

**THE ARC OF THE MID OHIO  
VALLEY, INC.**

**Financial Statements**

**June 30, 2009 and 2008**

DHHR - Finance

SEP 30 2011

Date Received

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**Financial Statements**  
**June 30, 2009 and 2008**

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# ALICE M. HARRIS, CPA, A.C.

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## Independent Auditor's Report

Board of Directors

The Arc of the Mid Ohio Valley, Inc :

I have audited the accompanying statements of financial position of The Arc of The Mid Ohio Valley, 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.

As explained in the footnotes to the financial statements, inventory that The Arc of the Mid Ohio Valley, Inc., acquired by gift is not recorded in the financial statements. In my opinion, accounting principles generally accepted in the United States of America require that such donated inventory be recorded at its fair value at the date of receipt. It was not practical to determine the effects of the unrecorded inventory on the financial statements.

In my opinion, except for not recording the fair value of donated inventory, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc of the Mid Ohio Valley, 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.

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**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Statements of Financial Position**  
**June 30, 2009 and 2008**

	2009	2008
<b>ASSETS</b>		
Current assets:		
Petty cash	\$ 445	415
Cash in bank	147,231	84,057
Certificates of deposit	61,032	-
Accounts receivable, net	42,892	58,991
Prepaid expenses	2,939	4,116
<b>Total current assets</b>	<b>254,539</b>	<b>147,579</b>
Machinery and Equipment:		
Machinery and equipment	49,872	47,709
Less accumulated depreciation	(38,238)	(32,924)
<b>Net machinery and equipment</b>	<b>11,634</b>	<b>14,785</b>
Other assets:		
Investments in marketable securities	243,815	311,541
Investments in Parkersburg Community Foundation	74,402	91,901
<b>Total other assets</b>	<b>318,217</b>	<b>403,442</b>
<b>Total assets</b>	<b>\$ 584,390</b>	<b>565,806</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	1,295	9,703
Other current liabilities	7,305	5,532
Accrued vacation and payroll	31,078	11,075
Deferred income	5,151	5,312
<b>Total liabilities</b>	<b>44,829</b>	<b>31,622</b>
Net Assets:		
Unrestricted	319,644	271,359
Temporarily restricted	129,917	172,825
Permanently restricted	90,000	90,000
<b>Total net assets</b>	<b>539,561</b>	<b>534,184</b>
<b>Total liabilities and net assets</b>	<b>\$ 584,390</b>	<b>565,806</b>

*See accompanying notes to financial statements*

THE ARC OF THE MID-OHIO VALLEY, INC.  
 Statements of Activities  
 Years ended June 30, 2009 and 2008

	2009		2008		Total
	Unrestricted	Temporarily restricted	Unrestricted	Temporarily restricted	
Support, Revenue, and Reallocations					
United Way allocations	\$ 17,991	-	17,991	15,466	15,466
Contributions	3,196	17,783	20,979	3,324	12,789
Grant revenue	253,422	-	253,422	10,465	221,858
Sales - Noah's Arc	143,471	-	143,471	127,310	127,310
Combined federal campaign interest and dividends	52	-	52	532	532
Gain (losses) on investments	9,128	6,341	15,469	16,090	25,140
Program income	(25,061)	(50,249)	(75,310)	(44,546)	(66,186)
Membership dues	28,317	-	28,317	-	-
Birth to Three Program Income	1,126	-	1,126	1,577	1,477
	223,224	-	222,224	257,305	257,305
Total support and revenue before reclassifications	653,846	(26,125)	627,721	(18,031)	595,691
Classifications:					
Net assets released from restrictions	36,783	(16,383)	-	16,050	-
Total revenue and reclassifications	670,629	(42,508)	627,721	(2,081)	595,691
Expenses:					
Program services:					
Community programs	312,450	-	312,450	48,380	48,380
Noah's Arc	91,775	-	91,775	81,058	83,038
Birth to Three Program Regional Admin Unit	305,846	-	305,846	308,545	308,545
Technical Grant	14,475	-	14,475	21,041	21,041
Health and Wellness	54,700	-	54,700	67,289	67,289
Project Lifesaver and Techlink	-	-	-	2,106	2,106
Total program services	539,246	-	539,246	534,399	534,399
Supporting services:					
Management and general	63,098	-	63,098	66,481	66,481
Total expenses	622,344	-	622,344	600,880	600,880
Change in net assets	48,285	(42,908)	5,377	28,892	(5,189)
Assets, beginning of year	271,359	172,825	534,184	242,467	266,906
Assets, end of year	\$ 319,644	129,917	539,561	271,359	172,825
					90,900
					90,900
					534,184

See accompanying notes to financial statements.

**THE ARC OF THE MID OHIO VALLEY, INC.**  
Statement of Functional Expenses  
Year ended June 30, 2009

	Community programs		Noah's Arc		Program services		Health & Wellness		Total	Supporting services		Totals
										Management and general		
Personnel expenses	54,080		51,488		196,481		4,737	18,806	325,592		34,916	350,508
Fringe benefits	4,346		4,379		21,406		440	2,039	32,610		2,556	35,206
Consultant fees and casual labor	4,049		595		3,669		5,225	4,392	17,930		2,917	20,847
Telephone	261		311		6,406		-	47	7,525		1,531	9,056
Postage and shipping	216		-		6,127		-	409	6,752		478	7,230
Rent	2,880		34,520		13,766		1,200	-	42,366		2,260	44,626
Insurance	-		906		2,448		-	-	3,354		1,288	4,642
Utilities	-		6,609		-		-	-	6,609		-	6,609
Supplies	3,301		844		8,133		440	2,855	15,575		4,064	19,667
Professional fees	-		-		-		-	-	-		5,200	5,200
Maintenance and repairs	2,576		253		9,894		345	374	13,642		1,942	15,584
ARCUS Dues	-		-		-		-	-	-		1,936	1,936
Office library	-		-		2,502		-	-	2,502		-	2,502
Printing	81		88		1,416		-	21	1,606		646	2,252
Advertising	1,658		-		8,297		-	-	9,955		115	10,070
Client services	1,639		311		635		28	1,991	4,293		310	4,603
Program expenses	6,830		-		-		68	673	7,571		44	7,615
Scholarship	3,250		-		-		-	-	3,250		-	3,250
Miscellaneous	2,556		675		1,190		37	-	4,458		2,019	6,477
Conferences, conventions and meetings	16,699		218		1,815		411	741	19,882		2,110	21,992
Parking	-		-		2,365		346	483	3,194		1,268	4,402
Travel	8,028		173		19,298		998	1,869	30,566		2,174	32,540
Bad debt expense	-		216		-		-	-	216		-	216
Depreciation	112,450		91,775		305,846		14,475	34,700	539,246		37,784	617,036
											5,314	5,314
<b>Total expenses</b>	<b>\$ 112,450</b>		<b>\$ 91,775</b>		<b>\$ 305,846</b>		<b>\$ 14,475</b>	<b>\$ 34,700</b>	<b>\$ 539,246</b>		<b>\$ 63,098</b>	<b>\$ 622,344</b>

See accompanying notes to financial statements.

THE ARC OF THE MID-OHIO VALLEY, INC.  
 Statement of Functional Expenses  
 Year ended June 30, 2008

	Community programs	Noah's Arc	Birth to Three Adrenal Unit	Program services		Health & Wellness	TechLink and Project Lifesaver	Total	Supporting services		Totals
				Inclusion Grant	Grant				Management	and general	
Salaries	16,097	44,807	200,625	7,607	25,450	804	295,590	29,675	325,065		
Fringe benefits	995	4,840	25,088	629	2,531	64	34,147	3,327	37,474		
Contractor fees and casual labor	795	-	621	8,432	15,362	36	25,246	5,551	30,807		
Telephone	-	778	6,104	-	65	-	6,947	1,334	8,281		
Postage and shipping	-	-	5,348	-	542	52	6,042	178	6,220		
Rent	-	26,320	13,937	1,200	-	480	42,137	2,916	45,053		
Insurance	-	1,049	3,632	-	-	-	3,681	1,581	5,262		
Utilities	-	6,129	-	-	205	-	6,334	-	6,334		
Supplies	6,073	1,055	8,435	1,259	4,796	66	21,682	5,200	22,590		
Professional fees	-	-	694	-	-	-	694	908	5,894		
Maintenance and repairs	695	141	6,457	-	466	376	8,133	716	8,849		
ARCUS Dues	-	196	645	-	-	-	841	807	1,648		
Office library	81	-	979	29	-	-	1,139	67	1,206		
Printing	-	41	2,614	-	647	-	3,302	118	3,420		
Advertising	-	320	8,738	-	-	-	9,058	163	9,221		
Client services	3,416	-	-	57	10,244	-	13,717	354	14,071		
Scholarship	3,250	-	-	-	-	-	3,250	-	3,250		
Miscellaneous	93	361	376	-	-	-	830	3,060	3,890		
Conference, conventions and meetings	14,187	289	1,819	666	1,352	-	18,263	615	18,878		
Parking	3	-	2,176	554	533	-	3,266	916	3,782		
Travel	2,697	280	21,357	1,018	5,696	228	30,686	2,652	33,338		
Bad debt expense	-	214	-	-	-	-	214	-	214		
Depreciation	48,380	87,038	308,545	21,041	67,289	2,166	534,399	60,148	594,547		
								6,335	6,335		
<b>Total expenses</b>	<b>\$ 48,380</b>	<b>\$ 87,038</b>	<b>\$ 308,545</b>	<b>\$ 21,041</b>	<b>\$ 67,289</b>	<b>\$ 2,166</b>	<b>\$ 534,399</b>	<b>\$ 66,481</b>	<b>\$ 600,880</b>		

See accompanying notes to financial statements.

**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Statement of Cash Flows**  
**Years ended June 30, 2009 and 2008**

	2009	2008
Cash flows from operating activities:		
Changes in net assets	\$ 5,377	(5,189)
Adjustments to reconcile change in assets to net cash provided by operating activities:		
Depreciation	5,314	6,333
Unrealized (gain) loss on investments	75,310	66,186
(Increase) decrease in:		
Accounts receivable	16,099	(22,968)
Prepaid expenses	1,177	6,447
Increase (decrease) in:		
Accounts payable	(8,408)	(969)
Other current liabilities	1,773	23
Accrued vacation and payroll	20,003	(11,396)
Deferred income	(161)	(367)
Net cash provided by operating activities	116,484	38,100
Cash flows from investing activities:		
Purchase of equipment	(2,163)	(4,909)
Change in investments in Parkersburg Area Community Foundation	(17,499)	-
(Purchase) sale of investments	27,414	(17,305)
Net cash used by investing activities	7,752	(22,214)
Increase in cash and cash equivalents	124,236	15,886
Cash and cash equivalents, beginning of year	84,472	68,586
Cash and cash equivalents, end of year	\$ 208,708	84,472
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	\$ -	-
Interest	-	-

*See accompanying notes to financial statements*



**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Notes to Financial Statements**

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**NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Nature of Activities** - The mission of The Arc of The Mid Ohio Valley, Inc., (a not-for-profit organization) is to promote community education on developmental disabilities and its prevention; provide advocacy for individuals with developmental disabilities; and provide assistance to those in need.

**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** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

**Contributed Property and Equipment** - Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**Cash and Cash Equivalents** - For purposes of the Statements of Cash Flows, The Arc of The Mid Ohio Valley, Inc., considers all highly-liquid investments purchased with maturities of three months or less to be cash and 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).

**Advertising** - It is the policy of The Arc of The Mid Ohio Valley, Inc. to expense all advertising costs as incurred.

**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Notes to Financial Statements, Continued**

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**NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED**

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**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>
Computer and office equipment	5 to 10
Furniture and fixtures	5 to 10

Depreciation expense for the fiscal year ended June 30, 2009 and 2008 was \$5,314 and \$6,333, respectively.

**Fair Value of Financial Instruments** - The Arc of The Mid Ohio Valley, 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 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.

**Inventory** - Inventory of clothing and other used goods have not been recorded in the financial statements. Accounting principles generally accepted in the United States of America require that such inventory be recorded at the fair market value at the date of donation. The independent auditor's report has been modified accordingly.

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**USE OF ESTIMATES**

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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.

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**CONCENTRATIONS OF RISK DISCLOSURE**

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The Organization is economically dependent on grants from various federal, state and local governments for the operation of their programs. The Organization's ability to receive these grants is somewhat dependent on the national, state and local economy.

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**ACCOUNTS RECEIVABLE**

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The Organization operates in the Parkersburg, WV area and receives support from various sources, substantially all of whom are local individuals or government agencies. As of June 30, 2009 and 2008 accounts receivable are shown net of an allowance for uncollectible accounts of \$925 and \$925, respectively.

**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Notes to Financial Statements, Continued**

**MARKETABLE SECURITIES**

As of June 30, 2009 unrestricted marketable securities consisted of the following:

	<u>Cost</u>	<u>Unrealized Gain (loss)</u>	<u>Market Value</u>
American Funds Group – Washington Mutual Investors Fund	\$ 31,921	(6,300)	25,621
Money market funds	17,163	-	17,163
Legg Mason Cash Reserve Trust	-	-	-
Legg Mason Limited Duration Bond Fund	86,553	(14,440)	72,113
<u>Total unrestricted contributions</u>	<u>135,637</u>	<u>(20,740)</u>	<u>114,897</u>

As of June 30, 2008 unrestricted marketable securities consisted of the following:

	<u>Cost</u>	<u>Unrealized Gain (loss)</u>	<u>Market Value</u>
American Funds Group – Washington Mutual Investors Fund	\$ 30,475	3,828	34,303
Legg Mason Cash Reserve Trust	37,184	-	37,184
Legg Mason Limited Duration Bond Fund	83,572	(7,258)	76,314
<u>Total unrestricted contributions</u>	<u>151,231</u>	<u>(3,430)</u>	<u>147,801</u>

In a prior period, the Organization received a bequest which, according to provisions of the will, such assets “are to be used for the purpose of capital improvements or the purchase of equipment, furnishings, or property, and are not to be treated as ordinary income”

Additionally, the Organization manages an investment fund created for the WV Association of the Arc, a state-wide Arc Chapters consortium. A money market account was established to account for funds raised through candy machine sales which are expended for designated uses by the by the state-wide Arc Chapters consortium.

All of the following investments are considered to be temporarily restricted and consist of the following:

As of June 30, 2009 temporarily restricted marketable securities consisted of the following:

	<u>Cost</u>	<u>Unrealized Gain (loss)</u>	<u>Market Value</u>
American Funds Group -- Washington Mutual Investors Fund	\$ 12,998	(439)	12,559
American Funds Group -- The Income Fund of America	103,252	(6,287)	96,965
Legg Mason Value Trust	36,260	(16,866)	19,394
<u>Total temporarily restricted investments</u>	<u>152,510</u>	<u>(23,592)</u>	<u>128,918</u>

**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Notes to Financial Statements, Continued**

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**MARKETABLE SECURITIES, CONTINUED**

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As of June 30, 2008 temporarily restricted marketable securities consisted of the following:

	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Market Value</u>
American Funds Group - Washington Mutual Investors Fund	\$ 12,577	4,238	16,815
American Funds Group - The Income Fund of America	97,332	22,566	119,898
Legg Mason Value Trust	36,260	(9,233)	27,027
<u>Total temporarily restricted investments</u>	<u>146,169</u>	<u>17,571</u>	<u>163,740</u>

For the years ended June 30, 2009 and 2008 total investment income is shown net of unrealized gains (losses) of (\$64,063) and \$25,851, respectively.

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**RESTRICTIONS AND LIMITATIONS OF NET ASSET BALANCES**

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As of June 30, 2009 and 2008 temporarily restricted net assets totaled \$169,057 and \$169,057, respectively and consisted of donor-restricted contributions restricted as follows:

	<u>2009</u>	<u>2008</u>
Capital acquisition	110,523	136,713
Scholarships	-	9,085
State-wide Arc programs	19,394	27,027
<u>Total</u>	<u>\$ 129,917</u>	<u>172,825</u>

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**NET ASSETS RELEASED FROM RESTRICTIONS**

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The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors for the year ended June 30, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Secret Christmas and other programs	7,698	16,050
Scholarships	9,085	-
<u>Total</u>	<u>\$ 16,783</u>	<u>16,050</u>

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**FUNCTIONAL EXPENSE ALLOCATIONS**

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The cost of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Notes to Financial Statements, Continued**

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**OPERATING LEASES**

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Effective March 31, 2008, the Organization rents office space, located at 521 Market Street, Parkersburg, West Virginia, under a two year operating lease expiring December 31, 2009 from the Volunteer Action Center, Inc. The monthly rental payment is \$1,394 and total rental payments for the year ended June 30, 2009 were \$16,722.

The Organization operates a thrift shop located at 1511C Grand Central Avenue, Vienna, West Virginia. The thrift shop building had a two-year operating lease which expires June 30, 2010 with monthly rental payments of \$1,400. Total rental payments for the year ended June 30, 2009 were \$16,800.

The Organization operates a second thrift shop located at 904 Broadway Avenue, Parkersburg, West Virginia as a tenant at will. The monthly rental payments are \$600 and total rent payments for the year ended June 30, 2009 was \$7,200.

The Organization rents storage space as a tenant at will. Monthly rental expense is \$210 and total rental payments for the year ended June 30, 2009 was \$2,520.

The Organization entered into a lease agreement for the rental of a copier. The lease is scheduled to expire November 21, 2009. The monthly rental payment on the lease is \$321 and total rental payments for the year were \$3,852.

Rent expense for the years ended June 30, 2009 and 2008 under all of above operating leases was \$45,053 and \$44,242, respectively.

Future minimum lease obligations under the above operating leases are as follows:

<u>Year Ended</u>	
2010	3,547
Total	\$ 3,547

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**COMPENSATED ABSENCES**

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Eligible employees of the Organization are entitled to paid vacation, paid sick days, and personal days off depending on length of service and other factors. The accumulated of vacation days is limited to a maximum of 150 hours per individual. Accrued vacation at June 30, 2009 and 2008 was \$11,328 and \$8,567, respectively.

**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Notes to Financial Statements, Continued**

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**RELATED PARTY TRANSACTIONS**

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During the years ended June 30, 2009 and 2008, the Organization had transactions with The Arc of the USA, Inc and the National Conference of Executives of The Arc, Inc. The transactions with The Arc of the USA, Inc. consisted of payments for membership dues and affiliation. For the years ended June 30, 2009 and 2008, these payments totaled \$1,936 and \$1,594, respectively. The transactions with The National Conference of Executives of The Arc, Inc. also consisted of payments for membership dues. These payments totaled \$149 each year.

The Organization purchases insurance products, primarily employee health insurance through an insurance agency in which a Board member has a 3% equity ownership. Total insurance premiums paid to a carrier marketed by this agency for the years ended June 30, 2009 and 2008 amounted to \$1,208 and \$4,698, respectively.

**THE ARC OF THE MID OHIO VALLEY INC**  
**Schedule of WV DHHS Funding Status**  
**Year ended June 30, 2009**

	Birth to Three RAU Program	Health and Wellness	Health and Wellness	Tobacco	Inclusive Recreational & Leisure	Inclusive Recreational & Leisure
State Assigned Account Number	G090029	G080504	G090522	G090392	G080505	G090523
Grant period	7/1/08 to 6/30/09	10/1/07 to 9/30/08	10/1/08 to 9/30/09	7/1/08 to 6/30/09	10/1/07 to 9/30/08	10/1/08 to 9/30/09
Amount of Award Total	125,620	40,000	14,008	36,125	21,664	17,929
Amount received current year	125,620	6,941	13,756	36,125	5,847	10,542
Surplus carried to current year	-	-	-	-	-	-
Total grant revenues available current fiscal year	125,620	6,941	13,756	36,125	5,847	10,542
Amount Earned & Billed to DHHS through year end and qualifying expenses for prior year's (budgetary) deferred revenue	(125,620)	(6,941)	(13,756)	(36,125)	(5,847)	(10,542)
Budgetary surplus (deficit) (1)	-	-	-	-	-	-
Amount not earned but billed to DHHS through year-end	-	-	-	-	-	-
Amount not billed to DHHS through year-end	-	-	252	-	-	7,387
Amount collected by year-end	125,620	6,941	13,756	36,125	5,847	10,542

*See independent auditor's report*

**THE ARC OF THE MID OHIO VALLEY, INC.**  
**Schedule of Revenues & Expenses - DHHS Funded Programs**  
**Year ended June 30, 2009**

	Birth to Three RAJ Program G090029	Health and Wellness G080504	Health and Wellness G090522	Tobacco G090392	Inclusive Recreational & Leisure G080505	Inclusive Recreational & Leisure G090523	DHHS Total
<b>Revenues:</b>							
State awards	125,620	16,941	13,756	36,125	5,847	10,542	208,831
Other grants and fees	173,623	-	8,238	-	-	-	181,861
Interest	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>299,243</b>	<b>16,941</b>	<b>21,994</b>	<b>36,125</b>	<b>5,847</b>	<b>10,542</b>	<b>390,692</b>
<b>Expenses:</b>							
Salaries	192,660	11,714	7,092	21,325	1,184	3,553	237,528
Fringe benefits	18,624	562	1,478	2,614	204	612	24,094
Consultant fees and casual labor	3,669	1,771	2,621	35	820	4,406	13,322
Telephone & communications	6,406	26	21	230	-	-	6,683
Postage and shipping	6,127	69	340	96	-	-	6,632
Occupancy	13,766	-	-	2,400	300	900	17,366
Insurance	2,448	-	-	-	-	-	2,448
Advertising	9,512	-	-	1,370	-	-	10,882
Conventions and meetings	1,813	530	210	93	-	411	3,057
Supplies	8,132	1,294	1,611	967	177	255	12,436
Professional fees	-	-	-	-	-	-	-
Maintenance and repairs	373	-	-	-	172	382	927
Office/library expenses	2,502	-	-	874	-	-	3,376
Printing	1,416	-	-	-	-	-	1,416
Client services	635	852	1,139	115	-	68	2,809
Other expenses	4,713	159	1,393	90	104	347	6,806
Travel	17,892	420	1,398	1,757	234	721	22,422
Equipment expenses	8,555	-	-	407	-	-	8,962
Indirect costs	-	-	-	3,284	-	-	3,284
<b>Total expenses</b>	<b>299,243</b>	<b>17,397</b>	<b>17,303</b>	<b>35,657</b>	<b>3,195</b>	<b>11,655</b>	<b>375,488</b>
<b>Excess (deficit) of revenue over expenses</b>	<b>-</b>	<b>(456)</b>	<b>4,691</b>	<b>468</b>	<b>2,652</b>	<b>(1,113)</b>	<b>15,204</b>

*See independent auditor's report*



# ALICE M. HARRIS, CPA, A.C.

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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*

To the Board of Directors of  
The Arc of The Mid Ohio Valley, Inc.

I have audited the financial statements of The Arc of The Mid Ohio Valley, Inc., (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued my report thereon dated October 19, 2009 which was qualified for not including the value of purchased and donated thrift store inventory. 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 ARC of the Mid Ohio Valley, 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 ARC of the Mid Ohio Valley, 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  
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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, however, hiring additional personnel would not be cost effective for the Organization.

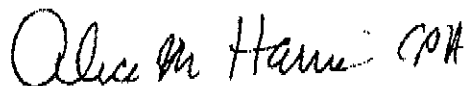
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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 weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ARC of the Mid Ohio Valley, 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  
January 20, 2010