

MID-OHIO VALLEY FELLOWSHIP HOME, INC.

Financial Statements

June 30, 2009 and 2008

DHHR - Finance

JUL 29 2011

Date Received

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Financial Statements
June 30, 2009 and 2008

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ALICE M. HARRIS, CPA, A.C.

Independent Auditor's Report

Board of Directors
Mid-Ohio Valley Fellowship Home, Inc :

I have audited the accompanying statements of financial position of the Mid-Ohio Valley Fellowship Home, Inc., (a West Virginia non-profit corporation) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. The 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 the Mid-Ohio Valley Fellowship Home, Inc., as of June 30, 2009 and 2008, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Audit Standards*, I have also issued my report dated April 30, 2010 on my consideration of the Mid Ohio Valley Fellowship Home, Inc 's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of my 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 my audit.

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Independent Auditor's Report, Continued

My audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alice M. Harris, CPA

Alice M. Harris, CPA
April 30, 2010

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MID-OHIO VALLEY FELLOWSHIP HOME, INC.**Statements of Financial Position****June 30, 2009 and 2008**

	2009	2008
ASSETS		
Current assets:		
Cash	18,581	51,625
Certificates of Deposit	29,866	29,058
Accounts and grants receivable	43,330	43,300
Other current assets	\$ 1,988	1,211
Total current assets	93,765	125,194
Property, plant, and equipment:		
Land	16,000	16,000
Buildings and improvements	440,320	436,283
Furniture and equipment	93,866	75,175
	550,186	527,458
Less accumulated depreciation	(299,080)	(274,156)
Net property, plant, and equipment	251,106	253,302
Total assets	\$ 344,871	378,496
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	6,762	4,105
Accrued payroll	1,661	6,837
Payroll taxes payable	7,211	6,154
Total current liabilities	15,634	17,096
Long-term Liabilities		
Note payable - City of Parkersburg	25,000	25,000
Total liabilities	40,634	42,096
Net Assets:		
Unrestricted	304,237	328,356
Temporarily restricted	-	8,044
Permanently restricted	-	-
Total net assets	304,237	336,400
Total liabilities and net assets	\$ 344,871	378,496

See accompanying notes to financial statements

MID-OHIO VALLEY FELLOWSHIP HOME INC
Statements of Activities
Years ended June 30, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Increases in Net Assets:								
Governmental grants	\$ 260,000	11,054	-	271,054	260,000	63,750	-	323,750
Other grants and fees	41,301	-	-	41,301	34,500	37,500	-	72,000
United Way funding	27,002	-	-	27,002	25,043	-	-	25,043
Contributions	20,822	-	-	20,822	38,534	-	-	38,534
Food stamps	23,624	-	-	23,624	21,848	-	-	21,848
Other income	8,642	-	-	8,642	214	-	-	214
Interest	836	-	-	836	615	-	-	615
Total revenue before reclassifications	382,227	11,054	-	393,281	380,754	101,250	-	482,004
Reclassifications:								
Net assets released from restrictions	19,098	(19,098)	-	-	93,206	(93,206)	-	-
Total revenue and reclassifications	401,325	(8,044)	-	393,281	473,960	8,044	-	482,004
Decreases in Net Assets:								
Program services	383,382	-	-	383,382	342,078	-	-	342,078
Management and general	42,062	-	-	42,062	34,376	-	-	34,376
Total expenses	425,444	-	-	425,444	376,454	-	-	376,454
Increase (decrease) in net assets	(24,119)	(8,044)	-	(32,163)	97,506	8,044	-	105,550
Net assets, beginning of year	328,356	8,044	-	336,400	230,850	-	-	230,850
Net assets, end of year	\$ 304,237	-	-	304,237	328,356	8,044	-	336,400

See accompanying notes to financial statements.

MID-OHIO VALLEY FELLOWSHIP HOME, INC
 Statements of Functional Expenses
 Years ended June 30, 2009 and 2008

	2009			2008		
	Program services	Management and general	Total expenses	Program services	Management and general	Total expenses
Salaries	\$ 184,049	10,432	194,481	166,635	6,949	173,584
Employee benefits	29,009	1,644	30,653	27,388	1,141	28,529
Payroll taxes	19,019	1,078	20,097	16,942	706	17,648
Insurance	6,271	697	6,968	3,743	416	4,159
Professional fees	-	19,737	19,737	-	13,956	13,956
Contracted services	-	1,474	1,474	-	5,409	5,409
Continuing education	839	48	887	72	3	75
Office supplies & expense	7,941	450	8,391	5,122	352	5,474
Occupancy	30,517	3,391	33,908	25,849	2,872	28,721
Telephone & communications	6,001	667	6,668	7,029	781	7,810
Repairs and maintenance	3,316	368	3,684	1,815	202	2,017
Travel, conventions & meetings	10,245	585	10,830	9,425	393	9,818
Household & food	55,301	-	55,301	46,133	-	46,133
Resident services & education	5,895	-	5,895	9,428	-	9,428
Miscellaneous	1,391	155	1,546	3,717	413	4,130
Depreciation	359,794	40,726	400,520	323,298	33,593	356,891
	23,588	1,336	24,924	18,780	783	19,563
Total expenses	\$ 383,382	42,062	425,444	342,078	34,376	376,454

See accompanying notes to financial statements

MID-OHIO VALLEY FELLOWSHIP HOME, INC.

Statements of Cash Flows
Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (32,163)	105,550
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,924	19,563
(Increase) decrease in:		
Accounts receivable	(30)	(17,872)
Other current assets	(777)	755
Increase (decrease) in:		
Accounts payable	2,657	(2,860)
Accrued payroll	(5,176)	594
Payroll taxes payable	1,057	(562)
Accrued vacation	-	(2,057)
Net cash provided (used) by operating activities	(9,508)	103,111
Cash flows from investing activities:		
Purchase of property and equipment	(22,728)	(82,843)
Investment in certificates of deposit	(808)	(15,579)
Net cash used in investing activities	(23,536)	(98,422)
Increase (decrease) in cash and cash equivalents	(33,044)	4,689
Cash and cash equivalents, beginning of year	51,625	46,936
Cash and cash equivalents, end of year	\$ 18,581	51,625
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	\$ -	-
Interest	-	-

See accompanying notes to financial statements.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Notes to Financial Statements

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Mid-Ohio Valley Fellowship Home, Inc. (the Organization) was incorporated as a nonprofit organization in the State of West Virginia in 1971. The Organization's mission is to provide a well-coordinated system of comprehensive alcoholism services to the residents of Wood County and surrounding areas who are in need of intermediary care and other rehabilitative services.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America.

Basis of Presentation - The Organization has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No 117, an organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or passage of time
- Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the organization. Generally, the donors of the assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions 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 statement of activities as net assets released from restrictions.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Tax Status - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2)

Property and Equipment - All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment	5-10
Furniture	5-10
Buildings and improvements	10-20

Depreciation expense for the fiscal year ended June 30, 2009 and 2008 was \$24,924 and \$19,563, respectively.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Notes to Financial Statements, Continued

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

Donated Services - No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, fundraising activities, and various committee assignments.

Fair Value of Financial Instruments – The Mid-Ohio Valley Fellowship Home, Inc., has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2009 and 2008 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value of all financial instruments has been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

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 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.

CONCENTRATIONS OF CREDIT RISK

For the fiscal years ended June 30, 2009 and 2008, approximately 75% of the Organization's support came from federal and state grant awards. This concentration of funding increases the credit risk of the program. The Organization is economically dependent on the continuation of this funding for the operation of its programs.

ACCOUNTS AND GRANTS RECEIVABLE

The Organization operates in the Parkersburg, WV area and receives support from various sources, substantially all of whom are local, state or federal government agencies. All Accounts and Grants Receivable balances are deemed collectible, therefore an allowance for doubtful accounts is unnecessary.

NOTE PAYABLE – CITY OF PARKERSBURG

The Organization signed a promissory note payable in the amount of \$25,000 to the City of Parkersburg, WV dated March 11, 1998. The note is non-interest bearing. Repayment is triggered by the sale of certain real estate given by the City of Parkersburg under its Housing Rehabilitation Program before the expiration of the fifteen-year holding period beginning at the above date. At the end of the holding period, the note will be forgiven in full.

RISK MANAGEMENT

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

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Notes to Financial Statements, Continued

CONTINGENT LIABILITIES

The Organization's programs are generally funded from federal, state, and local sources, principal of which are programs of the U.S. Department of Health and Human Services. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, or expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

RESTRICTIONS AND LIMITATIONS OF NET ASSET BALANCES

As of June 30, 2009 and 2008, temporarily restricted net assets totaled \$0 and \$5,044 and consisted of donor-restricted contributions which are held in separate accounts to be used as follows:

	<u>2009</u>	<u>2008</u>
Capital improvements/home furnishing for the women's home	\$ -	\$ 5,044
Restricted for purchase of van	-	<u>3,000</u>
Total temporarily restricted net assets	<u>\$ -</u>	<u>\$ 8,044</u>

Net assets released from restriction related to expenditure of restricted funds for purchase of "Linda's Home" a 3/4 treatment home for women and expenditure of start-up funding for the statewide Fellowship Home Association and totaled \$ and \$93,026 for the years ended June 30, 2009 and 2008, respectively.

Capital improvements	\$ 16,098	\$ 12,921
Purchase of Linda's House	-	77,785
Other programs	<u>3,000</u>	<u>2,500</u>
Total net assets released from restriction	<u>\$ 19,098</u>	<u>\$ 93,206</u>

**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
The Mid Ohio Valley Fellowship Home, Inc

I have audited the financial statements of The Mid Ohio Valley Fellowship Home, Inc., (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued my report thereon dated April 30, 2010. 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Mid Ohio Valley Fellowship Home, Inc's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mid Ohio Valley Fellowship Home, Inc's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My 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, I identified a deficiency in internal control over financial reporting that I 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. I consider the deficiency described below to be significant deficiency in internal control over financial reporting

Segregation of Duties

The segregation of duties and responsibilities with persons who initiate transactions, record transactions, and reconcile the accounts these transactions affect is not desirable from a control point of view. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of transactions. The lack of

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**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, CONTINUED***

segregation of duties could increase the risk that misstatements of transactions could go undetected. This situation is typical in an organization of your size. The most effective controls lie in the Board's level of monitoring and oversight of matters relating to the Organization's operations.

The lack of separation of control functions between personnel has the potential for misappropriation of assets, and possible misrepresentation in financial reporting, depending on the level of monitoring and oversight of the Board and its officers.

This situation has been addressed through enhanced Board monitoring and by hiring an outside accounting firm to assist with day to day accounting activities.

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.

My 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, I do not believe the significant deficiency described above is a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mid Ohio Valley Fellowship Home, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Alice M. Harris, CPA

Alice M. Harris, CPA
April 30, 2010

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MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Schedule of State Funding Status
Years ended June 30, 2009

	BHHF Men's Program	BHHF Women's Program	WV Grant Total
State Assigned Account Number	G090288	G090288	G090288
Amount of Award	132,100	127,900	260,000
Amount Earned & Billed to BHHF through year end and qualifying expenses for prior year's (budgetary) deferred revenue	(132,100)	(127,900)	(260,000)
Budgetary surplus carried to FY 2010	-	-	-
Amount not earned but billed to BHHF through year-end	-	-	-
Amount not billed to BHHF through year-end	-	-	-
Amount collected by year-end	132,100	127,900	260,000

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MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Schedule of Revenues & Expenses - BHHF Funded Programs Agreement G090288
Year ended June 30, 2009

	Men's Program	Women's Program	State Totals
Revenues:			
State awards	132,100	127,900	260,000
Other grants and fees	21,561	30,794	52,355
United Fund	13,501	13,501	27,002
Contributions	11,132	9,690	20,822
Food stamps	12,226	11,398	23,624
Fundraising	4,812	3,831	8,643
Interest	-	-	-
Total revenues	195,332	197,114	392,446
Expenses:			
Salaries	94,602	88,083	182,685
Employee benefits	21,313	20,661	41,974
Contracted services	6,742	13,077	19,819
Direct office supplies and expense	6,977	3,972	10,949
General program supplies/food	35,308	37,415	72,723
Insurance	4,597	4,597	9,194
Repairs and maintenance	125	242	367
Other facility & equipment	11,548	11,180	22,728
Utilities	22,181	11,727	33,908
Administrative allocation	13,083	12,668	25,751
Miscellaneous	2,616	917	3,533
Total expenses	219,092	204,539	423,631
Excess of revenue over expenses	(23,760)	(7,425)	(31,185)

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