

BARTLETT HOUSE, INC
FINANCIAL STATEMENTS

JUNE 30, 2010

DHHR - Finance

JUL 18 2010

Date Received

Prepared By:
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INDEPENDENT AUDITOR'S REPORT

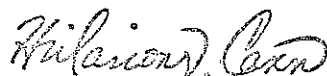
To the Board of Directors
Bartlett House, Inc
Morgantown, West Virginia

I have audited the accompanying statement of financial position of Bartlett House, Inc (a nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bartlett House, Inc as of June 30, 2010, 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*, I have also issued my report dated March 2, 2011, on my consideration of Bartlett House, Inc's internal control over financial reporting and my 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 my 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 my audit.



Hilarion V. Cann, CPA
Clarksburg, West Virginia
March 2, 2011

BARTLETT HOUSE, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

CURRENT ASSETS

Cash	\$ 220,443
Investments (Note 2)	4,814
Grant Receivable	18,219
Prepaid Expenses	<u>2,768</u>
Total Current Assets	246,244

PROPERTY AND EQUIPMENT

Land	44,890
Building	655,729
Furniture and Fixtures	<u>121,073</u>
Total Property and Equipment	821,692

Less Accumulated Depreciation	<u>378,426</u>
	443,266

TOTAL ASSET	<u>\$ 689,510</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 153
Accrued Payroll Taxes Payable	748
Accrued Payroll Payable	<u>2,513</u>
Total Current Liabilities	3,414

Total Liabilities	3,414
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NET ASSETS

Unrestricted	
Operating	242,830
Fixed Assets	<u>443,266</u>
	686,096

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 689,510</u>
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The Notes to Financial Statements are an integral part of these statements

BARTLETT HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Total
PUBLIC SUPPORT AND REVENUES		
WV Department of Health and Human Resources	\$ 216,778	\$ 216,778
WV Office of Economic Opportunity	37,997	37,997
Community Development Block Grant	25,277	25,277
Children's Mental Health Block Grant	26,000	26,000
Emergency Food and Shelter Program	14,121	14,121
Other Grants	48,000	48,000
United Way of Monongalia County	68,000	68,000
Donations	25,764	25,764
Other Income	981	981
Fundraising	29,822	29,822
Interest Income	3,351	3,351
Loss on sale of marketable securities	<u>(1,472)</u>	<u>(1,472)</u>
 Total Support and Revenue	 494,619	 494,619
EXPENSES		
Program Expense	350,606	350,606
Management and General	<u>110,069</u>	<u>110,069</u>
 Total Expenses	 460,675	 460,675
 Unrealized (Gain) Loss on Investments	 <u>(3,918)</u>	 <u>(3,918)</u>
 Change in Net Assets	 37,862	 37,862
Net Assets, Beginning	<u>648,234</u>	<u>648,234</u>
Net Assets, Ending	<u>\$ 686,096</u>	<u>\$ 686,096</u>

The Notes to Financial Statements are an integral part of these statements

BARTLETT HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Shelter and Counseling Services	Management and General	Total (Memo Only)
Salaries and Wages	\$ 234,405	\$ 60,278	\$ 294,683
Payroll Taxes and Employee Benefits	41,823	14,006	55,829
Telephone and Utilities	27,811	3,090	30,901
Interest Expense	1,480	164	1,644
Insurance	0	7,472	7,472
Maintenance	7,605	845	8,450
Janitorial	8,652	961	9,613
Travel and Training	1,503	167	1,670
Client Expenses	4,091	0	4,091
Food	814	0	814
Fundraising	0	6,632	6,632
Office Expenses	7,460	829	8,289
Professional Fees	0	8,912	8,912
Other Expenses	0	1,047	1,047
Postage	0	1,581	1,581
	<u>335,644</u>	<u>105,984</u>	<u>441,628</u>
Total Expenses before Depreciation			
Depreciation Expense	<u>14,962</u>	<u>4,085</u>	<u>19,047</u>
Total Expenses	<u>\$ 350,606</u>	<u>\$ 110,069</u>	<u>\$ 460,675</u>

The Notes to Financial Statements are an integral part of these statements.

BARTLETT HOUSE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING ACTIVITIES	
Change in Net Assets	\$ 37,862
Adjustments to Reconcile Change in Net Assets to net cash provided by Operating Activities	
Reflect investments at fair value	(3,918)
Depreciation	19,047
Loss on sale of Marketable Securities	1,472
(Increase) Decrease in:	
Grant Receivable	41,560
Prepaid Expenses	981
Increase (Decrease) in:	
Accounts Payable	(5,683)
Accrued Payroll Taxes Payable	(243)
Accrued Payroll Payable	<u>(9,414)</u>
Net Cash Provided by Operating Activities	81,664
INVESTING ACTIVITIES	
Purchase of Furniture and Fixtures	(34,366)
Transfer from investment account	20,000
Purchase of Investments	<u>(63)</u>
Net Cash Used by Investing Activities	(14,429)
FINANCING ACTIVITIES	
Payments on Long-Term Debt	<u>(31,607)</u>
Net Cash Provided by Financing Activities	(31,607)
NET CASH INCREASE IN CASH	35,628
CASH AT BEGINNING OF YEAR	<u>184,815</u>
CASH AT END OF YEAR	<u>\$ 220,443</u>
SUPPLEMENTAL DISCLOSURE	
Interest Paid	<u>\$ 1,644</u>

The Notes to Financial Statements are an integral part of these statements

BARTLETT HOUSE, INC
NOTES TO FINANCIAL STATEMENTS

Note 1 Description of Entity and Significant Accounting Policies

Description of Entity

Bartlett House, Inc., a nonprofit organization, was founded for the purpose of providing housing, food and counseling to the homeless and needy individuals of Monongalia County, West Virginia. The Organization receives its grants and contract support primarily from the West Virginia Department of Health and Human Resources and other State Agencies (see Note 7 – Summary of Grants and Contracts). In addition to this, support is received from the United Way of Monongalia and Preston Counties, Governor's Office of Economic Opportunity, local grants and contributions from the general public.

Basis of Accounting

The financial statements of Bartlett House, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when incurred.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts 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 net asset classes. When a temporary restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Donated Services and Materials

The Organization receives donated services and materials from a variety of unpaid volunteers assisting at the shelter, in education programs, maintenance projects and legal services. No amounts have been reflected in the financial statements for donated materials since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased. These consist principally of investments in short-term, interest bearing instruments and are carried at cost plus accrued interest which approximates fair value.

Interest Expense

All interest expense incurred has been expensed.

BARTLETT HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Description of Entity and Significant Accounting Policies (continued)

Functional Allocation of expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Fundraising expenses totaling \$6,632 are included in general and administrative expenses.

Grants and Contracts

Support received under grants and contracts with the West Virginia Department of Health and Human Resources, Governor's Office of Economic Opportunity, United Way of Monongalia and Preston Counties, and private foundations are recorded as unrestricted net assets because the related costs to such grants and contracts are incurred before reimbursement is received. Grants and contracts receivable represent amounts due for expenditures incurred prior to year end. The amount receivable as of June 30, 2010 was \$18,219. Management feels this amount is fully collectible. The carrying amount approximates fair value.

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.

Income Taxes

Bartlett House, Inc. is exempt from federal income taxes under 501(c) (3) of the Internal Revenue Code and did not conduct any unrelated business activities. Therefore, Bartlett House has made no provision for federal income taxes in accompanying financial statements. In addition, Bartlett House, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at original cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method from five to thirty years.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the year ended June 30, 2010 was \$885. These costs are included in Office Expense on the statement of activities.

BARTLETT HOUSE, INC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 Investments

Investments as of June 30, 2010 are stated at fair value and consist primarily of corporate bonds and reserve funds

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds	\$ 4,703	\$ 4,750	\$ 47
Cash Reserve Funds	<u>64</u>	<u>64</u>	<u>---</u>
	<u>\$ 4,767</u>	<u>\$ 4,814</u>	<u>\$ 47</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2010

	Unrestricted
Interest and Dividends	\$ 270
Realized (Loss) Gain	(1,472)
Unrealized (Loss) Gain	<u>3,918</u>
	<u>\$ 2,716</u>

Note 3 Property and Equipment

Fixed assets acquired by Bartlett House, Inc are considered to be owned by Bartlett House, Inc. However, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$500 or more and an estimated useful life of at least two years

The net fixed asset balance has been recorded as a separate component in unrestricted net assets

Note 4 Compensated Absences

Accrued compensated absences are not included in the financial statements because the amount cannot be reasonably estimated.

Note 5 Long-Term Debt

At July 1, 2008 Bartlett House, Inc had a \$75,000 unsecured line of credit with a bank to be drawn upon as needed through June 30, 2010, with an interest rate of 8.5%. As of June 30, 2010, the balance outstanding was \$-0-

Based on the borrowing rates currently available to the Organization for loans with similar terms and average maturities, the carrying amount of long-term debt approximates fair value

BARTLETT HOUSE, INC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6 Concentration of Risk

The Organization receives a substantial amount of its support from the West Virginia Department of Health and Human Resources under a contract, the Governor's Office of Economic Opportunity and the United Way of Monongalia and Preston Counties from grants. A significant reduction in the level of these supports, if this were to occur, may have a significant impact on the Organization. Support received from the West Virginia Department of Health and Human Resources amounted to \$ 166,649, West Virginia Bureau of Behavioral Health and Health Facilities \$50,128, the Governor's Office of Economic Opportunity amounted to \$43,513 and the United Way of Monongalia and Preston Counties amounted to \$68,000 for the year ended June 30, 2010.

Note 7 Summary of Grants and Contracts

Bartlett House, Inc was primarily funded through the following grants and contracts for the period July 1, 2008 to June 30, 2009:

Federal Grantor/Pass- Through Grantor/ Program or Cluster Title	CFDA #	Contract Period	Grant/ Grant/ Contract	Total Recognized Support
W V Department of Health and Human Resources		7/01/09 - 6/30/10	\$ 166,650	\$ 166,650
		7/01/09 - 6/30/10	\$ 50,128	\$ 50,128
		7/01/09 - 6/30/10	\$ 26,000	\$ 26,000
Emergency Shelter Grants Program	97.024	7/01/09 - 12/31/10	\$ 43,513	\$ 37,997
Community Develop Block Grant	14 228	7/01/09 - 6/30/10	\$ 25,277	\$ 25,277
Emergency Food and Shelter Program	14 231	7/01/09 - 6/30/10	\$ 15,150	\$ <u>14,122</u>
Total Grants and Contracts				\$ <u>344,813</u>

Note 8 Employee Benefit Plan

Bartlett House, Inc. has adopted a 430(b) Plan for the benefit of eligible employees. Bartlett House, Inc. matches up to 100% of the first 3% of an employees' contribution. The plan expenses incurred by the Organization during the year ending June 30, 2010 were \$2,049 and are included in payroll taxes and employee benefits on the state of functional expenses.

BARTLETT HOUSE, INC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 9 Fair Value Measurement

Fair Values of assets measured on a recurring basis at June 30, 2010 are as follows:

<u>June 30, 2010</u>	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Unobservable (Level 3)
Fair Value			(Level 1)	(Level 3)
Long-term investments -				
Marketable Securities	\$ <u>4,814</u>	\$ <u>4,814</u>		\$ <u>-0-</u>
Total	\$ <u>4,814</u>	\$ <u>4,814</u>		\$ <u>-0-</u>

Note 10 Subsequent Event

The organization has evaluated subsequent events through March 2, 2011, the date which the financial statements were available to be issued. The following event occurred after June 30, 2010

On May 8, 2009 Bartlett House, Inc entered into a contract with Samoa Corporation for the purchase of an existing building to house Bartlett House and its' programs. The purchase price has been set at \$1,470,100 with expansion over the two subsequent years. The building currently houses 20 apartments (16 – 1 bedroom units and 4 – 2 bedroom units) which will be utilized to rent to clients who qualify and who make progress towards independence.

During the first year of occupation, Phase 1 improvements will consist of the following projects: upgrades to the fire system, security cameras, enclosure of the center stairwell and waterproofing. The estimated costs of construction for Phase 1 are \$1,069,597. Other costs associated with the purchase of the new facility and construction costs are furnishings, laundry equipment, passenger van and administrative costs (including architect, legal and financing fees). These costs are estimated to be \$493,135. Phase 2 of the project would consist of a complete build-out of the bottom two floors to add an additional 40 apartment units for Transitional Supportive Housing. This will allow a participant to prepare to transition from temporary housing into permanent housing. The estimated costs of construction for Phase 2 are \$1,416,421. This would bring the total estimated cost of the project to be \$4,449,253. The financing for this project is expected to come from the following sources: 1) West Virginia Housing Development Fund - \$2,200,000 to be utilized as follows: \$60,832 for Architect/Engineering costs, \$132,000 for Developer's fee, \$769,200 for acquisition and \$1,237,968 for construction; 2) Housing and Urban Development grant - \$647,268 to be utilized as follows: \$242,321 for remodeling, \$57,400 for supportive services, \$316,725 for operations, and \$30,822 for administrative costs; 3) Lease Revenue Bonds in the amount of \$896,000 – for acquisition have been issued and are outstanding as of October 5, 2010 with an annual interest rate of 5.2% and a monthly payment of \$4,920.03, including principal and interest through October 15, 2040, and the remaining balance of \$801,985 will come from investments currently held and a capital campaign.

INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

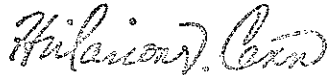
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INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Board of Directors
Bartlett House, Inc
Morgantown, West Virginia

My report on my audit of the basic financial statements of Bartlett House, Inc. for 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 schedule of expenditures of state awards 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 my 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 Bartlett House, Inc.'s Board of Directors and the West Virginia Department of Health and Human Resources and is not intended to be and should not be used by anyone other than those specified parties.



Hilarion V. Cann, CPA
Clarksburg, West Virginia
March 2, 2011

SCHEDULE OF EXPENDITURES OF STATE AWARDS

BARTLETT HOUSE, INC.
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass- Through Grantor/ Program or Cluster Title	CFDA #	Contract Period	Grant/ Contract	Recognized Support
W. V. Department of Health and Human Resources		7/01/09 - 6/30/10	\$ 166,650	\$ 166,650
		7/01/09 - 6/30/10	\$ 50,128	\$ 50,128
		7/01/09 - 6/30/10	\$ 26,000	\$ <u>26,000</u>
Total Grants and Contracts				\$ <u>242,778</u>

BARTLETT HOUSE, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of Bartlett House, Inc and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of West Virginia Title 148, Legislative Rule, Series 18, *Accountability Requirements for State Funds and Grants*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

REPORT ON INTERNAL CONTROL AND COMPLIANCE

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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
Bartlett House, Inc.
Morgantown, West Virginia

I have audited the financial statements of Bartlett House, Inc. as of and for the year ended June 30, 2010, and have issued my report thereon dated March 2, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Bartlett House, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bartlett House, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

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

Due to the limited number of personnel involved in the operation of the organization, those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the system. The organization is not large enough to make the employment of additional persons for the purpose of segregating duties practical from a cost-benefit standpoint; but I am required, under my professional responsibility, to call the situation to your attention.

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

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bartlett House, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Bartlett House, Inc. in a separate letter dated March 2, 2011.

This report is intended solely for the information and use of the 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.



Hilarion V. Cann, CPA
Clarksburg, West Virginia
March 2, 2011