

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

DHHR - Finance

JUN 29 2012

Date Received

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

CONTENTS

INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
NOTES TO THE FINANCIAL STATEMENTS	7-9
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	10-12

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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, 2011 and 2010, 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, 2011 and 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, we have also issued our report dated June, 25, 2012 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
Jessie & Jessie, A.C.

Williamson, West Virginia
June 25, 2012

DHHR - Finance

JUN 29 2012

Date Received

Tug Valley Recovery Shelter Association, Inc
Statement of Financial Position
As of June 30, 2011 and 2010

ASSETS			
	2011		2010
Current Assets			
Cash and Cash Equivalents	\$ 153,915.07	\$	165,238.29
Grants Receivable	30,350.77		14,292.99
Prepaid expenses	2,901.64		750.00
	<u>187,167.48</u>		<u>180,281.28</u>
Noncurrent Assets			
Property & Equipment, net	<u>73,260.00</u>		<u>73,781.00</u>
Total Assets	<u>\$ 260,427.48</u>	<u>\$</u>	<u>254,062.28</u>
LIABILITIES			
Payroll Liabilities	\$ 6,663.07	\$	4,588.70
Accounts Payable	6,181.74		6,753.99
Unearned Revenue	13,156.67		
Vacation/Sick Pay Accrued	<u>25,475.55</u>		<u>30,688.04</u>
Total Liabilities	<u>51,477.03</u>		<u>42,030.73</u>
NET ASSETS			
Net Assets - End of Year	\$ 208,950.45	\$	212,031.55
Adjustment	<u>-</u>		<u>-</u>
Net Assets - End of Year	208,950.45		212,031.55
Total Liabilities and Net Assets	<u>\$ 260,427.48</u>	<u>\$</u>	<u>254,062.28</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Tug Valley Recovery Shelter Association, Inc
Statement of Activities
For the Fiscal Years Ended June 30, 2011 and 2010

REVENUE, GAINS AND SUPPORT	2011	2010
Bipps Meeting	\$ 608.00	\$ 2,120.00
Contributions Income: Restricted	6,150.00	595.00
Contributions Income: Unrestricted	2,421.24	16,941.17
Contributions Income: Other	2,500.00	-
Fundraising	6,808.34	9,712.34
Grants	485,745.81	479,200.62
WVCAD Conflict Funds	1,159.00	2,255.00
Reimbursed Expenses	-	1,497.81
Miscellaneous Income	23.62	-
Interest Income	82.73	140.24
	<hr/>	<hr/>
Total Support	\$ 505,498.74	\$ 512,462.18

OPERATING EXPENSES

Advertising	1,237.45	735.00
Bank Service Charges	12.50	40.24
Bipps Instruction	5,600.00	5,200.00
Building Expenses	4,509.48	2,965.07
Client Aid	600.88	-
Conflict Funds	3,663.00	2,755.00
Contracted Services - Law Enforcement	66,185.13	-
Depreciation Expense	521.00	996.00
Dues and Subscriptions	298.95	149.95
Education	373.12	1,335.00
Employee Benefits	8,030.00	9,197.38
Fees	1,539.85	1,555.81
Flowers	-	79.50
Food	3,806.23	2,777.60
Fundraiser Expense	2,402.69	6,497.58
Furniture and Equipment	-	4,161.90
Gifts and Awards	1,787.04	2,439.90
Insurance	2,940.00	3,465.00
Lease Maintenance	504.00	274.80
Medicine	366.27	496.83
Office Expense	740.94	-
Other Expense	933.63	462.64
Pager	76.92	89.38
Pass-thru Monies	0.40	94,062.22
Payroll Expenses	341,008.84	314,838.35
Postage and Delivery	1,001.69	1,056.97
Printing & Reproduction	-	-

Tug Valley Recovery Shelter Association, Inc
Statement of Activities
For the Fiscal Years Ended June 30, 2011 and 2010

Professional Fees: Accounting	2,007.20	2,006.67
Program Expense	2,229.64	1,801.68
Rent	28.00	-
Repairs	2,211.87	644.25
Service/Warranty Plans	650.49	280.73
Supplies: Building	2,524.94	2,320.13
Supplies: Office	6,775.19	4,960.92
Taxes Withheld	2.42	137.54
Telephone/Internet	9,591.14	9,485.51
Travel & Entertainment	9,681.98	8,905.74
Utilities	8,798.38	9,229.25
Unemployment Tax Expense	-	3,447.60
Other Expenses	95.31	-
WV Workers Compensation	<u>9,565.50</u>	<u>6,779.73</u>
 TOTAL EXPENSES	 \$ 502,302.07	 \$ 505,631.87
 CHANGE IN NET ASSETS	 3,196.67	 6,830.31
 NET ASSETS BEGINNING OF YEAR	 <u>212,031.55</u>	 <u>240,934.95</u>
 Adjustments	 (6,277.77)	 (35,733.71)
 NET ASSETS END OF YEAR	 <u>\$ 208,950.45</u>	 <u>\$ 212,031.55</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Tug Valley Recovery Shelter Association, Inc.
Statement of Cash Flows
For the Period Ended June 30, 2011 and 2010

Cash Flow from Operating Activities	2011	2010
Increase/(Decrease) in Net Assets	\$ 3,196.67	\$ 6,830.31
Adjustments to reconcile change in net assets to Net Cash Provided by operating activities:		
Depreciation	521.00	996.00
Increase/(Decrease) in Operating Assets		
Receivables	16,057.78	(27,793.18)
Increase/(Decrease) in Other Assets		
Prepaid Expenses	2,151.64	750.00
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(572.25)	4,101.21
Payroll Liabilities	2,074.37	2,660.92
Vacation Pay	(6,212.49)	9,197.38
Unearned Revenue	13,156.67	
Adjustment	<u>(41,696.61)</u>	<u>35,897.68</u>
Net Cash Provided by Operating Activities	(11,323.22)	32,640.32
 Cash Flow from Investing		
Change in Fixed Assets	<u>-</u>	<u>-</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	(11,323.22)	32,640.32
 Beginning Cash and Cash Equivalents	<u>165,238.29</u>	<u>132,597.97</u>
 Ending Cash and Cash Equivalents	<u>\$ 153,915.07</u>	<u>\$ 165,238.29</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Tug Valley Recovery Shelter Association, Inc.

Notes to the Financial Statements

June 30, 2011 and 2010

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, 2011 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, 2011 and 2010:

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, 2011 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, 2011 and 2010.

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, 2011.

Accounts Payable

Accounts payable consist of amounts owed to vendors at June 30, 2011.

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, 2011, and have issued our report thereon dated June 25, 2012. 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

Tug Valley Recovery Shelter Association, Inc. of Williamson, West Virginia, is responsible for establishing and maintaining effective 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.

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 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.

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
Jessie & Jessie, A.C.

Williamson, WV
June 25, 2012