

**NORTHERN WEST VIRGINIA CENTER  
FOR INDEPENDENT LIVING, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2008**

**DHHR - Finance**

**SEP 30 2010**

**Date Received**

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Board of Directors  
Northern West Virginia Center for Independent Living, Inc.  
Morgantown, West Virginia

**Independent Auditors' Report**

We have audited the accompanying statement of financial position of Northern West Virginia Center for Independent Living, Inc. (a non-profit corporation) as of September 30, 2008, and the related statements of activities, and cash flows 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 generally accepted auditing standards 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 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 Northern West Virginia Center for Independent Living, Inc. as of September 30, 2008, and the results of its operations, changes in its net assets and its cash flows 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 our report dated August 14, 2009, on our consideration of Northern West Virginia Center for Independent Living, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of expenditures of federal awards and state grant receipts and expenditures are presented for purposes of additional analysis as required by *Government Auditing Standards* and the State of West Virginia. Such information 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.

*Parks, Foster & Morris, PLLC*

August 14, 2009

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2008 AND 2007**

**ASSETS**

	<u>2008</u>	<u>2007</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 48,592	\$ 26,161
Grants receivable	133,480	76,167
Deposits and prepaid expenses	<u>6,886</u>	<u>11,047</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$ 188,958</u></b>	<b><u>\$ 113,375</u></b>
 <b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	\$ 130,698	\$ 135,165
Resource center equipment	15,698	12,735
Leasehold improvements	<u>24,577</u>	<u>24,577</u>
	170,973	172,477
Less accumulated depreciation	<u>(141,478)</u>	<u>(145,355)</u>
	<u>29,495</u>	<u>27,122</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 218,453</u></b>	 <b><u>\$ 140,497</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 69,301	\$ 30,949
Accrued expenses	34,490	23,010
Deferred grant revenue	<u>56,444</u>	<u>13,623</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>\$ 160,235</u></b>	<b><u>\$ 67,582</u></b>
 <b>UNRESTRICTED NET ASSETS</b>	 <u>58,218</u>	 <u>72,915</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b><u>\$ 218,453</u></b>	 <b><u>\$ 140,497</u></b>

The accompanying notes are an integral part of these financial statements

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>UNRESTRICTED REVENUES, GAINS &amp; OTHER SUPPORT</b>		
Program service revenue	\$ 5,404	\$ 8,605
Net assets released from restrictions	733,860	565,858
Contributions	8,440	10,050
Interest Income	376	682
Casualty loss	-0-	(2,309)
Miscellaneous income	15,358	6,025
<b>TOTAL REVENUES, GAINS &amp; OTHER SUPPORT</b>	<u>\$ 763,438</u>	<u>\$ 588,911</u>
 <b>EXPENSES</b>		
<u>Program services</u>		
Salaries and wages	190,176	168,576
Pass through support	220,580	119,968
Case services	-0-	4,168
Payroll taxes and employee benefits	57,214	48,409
Mileage and travel	42,519	41,622
Occupancy	1,690	-0-
Contracted services	8,000	7,300
Telephone and internet	1,599	195
Meetings and conferences	8,573	9,043
Supplies	3,167	1,868
Depreciation	2,697	-0-
Other program expenses	2,230	11,687
	<u>538,445</u>	<u>412,836</u>
 <u>Supporting services</u>		
Salaries and wages	68,666	57,904
Payroll taxes and employee benefits	24,334	17,022
Mileage and travel	12,672	2,466
Occupancy	31,446	29,153
Contracted services	38,742	38,385
Meetings and conferences	9,546	2,857
Depreciation	6,377	7,464
Telephone and internet	10,504	7,059
Supplies	18,069	5,966
Other support service costs	19,334	18,540
	<u>239,690</u>	<u>186,816</u>
<b>TOTAL EXPENSES</b>	<u>\$ 778,135</u>	<u>\$ 599,652</u>
 <b>(DECREASE ) INCREASE IN UNRESTRICTED NET ASSETS</b>	 <u>\$ (14,697)</u>	 <u>\$ (10,741)</u>

The accompanying notes are an integral part of these financial statements

	<u>2008</u>	<u>2007</u>
<b>TEMPORARILY RESTRICTED REVENUE</b>		
<u>Federal Awards:</u>		
Centers for Independent Living	165,260	217,967
Independent Living-State Grants (CLSP)	66,223	55,521
Independent Living-State Grants (EPH)	43,935	43,935
National Institute on Disability and Rehab Research (DBTAC)	11,756	15,000
Assistive Technology (WVATS)	5,995	7,988
Cooperative Extension Service (Agrability)	70,981	83,118
Foundation for Rape Information and Services (FRIS)	7,800	7,800
Block Grants for Community Mental Health Services (COMPEER)	-0-	13,350
Fair Housing Initiatives Program (HUD)	65,539	-0-
<u>State Awards and Other Contracts:</u>		
Family Support	65,543	79,440
CDBG-Technology	-0-	477
Independent Living-State Grants (CLSP)	4,118	11,640
Olmstead Grants	84,989	20,340
Navigator Project	109,625	-0-
Compeer of Mon County	32,096	9,282
Temporarily Restricted Revenue Released From Restrictions	(733,860)	(565,858)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$ (14,697)</b>	<b>\$ (10,741)</b>
Net Assets at Beginning of Year	<u>\$ 72,915</u>	<u>\$ 83,656</u>
<b>NET ASSETS AT THE END OF YEAR</b>	<u><b>\$ 58,218</b></u>	<u><b>\$ 72,915</b></u>

The accompanying notes are an integral part of these financial statements

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) in Net Assets	\$ (14,697)	\$ (10,741)
Adjustments to reconcile change in Net Assets to net cash provided by operating activities:		
Depreciation and amortization	9,074	7,464
Casualty loss	-0-	2,309
Other	-0-	(2)
(Increase) Decrease in assets:		
Grants receivable	(57,313)	(10,079)
Deposits and prepaid expenses	4,161	(1,202)
Increase (Decrease) in liabilities:		
Accounts payable	38,352	5,581
Accrued expenses	11,480	2,667
Deferred grant revenue	<u>42,821</u>	<u>7,809</u>
Net Cash Provided by Operating Activities	<u>\$ 33,878</u>	<u>\$ 3,806</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Equipment	<u>\$ (11,447)</u>	<u>\$ (5,329)</u>
Net increase (decrease) in cash balance	\$ 22,431	\$ (1,523)
Cash at beginning of year	<u>26,161</u>	<u>27,684</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 48,592</u></u>	<u><u>\$ 26,161</u></u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest paid during the year net of capitalized	\$ -576-	\$ -0-
Income taxes paid during the year	\$ -0-	\$ -0-

The accompanying notes are an integral part of these financial statements

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES**

Northern West Virginia Center for Independent Living, Inc. (The Center) is a 501(c)(3) non-profit corporation. The Center is located in Morgantown, West Virginia, and was incorporated under the laws of the State of West Virginia on April 22, 1993. The primary purpose of the Center is to provide those services necessary to enable West Virginians with disabilities to reach their goals for independent living and to enhance and promote equal access across northern West Virginia. The Center's Board of Directors shall at all times include a majority of severely disabled individuals. The Center's major sources of support are grants from federal and state agencies to fund core services including independent living skills training, information and referral, individual and systems advocacy, and peer support.

**Basis of Accounting** - The accompanying financial statements are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. Grant revenues are reported as temporarily restricted support if they are received with grantor stipulations that limit their use. When the grantor restriction expires, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All financial transactions have been recorded and reported under the following net asset classes:

Unrestricted revenues and support represent resources over which the Board of Directors has discretionary control and are used to carry out the operations of the Center in accordance with its bylaws.

Temporarily restricted revenue and support represent resources currently available for use, but expendable for those purposes specified by the grantor.

**Cash** - For purposes of the statement of cash flows, the Center considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of September 30, 2008 and 2007.

**Grant Receivables** - Grant receivables represent amounts due from federal and state agencies for the allowable costs incurred under grant awards. The amounts reported at year-end represent the excess of allowable costs incurred over amounts received under federal and state awards.

**Deferred Grant Revenue** - Deferred grant revenue represents amounts received from federal and state agencies in excess of allowable costs incurred under grant awards.

**Furniture and Equipment** - The Center capitalizes all furniture and equipment with a cost or donated fair market value over \$500 and a useful life of more than one year. Donated assets are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Depreciation has been computed on the straight-line method based on the estimated service lives of the respective assets (5 - 7 years).

**Leasehold Improvements** - Leasehold improvements are recorded at cost. Amortization has been computed on the straight-line method over the lesser of useful lives of the assets or terms of the leases (5 years).

See Accompanying Accountants' Report



**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Contd.)**  
**SEPTEMBER 30, 2008 AND 2007**

**Contributed Services** – A substantial number of unpaid volunteers have made significant contributions of their time to develop the Center’s programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or evaluation.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at year end and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**Presentation**-Certain reclassifications of financial statement amounts for the year ended September 30, 2007 were accomplished to conform to presentation of amounts for the current year September 30, 2008.

**Income Taxes** - The Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. They are also exempt from private foundation status.

**NOTE 2 -RETIREMENT PLAN**

The Center maintains a tax sheltered annuity retirement plan under IRS Code Section 403(b) for its regular employees. Under the plan, the Center contributes 4% of the salary of each eligible employee. Additionally, employees are permitted to make elective deferrals from their salary up to amounts allowed under federal law. Contributions under the plan aggregated to \$8,029 and \$8,680 for the years ended September 30, 2008 and 2007, respectively.

**NOTE 3 - LINE OF CREDIT**

The Center has available an unsecured line of credit of \$40,000. The arrangement carries a variable interest rate of 1% over prime adjusted monthly with minimum and maximum interest rates of 7.5% and 18%, respectively. The line of credit matures in September 2009. The balance on the arrangement was \$0 at September 30, 2008.

**NOTE 4 - OPERATING LEASES**

The Center leases office space and equipment under various lease arrangements with maturities through 2010. Rent expense under these agreements aggregated to \$24,800 and \$23,400 for the years ended September 30, 2008 and 2007, respectively. Future minimum lease payments under these arrangements are as follows:

Year End September 30,	
2009	24,500
2010	6,600
2011	0
	<u>\$ 31,100</u>

See Accompanying Accountants' Report

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Contd.)**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 5 - SIGNIFICANT GRANT REVENUE SOURCE**

The Center conducts its charitable operations primarily through the use of revenues from federal and state grant awards. The U.S. Department of Education and West Virginia Department of Health and Human Resources provide grants awards that comprise a significant portion for the Center's operations. Revenues recognized under awards from these agencies aggregated to \$557,444 and \$451,831 for the years ended September 30, 2008 and 2007, respectively. A significant reduction in the level of this support, if this were to occur, may have a material effect on the Center's programs and activities.

**NOTE 6 - GRANT RECEIVABLES AND DEFERRED GRANT REVENUE**

Grants receivable and deferred revenue arising from transactions under federal and state grant awards for the period ended September 30, 2008 are summarized as follows:

<u>Funding Source</u>	<u>Grants Receivable</u>	<u>Deferred Grant Revenue</u>
U.S. Dept. of Agriculture	\$ 24,308	\$
U.S. Dept. of Education	37,784	3,244
U.S. Dept. of Health and Human Services		
U.S. Dept. of Housing and Urban Develop		1,943
State Agencies and Other Entities	71,388	51,257
	<u>\$ 133,480</u>	<u>\$ 56,444</u>

**NOTE 7-CONTINGENCIES**

As reported at 08-02 of the Schedule of Findings and Questioned Costs, restricted cash in the Center's general cash accounts was utilized to pay for excess grant expenditures and excess indirect costs. The amounts paid are subject to being disallowed by various awarding agencies. However, a determination of whether or not the agencies would require repayment of these unallowable expenses could not be determined and no accrued contingent liability has been recorded.

See Accompanying Accountants' Report

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.

INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2008



**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  
Northern West Virginia Center for Independent Living, Inc.  
Morgantown, West Virginia

We have audited the financial statements of Northern West Virginia Center for Independent Living, Inc. (a nonprofit organization) as of and for the year ended September 30, 2008, and have issued our report thereon dated August 14, 2009. 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 Northern West Virginia Center for Independent Living, 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 Northern West Virginia Center for Independent Living, Inc.'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 a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 deficiency described as **08-01** in the accompanying schedule of findings and questioned costs to be a significant deficiency 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 internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in 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 believe that the deficiency listed at 08-01 to be a material weakness.

#### Compliance

As part of obtaining reasonable assurance about whether Northern West Virginia Center for Independent Living, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 08-02.

We noted certain matters that we have reported to management of Northern West Virginia Center for Independent Living, Inc. in a separate letter dated August 14, 2009.

Northern West Virginia Center for Independent Living, Inc.'s response to the findings in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Northern West Virginia Center for Independent Living, Inc.'s response and accordingly, we express no opinion on it.

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

*Parks, Foster & Morris, PLLC,*

August 14, 2009



**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**SECTION I - Summary of Auditors Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u> Yes	<u>      </u> No
Significant deficiencies(s) identified that are not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No

**SECTION II - Financial Statement Findings**

**08-01 Significant Deficiency in Internal Control in Accordance with Governmental Auditing Standards**

**Criteria:**

The management of Northern West Virginia Center for Independent Living, Inc. is responsible for establishing and maintaining a system of internal accounting control. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

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.

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONS COSTS (contd.)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**Condition:**

The Center's internal control procedures established to ensure the accuracy and completeness of its grant receivable and deferred grant revenue account balances are ineffective. The Center operates primarily with funds from federal and state cost-reimbursement type grants. Accounting principles related to revenue recognition for these funding arrangements require that revenue be based upon allowable costs incurred under each grant. The Center's practice is to report revenue based upon billing invoices. This policy did not properly account for revenue related to unbilled costs and deferred grant revenue under each grant award.

**Cause:**

The design of the Center's internal controls was not effective at recording both revenue and grants receivable for unbilled allowable costs or deferred grant revenue for advance grant award payments.

**Effect:**

The Center's grants receivable and deferred grant revenue account balances were overstated for the year ended September 30, 2008. Audit adjustments were required during the audit to adjust grant revenue, grants receivable and deferred grant revenue to match allowable expenses under each grant.

**Recommendation:**

The Center should consider modifying or updating some of its existing controls to ensure that accounting for grants receivable, deferred grant revenue, and grant revenue is accurate. For example, a high-level review of the Center's report titled "Profit and Loss by Job" could be performed to ensure that grant revenue for each funding source is matched to allowable grant expenses. Additionally, the total grant expenses charged to each grant should be compared to each grant award amount to avoid the possibility of overstating or understating amounts due from specific award years. The controls that were implemented by the Center were not designed to include this task.

**Management Response:**

See management's "Corrective Action Plan"

**08-02 Compliance With Certain Provisions of Laws, Regulations, Contracts, and Grant Agreements**

**Criteria:**

As part of obtaining reasonable assurance about whether Northern West Virginia Center for Independent Living, Inc.'s financial statements are free of material misstatement, we 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.

OMB A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations*, states financial management systems shall provide for 'effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONS COSTS (contd )**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

The majority of the grant agreements (grant support) received by the Center are restricted to certain activities and specific types of allowable expenditures. These agreements generally do not provide for reimbursement of expenditures in excess of the stated grant amounts. Additionally, these agreements generally provide for only a specific amount of indirect costs that may be allocated to each grant. In cases in which the Center incurs costs in excess of a particular grant amount (excess grant expenditures), the excess costs cannot be reimbursed by that grant. Furthermore, indirect costs that are allocable to an award in amounts higher than allowed under that award (excess indirect costs) become unallowable costs. Excess grant expenditures and excess indirect costs generally should be paid for with unrestricted sources of support.

**Condition:**

The Center has several grant awards and funding sources from various federal and state grant agencies and these awards have varying payment schedules that are deposited in the Center's general cash accounts. However during the year ended September 30, 2008 the Center received insufficient unrestricted support from which to pay costs, including indirect costs, in excess of grant award amounts.

We noted cases in which the total costs and indirect costs that were charged to certain grants and subsequently paid from the Center's general cash accounts were in excess of the respective amounts allowed under those specific grant awards. Since the Center received insufficient unrestricted support during the year, it is reasonable to conclude that these costs were paid or will be paid (in the case of accounts payable or accrued expenses) with cash received and deposited in the Center's general cash accounts but restricted for other grant awards. The total of the foregoing excess grant expenditures and excess indirect costs approximated \$55,900 during the year ended September 30, 2008. However, the Center also received unrestricted support in the amount of \$29,578 during the year which was used to pay a portion of the excess grant expenditures and indirect costs. This leaves \$26,322 of remaining excess grant expenditures and excess indirect costs that were incurred during the year.

**Cause:**

The Center's accounting over its general cash accounts is not established to segregate the balances for each grant that are on hand. Thus the Center's management does not have accurate and current information that reports the relative amounts of restricted and unrestricted cash on hand at any given time.

**Effect:**

The excess grant expenditures and excess indirect costs could be recharacterized as unallowable costs by the Center's federal and state awarding agencies.

**Management Response:**

See Corrective Action Plan



**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.**

**SUPPLEMENTAL INFORMATION  
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES**

September 30, 2008

Northern WV Center for Independent Living, Inc.  
 Schedule of State Grant Receipts and Expenditures

State Fiscal Year July 1, 2007 to June 30, 2008

Grant Name/Period ID #	CLSP WV 10/07-09/08	NAV 10/07-06/08	Olmstead Advisory	OLMSTEAD 07/07-06/08
	5,700.00	26,739.00	4,329.00	38,229.00
<b>Grant Receipts</b>				
<u>Grant Expenditures</u>				
7234 · Communications	0.00	0.00	0.00	0.00
7223 · Specific Assistance to Ind	0.00	0.00	0.00	66,464.69
7225 · Payroll Expenses	0.00	23,383.26	0.00	0.00
7226 · Fringes	0.00	6,061.09	0.00	0.00
7233 · Supplies	0.00	1,536.57	0.00	0.00
7239 · Travel	0.00	878.35	3,182.21	0.00
7240 · Conventions, Meetings, Seminars	0.00	10.00	741.06	2,060.00
8010 · Allocated Shared Costs	0.00	16,111.27	0.00	0.00
Total Expenditures	0.00	47,980.54	3,923.27	68,524.69
Difference	5,700.00	(21,241.54)	405.73	(30,295.69)

Northern WV Center for Independent Living, Inc.  
 Schedule of State Grant Receipts and Expenditures

State Fiscal Year July 1, 2007 to June 30, 2008

Grant Name/Period ID #	OLMSTEAD 02/07-06/07	FS 07/07-06/08	Totals
Grant Receipts	5,169.00	55,620.00	60,789.00
<u>Grant Expenditures</u>			
7234 · Communications	0.00	24.90	24.90
7223 · Specific Assistance to Ind	3,547.57	59,487.94	129,500.20
7225 · Payroll Expenses	0.00	9,289.28	32,672.54
7226 · Fringes	0.00	3,825.80	9,886.89
7233 · Supplies	0.00	0.00	1,536.57
7239 · Travel	0.00	643.73	4,704.29
7240 · Conventions, Meetings, Seminars	0.00	0.00	2,811.06
8010 · Allocated Shared Costs	0.00	5,737.33	21,848.60
Total Expenditures	3,547.57	79,008.98	202,985.05
Difference	1,621.43	(23,388.98)	(67,199.05)