

**West Virginia Mental Health
Consumers' Association, Inc.**

**Independent Auditors' Report
and
Financial Statements**

June 30, 2009

DHHR - Finance

JUL 29 2010

Date Received

West Virginia Mental Health Consumers' Association, Inc.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis	2
Statement of Support, Revenue and Expenses - Modified Cash Basis	3
Notes to Financial Statements	4-8
Supplementary Information	
Independent Auditors' Report on Supplementary Information	9
Schedule of OBHS Funding Status and Equipment Purchased with OBHS Administered Funds	10
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	13-15
Schedule of Expenditures of Federal Awards	16-17
Summary Schedule of Prior Audit Findings	18
Schedule of Findings and Questioned Costs	19-20

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report

To the Board of Directors
West Virginia Mental Health
Consumers' Association, Inc.
Charleston, West Virginia

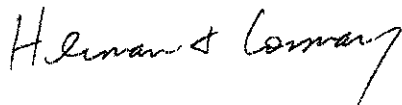
We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of West Virginia Mental Health Consumers' Association, Inc (a nonprofit organization) as of June 30, 2009, and the related statement of support, revenue and expenses - modified cash basis for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the West Virginia Mental Health Consumers' Association, Inc 's 2008 financial statements and, in our report dated August 26, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the Association prepares its financial statements on the basis of cash receipts and disbursements except that certain payroll tax withholdings and liabilities and depreciation are recorded. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of West Virginia Mental Health Consumers' Association, Inc as of June 30, 2009, and its support, revenue and expenses for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2010 on our consideration of West Virginia Mental Health Consumers' Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 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.



Charleston, WV
July 21, 2010

DHHR - Finance

JUL 29 2010

Date Received

1031 Quarrier Street, Suite 511 • Charleston, WV 25301-2397 • (304) 345-2320 • (304) 345-2325 fax
www.herman-cormanycpas.com



West Virginia Mental Health Consumers' Association, Inc.
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
June 30, 2009, with Comparative Totals
as of June 30, 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash	\$ -0-	\$ 55,987
Advances	<u>50</u>	<u>685</u>
Total Assets	<u>\$ 50</u>	<u>\$ 56,672</u>
Liabilities and Net Assets		
Liabilities		
Outstanding checks in excess of bank balance	\$ 91,313	\$ -0-
Payroll taxes and withholdings	12,245	3,318
Notes payable	<u>841</u>	<u>24,680</u>
Total Liabilities	<u>104,399</u>	<u>27,998</u>
Net Assets		
Unrestricted	(104,349)	(61,073)
Temporarily restricted	<u>-0-</u>	<u>89,747</u>
Total Net Assets	<u>(104,349)</u>	<u>28,674</u>
Total Liabilities and Net Assets	<u>\$ 50</u>	<u>\$ 56,672</u>

See independent auditors' report and notes to financial statements.

West Virginia Mental Health Consumers' Association, Inc.
Statement of Support, Revenue and Expenses – Modified Cash Basis
Year Ended June 30, 2009, with Comparative
Totals for the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Revenues, Gains and Other Support				
Grants				
Department of Health and Human Services	\$ -0-	\$ -0-	\$ -0-	\$ 28,000
WV Department of Health and Human Resources-Federal funds	-0-	507,928	507,928	528,875
WV Department of Health and Human Resources-State funds	-0-	724,999	724,999	768,399
NASTAC	-0-	-0-	-0-	10,000
Mary Ellen Copeland	-0-	-0-	-0-	25,000
WV Council of Churches	-0-	52,000	52,000	-0-
Prestera Center for Mental Health Services	2,994	-0-	2,994	3,680
Contributions	1,575	-0-	1,575	4,696
Service revenues	58,960	-0-	58,960	89,507
Interest income	34	-0-	34	-0-
Rental income	22,905	-0-	22,905	30,291
Net assets released from restrictions:				
Satisfaction of grant and program activities	<u>1,374,674</u>	<u>(1,374,674)</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues, Gains, and Other Support	<u>1,461,142</u>	<u>(89,747)</u>	<u>1,371,395</u>	<u>1,488,448</u>
Expenses and Losses				
Grants				
Department of Health and Human Services	-0-	-0-	-0-	28,000
WV Department of Health and Human Resources-Federal funds	513,204	-0-	513,204	523,599
WV Department of Health and Human Resources-State funds	791,692	-0-	791,692	701,706
NASTAC	9,930	-0-	9,930	70
Mary Ellen Copeland	7,848	-0-	7,848	17,152
WV Council of Churches	52,000	-0-	52,000	-0-
Freedom House and other rental expenses	28,286	-0-	28,286	45,944
Nongrant program and conference expenses	13,917	-0-	13,917	203,206
General and administrative	<u>87,541</u>	<u>-0-</u>	<u>87,541</u>	<u>34,801</u>
Total Expenses and Losses	<u>1,504,418</u>	<u>-0-</u>	<u>1,504,418</u>	<u>1,554,478</u>
Change in Net Assets	(43,276)	(89,747)	(133,023)	(66,030)
Net Assets, Beginning of Year	<u>(61,073)</u>	<u>89,747</u>	<u>28,674</u>	<u>94,704</u>
Net Assets, End of Year	<u>\$ (104,349)</u>	<u>\$ -0-</u>	<u>\$ (104,349)</u>	<u>\$ 28,674</u>

See independent auditors' report and notes to financial statements.

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

**June 30, 2009, with Comparative Totals
as of June 30, 2008**

Note A – Summary of Significant Accounting Policies

Operations - The Association was formed on October 21, 1987 to achieve the best possible community mental health system for all citizens of West Virginia through a coalition between mental health consumers and other citizens, organizing support groups, promoting equality of opportunity for gainful employment, conducting conferences for consumers, management of a statewide toll-free support line for information and informal support, and operation of nine regional satellite support centers throughout West Virginia. The Association's revenue resources consist primarily of federal and state grants, in addition to contributions and other service and rental revenues received.

Basis of Accounting - The accompanying financial statements have been prepared on the basis of cash receipts and disbursements except that certain payroll tax withholdings and liabilities and depreciation are recorded. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

Revenue Recognition – All contributions and grants are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor or grantor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Comparative Totals - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conformity with the Association's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

**June 30, 2009, with Comparative Totals
as of June 30, 2008**

Note A – Summary of Significant Accounting Policies (Continued)

Vehicles – Vehicles are recorded at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. No depreciation expense was recorded during the years ended June 30, 2009 and 2008 since the asset was fully depreciated. These capitalized items are not reflected in the accompanying financial statements as of June 30, 2009 and 2008 since their net book value is -0- as of the end of those years. The amounts are as follows:

	<u>2009</u>	<u>2008</u>
Vehicles	\$28,466	\$28,466
Less accumulated depreciation	<u>28,466</u>	<u>28,466</u>
	<u>\$ -0-</u>	<u>\$ -0-</u>

Additionally, the Association has purchased office equipment and furniture utilizing grant funds received. These assets are expensed when purchased since the ownership of these assets remains with the agencies who provided the grant funds. The Association maintains an inventoried list of these items purchased, by program. Thus, assets are not recorded in the accompanying financial statements for items and no depreciation or use allowance is recognized over the life of the assets.

Donated Services and Goods – The Association receives donated services through volunteer time. No amounts are reflected in the financial statements due to the nature of the services received. The Association generally pays for services requiring specific expertise. Additionally, the Association receives a discounted rate for the rental of some of its locations. The discounted rates are not determined at year end and are not recorded in the accompanying financial statements.

Income Taxes - The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Association has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

Reclassifications – Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

**June 30, 2009, with Comparative Totals
as of June 30, 2008**

Note B – Temporarily Restricted Net Assets

Temporarily restricted net assets of \$89,747 at June 30, 2008, consists of grant awards received in excess of expenditures incurred. The release of these assets from their restriction occurs when the intended purpose of the expenditure is incurred and paid. During the year ended June 30, 2009, these excess grant funds received were expended for their intended purposes. Thus, there are no temporarily restricted net assets recorded at June 30, 2009. The temporarily restricted net assets were derived from the following sources:

	<u>2009</u>	<u>2008</u>
West Virginia Department of Health and Human Resources – Federal Funds	\$ -0-	\$ 5,276
West Virginia Department of Health and Human Resources – State Funds	-0-	66,693
NASTAC	-0-	9,930
Mary Ellen Copeland	-0-	7,848
	<u>\$ -0-</u>	<u>\$89,747</u>

Note C – Net Assets Released From Restrictions

Net assets were released from donor and grant restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors for the years ended June 30, 2009 and 2008 as follows:

Purpose restriction accomplished:	<u>2009</u>	<u>2008</u>
Grants		
Department of Health and Human Services	\$ -0-	\$ 28,000
WV Department of Health and Human Resources-Federal Funds	513,204	523,599
WV Department of Health and Human Resources-State Funds	791,692	701,706
NASTAC	9,930	70
Mary Ellen Copeland	7,848	17,152
WV Council of Churches	52,000	-0-
	<u>\$1,374,674</u>	<u>\$1,270,527</u>

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

June 30, 2009, with Comparative Totals
as of June 30, 2008

Note D – Program and Other Expenditures

Directly identifiable expenses are charged to program and supportive services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Other administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

Expenditures for the year ended June 30, 2009, with comparative totals as of June 30, 2008, are as follows:

	<u>Grant and Supporting Activities</u>	<u>General and Administrative</u>	<u>2009 Total</u>	<u>2008 Total</u>
Salaries and fringes	\$ 851,323	\$35,692	\$ 887,015	\$ 783,542
Telephone and utilities	72,647	980	73,627	99,843
Rent	87,401	14,867	102,268	116,801
Equipment	2,162	113	2,275	8,948
Program and office	101,867	2,525	104,392	79,158
Travel and training	248,236	951	249,187	311,839
Printing, dues and fees	3,181	4,611	7,792	7,553
Insurance	27,421	1,042	28,463	13,062
Professional services	15,704	23,363	39,067	101,608
Other	6,935	3,397	10,332	32,124
	<u>\$1,416,877</u>	<u>\$87,541</u>	<u>\$1,504,418</u>	<u>\$1,554,478</u>

Note E – Concentration of Funds

The Association maintains the majority of its cash balances in a financial institution in Kanawha County, West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Any aggregate amounts in these accounts in excess of \$250,000 may not be insured.

Additionally, the Association receives a significant portion of its support from federal and state government agencies. A material reduction in the level of support provided by these agencies would have a significant impact on the Association's programs and activities, and its ability to continue as a going concern.

Note F – Pension Plan

The Association maintains a 401(k) plan for the benefit of its employees. Full-time employees who have completed one year of service and have elected to participate in the plan receive a contribution of 1% of their salary. Contributions to the plan for the years ended June 30, 2009 and 2008 totalled \$3,245 and \$3,914, respectively.

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

**June 30, 2009, with Comparative Totals
as of June 30, 2008**

Note G – Notes Payable

Notes payable at June 30, 2008 consisted of a \$25,000 line of credit, bearing interest at 6% and payable upon demand. The line of credit is securitized by the receivables, inventory, and other assets of the Organization. Currently, the bank requires an interest only payment on a monthly basis. The balance on the line of credit was \$24,680 at June 30, 2008. The line of credit was paid to a balance of zero at June 30, 2009.

At June 30, 2009, the balance of \$841 is related to an overdraft protection that was initiated by the bank to cover any overdraft fees and charges on its checking accounts. The total credit line for the overdraft is \$1,000, is unsecured, and bears interest at 10%.

The Association's total interest expense for the years ended June 30, 2009 and 2008 was \$2,419 and \$681, respectively.

Note H – Outstanding Checks in Excess of Bank Balance

At June 30, 2009, the Association had outstanding checks in excess of its bank balance by \$91,313. This was created by checks written on June 30, 2009 prior to a deposit of funds that was received from its grant funding sources. These funds were received at the beginning of July, 2009 to cover the checks that were written.

Supplementary Information

Herman & Cormany

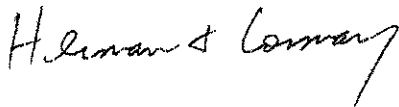
Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report on Supplementary Information

To the Board of Directors
West Virginia Mental Health
Consumers' Association, Inc
Charleston, West Virginia

Our report on our audit of the basic financial statements of West Virginia Mental Health Consumers' Association, Inc. for the year ended June 30, 2009 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Charleston, West Virginia
July 21, 2010

DHHR - Finance

JUL 29 2010

Date Received

West Virginia Mental Health Consumers' Association, Inc.
Schedule of OBHS Funding Status and Equipment Purchased
With OBHS Administered Funds

For the Year Ended June 30, 2009

<u>State Grant Number</u>	<u>FY 2009 Allocation Amount</u>	<u>FY 2008 Deferred Revenue</u>	<u>FY 2009 Amount Invoiced</u>	<u>FY 2009 Qualifying Expenses Per Audit</u>	<u>FY 2009 Deferred Revenue</u>
0525-2009-2851-219-252	\$ 413,659	\$ -0-	\$ 264,670	\$ 264,670	\$ -0-
0525-2007-3701-219-252	-0-	16,629	30,553	47,182	-0-
0525-2008-3041-219-252	-0-	294	-0-	294	-0-
0525-2008-2870-219-252	-0-	10,240	30,593	40,833	-0-
0525-2008-2891-219-252	-0-	39,530	36,915	76,445	-0-
0525-2008-2851-219-252	-0-	-0-	5,980	5,980	-0-
0525-2008-3701-219-252	82,000	-0-	82,000	82,000	-0-
0525-2009-3702-219-252	76,120	-0-	50,872	50,872	-0-
0525-2009-2870-219-252	100,884	-0-	74,747	74,747	-0-
0525-2009-2891-219-252	<u>239,000</u>	<u>-0-</u>	<u>148,669</u>	<u>148,669</u>	<u>-0-</u>
State Grant Total	<u>911,663</u>	<u>66,693</u>	<u>724,999</u>	<u>791,692</u>	<u>-0-</u>
<u>Federal Grant Number</u>					
8794-2008-2852-096-128	-0-	-0-	72,950	72,950	-0-
8723-2008-2914-096-128	-0-	-0-	42,416	42,416	-0-
8794-2008-2916-096-128	-0-	5,276	-0-	5,276	-0-
8723-2008-2852-096-128-15337	-0-	-0-	17,583	17,583	-0-
8794-2009-2851-096-128-15581	452,067	-0-	314,815	314,815	-0-
8794-2009-2913-096-128-15581	54,180	-0-	7,363	7,363	-0-
8723-2009-2851-096-128-16506	<u>70,613</u>	<u>-0-</u>	<u>52,801</u>	<u>52,801</u>	<u>-0-</u>
Federal Grant Total	<u>576,860</u>	<u>5,276</u>	<u>507,928</u>	<u>513,204</u>	<u>-0-</u>
Total Grant Funds	<u>\$1,488,523</u>	<u>\$71,969</u>	<u>\$1,232,927</u>	<u>\$1,304,896</u>	<u>\$ -0-</u>

Schedule of OBHS Funds Utilized For Equipment Purchases:

None

See independent auditors' report on supplementary information.

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

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
West Virginia Mental Health Consumers' Association, Inc.
Charleston, West Virginia

We have audited the financial statements of West Virginia Mental Health Consumers' Association, Inc. (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated July 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Virginia Mental Health Consumers' Association, 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 West Virginia Mental Health Consumers' Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiency 2009-1 described in the accompanying schedule of findings and questioned costs to be a material weakness.



To the Board of Directors
West Virginia Mental Health Consumers' Association, Inc.
Page two

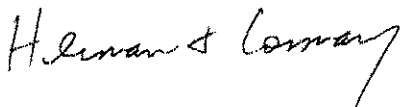
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider deficiencies 2009-1 and 2009-2 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Virginia Mental Health Consumers' Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2009-1.

West Virginia Mental Health Consumers' Association, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit West Virginia Mental Health Consumers' Association, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, 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.



Charleston, West Virginia
July 21, 2010

DHHR - Finance

JUL 29 2010

Date Received

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
West Virginia Mental Health Consumers'
Association, Inc.
Charleston, West Virginia

Compliance

We have audited the compliance of West Virginia Mental Health Consumers' Association, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. West Virginia Consumers' Health Association, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Virginia Mental Health Consumers' Association, Inc.'s management. Our responsibility is to express an opinion on West Virginia Consumers' Health Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Virginia Mental Health Consumers' Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of West Virginia Consumers' Health Association, Inc.'s compliance with those requirements.

As described in item 2009-1 in the accompanying schedule of findings and questioned costs, West Virginia Mental Health Consumers' Association, Inc. did not comply with requirements regarding reporting that are applicable to its Department of Health and Human Resources major program. Compliance with such requirements is necessary, in our opinion, for West Virginia Mental Health Consumers' Association, Inc. to comply with requirements applicable to that program.



In our opinion, except for the noncompliance described in the preceding paragraph, West Virginia Mental Health Consumers' Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009

Internal Control Over Compliance

Management of West Virginia Mental Health Consumers' Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered West Virginia Mental Health Consumers' Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Virginia Mental Health Consumers' Association, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and others that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-1.

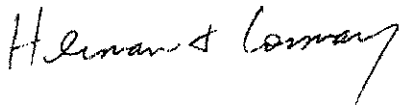
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-1 and 2009-2 to be significant deficiencies.

West Virginia Mental Health Consumers' Association, Inc.'s responses to the findings identified on our audit are described in the accompanying schedule of findings and questioned costs. We did not audit West Virginia Mental Health Consumers' Association, Inc.'s responses, and accordingly, we express no opinion on it.

Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of West Virginia Mental Health Consumers' Association, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated July 21, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Charleston, West Virginia
July 21, 2010

DHHR - Finance

JUL 29 2010

Date Received

West Virginia Mental Health Consumers' Association, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

<u>Federal Grantor/State Pass-Thru Agency</u>	<u>CFDA Number</u>	<u>SAPO Number</u>	<u>Grant Number</u>	<u>Amount</u>
Department of Health and Human Services Passed Through the West Virginia Department of Health and Human Resources				
PATH Grant	93 150	G080079	8723-2008-2852- 096-128	\$ 17,582
PATH Grant	93 150	G090316	8723-2009-2851- 096-128-16506	52,801
CMHS Block Grant	93 958	G080079	8794-2008-2914- 096-128	42,418
CMHS Block Grant	93 958	G080079	8794-2009-2851- 096-128-15581	314,815
CMHS Block Grant	93 958	G080079	8794-2008-2852- 096-128	78,226
CMHS Block Grant	93 958	G090316	8794-2009-2913- 096-128-15581	247
CMHS Block Grant	93 958	G090316	8794-2009-2913- 096-128-15581	7,115
				<u>\$513,204</u>

Note A – Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of West Virginia Mental Health Consumers' Association, Inc and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented may differ from amounts presented in, or used in the preparation of, the basic financial statements.

West Virginia Mental Health Consumers' Association, Inc.

Schedule of Expenditures of Federal Awards (Continued)

For the Year Ended June 30, 2009

Note B – State Grants Received

In addition to the federal grant awards detailed in this schedule, the Association also received various state grant awards during the year. The total amount expended under state grant awards during the year ended June 30, 2009 is as follows:

	<u>Grant Number</u>	<u>Amount</u>
Behavioral Health Program	0525-2009-2891-219-252	\$148,669
Behavioral Health Programs	0525-2008-2870-219-252	40,833
Behavioral Health Programs	0525-2008-2851-219-252	5,980
Behavioral Health Programs	0525-2009-2851-219-252	264,670
Behavioral Health Programs	0525-2008-2891-219-252	76,445
Behavioral Health Programs	0525-2008-3041-219-252	294
Behavioral Health Programs	0525-2008-3701-219-252	82,000
Behavioral Health Programs	0525-2007-3701-219-252	47,182
Behavioral Health Programs	0525-2009-3702-219-252	50,872
Behavioral Health Programs	0525-2009-2870-219-252	74,747
		<u>\$791,692</u>

West Virginia Mental Health Consumers' Association, Inc.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2008

SIGNIFICANT DEFICIENCY

2008-1 General Ledger Reconciliations

Condition: Upon determining the reconciled balance of the assets and liabilities of the Association as of June 30, 2008, those amounts did not agree to the amounts recorded on the general ledger. There were no questioned costs noted.

Recommendations: The Association, on a regular monthly basis, should reconcile its accounts and ensure that these reconciled balances agree to the amounts recorded per the general ledger.

Current Status: The Association hired a new controller who is performing the reconciliations on a regular basis.

2008-2 Payroll Records Maintenance

Condition: During the testing of employee records during the year, the time sheets were not properly prepared to reflect the programs that the employee worked for. Through discussions with staff and other procedures, there were no questioned costs noted.

Recommendation: For each time period and employee, the time sheets should accurately detail, by program, the amount of time spent that can be reconciled back to the amount charged to the general ledger.

Current Status: The condition remains in existence at June 30, 2009 and is reported as part of deficiency 2009-1 in the schedule of findings and questioned costs.

West Virginia Mental Health Consumers' Association, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2009

Section 1 – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

- Control deficiencies disclosed? Yes No
 - Control deficiencies reported as a significant deficiency? Yes No
 - Control deficiencies reported as a material weakness? Yes No
- Noncompliance material to financial statements notes? Yes No

Federal Awards

Internal control over major programs:

- Control deficiencies identified? Yes No
- Control deficiencies reported as a significant deficiency? Yes No
- Control deficiencies reported as material weaknesses? Yes No

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93 958

CMHS Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

West Virginia Mental Health Consumers' Association, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

Section II - Financial Statement Findings

2009-1 Payroll Records Maintenances

Condition During the testing of employee records during the year, the time sheets were not properly prepared to reflect the programs that the employee worked for. Through discussions with staff and other procedures, there were no questioned costs noted.

Criteria: Time records should reflect the amount of time spent by program in order to properly allocate costs to the program.

Effect: The time records of the Association do not accurately reflect on a consistent basis for all employees the time spent by program. Thus, supporting documentation for charges to programs may not be available for all employees on the time sheets prepared.

Recommendation. For each time period and employee, the time sheets should accurately detail, by program, the amount of time spent that can be reconciled back to the amount charged to the general ledger.

Response. We agree with the recommendation and will continue to improve payroll records and allocations between programs on a consistent basis.

2009-2 Bank Overdrafts

Condition At various times during the year, the Association over drafted its bank accounts by writing checks in advance of the receipt of grant fundings.

Criteria: Bank accounts should be maintained such that funds are available to cover all expenses incurred.

Effect: Checks written could be returned and overdraft charges incurred, as well as potential effects on relationships with vendors.

Recommendation. Monitor the bank account on a regular basis to ensure that an overdraft of the bank account does not incur.

Response. We agree with the recommendation and will monitor the checking account on a continuing basis to prevent overdrafts in the future.

Section III – Federal Award Findings and Questioned Costs

Item: 2008-1 as described in Section II. The federal program affected is as follows:

Department of Health and Human Services Passed Through the West Virginia
Department of Health and Human Resources
CMHS Block Grant 93 958