

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

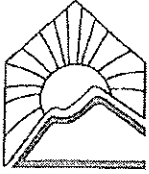
FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

DHHR - Finance

JUN 1 2011

Date Received



TUG VALLEY RECOVERY SHELTER

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April 18, 2011

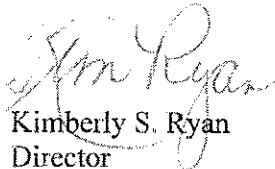
West Virginia Department of Health & Human Resources
Attn: Stacey Holley
Bureau for Children & Families
Office of Finance & Administration
350 Capitol Street, Room 730
Charleston, WV 25301-3711

Dear Stacey,

Please find enclosed for your review the 2009-2010 audit for the Tug Valley Recovery Shelter. I apologize for the delay in providing this audit to you and am hopeful that you will find it to be in order and acceptable for your agency requirements.

You will find our responses to any deficiencies noted by our Auditor included in his report regarding internal control, etc. If you should have any questions, or require any additional information, please feel free to contact me at the number provided above.

Sincerely,


Kimberly S. Ryan
Director

/KSR

DHHR - Finance

JUN 1 2011

Date Received

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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Jessie & Jessie, A.C.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tug Valley Recovery Shelter Association, Inc.
Williamson, West Virginia

We have audited the accompanying statement of financial position of Tug Valley Recovery Shelter Association, Inc. (a nonprofit organization) as June 30, 2010 and 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Tug Valley Recovery Shelter Associations, Inc.'s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tug Valley Recovery Shelter Association, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 11, 2011 on our consideration of the Tug Valley Recovery Shelter 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 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.

Jessie & Jessie, A.C.

Williamson, West Virginia
April 11, 2011

Tug Valley Recovery Shelter Association, Inc.
Statement of Financial Position
As of June 30, 2010 and 2009

ASSETS

	2010	2009
Current Assets		
Cash and Cash Equivalents	\$ 165,238.29	\$ 132,597.97
Grants Receivable	14,292.99	42,086.17
Prepaid expenses	<u>750.00</u>	<u>-</u>
	180,281.28	174,684.14
Noncurrent Assets		
Property & Equipment, net	<u>73,781.00</u>	<u>74,777.29</u>
Total Assets	<u>\$ 254,062.28</u>	<u>\$ 249,461.43</u>

LIABILITIES

Payroll Liabilities	\$ 4,588.70	\$ 1,927.78
Accounts Payable	6,753.99	2,652.78
Vacation/Sick Pay Accrued	<u>30,688.04</u>	<u>21,490.66</u>
Total Liabilities	<u>42,030.73</u>	<u>26,071.22</u>

NET ASSETS

Net Assets - End of Year	\$ 212,031.55	\$ 240,934.95
Adjustment	<u>-</u>	<u>(17,544.74)</u>
Net Assets - End of Year	212,031.55	223,390.21
Total Liabilities and Net Assets	<u>\$ 254,062.28</u>	<u>\$ 249,461.43</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Tug Valley Recovery Shelter Association, Inc
Statement of Activities
For the Fiscal Years Ended June 30 2010 and 2009

REVENUE GAINS AND SUPPORT	2010	2009
Bipps Meeting	\$ 2,120.00	\$ 1,375.00
Contributions Income: Restricted	595.00	35.00
Contributions Income: Unrestricted	16,941.17	5,334.23
Contributions Income: Other	-	300.00
Fundraising	9,712.34	11,616.60
Grants	479,200.62	456,595.96
WVCAD Conflict Funds	2,255.00	-
Reimbursed Expenses	1,497.81	1,038.69
Interest Income	<u>140.24</u>	<u>360.98</u>
 Total Support	 512,462.18	 476,656.46
 OPERATING EXPENSES		
Advertising	\$ 735.00	\$ 1,613.50
Bank Service Charges	40.24	90.93
Bipps Instruction	5,200.00	10,665.00
Building Expenses	2,965.07	2,850.80
Conflict Funds	2,755.00	1,140.00
Corporate License Tax	-	25.00
Depreciation Expense	996.00	994.00
Dues and Subscriptions	149.95	534.00
Education	1,335.00	560.99
Employee Benefits	9,197.38	-
Fees	1,555.81	-
Flowers	79.50	87.10
Food	2,777.60	2,756.47
Fundraiser Expense	6,497.58	1,554.28
Furniture and Equipment	4,161.90	4,003.52
Gifts and Awards	2,439.90	2,195.26
Insurance	3,465.00	3,468.00
Lease Maintenance	274.80	372.50
Medicine	496.83	388.79
Other Expense	462.64	
Pager	89.38	
Pass-thru Monies	94,062.22	56,482.36
Payroll Expenses	314,838.35	285,228.60
Postage and Delivery	1,056.97	715.60
Printing & Reproduction	-	2.37
Professional Fees: Accounting	2,006.67	3,650.00
Program Expense	1,801.68	962.47
Repairs	644.25	733.43
Service/Warranty Plans	280.73	218.28
Supplies: Building	2,320.13	5,482.75
Supplies: Office	4,960.92	
Taxes Withheld	137.54	74.74
Telephone/Internet	9,485.51	8,218.72
Travel & Entertainment	8,905.74	7,451.79
Utilities	9,229.25	8,838.92
Unemployment Tax Expense	3,447.60	1,291.57
WV Workers Compensation	<u>6,779.73</u>	<u>5,658.27</u>
 TOTAL EXPENSES	 505,631.87	 418,310.01
 CHANGE IN NET ASSETS	 \$ 6,830.31	 \$ 58,346.45
NET ASSETS BEGINNING OF YEAR	<u>240,934.95</u>	<u>182,588.50</u>
Adjustments	(35,733.71)	-
NET ASSETS END OF YEAR	<u>\$ 212,031.55</u>	<u>\$ 240,934.95</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Tug Valley Recovery Shelter Association, Inc.
Statement of Cash Flows
For the Period Ended June 30, 2010 and 2009

Cash Flow from Operating Activities	2010	2009
Increase/(Decrease) in Net Assets	6,830.31	58,346.45
Adjustments to reconcile change in net assets to Net Cash Provided by operating activities:		
Depreciation	996.00	994.00
Increase/(Decrease) in Operating Assets		
Receivables	(27,793.18)	(26,573.50)
Increase/(Decrease) in Other Assets		
Prepaid Expenses	750.00	885.00
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	4,101.21	2,652.78
Payroll Liabilities	2,660.92	(1,780.83)
Vacation Pay	9,197.38	-
Adjustment	<u>35,897.68</u>	<u>(17,706.74)</u>
Net Cash Provided by Operating Activities	32,640.32	16,817.16
 Cash Flow from Investing		
Change in Fixed Assets	<u>-</u>	<u>-</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	32,640.32	16,817.16
 Beginning Cash and Cash Equivalents	<u>132,597.97</u>	<u>115,780.81</u>
 Ending Cash and Cash Equivalents	<u>\$ 165,238.29</u>	<u>\$ 132,597.97</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Tug Valley Recovery Shelter Association, Inc.

Notes to the Financial Statements

June 30, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Tug Valley Recovery Shelter, Inc. provides temporary shelter services for battered women and their children in a safe and supporting environment. While in the Shelter, these services include rooms, meals, medicine, clothing if needed, counseling and referral services, and assistance with relocation. The Shelter also provides short term, crisis intervention services and follow-up services, such as case management and counseling. Shelter services are available to all victims of domestic violence, but primary target the citizens of Mingo and Logan County in West Virginia and Pike County in Kentucky.

The Shelter is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Public Support and Revenue

The Shelter receives substantially all of its grant revenue from federal, state, and city agencies. The federal financial assistance grants examined as part of this audit. Compliance and/or noncompliance instances are disclosed in a separate section of this document. The Shelter recognizes grant income to the extent of expenses. All other revenue, such as interest, is recognized when earned.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those classes of net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Shelter receives contributions of noncash assets that are deemed to be of a minimal fair market value and, therefore, are not recorded as revenues and support.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For the purpose of the statement of cash flows, the Shelter considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable consisted of amounts received not yet paid. All amounts will be paid in fiscal year ending June 30, 2011.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as deferred charges or prepaid expenses.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using primarily the straight-line method. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to operations as incurred.

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2010 and 2009:

Building and improvements	\$ 152,628	\$ 152,628
Computers and printers	11,408	11,408
Equipment	71,687	71,687
Furniture	<u>55,403</u>	<u>55,403</u>
	\$ 291,126	\$ 291,126
Less: Accumulated Depreciation	<u>(217,345)</u>	<u>(216,349)</u>
	\$ 73,781	\$ 74,777

NOTE 3: CONCENTRATIONS

The organization maintains its account balances in an account at a local financial institution. This account is insured by the Federal Deposit Insurance Corporation in total up to \$250,000. The amounts in the bank accounts at June 30, 2010 did not exceed the amount insured.

The organization receives virtually all of its funding from grants. A significant reduction in this

level of support would have a significant adverse effect on the organization.

NOTE 4: LINE OF CREDIT

The organization has available a secured line of credit with BB&T of \$15,000. None of the line of credit was used in the fiscal years ending June 30, 2010 and 2009.

NOTE 5: RISK MANAGEMENT

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

NOTE 6: LIABILITIES

Payroll Liabilities

Payroll liabilities consist of federal and state withholding owed at June 30, 2010.

Accounts Payable

Accounts payable consist of amounts owed to vendors at June 30, 2010.

Vacation/Sick Pay Payable

The estimated expense and expense incurred for the vacation leave are recorded as a component of employee benefits on the statement of revenues, expenses, and change in net assets.

NOTE 7: DONATED SERVICES

The organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

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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
Tug Valley Recovery Shelter Association, Inc.

We have audited the financial statements of Tug Valley Recovery Shelter Association, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated April 11, 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 Tug Valley Recovery Shelter 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 the Tug Valley Recovery Shelter Association Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tug Valley Recovery Shelter Association Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or

detected by the Organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in the internal control over financial reporting:

09-1 – Segregation of Duties

Criteria: Responsibilities of approval, execution, recording, and custody associated with all financial transactions should be distributed amount the accounting staff to the highest degree possible

Condition: Analysis of the internal controls system indicated a lack of segregation of duties

Cause: The Shelter has a limited number of employees who are responsible for the approval, execution, recording, and custody associated with all financial transactions. This limits the degree to which these responsibilities can be segregated

Effect: Because of the lack of segregation of duties, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions

Recommendation: Responsibilities of approval, execution, recording and custody associated with all financial transactions should be distributed among the accounting staff to the highest degree possible

Entity's Response: To the extent possible, the Shelter has segregated the responsibilities of approval, execution, recording and custody associated with all financial transactions. Any further segregation of duties would not be economically feasible.

09-2 – Qualification and Knowledge

Criteria: Internal control should be implemented to the degree possible in recording the entity's financial transactions and the preparation of financial statements

Condition: Analysis of the internal control system indicated a lack of skills, training and knowledge in the recording of financial transactions or preparation of financial statements. More specifically, this should include all required financial statement presentations and all required financial statement note disclosures.

Cause: Individuals responsible for the accounting and reporting function lack the particular skills, training and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

Effect: Because of the lack of skills, training and knowledge, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions

Recommendation: Individuals responsible for the accounting and reporting function should be trained to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements

Entity's Response: To the extent possible, the individuals responsible for the accounting and reporting function have been trained to perform their assigned duties. It would not be economically feasible for the Shelter to train its employees to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements

09- 3 – Management Override of Controls

Criteria: The proper controls should be in place so that checks are written and prepared only when a legitimate expense of the Shelter has been incurred.

Condition: Analysis of the account labeled "Reimbursed Expenses" revealed an override of management controls

Cause: The Shelter provides funds to employees for seminars for training/education. The checks for travel are prepared and provided to the employee prior to the event. In the account labeled "Reimbursed Expenses" employees are paying back to the entity all or a portion of those funds that were not used. Also, a reimbursement deposit was made for an employees' personal purchase that was made by the Shelter.

Effect: Due to the approval of management, an employee was given funds for travel to a seminar that was not attended. The employee wrote a check to the Shelter for reimbursement. Also, due to the approval of management, an employee made a purchase in the name of the Shelter for a personal expense. The invoice was made out to the Tug Valley Recovery Shelter. The employee wrote a check to the Shelter for reimbursement of this expense.

Recommendation: We recommend that travel expense checks are given to the employees as close to their departure to the event as possible, so that the entity and employee will be certain of attendance. We recommend that travel expenses be closely estimated, to avoid the need for employees to reimburse the Shelter for unused funds. A vital part of internal control is to make certain that the Shelter does not pay for personal expenses, regardless of the intent of the employees to reimburse the Shelter. These present opportunities for fraud.

Entity's Response: The Shelter, from this date forward, will not allow personal expenses to be paid from the Shelter. Also, management will revise their process of preparing and providing

travel expense checks to employees so that failure to attend and miscalculation of funds will be avoided

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 Tug Valley Recovery Shelter Association Inc 's internal control.

Our 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, of the significant deficiencies described above, we consider items 09-1, 09-2 and 09-3 to be material weaknesses

Compliance on Other Matters

As part of obtaining reasonable assurance about whether the Tug Valley Recovery Shelter 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tug Valley Recovery Shelter 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 the Tug Valley Recovery Shelter Association, Inc.'s response and, accordingly, we express no opinion on it

This report is intended solely for the information and use of management, others within the entity, 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

Jessie & Jessie, A.C.

Williamson, WV
April 11, 2011

Jessie & Jessie, A.C.
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Williamson, WV 25661

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**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

Board of Directors
Tug Valley Recovery Shelter Association, Inc
Williamson, West Virginia

Our report on our audit of the basic financial statements of the Tug Valley Recovery Shelter Association, Inc. for the year ended June 30, 2010 appears on page three. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of state receipts and expenditures 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 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.

Jessie & Jessie, A.C.

Williamson, West Virginia
April 11, 2011

Tug Valley Recovery Shelter
Schedule of State Receipts and Expenditures
Grant Number: G100274
Fiscal Year Ended June 30, 2010

	<u>July 2009</u>	<u>October 2009</u>	<u>January 2010</u>	<u>April 2010</u>	
	<u>to</u>	<u>to</u>	<u>to</u>	<u>to</u>	
	<u>September 2009</u>	<u>December 2009</u>	<u>March 2010</u>	<u>June 2010</u>	Totals
Grant Received	\$ 64,710 00	\$ 64,710 00	\$ 64,710 00	\$ 64,709 00	\$ 258,839.00
Expenditures:					
Payroll	49,633 00	54,753 91	43,274 39	62,992 93	210,654 23
Fica Tax	3,797 00	4,188 67	3,310 49	4,818 95	16,115 11
Workers Compensation					-
Unemployment	744 00	821 30	649 11	944.89	
Equipment					
Materials & Supplies	1,224 00	1,367 42	1,232.80	3,398 13	7,222 35
Contractual Costs	1,900 00	1,700 00	800.00	1,600 00	6,000 00
Professional Fees			2,006 67		2,006 67
Telephone					-
Insurance	884 00	884 00	884 00	813 00	3,465 00
Travel	1,775 00	1,601 01	944 48	1,820 11	6,140 60
Per Diem	493 00	311 80	142 20	410 40	1,357 40
Lodging	140 00	412 74	147 12	588 16	1,288 02
Restration for Trainings	<u>762.00</u>	<u>99.00</u>	<u>249.00</u>	<u>225.00</u>	<u>1,335 00</u>
Total	61,352 00	66,139 85	53,640 26	77,611 57	255,584 38
Net	<u>\$ 3,358.00</u>	<u>\$ (1,429.85)</u>	<u>\$ 11,069.74</u>	<u>\$ (12,902.57)</u>	<u>\$ 95.32</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS