648.25	\$ 82,412.50	\$ 54.51	\$ 89,846.11
HCPI	\$ 48.00	521.75	\$ 25,044.00	\$ 52.33	\$ 27,303.18
Care Services:					
Case Management	\$ 62.00	4,523.00	\$ 280,426.00	\$ 64.86	\$ 293,382.00
Adherence	\$ 54.00	190.75	\$ 10,300.50	\$ 56.49	\$ 10,776.00

Co-County Wellness Services (A Nonprofit Corporation)
Statement of Unit Cost
For the Year Ended June 30, 2007

	Contracted Unit Rate	Units Provided	Total Contact Amount	Actual Unit Rate	Total Actual Cost
Prevention Education:					
Outreach	\$ 41.50	545.01	\$ 22,617.92	\$ 41.99	\$ 22,884.97
IDI	\$ 57.00	1,145.00	\$ 65,265.00	\$ 57.58	\$ 65,929.10
IDG	\$ 54.50	1,713.25	\$ 93,372.13	\$ 55.15	\$ 94,485.74
HCPI	\$ 48.00	660.00	\$ 31,680.00	\$ 48.57	\$ 32,056.20
Care Services:					
Case Management	\$ 60.00	4,548.00	\$ 272,880.00	\$ 61.87	\$ 281,388.00
Adherence	\$ 60.00	212.25	\$ 12,735.00	\$ 61.87	\$ 13,132.00
Support Groups	\$ 50.50	46.95	\$ 2,370.98	\$ 139.00	\$ 6,530.61