



TUG VALLEY RECOVERY SHELTER

P. O. Box 677 • Williamson, WV 25661 • (304) 235-6121 • Fax (304) 235-6167
Logan Outreach Office • P. O. Box 114 • Cora, WV 25614 • (304) 752-7174

February 12, 2009

WV Department of Health & Human Resources
Attn: Stacey Holley, Contract Specialist
Bureau for Children & Families
Division of Grants and Contracts
350 Capitol St., Room 730
Charleston, WV 25301-3711

Dear Stacey,

Please find enclosed for your review is the 2007-2008 Audit for our organization. I have also included our response to the Management Letter included in the Audit report. I apologize for the lateness of this Audit, but I am hopeful that you will find all to be in accordance with accounting standards.

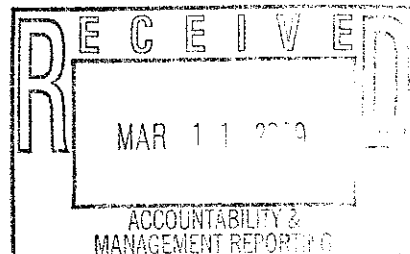
If you have any questions, or would require additional information, please feel free to contact me.

Very truly yours,

Kimberly S. Ryan
Director

/KSR

Enclosures



CONFIDENTIAL

CONFIDENTIAL - This document contains information that is exempt from public release under the Freedom of Information Act, 5 U.S.C. 552(b)(7)(C).

Administrative Services
 Bureau of the State
 Department of
 Administration
 1000 North
 Capitol Mall
 Sacramento, CA 95833

The enclosed information is for your information only. It is not to be disseminated outside your agency. If you have any questions, please contact the sender.

Very truly yours,
 [Signature]
 [Name]
 [Title]

BOARD FOR CHILDREN & FAMILIES
 FINANCE & ADMINISTRATION

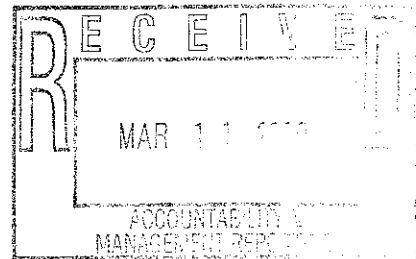
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RECEIVED

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007



TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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Jessie & Jessie, A.C.
P.O. Box 1437
Williamson, WV 25661

304.235.1410

304.235.0527 fax

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tug Valley Recovery Shelter Association, Inc.
Williamson, West Virginia

We have audited the accompanying statements of financial position of Tug Valley Recovery Shelter Association, Inc. as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 the 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.

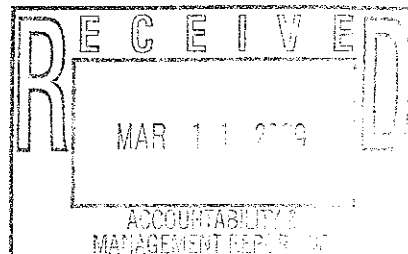
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tug Valley Recovery Shelter Association, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2009 on our consideration of the Tug Valley Recovery Shelter Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and grant agreements, and other matters. The purpose of 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.

Jessie & Jessie, A.C.

Williamson, West Virginia
January 27, 2009

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TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2008 AND 2007

ASSETS	2008	2007
Current Assets		
Cash and Cash Equivalents	\$ 115,780.81	\$ 126,439.05
Receivables	15,512.67	2,748.00
Prepaid expenses	<u>885.00</u>	<u>2,898.41</u>
	132,178.48	132,085.46
Noncurrent Assets		
Property & Equipment, net	<u>75,771.29</u>	<u>76,896.29</u>
Total Assets	<u>\$ 207,949.77</u>	<u>\$ 208,981.75</u>
LIABILITIES		
Payroll Liabilities	\$ 3,708.61	\$ 416.29
Vacation/Sick Pay Accrued	<u>21,490.66</u>	<u>12,051.44</u>
Total Liabilities	<u>25,199.27</u>	<u>12,467.73</u>
NET ASSETS		
Net Assets - End of Year	182,588.50	196,514.02
Adjustment	<u>162.00</u>	<u>-</u>
Net Assets - End of Year	182,750.50	196,514.02
Total Liabilities and Net Assets	<u>\$ 207,949.77</u>	<u>\$ 208,981.75</u>

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007

REVENUE, GAINS AND SUPPORT	2008	2007
Bipps Meeting	\$ 1,630.00	\$ 4,822.00
Contributions Income: Restricted	352.26	2,858.78
Contributions Income: Unrestricted	3,303.25	10,299.25
Contributions Income: Other	9,162.14	
Fundraising	4,651.80	5,496.47
Grants	415,179.38	390,977.44
Miscellaneous	34.50	
Reimbursed Expenses	789.71	(125.45)
WVCAD Conflict Funds		(162.00)
Other		50.00
Insurance Proceeds		
Interest Income	<u>454.27</u>	<u>408.99</u>
 Total Support	 435,557.31	 414,625.48
 OPERATING EXPENSES		
Advertising	\$ 1,181.00	\$ 470.00
Bank Service Charges	85.00	
Bipps Instruction	12,050.00	
Bipps Payroll		9,950.00
Bldg. Main: Building Repairs & Inspections	1,060.70	1,321.26
Bldg. Main: Cleanup Donations/ Deliveries	740.00	301.90
Bldg. Main: Grass Cutting	145.00	215.00
Bldg. Main: Pest Control	292.00	464.00
Bldg. Main: Security for Building	925.80	1,420.50
Conflict Funds	2,000.00	
Corporate License Tax		25.00
Depreciation Expense	1,125.00	3,745.82
Dues and Subscriptions	533.45	822.20
Education	310.00	
Fees: Certification	150.00	75.00
Fees: Re-Certification	50.00	25.00
Fees: Other	162.09	289.84
Fees: Software Support	299.00	
Flowers	100.00	
Food	2,488.53	2,371.94
Fundraiser Expense	635.07	2,762.35
Furniture and Equipment		353.00
Gifts and Awards	949.10	918.58
Insurance		13,944.00
Insurance: Liability Insurance	3,061.00	
Insurance: Property Insurance	222.00	
Insurance: Other	7,182.82	
Lease Maintenance	290.62	2,896.02
Medicine	51.20	33.00
Other		128.80
Outreach Office	676.07	2,119.96

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007

Parking	8.00	
Pass-thru Monies	85,439.97	82,920.66
Payroll Expenses	283,941.83	252,114.08
Postage and Delivery	865.10	475.62
Printing & Reproduction	1.54	
Professional Fees: Accounting		2,250.00
Professional Fees: Other		325.00
Program Expense	1,926.34	882.81
Reconciliation Discrepancies		(0.30)
Rent	165.58	417.86
Repairs: Computer Repairs	294.35	50.00
Repairs: Equipment Repairs	370.87	
Repairs: Other		65.00
Sales tax on Commissions		
Service/Warranty Plans	350.63	137.79
Staff Training & Education	548.74	464.00
Supplies: Building	994.01	1,050.03
Supplies: Office	3,749.16	3,921.82
Telephone/Internet	9,168.08	8,603.06
Travel & Ent: Meals	2,254.40	369.60
Travel & Ent: Travel	8,077.12	3,189.94
Travel & Ent: Other	610.50	
Utilities: Garbage Pickup	180.00	180.00
Utilities: Gas & Electric	4,661.55	5,350.33
Utilities: Television	419.16	601.29
Utilities: Water	1,600.95	1,418.92
WV Workers Compensation	<u>7,089.50</u>	<u>4,869.50</u>
TOTAL EXPENSES	449,482.83	414,310.18
CHANGE IN NET ASSETS	(13,925.52)	315.30
NET ASSETS BEGINNING OF YEAR	<u>196,514.02</u>	<u>196,198.72</u>
NET ASSETS END OF YEAR	<u>\$ 182,588.50</u>	<u>\$ 196,514.02</u>

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash Flow from Operating Activities		
Decrease in Net Assets	\$ (13,925.52)	\$ (10,204.22)
Adjustments to reconcile decrease in net assets to		
Net Cash Provided by operating activities:		
Depreciation	1,125.00	3,874.62
Increase/(Decrease) in Operating Assets		
Receivables	(12,764.67)	28,333.15
Increase/(Decrease) in Other Assets		2,287.85
Prepaid Expenses	2,013.41	
Increase/(Decrease) in Operating Liabilities		
Payroll Liabilities	3,292.32	7,123.52
Vacation Pay	9,439.22	
Adjustment	<u>162.00</u>	<u>(2,534.39)</u>
Net Cash Provided by Operating Activities	<u>3,267.28</u>	<u>28,880.53</u>
 Cash Flow from Investing		
Change in Fixed Assets	<u>-</u>	<u>(5,642.96)</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	<u>(10,658.24)</u>	<u>23,237.57</u>
 Beginning Cash and Cash Equivalents	<u>126,439.05</u>	<u>103,201.49</u>
 Ending Cash and Cash Equivalents	<u>\$ 115,780.81</u>	<u>\$ 126,439.06</u>

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 1 -- Summary of Significant Accounting Policies

Nature of Activities

Tug Valley Recovery Shelter, Inc. provides temporary shelter services for battered women and their children in a safe and supporting environment. While in the Shelter, these services include rooms, meals, medicine, clothing if needed, counseling and referral services, and assistance with relocation. The Shelter also provides short term, crisis intervention services and follow-up services, such as case management and counseling. Shelter services are available to all victims of domestic violence, but primary target the citizens of Mingo and Logan County in West Virginia and Pike County in Kentucky.

Basis of Accounting

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

Use of 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.

Cash Equivalents

For the purpose of the statement of cash flows, the Shelter considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using primarily the straight-line method. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to operations as incurred.

Income Taxes

The Shelter is a not-for-profit organization that exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 1 – Summary of Significant Accounting Policies (continued)

Support and Revenue

The Shelter receives substantially all of its grant revenue from federal, state, and city agencies. The federal financial assistance grants examined as part of this audit. Compliance and/or noncompliance instances are disclosed in a separate section of this document. The Shelter recognizes grant income to the extent of expenses. All other revenue, such as interest, is recognized when earned.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those classes of net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as deferred charges or prepaid expenses.

Note 2 – Property and Equipment

Property and equipment consist of the following at June 30, 2008 and 2007:

Building and improvements	\$ 152,628	\$ 152,628
Computers and printers	11,408	11,408
Equipment	71,687	71,687
Furniture	<u>55,403</u>	<u>55,403</u>
	\$ 291,126	\$ 291,126
Less: Accumulated Depreciation	<u>(215,355)</u>	<u>(214,230)</u>
	\$ 75,771	\$ 76,896

Vacation/Sick Pay

Vacation pay is accrued in accordance to the organization's paid absences policy. The accrued vacation pay for at June 30, 2008 is \$21,051.

Note 3 – Concentrations

The organization maintains its account balances in an account at a local financial institution. This account is insured by the Federal Deposit Insurance Corporation in total up to \$100,000. The amounts in the bank accounts at June 30, 2008 exceeded the amount insured.

Note 4 – Line of Credit

The organization has available a secured line of credit with BB&T of \$15,000. None of the line of credit was used in the fiscal years ending June 30, 2008 and 2007.

Note 5 – Risk Management

The organization is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; employees' health and life; and natural disasters. The Corporation manages these risks of loss through the purchase of various insurance policies.

*Jessie & Jessie, A.C.
P.O. Box 1437
Williamson, WV 25661*

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304.235.0527 fax

**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 of
Tug Valley Recovery Shelter Association, Inc.

In planning and performing our audit of the financial statements of Tug Valley Recovery Shelter Association, Inc. as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of American, we considered Tug Valley Recovery Shelter Association, Inc.'s internal control over financial reporting (internal control) 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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

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

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 a combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

- The Organization demonstrates a need for better segregation of duties because one individual records all accounting transactions.
- The Organization is required to prepare its financial statements in accordance with generally accepted accounting principles. However, the Organization lacks an individual with the proper training to prepare the financial statements in accordance with generally accepted accounting principles.

Other Issues, Not Significant Deficiencies

- During the audit, it was discovered that some of the travel disbursement reports were not approved by a board member. We recommend that a board member approve all travel vouchers before the disbursement of funds.

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

Jessie & Jessie, A.C.

Williamson, WV

January 27, 2009



TUG VALLEY RECOVERY SHELTER

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February 12, 2009

Jessie and Jessie, A.C.
Certified Public Accountants
P.O. Box 1437
Williamson, WV 25661

Dear Sirs,

Please find enclosed for your review our responses to your Management Letter included in our audit for fiscal year 2007-2008. I am hopeful that you will find these responses to be complete.

I will address each finding in the order they are written in your letter.

- Financial duties are segregated, with the Finance Manager performing all duties under the supervision of the Director. The Director does make deposits, with copies being provided to the Finance Manager for posting. The Director does assist and sometimes complete monthly reports to Grantors with information provided from the Finance Manager. We feel this is a way to have more than one person performing these duties, but also to have one another "checking" the other. We will continue use two signatures for check signing and the practice of having a Board Member review financial statements monthly.
- Our current Finance Manager just completed her first full year with our organization and therefore is continuing to learn all of the needed financial statements; this is an on-going process. Secondly, we currently have two (2) members of our Board of Directors who will be assisting our Finance Manager and reviewing our monthly financial reports and statements.
- It is the policy of this organization that all staff travel vouchers are reviewed and approved by the Director. All travel vouchers for the Director are approved by a member of the Board of Directors, as are all checks made out to the Director. The current Board member responsible for signing checks is new and failed at times to remember to sign not only the check, but the Travel Voucher for the Director. We have discussed this issue with our Board Member who has agreed to be more conscientious in the future.

I am hopeful you will find these responses to be satisfactory and complete. If you should require additional information, please feel free to contact me at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Kimberly S. Ryan". The signature is written in black ink and is positioned above the printed name and title.

Kimberly S. Ryan
Director

/KSR

10. The undersigned hereby certifies that the above information is true and correct to the best of his knowledge and belief.

[Signature]
[Name]
[Title]
[Address]

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FINANCE & ADMINISTRATION