

Audited Financial Statements

West Virginia Advocates, Inc.

Years Ended September 30, 2010 and 2009

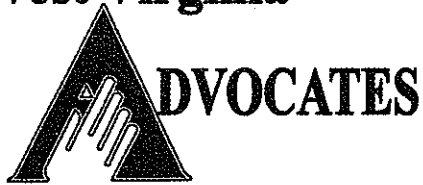
DHHR - Finance

APR 7 2011

Date Received

Gibbons  
& Kawash  
Certified Public Accountants

**West Virginia**



**Protection and Advocacy for Individuals with Disabilities in WV since 1977**

April 4, 2011

Ms. Kimberly Merritt, Compliance Auditor  
WV Department of Health and Human Resources  
Office of Accountability and Management Reporting  
Division of Compliance & Monitoring  
Capitol Complex, Building 3, Room 550  
Charleston, WV 25305

Dear Ms. Merritt:

Enclosed please find a copy of our FY 09-10 Audited Financial Statements along with copies of the following information:

- Indirect Cost Rate Agreement
- Management's response to audit finding

Our Indirect Cost Proposal, due March 31, 2011, has been submitted. Once we have negotiated the rate and receive documentation, I will forward you a copy.

If additional information is required, please contact me.

Sincerely,

Barbara Criner  
Administrative Director

bc

Enclosures

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Toll Free 1-800-950-5250 wvadvocates.org  
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Litton Building, 4th Floor  
1207 Quarrier Street  
Charleston, WV 25301-1842

**West Virginia**



**Protection and Advocacy for Individuals with Disabilities in WV since 1977**

March 18, 2011

Gibbons & Kawash, CPAs  
300 Bank One Center  
707 Virginia Street, East  
Charleston, WV 25301

Gentlemen:

Following is Management's Response to your audit finding for the year ended September 30, 2010.

*2010-1 Journal Entry Review and Approval*

Condition:

We noted that the established procedures to ensure that all journal entries posted to the Agency's general ledger are subjected to appropriate supervisory review and approval were not occurring in a timely manner.

Recommendation:

Management should develop procedures to ensure that all internal controls are operating in a timely manner as designed.

Management Response:

Effective immediately, the Treasurer of the Board of Directors will perform the required review of all significant general journal entries. Management submits all general journal entries for review on a monthly basis.

Sincerely,

Clarice E. Hausch  
Executive Director

CEH:bc

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Audited Financial Statements  
WEST VIRGINIA ADVOCATES, INC  
Years Ended September 30, 2010 and 2009

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
West Virginia Advocates, Inc.  
Charleston, West Virginia

We have audited the accompanying statement of financial position of West Virginia Advocates, Inc. (the Agency), as of September 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2011, on our consideration of the Agency's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget, Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The accompanying schedule of receipts and expenditures of state awards is presented for purposes of additional analysis as required by West Virginia Code, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*J. J. Johnson & Kawash*

March 18, 2011

WEST VIRGINIA ADVOCATES, INC.  
STATEMENT OF FINANCIAL POSITION  
September 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash	\$ 52,936	\$ 49,045
Grants receivable	109,257	83,366
Other receivable	4,495	258
Prepaid expenses	13,556	6,817
Furniture and equipment, net of accumulated depreciation of \$41,026 and \$35,732 in 2010 and 2009, respectively	<u>11,627</u>	<u>13,974</u>
Total assets	<u>\$ 191,871</u>	<u>\$ 153,460</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 122,133	\$ 79,603
Claims payable	<u>-</u>	<u>31,540</u>
Total liabilities	<u>122,133</u>	<u>111,143</u>
Net assets:		
Unrestricted	<u>69,738</u>	<u>42,317</u>
Total liabilities and net assets	<u>\$ 191,871</u>	<u>\$ 153,460</u>

## WEST VIRGINIA ADVOCATES, INC.

## STATEMENT OF ACTIVITIES

Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Governmental grants	\$ 1,559,866	\$ 1,339,334
Other income	<u>5,025</u>	<u>9,893</u>
Total revenues	<u>1,564,891</u>	<u>1,349,227</u>
Expenses:		
Program services:		
Potomac	71,251	72,937
PADD	374,675	339,889
PAIMI	344,915	475,455
CAP	238,262	98,342
PAIR	165,198	149,499
PAAT	32,127	46,241
PABSS	153,223	65,922
HAVA	113,896	25,079
PATBI	67,055	72,753
Unallocated administrative costs	<u>(23,132)</u>	<u>371</u>
Total expenses	<u>1,537,470</u>	<u>1,346,488</u>
Change in net assets	27,421	2,739
Net assets, beginning of year	<u>42,317</u>	<u>39,578</u>
Net assets, end of year	<u>\$ 69,738</u>	<u>\$ 42,317</u>

See Independent Auditor's Report.



## WEST VIRGINIA ADVOCATES, INC.

## STATEMENT OF CASH FLOWS

Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 27,421	\$ 2,739
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	8,879	12,276
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(25,891)	(17,294)
Other receivable	(4,237)	(258)
Prepaid expenses	(6,739)	2,767
Increase (decrease) in:		
Accounts payable and accrued expenses	42,530	(19,388)
Claims payable	(31,540)	31,540
Refundable advances	<u>-</u>	<u>(4,162)</u>
Net cash provided by operating activities	<u>10,423</u>	<u>8,220</u>
Cash flows used in investing activities:		
Purchase of furniture and equipment	<u>(6,532)</u>	<u>-</u>
Net increase in cash	3,891	8,220
Cash, beginning of year	<u>49,045</u>	<u>40,825</u>
Cash, end of year	<u>\$ 52,936</u>	<u>\$ 49,045</u>

See Independent Auditor's Report.

WEST VIRGINIA ADVOCATES, INC  
NOTES TO FINANCIAL STATEMENTS

**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Organization

West Virginia Advocates, Inc. (the Agency) is a non-stock, non-profit corporation formed in the State of West Virginia for the purpose of protecting and advocating the humane and legal rights of the citizens of West Virginia who are developmentally disabled, mentally ill, or emotionally impaired. The Agency receives substantially all of its funding from the U.S. Department of Health and Human Services and the U.S. Department of Education. A significant reduction in the level of this funding may have a significant impact on the Agency's programs and activities. Descriptions of the Agency's programs are as follows:

PADD

The Protection and Advocacy for Persons with Developmental Disabilities program (PADD) was formed in 1975 to address problems of people with disabilities. PADD clients must have a developmental disability as defined by federal law (a chronic mental and/or physical condition which was evident before the age of 22 and causes substantial limitations in three or more areas of daily living)

CAP

The Client Assistance Program (CAP) was formed in 1984 to help individuals who have applied for or are getting services from the state Division of Rehabilitation Service, a Center for Independent Living, supported employment programs, and other programs funded under the Federal Rehabilitation Act. CAP clients must have a disability.

PAIMI

The Protection and Advocacy for Individuals with Mental Illness program (PAIMI) was formed in 1986 to help individuals with mental illness and to carry out abuse and neglect investigations on their behalf. PAIMI clients must have a mental illness or emotional problems and must live in a residential facility (or have lived in one within the past 90 days)

PAIR

The Protection and Advocacy for Individual Rights program (PAIR) was formed in 1993 to help individuals with disabilities who do not meet the eligibility standards for other federal programs. The Agency has chosen to focus on improving access to public places and public services.

WEST VIRGINIA ADVOCATES, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

Description of Organization (Continued)

PAAT

The Protection and Advocacy for Assistive Technology program (PAAT) was formed in 1994 to help individuals with disabilities get the devices and assistive technologies they need. PAAT clients must have a disability and be trying to get technological devices or assistive services related to their disability.

PABSS

The Protection and Advocacy for Beneficiaries of Social Security program (PABSS) is funded by the Social Security Administration under the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIA) to provide advocacy assistance to beneficiaries of Social Security who have problems obtaining, maintaining, and retaining employment.

HAVA

The Help America Vote Act program (HAVA) was established in 2004 to help ensure that individuals with disabilities can fully participate in the electoral process, including being able to register to vote, cast a vote, and to access polling facilities. The Agency works closely with other voting and civil rights organizations in education, outreach, and monitoring activities.

PAIBI

The Protection and Advocacy for Persons with Traumatic Brain Injury program (PATBI) was enacted in 2000 to provide legal advocacy for persons with Traumatic Brain Injury (TBI). PATBI works with individuals with TBI, their families and other stakeholders to ensure that needed services are available throughout the state of West Virginia and to help develop their self-advocacy skills.

Potomac – State Program

The Potomac state program was the result of a 2001 Court Order and the West Virginia Department of Health and Human Resources' decision to provide a full-time advocate for children who reside at the Potomac Center, a residential intermediate care facility for individuals with intellectual disability. The Agency is responsible for attending meetings on the children's behalf, developing an advocacy plan for each child, and providing technical assistance and training as needed at the Potomac Center.

WEST VIRGINIA ADVOCATES, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

Furniture and Equipment

Furniture and equipment are recorded at cost at the date of purchase, or in the case of donated assets, at fair value at the date of receipt. Depreciation is calculated on a straight-line basis over the estimated useful lives of property and equipment, which range from three to seven years. Maintenance and repairs are expensed as incurred and major improvements are capitalized.

Revenue Recognition

Grant revenue resulting from exchange transactions is recognized when the related costs are incurred. Grant receivables consist of grant funds the Agency has not received, but has incurred the related expenses and/or satisfied the requirement of the grant agreements. Management has determined that an allowance for doubtful accounts was not considered necessary at September 30, 2010 or 2009, respectively.

Expenses

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities.

Expense Allocation

Expenses which are not specifically identified with a particular service are allocated to the various program services based upon time devoted by the Agency staff in performing program functions.

Income Taxes

The Agency is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to taxes on income derived from its exempt activities. The Agency has been classified as an organization that is not a private foundation under Section 509(a)(2).

For the year ended September 30, 2010, the Agency implemented the accounting guidance for uncertainty in income taxes using provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using guidance, tax positions initially need to be recognized in the financial statements when it is more-than-likely-not the position will be sustained upon examination by the tax authorities. The adoption of the new guidance did not have an impact on the financial statements.

The Agency is generally no longer subject to examination by income taxing authorities for years ended prior to September 30, 2007.

WEST VIRGINIA ADVOCATES, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The date to which events occurring after September 30, 2010, have been evaluated for possible adjustment to or disclosure in the financial statements was March 18, 2011, which is the date that the financial statements were available to be issued.

**2 - GRANTS RECEIVABLE**

Grants receivable consisted of the following at September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Potomac	\$ 20,272	\$ 17,033
PABSS	16,708	10,359
CAP	23,745	13,049
PADD	48,532	29,048
HAVA	-	314
PATBI	-	2,208
PAIMI	-	5,362
PAIR	-	4,416
PAAT	-	1,577
	<u>\$ 109,257</u>	<u>\$ 83,366</u>

**3 - OPERATING LEASE**

The Agency leases office equipment and space in Charleston and Clarksburg under long-term leases. Total rent charged to operations for the years ended September 30, 2010 and 2009, was \$73,971 and \$71,959, respectively.

The future minimum rental payments required under the leases are as follows:

2011	\$ 74,477
2012	<u>46,821</u>
	<u>\$ 121,298</u>

WEST VIRGINIA ADVOCATES, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**4 - RETIREMENT PLAN**

The Agency has a noncontributory defined contribution pension plan covering all full-time employees. Contributions are made at 5% of the employee's annual salary. Pension expense for the years ended September 30, 2010 and 2009, were \$35,112 and \$38,166, respectively.

**ACCOMPANYING INFORMATION**

WEST VIRGINIA ADVOCATES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended September 30, 2010

	Program Services										Total
	Potomac	PADD	PAIMI	CAP	PAIR	PAAT	PABSS	HAVA	PATBI	Administrative	
Salaries	\$ 39,667	\$ 185,479	\$ 164,536	\$ 59,663	\$ 81,447	\$ 15,702	\$ 44,145	\$ 32,688	\$ 31,479	\$ 38,263	\$ 693,069
Payroll taxes and fringe benefits	14,724	72,781	67,762	23,001	31,447	6,365	17,026	10,633	11,856	14,782	270,377
Travel and training	3,353	31,752	26,698	112,978	11,815	1,587	59,045	43,730	9,688	9,402	310,048
Contracts and outside services	992	5,831	5,775	2,946	2,935	586	4,979	1,945	1,869	32,003	59,861
Telephone	2,477	4,514	9,294	1,296	4,170	1,032	1,535	263	509	2,419	27,509
Postage	161	1,837	1,619	559	1,718	99	548	835	31	1,705	9,112
Office supplies and printing	1,179	7,202	7,252	3,617	3,529	822	2,750	7,287	1,410	12,914	47,962
Equipment costs and depreciation	97	4,535	4,840	1,586	2,149	544	1,284	876	696	6,338	22,945
Facilities rent and maintenance	1,010	17,309	16,571	6,034	6,619	1,437	4,590	3,088	2,602	19,389	78,649
Dues and subscriptions	245	4,798	5,000	2,010	2,338	560	1,520	805	-	920	18,196
Indirect costs	7,346	38,637	35,568	24,572	17,031	3,393	15,801	11,746	6,915	(161,267)	(258)
	<u>\$ 71,251</u>	<u>\$ 374,675</u>	<u>\$ 344,915</u>	<u>\$ 238,262</u>	<u>\$ 165,198</u>	<u>\$ 32,127</u>	<u>\$ 153,223</u>	<u>\$ 113,896</u>	<u>\$ 67,055</u>	<u>\$ (23,132)</u>	<u>\$ 1,537,470</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  
West Virginia Advocates, Inc.  
Charleston, West Virginia

We have audited the financial statements of West Virginia Advocates, Inc (the Agency), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 18, 2011. 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 the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 Agency's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2010-1 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 no material instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Gibbons & Kawash".

March 18, 2011

## WEST VIRGINIA ADVOCATES, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2010

Grantor/Program	Grant #/ CFDA #	Disbursements/ Expenses
<b><u>Federal Awards</u></b>		
U.S. Department of Education:		
Client Assistance Program (CAP)	84.161	\$ 246,778
Protection and Advocacy for Individual Rights Program (PAIR)	84.240	169,614
Protection and Advocacy for Assistive Technology Program (PAAT)	84.343	33,704
U.S. Department of Health and Human Services:		
Protection and Advocacy for Persons with Developmental Disabilities Program (PADD)	93.630	381,299
Protection and Advocacy for Individuals with Mental Illness Program (PAIMI)	93.138	350,277
Protection and Advocacy for Persons with Traumatic Brain Injury Program (PATBI)	93.234	69,263
Help America Vote Act Program (HAVA)	93.618	114,210
U.S. Social Security Administration:		
Protection and Advocacy for Beneficiaries of Social Security (PABSS)	96.008	<u>155,746</u>
		<u>\$ 1,520,891</u>

**BASIS OF PRESENTATION**

The above schedule of expenditures of federal awards includes the federal grant activity of the Agency, and is presented on the accrual 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. The above schedule includes amounts related to the accrual of certain settlement expenses from 2009, in accordance with the requirements of OMB Circular A-122, Cost Principles for Non-Profit Organizations.

See Independent Auditor's Report

## WEST VIRGINIA ADVOCATES, INC.

## SCHEDULE OF RECEIPTS AND EXPENDITURES OF STATE AWARDS

Year Ended September 30, 2010

<u>Grantor/Program</u>	<u>Grant #</u>	<u>Receipts</u>	<u>Disbursements/ Expenses</u>
W.V Department of Health and Human Resources:			
Potomac Center Program	G-10-0061	<u>\$ 50,979</u>	<u>\$ 71,251</u>

**BASIS OF PRESENTATION**

The above schedule of receipts and expenditures of state awards includes the state grant activity of the Agency, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of WV Code § 12-4-14.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
West Virginia Advocates, Inc  
Charleston, West Virginia

**Compliance**

We have audited the West Virginia Advocates, Inc.'s (the Agency's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2010. The Agency'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 the Agency's management. Our responsibility is to express an opinion on the Agency'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 our 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 the Agency'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 on the Agency's compliance with those requirements.

In our opinion, the Agency, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

**Internal Control Over Compliance**

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal

programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the 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 the Agency's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. However, as described below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

*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 2010-2 to be a material weakness.

This report is intended solely for the information and use of management, others within the entity, and the Board of Trustees, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



March 18, 2011

WEST VIRGINIA ADVOCATES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended September 30, 2010

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficienc(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  None Reported
- Significant deficienc(ies) identified?  Yes  No

Type of auditor's 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:

<u>CFDA/Grant Number(s)</u>	<u>Name of Federal Program/Cluster</u>
93.630	Protection and Advocacy for Persons with Development Disabilities Program (PADD)
93.138	Protection and Advocacy for Individuals with Mental Illness Program (PAIMI)
93.618	Help America Vote Act (HAVA)

WEST VIRGINIA ADVOCATES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

Year Ended September 30, 2010

**Section I - Summary of Auditor's Results - (Continued)**

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

Auditee qualified as low-risk auditee: \_\_\_\_\_ Yes                        X   No

**Section II - Financial Statement Findings**

**2010-1 JOURNAL ENTRY REVIEW AND APPROVAL**

Condition:

We noted that the established procedures to ensure that all journal entries posted to the Agency's general ledger are subjected to appropriate supervisory review and approval were not occurring in a timely manner.

Criteria:

All transactions that are posted to the Agency's general ledger should be subjected to timely, appropriate supervisory review and approval to ensure that transactions are correctly accounted for and appropriate in nature.

Effect:

Without timely, appropriate supervisory review, errors or irregularities in the Agency's financial statements may not be detected by employees in the normal course of performing their assigned functions

Cause:

Controls requiring supervisory review and approval of journal entries is not occurring in a consistent and timely manner.



WEST VIRGINIA ADVOCATES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Year Ended September 30, 2010

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**Section II - Financial Statement Findings (Continued)**

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**2010-1 JOURNAL ENTRY REVIEW AND APPROVAL (Continued)**

Recommendation:

Management should develop procedures to ensure that all internal controls are operating in a timely manner and as designed.

Management Response:

Effective immediately, the Treasurer of the Board of Directors will perform the required review of all significant general journal entries. Management submits all general journal entries for review on a monthly basis.

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**Section III - Federal Award Findings and Questioned Costs**

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**2010-2 JOURNAL ENTRY REVIEW AND APPROVAL**

Federal Program:

U S. Department of Justice -

CFDA #'s – 93.630 PADD, 93.138 PAIMI, 93.618 HAVA

Material Weakness:

The material weakness identified at Finding 2010-1 applies to these federal award programs

WEST VIRGINIA ADVOCATES, INC  
SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended September 30, 2010

**2009-1 ACCOUNTING FOR NON-ROUTINE TRANSACTIONS**

Condition:

The Agency does not have effective procedures established to identify non-routine transactions and determine the appropriate accounting treatment in accordance with accounting principles generally accepted in the United States of America.

Recommendation:

Management should develop procedures to ensure that all significant transactions are properly recorded. If the Agency is uncertain about the appropriate accounting treatment for such transactions, professional consultation should be sought.

Status:

No similar findings were noted during the 2010 audit.

**2009-2 JOURNAL ENTRY REVIEW AND APPROVAL**

Condition:

We noted that journal entries are posted to the Agency's general ledger by the Administrative Director without adequate supervisory review and approval.

Recommendation:

Management should develop procedures to ensure that all significant general journal entries posted to the Agency's general ledger system have been reviewed and approved in a timely manner by someone with the requisite knowledge of the Agency's operations and the accounting principles used in the preparation of its financial statements.

Status:

A similar finding was reported in the 2010 audit as item 2010-1.

March 18, 2011

To the Board of Directors  
West Virginia Advocates, Inc.  
Charleston, West Virginia

We have audited the financial statements of West Virginia Advocates, Inc. (the Agency) for the year ended September 30, 2010, and have issued our report thereon dated March 18, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you during our meeting on planning matters on September 28, 2010. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in proper period.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no such misstatements.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

West Virginia Advocates, Inc  
Page 2  
March 18, 2011

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 18, 2011

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention

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

Sincerely,

*Hibbons & Kawash*