

PRESTON COUNTY CARING COUNCIL, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

DHHR - Finance

JUN 12 2014

State Received

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-12
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of State Awards	13
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>	14-15
SCHEDULE OF FINDINGS AND RESPONSES	16

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, 2012, 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, 2012, 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 22, 2014 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 22, 2014

PRESTON COUNTY CARING COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2012

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 37 976
Employee receivable	556
Prepayments	4 758

	43 290

PROPERTY AND EQUIPMENT	
Leasehold improvement	1 953
Office equipment	35 123
Less accumulated depreciation	(27 156)

	9 920

TOTAL ASSETS	\$ 53 210
	=====
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 8 880

TOTAL ASSETS	8 880

NET ASSETS	
Unrestricted	35 932
Temporarily restricted	8 398

TOTAL ASSETS	44 330

TOTAL LIABILITIES AND NET ASSETS	\$ 53 210
	=====

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, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
State government grants	\$	\$ 230 500	\$ 230 500
Fundraising and special events	4 394		4 394
Other grants	12 200	18 000	30 200
Donations	17 222		17 222
	-----	-----	-----
Total revenue and support	33 816	248 500	282 316
	-----	-----	-----
Net assets released from usage restrictions	244 218	(244 218)	
	-----	-----	-----
Total public support and revenue	278 034	4 282	282 316
	-----	-----	-----
EXPENSES			
Program services	234 587		234 587
General and administrative	23 280		23 280
Fundraising	2 708		2 708
	-----	-----	-----
Total expenses	260 575		260 575
	-----	-----	-----
Increase in net assets	17 459	4 282	21 741
	-----	-----	-----
NET ASSETS - BEGINNING OF YEAR	18 473	4 116	22 589
	-----	-----	-----
NET ASSETS - END OF YEAR	\$ 35 932	\$ 8 398	\$ 44 330
	=====	=====	=====

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, 2012

	<u>Total</u>	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>
PAYROLL				
Staff wages	\$ 118 898	\$ 118 898	\$	\$
Employee benefits	22 127	22 127		
Payroll taxes	10 727	10 727		
	-----	-----	-----	-----
Total payroll	151 752	151 752		
OTHER EXPENSES				
Rent	5 063	5 063		
Professional fees	2 260		2 260	
Contractual	14 299	6 689	7 610	
Supplies and materials	34 680	31 972		2 708
Telephone and utilities	6 963	6 963		
Training	3 657	3 657		
Advertising and public relations	6 862	6 862		
Insurance	3 367	3 367		
Office expense	10 417		10 417	
Travel and transportation	10 399	10 399		
Dues and licenses	487		487	
Meeting expenses	2 807	2 807		
Depreciation	3 525	1 019	2 506	
Subscriptions	202	202		
Other sundries	3 835	3 835		
	-----	-----	-----	-----
	<u>\$ 260 575</u>	<u>\$ 234 587</u>	<u>\$ 23 280</u>	<u>\$ 2 708</u>

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 21 741
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3 525
Increase in accrued expenses	1 204
Increase in employee receivables	(556)
Increase in prepaid expenses	(1 360)

Net cash provided by operating activities	24 554

CASH FLOWS FROM INVESTING ACTIVITIES:	
Equipment purchases	(8 861)

Net cash (used) in capital and related financing activities	(8 861)

NET INCREASE IN CASH	15 693
CASH AND CASH EQUIVALENTS - BEGINNING	22 283

CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 37 976</u></u>

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, 2012

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, 2012, 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 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, 2012.

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 expires 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.

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, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities has been detailed in the statements of functional expenses and agree with as summarized on a functional basis in the statement 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, 2012, 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:

	Bank <u>Balance</u>	Carrying <u>Value</u>	Interest <u>Rate</u>
Petty Cash	\$	\$ 200	N/A
Checking	54 597	37 776	0%

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

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.

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, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization received a determination from the Internal Revenue Service indicating that it is exempt for 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, 2012, the Organization had 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, 2011 through June 30, 2013 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 reported periods. Accordingly, actual results could differ from those estimates.

Prepayments

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

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

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, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

Fixed Assets (Continued)

otherwise disposed of the related costs and accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are recognized. Depreciation is computed using straight-line and an accelerated method over the estimated 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 revenues 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, 2012.

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 22, 2014, the date the financial statements were available to be issued.

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, 2012

Note 2. Property and Equipment and Depreciation

Property and equipment consist of the following:

Leasehold improvements	\$ 1 953
Office equipment	26 261

	28 214
Less accumulated depreciation	(23 630)

	<u>\$ 4 584</u>

Depreciation expense for the year ended June 30, 2012 amounts to \$3,525.

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 Organization rent; however, the Organization is responsible for the utilities and upkeep. The Church considers the Organization 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.

Note 6. Advertising

Advertising and public relation expenses for the year are \$6,862.

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, 2012

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
Federal Funds (CFDA #93.556)	56 250
State Funds (Account #0403/274)	39 056
State Funds (Account #0403/196)	18 750

	\$ 120 000

Preston County Caring Council Parents
as Teachers:

Federal Funds (CFDA # 93.590)	\$ 1 783
State Funds (Account #0403/688)	66 217

	\$ 68 000

Preston County Caring Council:

Federal Funds (CFDA #93.778)	\$ 14 784
State Funds (Account #0403/274)	27 716

	\$ 42 500

Note 8. Child Advocacy Center

For the year ended June 30, 2012, the Organization received a \$18,000 grant from the Sisters of Saint Joseph Health and Wellness Foundation to start and support a Child Advocacy Center for Preston, Taylor and Barbour Counties, West Virginia. After establishment, a new organization, Tygart Valley Regional Child Advocacy Center, will take over the activities for the Child Advocacy Center.

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, 2012**

<u>State Grantor</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
West Virginia Department of Health and Human Resources Bureau for Children and Families		
Preston County Starting Points	\$ 120 000	\$ 120 000
Preston County Caring Council	42 500	42 500
Preston County Caring Council Parents as Teachers	68 000	69 301

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, 2012, and have issued our report thereon dated May 22, 2014. 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

Management of Preston County Caring Council, Inc. is responsible for establishing and maintaining effective 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 in the accompanying schedule of findings and responses as 12-1, 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 22, 2014

DHHR - Finance

JUN 12 2014

Date Received

PRESTON COUNTY CARING COUNCIL INC.

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012**

12-1

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.

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.