

Post-it® Fax Note	7671	Date	7/22/10	# of pages	15
To	Reathel Cottrell	From	Lisa Maxey		
Co /Dept		Co	LWFRN		
Phone #		Phone #	304-284-8400		
Fax #	304-558-2269	Fax #	304-296-6370		

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**

DHHR - Finance

JUL 22 2010

Date Received

**C O N T E N T S**

	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities and changes in net assets	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-9
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	10-11
SUPPLEMENTARY INFORMATION	
Schedule of expenditures of state awards	12
SCHEDULE OF FINDINGS AND RESPONSES	13

DHHR - Finance

JUL 22 2010

Date Received

**ROTH & WHITE, A.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
202 Tunnelton Street  
Kingwood, WV 26537  
(304) 329-1020

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Monongalia County Family Resource Network, Inc.  
Morgantown, West Virginia

We have audited the accompanying statement of financial position of Monongalia County Family Resource Network, Inc. (a nonprofit organization) as of June 30, 2007, and the related statements of activities and changes in net assets and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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. We believe that our audit provides 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 Monongalia County Family Resource Network, Inc. as of June 30, 2007, and the changes in its net assets and functional expenses for the year 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 a report dated July 2, 2010 on our consideration of Monongalia County Family Resource Network, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements, of Monongalia County Family Resource Network, Inc taken as a whole. The accompanying schedule of expenditures of state awards is presented for the purposes of additional analysis as required by the West Virginia Department of Health and Human Resources, and is not a required part of the basic financial statements. Information presented in the schedule of expenditures of state awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Roth & White*

Kingwood, West Virginia  
July 2, 2010

DHHR - Finance

JUL 22 2010

Date Received

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2007**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 13 505
Certificates of Deposit	23 536
Other receivable	1 024
Prepaid rent	1 507
	-----
	39 572
	-----

**PROPERTY AND EQUIPMENT**

Office equipment and furniture	76 746
Less accumulated depreciation	59 896
	-----
	16 850
	-----

**\$ 56 422**

=====

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 40
Accrued payroll liabilities	1 942
	-----
	1 982
	-----

**NET ASSETS**

Restricted	0
Unrestricted	54 440
	-----

54 440

-----

**\$ 56 422**

=====

The Notes to Financial Statements are an integral part of these statements.

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended June 30, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT</b>			
Federal grant	\$	\$ 144 876	\$ 144 876
State grants	41 981	81 373	123 354
Other contributions and grants	12 680		12 680
Federal work-study	5 350		5 350
Miscellaneous	4 433		4 433
Interest	921		921
	-----	-----	-----
	65 365	226 249	291 614
Net assets released from usage restrictions	230 067	(230 067)	-----
	-----	-----	-----
Total public support	295 432	(3 818)	291 614
	-----	-----	-----
<b>EXPENSES</b>			
Program services	246 007		246 007
Administrative and general	41 908		41 908
	-----	-----	-----
Total expense	287 915		287 915
	-----	-----	-----
Changes in net assets	7 517	(3 818)	3 699
NET ASSETS - BEGINNING OF YEAR	46 923	3 818	50 741
	-----	-----	-----
NET ASSETS - END OF YEAR	\$ 54 440	\$	\$ 54 440
	=====	=====	=====

The Notes to Financial Statements are an integral part of these statements.

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2007**

	<u>Total</u>	<u>Program Services</u>	<u>Administrative &amp; General</u>
Payroll expense	\$ 113 874	\$ 95 348	\$ 18 526
Payroll taxes	16 364	13 140	3 224
Payroll benefits	14 642	12 384	2 258
	-----	-----	-----
	144 880	120 872	24 008
Contractual services	37 812	37 812	
Office rent	11 875	9 500	2 375
Telephone	6 488	5 191	1 297
Training	17 440	17 440	
Travel	8 876	8 876	
Program supplies	18 967	18 967	
Postage and delivery	1 718	1 374	344
Office expense	10 174	8 139	2 035
Advertising	242	242	
Professional fees	5 600		5 600
Depreciation	6 688	5 350	1 338
Insurance	4 878		4 878
Contributions	7 400	7 400	
Miscellaneous	4 877	4 844	33
	-----	-----	-----
	\$ 287 915	\$ 246 007	\$ 41 908
	=====	=====	=====

The Notes to Financial Statements are an integral part of these statements.

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.**

**STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2007**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 3 699
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6 688
Decrease in accounts payable	(30 821)
Decrease in payroll liabilities	(3 938)
Decrease in other current assets	400
	-----
Net cash used by operating activities	(23 972)
	-----
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of equipment	(9 009)
	-----
Net cash used in capital and related financing activities	(9 009)
<b>NET DECREASE IN CASH</b>	<b>(32 981)</b>
<b>CASH AND EQUIVALENTS - BEGINNING</b>	<b>70 022</b>
	-----
<b>CASH AND EQUIVALENTS - ENDING</b>	<b>\$ 37 041</b>
	=====

The Notes to Financial Statements are an integral part of these statements



**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

Organization

Monongalia County Family Resource Network, Inc. is a nonprofit organization, incorporated in June, 1996. The Organization is a coalition of citizens and agencies formed for the purpose of improving programs and services for children, youth, and families in Monongalia County, West Virginia. Through involvement with service providers, service consumers, and local citizens, the Organization works to improve existing services and assess the need for services which do not currently exist. Funding for these services was provided primarily by the United States Department of Education and the West Virginia Department of Health and Human Resources.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the obligation is incurred.

Cash

Cash and certificates of deposit include the following:

	<u>Carrying Value</u>	<u>Interest Rate</u>
Checking accounts	\$ 13 505	N/A
Certificates of deposit	\$ 23 536	3.95 - 4.05%

All cash accounts were fully insured by the Federal Depository Insurance Corporation (FDIC).

Financial statement presentation

The Organization adopted 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, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

Contributions

The Organization also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.****NOTES TO FINANCIAL STATEMENTS (CONTINUED)****Note 1. Summary of Significant Accounting Policies (Continued)****Income taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

**Functional expenses**

Expenses are charged to each functional area based on direct expenditures incurred. Expenditures not directly chargeable are allocated based upon management's estimates.

**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 and disclosures. Accordingly, actual results could differ from those estimates.

**Interest Rate Risk**

The Organization does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Note 2. Property and Equipment**

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**Note 3. Compensated Absences**

The Organization has accrued vacation leave at year end according to its policy on the same. This amount is included in accrued payroll liabilities.

**Note 4. In-Kind Donations**

The value of in-kind services received by the Organization and used as local match for its grants is not recognized in these financial statements.

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.****NOTES TO FINANCIAL STATEMENTS (CONTINUED)****Note 5. Retirement Contributions**

The Organization has established a SIMPLE IRA plan for its employees. Employer matching contributions to this plan totaled \$4,622 during the current year.

**Note 6. Discontinuation of Federal Grant**

The U.S. Department of Education Grant: Parental Assistance Program ended September 30, 2006. Consequently, the Family Connection Program was discontinued during the current year.

**Note 7. Risk Management**

The Organization is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which general liability and property insurance is carried.

**Note 8. Subsequent Event**

As of July 1, 2009, Monongalia County Family Resources Network became a part of the United Way of Monongalia and Preston Counties and began operating as the United Way Family Resources Network of Monongalia County.

**ROTH & WHITE, A.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
202 Tunnelton Street  
Kingwood, WV 26537  
(304) 329-1020

**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**

To the Board of Directors  
Monongalia County Family Resource Network, Inc.  
Morgantown, WV

We have audited the financial statements of Monongalia County Family Resource Network, Inc (a nonprofit organization) as of and for the year ended June 30, 2007, and have issued our report thereon dated July 2, 2010. 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 Monongalia County Family Resource Network, Inc'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 the Monongalia County Family Resource Network, Inc's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting

principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiencies described as 08-01 and 08-02 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control

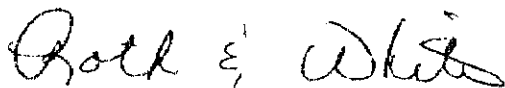
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiencies described in the accompanying schedule of findings and responses are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monongalia County Family Resource Network, Inc.'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.

Monongalia County Family Resource Network, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Monongalia County Family Resource Network, Inc.'s responses and, accordingly, we express no opinion on it

This report is intended solely for the information and use of management, the Board of Directors, management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties



Kingwood, West Virginia  
July 2, 2010

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2007**

<u>State Grantor</u>	<u>Revenue</u>	<u>Expenditures</u>
West Virginia Department of Health and Human Resources <u>Bureau for Children and Families</u> Starting Points Center (including pass-through funds from the U.S. Department of Health and Human Services; CFDA No. 93.590)	\$ 47 500	\$ 47 500
Planning and Coordination Grant (includes pass-through funds from the U.S. Department of Health and Human Services; CFDA No. 93.778 and 93.590)	\$ 41 981	\$ 41 981
<u>West Virginia Division of Criminal Justice Service</u> Strategic Prevention Framework State Incentive Grant Pass-through from the U.S. Department of Health and Human Services; CFDA No. 93.243	\$ 33 873	\$ 33 873

**Note A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state awards includes the state grant activity of Monongalia County Family Resource Network, Inc. and is presented on the accrual basis of accounting.

The Notes to Financial Statements are an integral part of these statements.

**MONONGALIA COUNTY FAMILY RESOURCE NETWORK, INC.****SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2007****08-01****SEGREGATION OF DUTIES****CONDITION:**

Responsibility for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals.

**CRITERIA:**

Analysis of the internal control system indicated a lack of segregation of duties.

**EFFECT:**

Because of the failure to segregate duties, internal control elements do not reduce to a relatively low level the risk that irregularities 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.

**RECOMMENDATION:**

Responsibilities of approval, execution, recording and custody should be distributed among the office staff to the best degree possible. However, we recognize that complete segregation of duties is not economically feasible for the Organization.

**CORRECTIVE ACTION:**

Management will try to segregate duties as much as possible with the limited staff available.

**08-02****CLASSIFICATION OF DEPOSITS****CONDITION:**

Several deposits were not appropriately identified and, consequently, were charged to a miscellaneous income account.

**CRITERIA:**

There was a lack of adequate documentation and retention of documents.

**EFFECT:**

Receipts of funds were not appropriately classified and significant effort was necessary to determine the source of revenue.

**RECOMMENDATION:**

All remittance advices and/or copies of checks should accompany deposit receipts when forwarded to the bookkeeper. The proper account coding should be indicated on the document.

**CORRECTIVE ACTION:**

The Organization will adhere to the recommendation detailed above.