

**PRESTON COUNTY CARING COUNCIL, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

DHHR - Finance

JUN -3 2013

Date Received

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**ROTH & WHITE, A.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
202 Tunnelton Street  
Kingwood, WV 26537  
(304) 329-1020

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Preston County Caring Council, Inc.  
Kingwood, West Virginia

We have audited the accompanying statement of financial position of Preston County Caring Council, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Preston County Caring Council, Inc. as of June 30, 2011, 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 a report dated May 23, 2013 on our consideration of Preston County Caring Council, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Preston County Caring Council, Inc. taken as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the West Virginia Department of Health and Human Resources, and is not a required part of basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Roth & White, A.C.*

Kingwood, West Virginia  
May 23, 2013

DHHR - Finance

JUN -3 2013

Date Received

**PRESTON COUNTY CARING COUNCIL, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2011**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 22 283
Prepayments	3 398
	<hr/>
	25 681
	<hr/>

**PROPERTY AND EQUIPMENT**

Leasehold improvement	1 953
Office equipment	26 261
Less accumulated depreciation	(23 630)
	<hr/>
	4 584
	<hr/>

**TOTAL ASSETS** **\$ 30 265**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 7 676
	<hr/>

**TOTAL LIABILITIES** **7 676**

**NET ASSETS**

Unrestricted	22 589
	<hr/>

**TOTAL NET ASSETS** **22 589**

**TOTAL LIABILITIES AND NET ASSETS** **\$ 30 265**

The accompanying independent auditor's report and notes are an integral part of this statement.

**PRESTON COUNTY CARING COUNCIL, INC.**

**STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
State government grants	\$	\$ 125 000	\$ 125 000
Fundraising and special events	4 161		4 161
Other grants	400	12 250	12 650
Donations	14 021		14 021
	-----	-----	-----
Total revenue and support	18 582	137 250	155 832
	-----	-----	-----
Net assets released from usage restrictions	134 435	(134 435)	
	-----	-----	-----
Total public support and revenue	153 017	2 815	155 832
	-----	-----	-----
<b>EXPENSES</b>			
Program services	133 352		133 352
General and administrative	17 021		17 021
Fundraising	2 366		2 366
	-----	-----	-----
Total expenses	152 739		152 739
	-----	-----	-----
Increase in net assets	278	2 815	3 093
	-----	-----	-----
<b>NET ASSETS -</b>			
BEGINNING OF YEAR	18 195	1 301	19 496
	-----	-----	-----
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18 473</u>	<u>\$ 4 116</u>	<u>\$ 22 589</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**PRESTON COUNTY CARING COUNCIL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2011**

	<u>Total</u>	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>
<b>PAYROLL</b>				
Staff wages	\$ 67 021	\$ 67 021	\$	\$
Employee benefits	18 852	18 852		
Payroll taxes	6 142	6 142		
	<hr/>	<hr/>	<hr/>	<hr/>
Total payroll	92 015	92 015		
<b>OTHER EXPENSES</b>				
Rent	2 404	2 404		
Professional fees	791		791	
Contractual	9 036	4 780	4 256	
Supplies and materials	16 603	14 237		2 366
Telephone and utilities	5 902	5 902		
Training	1 348	1 348		
Advertising and public relations	195	195		
Insurance	3 391	3 162	229	
Office expense	9 030		9 030	
Travel and transportation	3 594	3 594		
Dues and licenses	615		615	
Meeting expenses	264	264		
Depreciation	2 116	360	1 756	
Subscriptions	172	172		
Repairs and maintenance	344		344	
Other sundries	4 919	4 919		
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 152 739	\$ 133 352	\$ 17 021	\$ 2 366
	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying independent auditor's report and notes are an integral part of this statement.

**PRESTON COUNTY CARING COUNCIL, INC.**

**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 3 093
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2 116
Increase in accrued expenses	2 102
Increase in prepaid expenses	(188)
	-----
Net cash provided by operating activities	7 123
	-----
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Equipment purchases	(3 707)
	-----
Net cash (used) in capital and related financing activities	(3 707)
	-----
<b>NET INCREASE IN CASH</b>	<b>3 416</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>18 867</b>
	-----
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 22 283</b>
	=====

The accompanying independent auditor's report and notes are an integral part of this statement.



**PRESTON COUNTY CARING COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2011**

**Note 1. Summary of Significant Accounting Policies**

Organization

Preston County Caring Council, Inc. is a nonprofit organization, formed in 1994. The mission of this Organization is to bring together resources to improve conditions for all children and families.

For the year ending June 30, 2011, the Council administered grant funding from the West Virginia Department of Health and Human Resources Bureau for Children and Families under programs for Preston County Starting Points and Preston County Caring Council. Any decrease of these grants would be detrimental to the Council.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-implied restrictions as follows:

Unrestricted: Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted: Net assets used by the Organization are limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted: Net assets used by the Organization are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization. The Organization had no permanently restricted net assets as of June 30, 2011.

Contributions

Contributions and gifts received with no restrictions or specified uses identified by the donor or grantor are included in unrestricted revenue in the statement of activities when received.

Contributions received with donor or grantor stipulations that limit the use of donated assets are reported as either temporarily or permanently restricted revenue in the consolidated statement of activities when received. When donor or grantor restrictions

The accompanying independent auditor's report and notes are an integral part of this statement.

**PRESTON COUNTY CARING COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended June 30, 2011**

**Note 1. Summary of Significant Accounting Policies (Continued)**

Contributions (Continued)

expire or are fulfilled by actions of the Organization, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been detailed in the statements of functional expenses and are summarized on a functional basis in the statements of activities. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the time spent on each specific program.

Contributed Goods and Services

Contributed goods and services are reflected in the financial statements at their estimated fair value, if reasonably determined. The contributions of services are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. For the year ended June 30, 2011, there were no significant non-cash contributions of goods or services. However, many individuals volunteer their time and perform a variety of tasks that may assist the Organization, but these services do not meet the criteria for recognition in the financial statements.

Cash and cash equivalents

All highly liquid cash investments with original maturities of three months or less are considered to be cash equivalents.

Cash and cash equivalents presented on the statement of financial position and cash flows include the following:

	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Interest Rate</u>
Petty Cash	\$	\$ 200	N/A
Checking	30 733	22 083	0%

All cash accounts were fully insured by the Federal Depository Insurance Corporation (FDIC).

The accompanying independent auditor's report and notes are an integral part of this statement.

**PRESTON COUNTY CARING COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2011**

**Note 1. Summary of Significant Accounting Policies (Continued)**

Interest Rate Risk

The Organization does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Income Taxes

The Council received a determination from the Internal Revenue Service indicating that it is exempt from Federal income tax on all income except unrelated business income under Internal Revenue Code Section 501(c)(3). It is classified as an organization that is not a private foundation under Internal Revenue Code Section 509(a); accordingly, no provision for income taxes has been recorded in the accompanying financial statements. For the year ended June 30, 2011, the Council has no unrelated business income.

The Organization accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the financial statements of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statement is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Organization had no material unrecognized tax benefits and no adjustments to its financial position, activities or cash flows were required.

The Organization does not expect that unrecognized tax benefits will increase within the next twelve months. The Organization's tax returns for the years ended June 30, 2009 through June 30, 2011 remain subject to examination by Federal and State tax jurisdictions. The Organization recognizes accrued interest and penalties, if any, related to uncertain tax positions as income tax expense.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses, and gains and losses during the reporting periods. Accordingly, actual results could differ from those estimates.

The accompanying independent auditor's report and notes are an integral part of this statement.

**PRESTON COUNTY CARING COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended June 30, 2011**

**Note 1. Significant Accounting Policies (Continued)**

Prepayments

This account consists of prepaid insurance based on the effective dates of the policies.

Fixed Assets

Fixed assets are capitalized. Fixed assets are recorded at cost or, if donated, at fair value at the date of donation. Major renewals and improvements are capitalized, while repairs and maintenance expenditures are expensed as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts and any resulting gains or losses are recognized. Depreciation is computed using an accelerated method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over their useful lives.

The estimated useful lives of each asset group is as follows:

<u>Asset Group</u>	<u>Years</u>
Leasehold improvements	5
Office equipment	5-7

Grants from Government Agencies

Grants from governmental agencies are recognized as revenue when the grant funds have been expended in accordance with the grant provisions of the respective agreements.

Fund-Raising Activities

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, formerly known as Statement of Position 98-2, "Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that Included Fund-Raising". FASB ASC 958 establishes criteria for accounting and reporting for any entity that solicits contributions.

Compensated Absences

It is the Organization's policy that employees must use their vacation and sick days by year end, or they forfeit the days. Therefore, there is not a liability for compensated absences at June 30, 2011.

The accompanying independent auditor's report and notes are an integral part of this statement.

PRESTON COUNTY CARING COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended June 30, 2011

**Note 1. Significant Accounting Policies (Continued)**

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 23, 2013, the date the financial statements were available to be issued.

**Note 2. Property and Equipment and Depreciation**

Property and equipment consists of the following:

Leasehold improvements	\$ 1 953
Office equipment	26 261
	-----
	28 214
Less accumulated depreciation	(23 630)
	-----
	\$ 4 584
	=====

Depreciation expense for the year ended June 30, 2011 amounts to \$2,116.

**Note 3. Retirement System**

Preston County Caring Council, Inc. is not a member of any retirement system.

**Note 4. Office Rent**

The Organization's offices are located in a building owned by the Wesley United Methodist Church. The Church does not charge the Council rent, however, the Council is responsible for the utilities and upkeep. The Church considers the Council as doing the same mission as the Church. The fair value of the rent is not reasonably determined and is not included in these financial statements. The loss of this arrangement may result in the decrease of services by the Council.

**Note 5. Risk Management**

The Council is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets, errors and omissions; and natural disasters for which the Council carries general liability and property insurance for these various risks. Amounts of settlements have not exceeded insurance coverage in the past three years.

The accompanying independent auditor's report and notes are an integral part of this statement.

**PRESTON COUNTY CARING COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For the Year Ended June 30, 2011**

**Note 6. Advertising**

Advertising and public relation expenses for the year are \$195.

**Note 7. State Government Grants**

Preston Caring Council, Inc. received funds from West Virginia Health and Human Resources/Bureau for Children and Families. The funds for these grant agreements were paid from the following federal and/or state sources:

Preston County Starting Points:

Federal Funds (CFDA #93.590)	\$ 5 944
State Funds (Account #0403/274)	39 056

-----  
\$ 45 000  
-----

Preston County Caring Council Parents  
as Teachers:

Federal Funds (CFDA # 93.590)	\$ 1 783
State Funds (Account #0403/688)	38 217

-----  
\$ 40 000  
-----

Preston County Caring Council:

Federal Funds (CFDA #93.778)	\$ 14 784
State Funds (Account #0403/274)	25 216

-----  
\$ 40 000  
-----

The accompanying independent auditor's report and notes are an integral part of this statement.

**PRESTON COUNTY CARING COUNCIL, INC.**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2011**

<b><u>State Grantor</u></b>	<b><u>Revenue Recognized</u></b>	<b><u>Expenditures</u></b>
West Virginia Department of Health and Human Resources Bureau for Children and Families		
Preston County Starting Points	\$ 45 000	\$ 45 000
Preston County Caring Council	40 000	40 000
Preston County Caring Council Parents as Teachers	40 000	39 239

**Note A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state awards includes the state grant activity of Preston Caring Council, Inc. and is presented on the accrual basis of accounting.

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

**ROTH & WHITE, A.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
202 Tunnelton Street  
Kingwood, WV 26537  
(304) 329-1020

**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  
Preston County Caring Council, Inc.  
Kingwood, West Virginia

We have audited the financial statements of Preston County Caring Council, Inc (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated May 23, 2013. 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 Preston County Caring Council, 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 Preston County Caring Council, Inc's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over 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 certain deficiency in internal control over financial reporting, described as 11-1 in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Preston County Caring Council, 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 an 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.

Preston County Caring Council, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Preston County Caring Council, Inc.'s responses and, accordingly, we express no opinion on it

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

*Roth & White, A. C.*

Kingwood, West Virginia  
May 23, 2013

**PRESTON COUNTY CARING COUNCIL INC.**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2011**

**11-1**

**SEGREGATION OF DUTIES**

**CONDITION:**

Responsibility for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals. This is a repeat finding from the prior year.

**CRITERIA:**

Analysis of the internal control system indicated a lack of segregation of duties.

**EFFECT:**

Because of the failure to segregate 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 should be distributed among the office staff to the best degree possible. However, we recognize that complete segregation of duties is not economically feasible for the Organization.

**COUNCIL'S RESPONSE:**

Management will try to segregate duties as much as possible with the limited staff available.