

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

**Independent Auditors' Report
and
Financial Statements**

June 30, 2010

DHHR - Finance

JUL -1 2011

Date Received

West Virginia Mental Health Consumers' Association, Inc.

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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

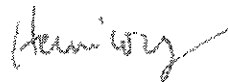
We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of West Virginia Mental Health Consumers' Association, Inc. (a nonprofit organization) as of June 30, 2010, and the related statement of support, revenue and expenses - modified cash basis for the year 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 2009 financial statements and, in our report dated July 21, 2010, 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, 2010, 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 June 24, 2011 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
June 24, 2011

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West Virginia Mental Health Consumers' Association, Inc.
Statement of Assets, Liabilities, and Net Assets -- Modified Cash Basis
June 30, 2010, with Comparative Totals
as of June 30, 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash	\$19,608	\$ -0-
Advances	<u>-0-</u>	<u>50</u>
Total Assets	<u>\$19,608</u>	<u>\$ 50</u>
Liabilities and Net Assets		
Liabilities		
Outstanding checks in excess of bank balance	\$ -0-	\$ 91,313
Payroll taxes and withholdings	39,023	12,245
Notes payable	<u>-0-</u>	<u>841</u>
Total Liabilities	<u>39,023</u>	<u>104,399</u>
Net Assets		
Unrestricted	<u>(19,415)</u>	<u>(104,349)</u>
Total Net Assets	<u>(19,415)</u>	<u>(104,349)</u>
Total Liabilities and Net Assets	<u>\$ 19,608</u>	<u>\$ 50</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, 2010, with Comparative
Totals for the Year Ended June 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Revenues, Gains and Other Support				
Grants				
WV Department of Health and Human Resources-Federal funds	\$ -0-	\$ 541,487	\$ 541,487	\$ 507,928
WV Department of Health and Human Resources-State funds	-0-	816,663	816,663	724,999
WV Council of Churches	-0-	-0-	-0-	52,000
Prestera Center for Mental Health Services	-0-	-0-	-0-	2,994
Contributions	5,942	-0-	5,942	1,575
Service revenues	140,224	-0-	140,224	58,960
Interest income	-0-	-0-	-0-	34
Rental income	29,951	-0-	29,951	22,905
Net assets released from restrictions:				
Satisfaction of grant and program activities	<u>1,358,150</u>	<u>(1,358,150)</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues, Gains, and Other Support	<u>1,534,267</u>	<u>-0-</u>	<u>1,534,267</u>	<u>1,371,395</u>
Expenses and Losses				
Grants				
WV Department of Health and Human Resources-Federal funds	541,487	-0-	541,487	513,204
WV Department of Health and Human Resources-State funds	816,663	-0-	816,663	791,692
NASTAC	-0-	-0-	-0-	9,930
Mary Ellen Copeland	-0-	-0-	-0-	7,848
WV Council of Churches	-0-	-0-	-0-	52,000
Freedom House and other rental expenses	20,071	-0-	20,071	28,286
Nongrant program and conference expenses	5,683	-0-	5,683	13,917
General and administrative	<u>65,429</u>	<u>-0-</u>	<u>65,429</u>	<u>87,541</u>
Total Expenses and Losses	<u>1,449,333</u>	<u>-0-</u>	<u>1,449,333</u>	<u>1,504,418</u>
Change in Net Assets	84,934	-0-	84,934	(133,023)
Net Assets, Beginning of Year	<u>(104,349)</u>	<u>-0-</u>	<u>(104,349)</u>	<u>28,674</u>
Net Assets, End of Year	<u>\$ (19,415)</u>	<u>\$ -0-</u>	<u>\$ (19,415)</u>	<u>\$ (104,349)</u>

See independent auditors' report and notes to financial statements.

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

June 30, 2010, with Comparative Totals
as of June 30, 2009

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, 2009, 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, 2010, with Comparative Totals
as of June 30, 2009

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, 2010 and 2009 since the asset was fully depreciated. These capitalized items are not reflected in the accompanying financial statements as of June 30, 2010 and 2009 since their net book value is -0- as of the end of those years. The amounts are as follows:

	<u>2010</u>	<u>2009</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, 2010, with Comparative Totals
as of June 30, 2009

Note B – 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, 2010 and 2009 as follows:

Purpose restriction accomplished:	<u>2010</u>	<u>2009</u>
Grants		
WV Department of Health and Human Resources-Federal Funds	\$ 541,487	\$ 513,204
WV Department of Health and Human Resources-State Funds	816,663	791,692
NASTAC	-0-	9,930
Mary Ellen Copeland	-0-	7,848
WV Council of Churches	-0-	52,000
	<u>\$1,358,150</u>	<u>\$1,374,674</u>

Note C – 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, 2010, with comparative totals as of June 30, 2009, are as follows:

	<u>Grant and Supporting Activities</u>	<u>General and Administrative</u>	<u>2010 Total</u>	<u>2009 Total</u>
Salaries and fringes	\$ 676,515	\$27,032	\$ 703,547	\$ 887,015
Telephone and utilities	125,783	2,427	128,210	73,627
Rent	165,122	19,073	184,195	102,268
Equipment	5,040	1,032	6,072	2,275
Program and office	134,175	1,982	136,157	104,392
Travel and training	146,829	624	147,453	249,187
Printing, dues and fees	26,345	4,029	30,374	7,792
Insurance	21,405	3,174	24,579	28,463
Contract services	72,084	3,995	76,079	39,067
Other	10,606	2,061	12,667	10,332
	<u>\$1,383,904</u>	<u>\$65,429</u>	<u>\$1,449,333</u>	<u>\$1,504,418</u>

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

**June 30, 2010, with Comparative Totals
as of June 30, 2009**

Note D – 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 E – 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, 2010 and 2009 totalled \$4,091 and \$3,245, respectively.

Note F – Notes Payable

The Association has 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. There were no amounts due under this line of credit at June 30, 2010 and 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%. There were no amounts due on this overdraft protection at June 30, 2010.

The Association's total interest expense for the years ended June 30, 2010 and 2009 was \$842 and \$2,419, respectively.

Supplementary Information

Herman & Cormany

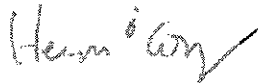
Certified Public Accountants, A.C.

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, 2010 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
June 24, 2011



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, 2010

<u>State Grant Number</u>	<u>FY 2010 Allocation Amount</u>	<u>FY 2009 Deferred Revenue</u>	<u>FY 2010 Amount Invoiced</u>	<u>FY 2010 Qualifying Expenses Per Audit</u>	<u>FY 2010 Deferred Revenue</u>
0525-2007-3702-219-252	\$ 152,695	\$ -0	\$ 129,427	\$ 129,427	\$ -0-
0525-2009-3702-219-252	-0-	-0-	25,248	25,248	-0-
0525-2009-2851-219-252	-0-	-0-	239,321	239,321	-0-
0525-2009-2870-219-252	-0-	-0-	26,137	26,137	-0-
0525-2008-2849-219-252	-0-	-0-	15,141	15,141	-0-
0525-2010-2851-219-252	217,019	-0-	172,868	172,868	-0-
0525-2010-2870-219-252	68,698	-0-	58,866	58,866	-0-
0525-2010-2891-219-252	161,000	-0-	124,763	124,763	-0-
0525-2003-2851-219-252	<u>53,768</u>	<u>-0-</u>	<u>24,892</u>	<u>24,892</u>	<u>-0-</u>
State Grant Total	<u>653,180</u>	<u>-0-</u>	<u>816,663</u>	<u>816,663</u>	<u>-0-</u>
<u>Federal Grant Number</u>					
8794-2009-2851-096-128-15581	-0-	-0-	137,252	137,252	-0-
8794-2010-2914-096-128-15581	8,074	-0-	8,074	8,074	-0-
8794-2009-2913-096-125-15581	-0-	-0-	46,818	46,818	-0-
8723-2009-2851-096-128-16506	-0-	-0-	17,812	17,812	-0-
8794-2010-2851-096-128-16747	328,834	-0-	252,533	252,533	-0-
8794-2010-2913-096-128-16747	16,183	-0-	13,488	13,488	-0-
8723-2010-2851-096-128-17707	<u>72,000</u>	<u>-0-</u>	<u>65,510</u>	<u>65,510</u>	<u>-0-</u>
Federal Grant Total	<u>425,091</u>	<u>-0-</u>	<u>541,487</u>	<u>541,487</u>	<u>-0-</u>
Total Grant Funds	<u>\$1,078,271</u>	<u>\$ -0-</u>	<u>\$1,358,150</u>	<u>\$1,358,150</u>	<u>\$ -0-</u>

Schedule of OBHS Funds Utilized For Equipment Purchases:

None.

See independent auditors' report on supplementary information

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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, 2010, and have issued our report thereon dated June 24, 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 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting and is listed as item 2010-1. 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.



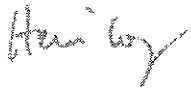
To the Board of Directors
West Virginia Mental Health Consumers' Association, Inc.
Page two

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 2010-1.

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
June 24, 2011

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Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

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

Compliance

We have audited West Virginia Mental Health Consumers' Association, Inc.'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 West Virginia Mental Health Consumers' Association, Inc.'s major federal programs for the year ended June 30, 2010. 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 Mental Health Consumers' Association, Inc.'s compliance with those requirements.

In our opinion, West Virginia Mental Health Consumers' Association, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with *OMB Circular A-133* and which are described in the accompanying schedule of findings and questioned costs as item 2010-1.

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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 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 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 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.

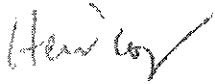
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-1 to be a significant deficiency.

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 the responses.

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, 2010, and have issued our report thereon dated June 24, 2011. 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
June 24, 2011

DHHR - Finance

JUL -1 2011

Date Received

West Virginia Mental Health Consumers' Association, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

<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	G100064	8723-2010-2851- 096-128-17707	\$ 65,510
PATH Grant	93 150	G090316	8723-2009-2851- 096-128-16506	17,812
CMHS Block Grant	93 958	G100064	8794-2009-2913- 096-128-16747	13,488
CMHS Block Grant	93.958	G100064	8794-2010-2851- 096-128-16747	252,533
CMHS Block Grant	93 958	G090316	8794-2009-2851- 096-128-15581	137,252
CMHS Block Grant	93.958	G090316	8794-2010-2914- 096-128-15581	8,074
CMHS Block Grant	93 958	G090316	8794-2009-2913- 096-128-15581	<u>46,818</u>
				<u>\$541,487</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, 2010

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, 2010 is as follows:

	<u>Grant Number</u>	<u>Amount</u>
Behavioral Health Program	0525-2007-3702-219-252	\$129,427
Behavioral Health Programs	0525-2009-3702-219-252	25,248
Behavioral Health Programs	0525-2009-2851-219-252	239,321
Behavioral Health Programs	0525-2009-2870-219-252	26,137
Behavioral Health Programs	0525-2008-2849-219-252	15,141
Behavioral Health Programs	0525-2010-2851-219-252	172,868
Behavioral Health Programs	0525-2010-2870-219-252	58,866
Behavioral Health Programs	0525-2010-2891-219-252	124,763
Behavioral Health Programs	0525-2003-2851-219-252	<u>24,892</u>
		<u>\$816,663</u>

West Virginia Mental Health Consumers' Association, Inc.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2009

SIGNIFICANT DEFICIENCY

2009-1 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 has improved with proper record keeping and is no longer considered to be a deficiency at June 30, 2010.

2009-2 Bank Overdrafts

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

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

Current Status: The Association has monitored its cash and no longer has an overdraft on its account as of June 30, 2010.

West Virginia Mental Health Consumers' Association, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

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, 2010

Section II - Financial Statement Findings

2010-1 Segregation of Duties

Condition: The Association, due to its size, has a lack of segregation over the processing and recording of accounting transactions.

Criteria: Various accounting duties need to be distributed amongst various personnel in order to properly segregate these functions.

Effect: A lack of segregation of duties could cause errors and a potential for fraud due to one individual processing the majority of accounting entries and functions.

Recommendation: If it meets the budget of the Organization, hire additional personnel to perform various accounting functions. If not, then involve board members or non-accounting management staff to oversee various accounting procedures.

Response: We agree with the recommendation and will work on involving other personnel to provide a proper segregation of duties

Section III – Federal Award Findings and Questioned Costs

Item: 2010-1 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