

Mission West Virginia, Inc.

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To: Kimberly D. Merritt From: Mission WV - David Rogers

Fax: _____ Pages: 19 (including cover page)

Phone: _____ Date: 10/1/13

Re: _____ CC: _____

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Thanks!

DHHR - Finance

OCT 1 2013

Date Received

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Mission West Virginia, Inc.
168 Midland Trail, Suite 1
Hurricane, WV 25526

BOARD OF DIRECTORS:

Mr. Richard Barnard, Secretary
Ms. Lynn Bennett, Treasurer
Dr. David Clayman, Vice-President
Dr. Robin Lewis
Mr. William Loope
Mrs. Christy Benson
Rev. D.D. Melghen, President

FOUNDER:

Gov. Cecil H. Underwood

STAFF CONTACTS:

Executive Director
Mr. B. David Rogers

Associate Director
Ms. Kelly M. Thompson

THINK Program Director
Ms. Torri Childs

Accounting Services
Ms. Terri Romsey, Director

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Website: www.missionwv.org

Sept. 30, 2013

Kimberly D. Merritt, Director
Division of Compliance and Monitoring
WV DHHR - Office of Internal Control and Policy Development
One Davis Square, Suite 401
Charleston, WV 25301

Dear Ms. Merritt,

Please accept the enclosed document as the FY 2012 audited financial statements for Mission West Virginia, Inc. I had intended to send a bound copy but they did not arrive in time and were not available.

If you have any questions please feel free to contact me at the address and numbers below, or on my cell at 304.634.3449.

Best regards,

B. David Rogers
Mission West Virginia, Inc.

DHHR - Finance

OCT 1 2013

Date Received

MISSION WEST VIRGINIA, INC.

Financial Statements

December 31, 2012

DHHR - Finance

OCT 1 2013

Date Received

MISSION WEST VIRGINIA, INC.
Financial Statements
December 31, 2012

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ALICE M. HARRIS, CPA, A.C.

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Board of Directors
Mission West Virginia, Inc.:

Report on the Financial Statements

I have audited the accompanying financial statements of Mission West Virginia Inc (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report, Continued

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission West Virginia Inc as of December 31, 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that Mission West Virginia, Inc., will continue as a going concern. As discussed in the notes to the financial statements, the Organization suffered recurring significant losses in prior years and has a deficiency in net assets that raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in the notes. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. My opinion is not modified with respect to that matter.

Other matters

Other information

My audit was conducted for the purpose of forming an opinion of the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Schedule of State Awards are presented for purposes of additional analysis and are not a required part of the 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Alice M. Harris, CPA

Alice M. Harris, CPA
September 24, 2013

DHHR - Finance

09 24 2013

Date Received

MISSION WEST VIRGINIA, INC
Statement of Financial Position
December 31, 2012

ASSETS		
Current assets:		
Cash and cash equivalents	\$	679
Grants receivable		171,403
Prepaid expenses		2,035
Total current assets		174,117
Property and equipment:		
Equipment and furniture		12,830
Vehicles		23,681
Property held under capital leases		13,636
		50,147
Less accumulated depreciation		(39,010)
Net property and equipment		11,137
Total assets	\$	185,254
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bank overdraft	\$	1,075
Accounts payable		206,457
Payroll taxes withheld and accrued		11,900
Deferred revenue		52,008
Current portion of capital lease obligations		2,845
Total current liabilities		274,285
Long-term liabilities		
Capital lease obligation, net of current portion		3,304
Total long-term liabilities		3,304
Total liabilities		277,589
Net assets (deficit):		
Unrestricted		(92,335)
Temporarily restricted		-
Permanently restricted		-
Total net assets		(92,335)
Total liabilities and net assets	\$	185,254

The accompanying notes are an integral part of these financial statements.

MISSION WEST VIRGINIA, INC
Statement of Activities
Year ended December 31, 2012

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Increases in Net Assets:				
Individual and business donations	\$ 70,539	-	-	70,539
Grants	2,058,158	-	-	2,058,158
Computer sales	143,589	-	-	143,589
Fee for service	292,212	-	-	292,212
Fund raising	17,443	-	-	17,443
Miscellaneous income	30,606	-	-	30,606
Total revenue before reclassifications	2,612,547	-	-	2,612,547
Reclassifications:				
Net assets released from restrictions	-	-	-	-
Total revenue and reclassifications	2,612,547	-	-	2,612,547
Decreases in Net Assets:				
Program expenses:				
Human services	1,978,111	-	-	1,978,111
Technology	298,291	-	-	298,291
Total program expenses	2,276,402	-	-	2,276,402
Supporting services:				
Management and general	139,513	-	-	139,513
Total expense	2,415,915	-	-	2,415,915
Change in net assets	196,632	-	-	196,632
Net assets (deficit), beginning of year	(288,967)	-	-	(288,967)
Net assets (deficit), end of year	\$ (92,335)	-	-	(92,335)

The accompanying notes are an integral part of these financial statements.

MISSION WEST VIRGINIA, INC.
Statement of Functional Expenses
Year ended December 31, 2012

	Human Services	Technology	Total program expenses	Management and General	Total expenses
Salaries	\$ 486,779	47,515	534,294	54,899	589,193
Fringe benefits	159,110	16,754	175,864	22,925	198,789
Travel, meetings and conferences	83,266	25,315	108,581	2,311	110,892
Program support	19,359	-	19,359	-	19,359
Outreach Activities	3,260	10,000	13,260	-	13,260
Rent	22,119	41,722	63,841	10,807	74,648
Insurance	-	-	-	6,316	6,316
Telephone	9,210	1,939	11,149	4,465	15,614
Postage and shipping	3,569	-	3,569	485	4,054
Supplies and office expense	9,857	2,350	12,207	1,947	14,154
Printing and publications	48,888	189	49,077	656	49,733
Continuing Education	13,361	-	13,361	-	13,361
Automobile	-	20,811	20,811	-	20,811
Computer equipment and software	9,313	89,375	98,688	512	99,200
Warehousing	-	34,545	34,545	-	34,545
Subcontracts	1,106,353	6,105	1,112,458	-	1,112,458
Professional fees	455	-	455	14,229	14,684
Other	3,212	15	3,227	16,754	19,981
Depreciation and amortization	1,978,111	296,635	2,274,746	136,306	2,411,052
	-	1,656	1,656	3,207	4,863
Total expenses	\$ 1,978,111	298,291	2,276,402	139,513	2,415,915

The accompanying notes are an integral part of these financial statements.

PARKERSBURG/WOOD COUNTY CONVENTION & VISITORS BUREAU, INC.**Statement of Cash Flows****Year ended December 31, 2012**

Cash flows from operating activities:	
Change in Net Assets	196,632
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	4,863
(Increase) decrease in operating expenses	-
Grants & accounts receivable	(18,942)
Prepaid expenses	84,140
Increase (decrease) in current liabilities	
Bank overdraft	(37,329)
Accounts payable	(35,700)
Payroll taxes withheld and accrued	(66,298)
Deferred revenue	(120,294)
Net cash used in operating activities	7,072
Cash flows from investing activities:	
Purchase of property and equipment	(4,879)
Net cash used in investing activities	(4,879)
Cash flows from financing activities:	
Principal payments on capital lease obligations	(2,707)
Net cash used in financing activities	(2,707)
Decrease in cash and cash equivalents	(514)
Cash and cash equivalents at beginning of year	1,193
Cash and cash equivalents at end of year	\$ 679
Supplemental cash flow disclosures:	
Cash paid for:	
Income taxes	\$ -
Interest	-

The accompanying notes are an integral part of these financial statements.

MISSION WEST VIRGINIA, INC.
Notes to Financial Statements

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Background - Mission West Virginia, Inc., (the Organization) was incorporated as a nonprofit organization in the State of West Virginia in 1997.

Nature of Activities - The Organization seeks to initiate creative and innovative ideas and programs which will allow West Virginia communities to solve the social, economic and attitudinal problems they face through special partnerships with large corporations, small businesses, foundations, state and local governments, civic organizations, and religious and educational institutions. The Organization is supported primarily through direct and indirect contributions, federal and state grants, fee for service, and computer sales.

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. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Grants received in advance of incurring qualifying expenses are recorded as deferred revenue. The revenue from fee for service contracts is recognized in the accompanying financial statements when the services have been performed.

Basis of Presentation - The Organization has presented its financial statements in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Contributions - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Significant contributions received in forms other than cash consist of warehouse space used in the Organization's technology program services. The donated warehouse space is reported at the estimated fair rental value.

Income Tax Status - The Internal Revenue Service has determined that the Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore, is not subject to federal and state income taxes.

For the year ended December 31, 2012, the Organization has determined that no income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization's management has represented to me that it is no longer subject to taxes through income tax examinations for years prior to 2009.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Organization considers all checking and savings accounts and other highly-liquid financial instruments with an original maturity of three months or less to be cash and cash equivalents.

MISSION WEST VIRGINIA, INC.
Notes to Financial Statements

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable are periodically evaluated for collectability. Once it is determined by management that the account will not be collectible, it is charged-off as a bad debt.

Property and Equipment - Property and equipment is stated at cost less accumulated depreciation. Major expenditures and those which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Some of the Organization's property and equipment has been purchased with grant funds received from federal agencies. The property and equipment purchased with grant funds is owned by the Organization while used in the program for which it was purchased or in future authorized programs. The funding source, however, have a reversionary interest in the equipment purchased with grant funds. Therefore, its disposition, as well as the ownership of any sale proceeds there from, is subject to funding source regulations.

Depreciation - The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method. The useful lives for purposes of computing depreciation are:

Equipment and Furniture	3 to 10 years
Vehicles	4 years

Depreciation expense for the year ended December 31, 2012 was \$4,863.

Fair Value of Financial Instruments - Mission West Virginia, Inc., has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2012 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value of all financial instruments has been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF RISK

Mission West Virginia, Inc. is a nonprofit organization that provides assistance which allows West Virginia communities to solve the social, economic, and attitudinal problems they face. The Organization provides services that are reimbursed by third parties without requiring collateral or any other security. Accounts receivable have been adjusted for all known uncollectible accounts.

MISSION WEST VIRGINIA, INC.
Notes to Financial Statements

RISK MANAGEMENT

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

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amount the programs and supporting services benefited.

The Organization has adopted a cost allocation plan whereby each program is charged its fair share of its indirect costs. Indirect costs are those consists incurred for a common purpose benefiting or supporting all Organization programs and activities and are not readily assignable directly. Indirect costs are accumulated in an indirect cost pools and are allocated to the various programs in proportion to their modified total direct costs to organizational-wide modified total direct costs

CONTINGENCIES

In the normal course of operations, the Organization receives grant funds from various federal and state agencies. The grant programs are subject to audit by the granting authorities for the purpose of ensuring compliance with the conditions of the awards. Any liability for the reimbursement which may arise as a result of these audits is not believed to be material.

In addition, as a result of the financial and compliance audit for the year ended December 31, 2012, instances of noncompliance were identified which could result in disallowed costs. The determination as to the allowability of the questioned costs will be made by the grantor agencies.

DEFERRED REVENUE

Deferred revenue, which consists of restricted funds received by Mission West Virginia, Inc. but not yet expended for qualifying expenses, is comprised of the following as of December 31, 2012:

Adoption Opportunities	9,193
Healthy Marriages Program	16,549
Kinship Care	26,266
Total deferred revenue	\$52,008

MISSION WEST VIRGINIA, INC.
Notes to Financial Statements

CAPITAL LEASE PAYABLE

The Organization is the lessee of a copier under a capital lease expiring in 2015. Equipment held under a capital lease, included with owned property on the Statements of Financial Position, consists of the following:

Copier	\$ 13,636
<u>Less accumulated depreciation</u>	<u>(6,818)</u>
<u>Equipment under capital leases, net</u>	<u>\$ 6,818</u>

Amortization of the leased property is included in depreciation expense. The following is a schedule, by years, of future minimum lease payments under the capitalized lease together with the present value of the net minimum lease payments at December 31, 2012. Interest expense for the year ended December 31, 2012 was \$459 and is included in the "Interest Expense" account on the Statement of Functional Expenses.

Future minimum lease payments are as follows:

Years ending December 31:	
2013	\$ 3,088
2014	3,088
2015	315
Present value of minimum lease payments	\$ 6,491
<u>Less Amount representing interest</u>	<u>(342)</u>
<u>Present value of the net minimum lease payments</u>	<u>\$ 6,149</u>

The interest rate on the capital lease is 5% and was imputed based on the lower of the Organization's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

OPERATING LEASE

The Organization leases current office space under an operating lease expiring May 2015. The lease provides for monthly rent payments of \$1,925. In addition, the Organization leases warehouse space under an operating lease on a month-to-month basis. The lease provides for monthly rents of \$1,000

Total rent expense paid for the year ended December 31, 2012 for the above leases was \$35,100.

The following summarizes future minimum rental payments required under operating leases having initial or remaining noncancellable lease terms in excess of one year as of December 31, 2012.

Years ending December 31:	
2013	\$ 35,100
2014	35,100
2015	9,625
<u>Total</u>	<u>\$ 79,825</u>

MISSION WEST VIRGINIA, INC.
Notes to Financial Statements

DONATED SPACE

During 2012, the Organization received donated warehouse space for use in its technology program. The value of the donated space totaled \$30,900 based on the estimated fair rental value. This amount has been recorded as contribution revenue and rent expense in the technology program in the accompanying financial statements.

EMPLOYEE BENEFIT PLAN

The Organization adopted a defined contribution pension plan for the benefit of its employees. The Organization makes a matching contribution equal to the employee's contribution up to 3% of the eligible employee's gross compensation for the year. Contributions to the plan totaled \$11,145 for the year ended December 31, 2012.

GOING CONCERN

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles which contemplates of the Organization as a going concern. However, the Organization sustained substantial losses from operations in previous years. In addition, the Organization has used substantial amounts of working capital in its operations. As a result, the Organization's total liabilities exceeded its total assets by \$92,335 as of December 31, 2012.

In view of these matters, realization of a major portion of the assets in the accompanying statement of net assets is dependent upon continued operations of the Organization, which in turn is dependent upon the Organization's ability to meet its financial obligations, and the success of its future operations. Management believes that actions presently being taken to revise the Organization's operations provide the opportunity for the Organization to continue as a going concern.

Management's plans to address these conditions include its continuing efforts to increase unrestricted capital. Contracts have been executed to provide services, instruction and equipment to non-profits and salvage material for sale to recycling companies that will generate revenue in excess of operating expenses. This is a growing source of revenue for the Organization, and was a major factor in reducing the Organization's working capital deficit by \$196,632 in the current year. As a result of these efforts, management feels the current financial difficulties can eventually be overcome as evidenced by the systematic repayment of prior year payroll taxes and vendor invoices.

Mission West Virginia's management, staff and board are all committed to its continuing efforts to re-establish the Organization as one of the most respected non-profits in the state. Despite the personnel and resulting financial issues that have affected the organization in recent years, the staff and board have redoubled efforts to improve organizational policies, reassure funders of our stability and continue to serve our mission to promote and encourage collaborative partnerships that ultimately improve the lives of West Virginians. Management and staff are dedicated to this goal and will continue to work diligently to this end.

EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 24, 2013, the date which the financial statements were available to be issued for possible adjustment to, or disclosure in, the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification.

MISSION WEST VIRGINIA, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity ID Number	Program Period	Program or Award Amount	Receipts or Revenue Recognized	Disbursements or Expenditures
U.S. Department of Health and Human Services Teenage Pregnancy Prevention Program	93 297	N/A	9/1/11 - 8/31/12	914,347.00	547,725.00	547,725.00
Teenage Pregnancy Prevention Program	93 297	N/A	9/1/12 - 8/31/13	914,347.00	378,448.00	378,448.00
Healthy Marriage Promotion and Responsible Fatherhood Grants	93 086	N/A	9/30/11 - 9/29/12	693,935.00	606,029.00	606,029.00
Healthy Marriage Promotion and Responsible Fatherhood Grants	93 086	N/A	9/30/12 - 9/29/13	693,935.00	160,012.00	160,012.00
Competitive Abstinence Education	93 060	N/A	9/30/12 - 9/29/14	617,333.00	42,747.00	42,747.00
Pass Through - West Virginia						
Department of Health and Human Services Promoting Safe & Healthy Families	93 556	G120178	7/1/11 - 6/30/12	133,125.00	77,657.00	77,657.00
Promoting Safe & Healthy Families	93 556	G130209	7/1/12 - 6/30/13	133,125.00	46,845.00	46,845.00
Personal Responsibility Education Program	93 092	G110982	4/1/11 - 3/31/12	40,000.00	8,765.00	8,765.00
Personal Responsibility Education Program	93 092	G120871	4/1/12 - 3/31/13	40,000.00	22,259.00	22,259.00
Total Federal Awards					<u>1,890,487.00</u>	<u>1,890,487.00</u>
Combined Expenditures						
1) CFDA No. 93.297						926,173
2) CFDA No. 93.086						766,041
3) CFDA No. 93.060						124,502

MISSION WEST VIRGINIA, INC.
Notes to Schedule of Expenditure of Federal Awards

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Mission West Virginia, Inc, and is presented in conformity with accounting principles generally accepted in the United States of America. 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 in this schedule may differ from amounts in, or used in the preparation of, the basic financial statements.

MISSION WEST VIRGINIA, INC
SCHEDULE OF EXPENDITURES OF STATE AWARDS
 December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity ID Number	Program Period	Program or Award Amount	Receipts or Revenue Recognized	Disbursements/Expenditures
Department of Health and Human Services					
Bureau for Children and Families					
Foster Care and Adoption Initiative	0120178	7/1/11 - 6/30/12	44,375.00	25,886.00	25,886.00
Foster Care and Adoption Initiative	0130209	7/1/12 - 6/30/13	44,375.00	15,615.00	15,615.00
Total Department of Health and Human Services			88,750.00	41,501.00	41,501.00
Bureau of Senior Services					
Kinship Care	21287	7/1/11 - 6/30/12	35,000.00	19,205.00	19,205.00
Kinship Care	21367	7/1/12 - 6/30/13	35,000.00	11,746.00	11,746.00
Total Bureau of Senior Services			70,000.00	30,951.00	30,951.00
Total State Awards			158,750.00	72,452.00	72,452.00



ALICE M. HARRIS, CPA, A.C.

CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S 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 Trustees of
Mission West Virginia, Inc

I have audited, 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, the financial statements of Mission West Virginia, Inc, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated September 24, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Mission West Virginia, Inc's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mission West Virginia, Inc's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs 12-1 to 12-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mission West Virginia, Inc's financial statements are free from 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

Compliance and Other Matters, Continued

objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 12-4.

Mission West Virginia, Inc's Response to Findings

Mission West Virginia, Inc's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Mission West Virginia, Inc's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alice M. Harris, CPA



ALICE M. HARRIS, CPA, A.C.

CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees of
Mission West Virginia, Inc

Report on Compliance for Each Major Federal Program

We have audited Mission West Virginia, 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 Mission West Virginia, Inc's major federal programs for the year ended December 31, 2012. Mission West Virginia, Inc's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mission West Virginia, Inc's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Mission West Virginia, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Mission West Virginia, Inc's compliance.

Opinion on Each Major Federal Program

In our opinion, Mission West Virginia, Inc complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 12-4. Our opinion on each major federal program is not modified with respect to these matters.

Mission West Virginia, Inc's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mission West Virginia, Inc's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Mission West Virginia, Inc is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mission West Virginia, Inc's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Mission West Virginia, 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 12-4 to be material weaknesses.

Mission West Virginia, Inc's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mission West Virginia, Inc's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Alice M. Harris, CPA

Parkersburg, WV 26101

September 24, 2013

MISSION WEST VIRGINIA, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2012

2011 Previous Year Federal Awards Findings & Questioned Costs:

11-4 Indirect Cost Allocations

Program: Teenage Pregnancy Prevention Program
CFDA No.: 93.297
Agency: U.D. Department of Health and Human Services
Citation: OMB Circular A-122 "Cost Principles for Non-Profit Organizations"

Finding: Mission West Virginia did not allocate indirect costs to programs in a timely manner, requiring adjusting entries by the auditor.

Requirement: OMB Circular A-122 states that the total cost of an award is the sum of the allowable direct and allocable indirect costs to be assigned to the individual programs.

Effect: Management's ability to recoup allowable costs could be compromised if a current indirect cost rate is not in place. Conversely, costs may be overcharged if the assumed or outdated indirect cost rate being used is inaccurate.

Recommendations: Management should enact policy to ensure indirect costs are allocated in a timely manner in accordance with generally accepted auditing principles.

Correction Action Plan: Management has obtained a negotiated indirect cost rate with the U.S. Department of Health and Human Services and has updated it as required. The Organization's bookkeeper has worked with a contracted outside accountant to distribute indirect costs but the system was not in place until later than anticipated in 2011. While indirect costs are being allocated they were not done in a timely manner during 2012.

Name of Responsible Person: B. David Rogers, Executive Director

Name of Department Contact: B. David Rogers, Executive Director

Projected Implementation Date: An approved indirect cost rate was submitted and approved by the U.S. Department of Human Services. Indirect costs were calculated using an Excel spreadsheet. However, the indirect costs were not recorded in the Organization's general ledger until the correcting entry was proposed by the Auditor. Actual recording of the monthly entries will be implemented for fiscal year 2013 and will be reflected in the 2013 audited financial statements.

**MISSION WEST VIRGINIA, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2012**

2011 Previous Year Federal Awards Findings & Questioned Costs:

11-5 Federal Funds Drawn Down in Excess of Immediate Needs. (Corrected)

Program: Teenage Pregnancy Prevention Program
CFDA No.: 93.297
Agency: U.D. Department of Health and Human Services
Citation: OMB Circular A-122 "Cost Principles for Non-Profit Organizations"

Finding: Instances were noted where federal funds were drawn down in excess of immediate needs of the Organization.

Requirement: OMB Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Non-Profit Organizations*, requires recipients of federal funds to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the payment of obligations.

Effect: The organization was not in compliance with federal cash management policies.

Recommendations: Management should review the federal cash management policies and revise the Organization's procedures for requesting federal funds to minimize the time elapsing between the receipt of funds and the payment of the Organization's obligations.

Correction Action Plan: Financial policy has been modified and enacted accordingly. Mission West Virginia has changed its money handling policy to ensure federal funds needed by the organization are drawn down only for reimbursement of immediate expenses. Funds are drawn down and kept in a separate bank account to ensure insulation from other financial transactions.

Name of Responsible Person: B. David Rogers, Executive Director

Name of Department Contact: B. David Rogers, Executive Director

Projected Implementation Date: Implemented 3rd Quarter 2011 and is not a finding for calendar year 2012.

**MISSION WEST VIRGINIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued - Unqualified

Internal Control Financial Reporting:

- Material Weakness(es) Identified? X
Yes No

- Significant deficiency (ies) identified that are not considered to be material weaknesses X
Yes None
Reported

- Noncompliance Material to the Financial Statements? X
Yes None
Reported

FEDERAL AWARDS

Internal Control over Major Programs:

- Material Weakness(es) Identified? X
Yes No

- Significant deficiency (ies) identified that are not considered to be material weaknesses X
Yes None
Reported

Type of Auditor's 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 OMB Circular A-133 X
Yes None
Reported

Identification of Major Programs:	<u>CFDA #</u>
Teenage Pregnancy Prevention Program	93 297
Healthy Families and Responsible Fatherhood Grant	93 086
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> </u> <u> X </u> Yes No

**MISSION WEST VIRGINIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012**

SECTION II - FINANCIAL STATEMENT FINDINGS

12-1 Completeness of Recorded Liabilities

Condition: Accounts payable, involving amounts material in relation to the financial statements, were not reflected in the Organization's general ledger balances at December 31, 2012. Additionally, accrued payroll taxes and accrued vacation were not accurately recorded at December 31, 2011.

Criteria: The accrual basis of accounting is required by generally accepted accounting principles.

Cause: The Organization's procedures did not include a review to ensure that all liabilities were accrued in accordance with generally accepted accounting principles. Currently invoices are entered into the Organization's accounting system only when they are paid. Therefore, the Organization is not utilizing the accounting systems capacity for tracking accounts payable.

Effect: Audit adjusting entries were required to reflect accurate balances in accounts payable, accrued liabilities and expenses.

Recommendation: The Organization should enter all invoices into the accounting software as they are received with care given to ensure that the dates the invoices are entered reflect the actual dates in which items were purchased or services provided. Additionally, procedures should be implemented to encompass a review of recorded liabilities for accuracy and completeness. All such liability accounts need to be reconciled prior to submitting the financial statements to the auditor. If the organization does not have accounting staff with the skills necessary to perform these tasks then the Organization should consider seeking outside accounting resources to assist with the necessary reconciliations.

This finding was also noted in the prior year (Finding 11-1)

12-2 General Ledger

Condition: The Organization's general was not maintained in a manner sufficient to permit timely and accurate financial reporting throughout the year. Indirect costs were not allocated to the various programs and activities, grant revenue, grants receivable, deferred revenue and capital lease payments were inaccurately recorded.

Criteria: Accurate and timely financial information is essential to management in overseeing the daily operations of the Organization and is required for the preparation of financial statements in accordance with generally accepted accounting principles.

Cause: Current accounting staff does not appear to have the necessary accounting knowledge to reconcile and report the previously mentioned financial transactions.

MISSION WEST VIRGINIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

Effect: Management's operating decisions may be adversely affected if based on inaccurate. Submission of costs to grantors for reimbursement may be incomplete or erroneous if the Organization's books and records are inaccurate or have not been updated. Numerous audit adjusting entries of material amounts were required in order for management's financial statements to be presented in accordance with generally accepted accounting principles.

Recommendation: While it appears that current accounting staff has the skills and experience to maintain the accounting records on the cash basis of accounting, it does not appear that they have the ability to prepare accrual basis financial statements. Therefore, either current accounting staff should receive additional instruction and training concerning the preparation of internal financial statements in accordance with the accrual basis of accounting or the Organization should engage the services of an independent accountant to perform the reconciliations and adjustments necessary to prepare the required accrual basis financial statement. While it would be ideal to prepare monthly accrual basis financial statements, they should be prepared no less often than quarterly or for any period in which a federal or state grant is ending as accrual basis financial statements are essential to accurately prepare required financial reports at the end of any grant period.

This finding was also noted in the prior year (Finding 11-2)

12-3 Indirect Cost Allocations

Condition: Indirect costs were calculated in accordance with OMB Circular A-122 "Cost Principles for Non-Profit Organizations", the approved indirect cost rate proposal as submitted to the U.S. Department of Human Services and the Organization's stated accounting policies utilizing an Excel spreadsheet. However, the indirect costs allocations were not recorded in the Organization's accounting records.

Criteria: OMB Circular A-122 states that the total cost of an award is the sum of the allowable direct and allocable indirect costs. The allocation of indirect costs may be accomplished by (i) separating the Organization's total costs for the period as either direct or indirect, and (ii) dividing the total allowable indirect costs by an equitable distribution base. The result is an indirect cost rate which is used to distribute indirect costs to individual awards.

Cause: The Organization's stated policies to comply with the provisions of OMB Circular A-122 were implemented except for the actual recording of the computed indirect costs into the Organization's general ledger which was not implemented by management.

**MISSION WEST VIRGINIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012**

Effect: Failure to record the calculated indirect costs into the Organization's general ledger could result in inaccurate financial reporting. In addition, a portion of the indirect costs charged to the various programs could be disallowed by the various funding sources. Audit adjusting journal entries were required to allocate indirect costs to the various programs and activities in accordance with generally acceptable accounting principles.

Recommendation: Because the Organization has complied with the requirement to submit an indirect cost rate proposal which was approved by its lead agency and has appropriately calculated the monthly indirect cost allocations, management needs to take the additional step to ensure that the indirect costs are appropriately recorded in the Organization's general ledger.

This finding was also noted in the prior year (Finding 11-3)

**MISSION WEST VIRGINIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012**

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Department of Health and Human Services:

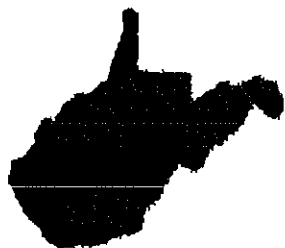
12-4 Teenage Pregnancy Prevention Program - CFDA 93.297

Healthy Marriages Promotion - CFDA 93.086

The finding identified in 12-3, indirect cost allocations, also applies to these programs.

Questioned costs: None

CORRECTIVE ACTION PLAN



Mission West Virginia, Inc.
168 Midland Trail, Suite 1
Hurricane, WV 25526

BOARD OF DIRECTORS:

Mr. Richard Barnard, Secretary
 Ms. Lynn Bennett, Treasurer
 Mrs. Christy Benson
 Dr. David Clayman, Vice-President
 Dr. Robin Lewis
 Mr. William Loupe
 Rev. D D. Melghen, President

FOUNDER:

Gov. Cecil H. Underwood

STAFF CONTACTS:

Executive Director
 Mr. B. David Rogers

Associate Director
 Ms. Kelly M. Thompson

THINK Program Director
 Ms. Torri Childs

Accounting Services
 Ms. Terri Ramsey, Director

Telephone: 304-562-0723
 Fax: 304-562-0726
 Email: mwv@missionwv.org
 Website: www.missionwv.org

September 24, 2013

Alice M. Harris, CPA
 1818 Rayon Drive
 Parkersburg, WV 26101

Dear Ms. Harris,

The purpose of this letter is to address findings issued by your firm regarding the FY2012 audit of Mission West Virginia, Inc.'s financial statements. As we have discussed at length and as has been noted in previous audits, the last few years have been a time of transition at the organization. Since 2010 the management team and board of directors have been engaged in efforts to strengthen Mission West Virginia's fiscal health and internal financial policies

Because of the timing of the completion of this audit, many of the findings brought to light have either been addressed or are in the process of being addressed. This is and will continue to be an ongoing process as the organization recovers and works to strengthen internal controls, ensuring sustainability of programs and transparency in all financial dealings. Steady progress has been made, as is evident when looking at the organization's audits over time, and we continue to strive to operate under sound accounting and business practices in a professional and ethical manner

The responses to your current findings and corrective actions planned or in process are listed below in the order in which they were presented in your audit report.

Findings and Questioned Costs

12-1 Completeness of Recorded Liabilities

The 2012 audit noted the records supporting reported liabilities were incomplete. Specifically it was noted that accounts payable did not reflect all expenses as accrued but rather were entered into the accounting system as the invoices were paid.

Requirement: The accrual basis of accounting is required under Generally Accepted Accounting Principles (GAAP).

Finding: Because payables were entered only as invoices were paid, the organization did not take full advantage of the accounting software systems or accrual accounting.

Effect of Finding: Audit adjusting entries were required to reflect accurate balances.

Recommendation: Procedures be strengthened to ensure liabilities are recorded to reflect when payables are incurred rather than when they are paid so that liabilities are more accurately recorded in the general ledger.

Corrective Action Plan: Mission West Virginia contracted with a local accountant who comes in at least twice each month to review the organization's financial statements to ensure the accrual basis of accounting is properly followed. The contracted accountant

FY2012 Finding and Corrective Action – cont'd Page 2

worked with the organization's bookkeeper to fix some of the liabilities accounts but had not completed all work correcting this issue. Management reviews the general ledger monthly and meets with the oversight accountant to review recorded payable accounts to ensure their accuracy.

Name of Responsible Person: B. David Rogers, Executive Director

Name of Department Contact: B. David Rogers, Executive Director

Projected Implementation Date: Implemented with revised/updated financial policies. Ongoing review and correction until the citation is removed

12-02 General Ledger

Finding: Mission West Virginia's general ledger did not accurately reflect some revenues and expenses, requiring adjusting entries to correct accounts.

Requirement: Generally Accepted Accounting Principles (GAAP) require organizations to properly maintain a general ledger in a manner sufficient to permit timely and accurate financial reporting throughout the year.

Effect: Management's operating decisions may be adversely affected if based on inaccurate or incomplete financial information.

Recommendation: Procedures should be implemented so that the General Ledger reports all revenues and expenses appropriately.

Corrective Action Plan: The Mission West Virginia board of directors approved and management implemented updated financial policies in 2012 and improvements have been continuing. The executive director and associate director review the general ledger. A system was implemented to provide accounting oversight from an independent outside accountant but issues with old deferred revenue accounts and timeliness of indirect cost allocation were being addressed. Because of the intricate nature of some of the adjustments changes will be made with the assistance of the outside accounting firm contracted to provide oversight services.

Name of Responsible Person: B. David Rogers, Executive Director.

Name of Department Contact: B. David Rogers, Executive Director

Projected Implementation Date: Ongoing; oversight began 4th Quarter FY 2012

FY2011 Finding and Correction Action - cont'd Page 3

12-03 Indirect Cost

Finding: Mission West Virginia did not allocate indirect costs to programs in a timely manner, requiring adjusting entries by the auditor.

Requirement: OMB Circular A-122 states that the total cost of an award is the sum of the allowable direct and allocable indirect costs to be assigned to individual programs.

Effect: Management's ability to recoup allowable costs could be compromised if a current indirect cost rate is not in place. Conversely, costs may be overcharged if the assumed or outdated indirect cost rate being used is inaccurate.

Recommendation: Management should enact policy to ensure indirect costs are allocated in a timely manner in accordance with generally accepted accounting principles.

Corrective Action Plan: Management has obtained a negotiated indirect cost rate with the U.S. Department of Health and Human Services and has updated it as required. The organization's bookkeeper continues to work with a contracted, outside accountant to distribute indirect costs. Those costs are being properly calculated and charged to the appropriate grant work is still being done to ensure that these allocations are correctly reflected in the records in a timely manner.

Name of Responsible Person: B. David Rogers, Executive Director.

Name of Department Contact: B. David Rogers, Executive Director

Projected Implementation Date: Ongoing; will be reflected as such on the 2013 audited financial statement.

FY 2012 Federal Awards Findings and Questioned Costs

12-04 Indirect Cost

Program: Teen Pregnancy Prevention
CFDA No.: 93.297
Agency: U.S. Department of Health and Human Services
Citation: Indirect Cost Rate
Questioned Costs: None

Requirement: OMB Circular A-122 states that the total cost of an award is the sum of the allowable direct and allocable indirect costs. Without a current indirect cost rate proposal it is difficult to assign management and overhead costs to applicable programs.

Finding: The finding identified in 12-3, indirect cost allocation, also applies to this program.

Effect: Management's ability to recoup allowable costs could be compromised if a current indirect cost rate is not in place. Conversely, costs may be overcharged if the assumed or outdated indirect cost rate being used is inaccurate.

Recommendation: Management should follow its financial policy for applying the approved indirect cost rate in a timely manner.

Corrective Action Plan: As noted above, management has obtained a negotiated indirect cost rate with the U.S. Department of Health and Human Services. A system to equitably distribute indirect costs among eligible programs was designed and has been put in place and the amounts charged to programs are not questioned. However the records much reflect those allocations in a more timely manner. Management will redouble efforts to ensure that the contracted independent outside accountant works with the organization's accounting staff to record charged indirect costs appropriately.

Name of Responsible Person: B. David Rogers, Executive Director.

Name of Department Contact: B. David Rogers, Executive Director

Projected Implementation Date: Ongoing. Policy was developed covering this area and amounts charged have not been questioned. However work is continuing to ensure those amounts are reported in a timely manner.

Mission West Virginia strives to make all recommended improvements. The organization's staff and board are proud of its programs and the results they achieve and want the financial statements to show that same level of professionalism. The organization has made remarkable progress to overcome the problems caused by an instance of employee theft and appreciates the continued support of its funders and partners. Some of the improvements planned have taken longer to fully implement than had been anticipated, but show the effort being made. In addition to those listed specifically above, Mission West Virginia will attempt to streamline its bidding process so work on the audited financial statements can be completed earlier in the year. In that way recommendations can come with enough leeway to fully address any deficiencies.

