

MID-OHIO VALLEY FELLOWSHIP HOME, INC.

Financial Statements

June 30, 2012 and 2011

DHHR - Finance

JUN 30 2014

Date Received

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Financial Statements
June 30, 2012 and 2011

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ALICE M. HARRIS, CPA, A.C.

Independent Auditor's Report

Board of Directors
Mid-Ohio Valley Fellowship Home, Inc.:

I have audited the accompanying statements of financial position of the Mid-Ohio Valley Fellowship Home, Inc., (a West Virginia non-profit corporation) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. The financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 audits 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid-Ohio Valley Fellowship Home, Inc., as of June 30, 2012 and 2011, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Audit Standards*, I have also issued my report dated January 18, 2013 on my consideration of the Mid Ohio Valley Fellowship Home, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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Independent Auditor's Report, Continued

My audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alice M. Harris, CPA

Alice M. Harris, CPA
January 18, 2013

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Statements of Financial Position
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current assets:		
Cash	14,909	15,873
Certificates of Deposit	-	19,762
Accounts and grants receivable	46,655	46,106
Other current assets	\$ 4,922	4,729
Total current assets	66,486	86,470
Property, plant, and equipment:		
Land	16,000	16,000
Buildings and improvements	441,834	441,834
Vehicle	12,214	12,214
Furniture and equipment	100,667	96,695
	570,715	566,743
Less accumulated depreciation	(376,519)	(350,000)
Net property, plant, and equipment	194,196	216,743
Total assets	\$ 260,682	303,213
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	2,125	1,907
Accrued payroll	7,054	5,538
Payroll taxes payable	7,027	2,268
Total current liabilities	16,206	9,713
Long-term Liabilities		
Note payable - City of Parkersburg	25,000	25,000
Total liabilities	41,206	34,713
Net Assets:		
Unrestricted	219,476	268,500
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	219,476	268,500
Total liabilities and net assets	\$ 260,682	303,213

See accompanying notes to financial statements.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Statements of Activities
Years ended June 30, 2012 and 2011

	2012			2011				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Increase in Net Assets:								
Governmental grants	\$ 283,385	-	-	283,385	271,050	-	-	271,050
Other grants and fees	36,856	5,960	-	42,816	7,951	20,000	-	27,951
United Way funding	27,061	-	-	27,061	26,503	-	-	26,503
Contributions	3,105	-	-	3,105	4,601	-	-	4,601
Food stamps	44,216	-	-	44,216	45,057	-	-	45,057
Rental fees	45,709	-	-	45,709	47,152	-	-	47,152
Other income	267	-	-	267	2,560	-	-	2,560
Interest	25	-	-	25	144	-	-	144
Total revenue before reclassifications	440,624	5,960	-	446,584	405,018	20,000	-	425,018
Reclassifications:								
Net assets released from restrictions	5,960	(5,960)	-	-	30,000	(30,000)	-	-
Total revenue and reclassifications	446,584	-	-	446,584	435,018	(10,000)	-	425,018
Decreases in Net Assets:								
Program services	453,126	-	-	453,126	412,628	-	-	412,628
Management and general	42,482	-	-	42,482	41,914	-	-	41,914
Total expenses	495,608	-	-	495,608	454,542	-	-	454,542
Increase (decrease) in net assets	(49,024)	-	-	(49,024)	(19,524)	(10,000)	-	(29,524)
Net assets, beginning of year	268,500	-	-	268,500	288,024	10,000	-	298,024
Net assets, end of year	\$ 219,476	-	-	219,476	268,500	-	-	268,500

See accompanying notes to financial statements.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Statements of Functional Expenses
Years ended June 30, 2012 and 2011

	2012			2011		
	Program services	Management and general	Total expenses	Program services	Management and general	Total expenses
Salaries	\$ 217,650	11,029	228,679	204,915	11,463	216,378
Employee benefits	44,837	2,272	47,109	39,949	2,235	42,184
Payroll taxes	22,289	1,129	23,418	19,977	1,118	21,095
Insurance	8,142	905	9,047	10,401	1,156	11,557
Professional fees	-	15,770	15,770	-	14,232	14,232
Contracted services	-	4,100	4,100	-	5,110	5,110
Continuing education	2,210	112	2,322	346	19	365
Office supplies & expense	3,290	167	3,457	1,171	138	1,309
Occupancy	30,696	3,411	34,107	25,564	2,840	28,404
Telephone & communications	4,567	507	5,074	5,320	591	5,911
Repairs and maintenance	8,875	986	9,861	8,412	935	9,347
Travel, conventions & meetings	12,544	635	13,179	9,773	547	10,320
Household & food	58,542	77	58,619	54,134	-	54,134
Resident services & education	13,306	-	13,306	6,837	-	6,837
Miscellaneous	935	104	1,039	1,420	158	1,578
	427,883	41,204	469,087	388,219	40,542	428,761
Depreciation	25,243	1,278	26,521	24,409	1,372	25,781
Total expenses	\$ 453,126	42,482	495,608	412,628	41,914	454,542

See accompanying notes to financial statements.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.

Statements of Cash Flows

Years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (49,024)	(29,524)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	26,521	25,781
(Increase) decrease in:		
Accounts receivable	(549)	(2,018)
Other current assets	(193)	(3,570)
Increase (decrease) in:		
Accounts payable	218	(1,761)
Accrued payroll	1,516	3,190
Payroll taxes payable	4,759	(6,936)
Net cash provided (used) by operating activities	(16,752)	(14,838)
Cash flows from investing activities:		
Purchase of property and equipment	(3,974)	(10,754)
Changes in certificates of deposit	19,762	(127)
Net cash provided by (used in) investing activities	15,788	(10,881)
Increase (decrease) in cash and cash equivalents	(964)	(25,719)
Cash and cash equivalents, beginning of year	15,873	41,592
Cash and cash equivalents, end of year	\$ 14,909	15,873
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	\$ -	-
Interest	-	-

See accompanying notes to financial statements.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Notes to Financial Statements

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Mid-Ohio Valley Fellowship Home, Inc. (the Organization) was incorporated as a nonprofit organization in the State of West Virginia in 1971. The Organization's mission is to provide a well-coordinated system of comprehensive alcoholism services to the residents of Wood County and surrounding areas who are in need of intermediary care and other rehabilitative services.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America.

Basis of Presentation - The Organization has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, an organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- . Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- . Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or passage of time.
- . Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the organization. Generally, the donors of the assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Tax Status - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

For the year ended June 30, 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 is no longer subject to taxes through income tax examinations for years prior to 2009.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Notes to Financial Statements, Continued

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

Property and Equipment - All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment	5-10
Furniture	5-10
Buildings and improvements	10-20

Depreciation expense for the fiscal year ended June 30, 2012 and 2011 was \$26,521 and \$25,781, respectively.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, fundraising activities, and various committee assignments.

Fair Value of Financial Instruments - The Mid-Ohio Valley Fellowship Home, 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 June 30, 2012 and 2011 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.

CONCENTRATIONS OF CREDIT RISK

For the fiscal years ended June 30, 2012 and 2011, approximately 75% of the Organization's support came from federal and state grant awards. This concentration of funding increases the credit risk of the program. The Organization is economically dependent on the continuation of this funding for the operation of its programs.

ACCOUNTS AND GRANTS RECEIVABLE

The Organization operates in the Parkersburg, WV area and receives support from various sources, substantially all of whom are local, state or federal government agencies. All Accounts and Grants Receivable balances are deemed collectible, therefore an allowance for doubtful accounts is unnecessary.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Notes to Financial Statements, Continued

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of assets and liabilities measured on a recurring basis at June 30, 2011 are as follows:

	Fair Value	Fair Value Measurement At Reporting Date Using:		
		Quoted Prices In Active Markets For Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities Available for Sale	\$ 19,762	\$ -0-	\$ 19,762	\$ -0-

The fair value standards established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

NOTE PAYABLE – CITY OF PARKERSBURG

The Organization signed a promissory note payable in the amount of \$25,000 to the City of Parkersburg, WV dated March 11, 1998. The note is non-interest bearing. Repayment is triggered by the sale of certain real estate given by the City of Parkersburg under its Housing Rehabilitation Program before the expiration of the fifteen-year holding period beginning at the above date. At the end of the holding period, the note will be forgiven in full.

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.

CONTINGENT LIABILITIES

The Organization's programs are generally funded from federal, state, and local sources, principal of which are programs of the U.S. Department of Health and Human Services. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, or expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Notes to Financial Statements, Continued

EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 18, 2013, the date which the financial statements were available to be issued.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Board of Directors of
The Mid Ohio Valley Fellowship Home, Inc.

I have audited the financial statements of The Mid Ohio Valley Fellowship Home, Inc., (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued my report thereon dated January 18, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Mid Ohio Valley Fellowship Home, Inc is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Mid Ohio Valley Fellowship Home, Inc's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mid Ohio Valley Fellowship Home, Inc's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies in internal control over financial reporting. (2012-1). 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.

**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, CONTINUED***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mid Ohio Valley Fellowship Home, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Alice M. Harris, CPA

Alice M. Harris, CPA
January 18, 2013

MID OHIO VALLEY FELLOWSHIP HOME, INC
Schedule of Findings and Questioned Costs and Corrective Action Plan

Financial Statement Findings

Finding 2012-1 Lack of Ideal Segregation of Duties (Repeated from Prior Years)

Criteria or specific requirement: Segregation of duties involves the assignment of responsibilities in such a way that different employees handle different parts of the same transaction. Anyone who records transactions or has access to assets ordinarily is in a position to perpetrate errors or irregularities. Appropriate segregation of duties helps to detect errors in a timely manner and deter improper activities.

Condition: The segregation of duties and responsibilities with persons who initiate transactions, record transactions, and reconcile the accounts these transactions affect is not desirable from a control point of view. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of transactions.

Context: The employee who signs checks also approves all expenditures. I recommend that a responsible official, not involved in entering information into the accounting software, receives the bank statement from the bank unopened and review its contents for reasonableness and accuracy. Additionally, controls would be improved if the bank reconciliations were performed by a responsible official not involved in the disbursements process.

Effect: The lack of segregation of duties could increase the risk that misstatements, errors or fraud could occur and go undetected.

Cause: This situation is typical for an organization of this size. Due to constraints in funding, accounting and management staff sizes are minimal making ideal segregation of duties impossible. The most effective controls lie in the Board's level of monitoring and oversight of matters relating to the Organization's operations. Current levels of Board monitoring need to be expanded to include the bank reconciliation process.

Agency Response: To the extent possible, we separate the financial responsibilities. We have recently added additional procedures to help mitigate the lack of ideal segregation of duties. The Board Treasurer periodically reviews financial transactions and completed bank reconciliations for reasonableness.

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Schedule of State Funding Status
Years ended June 30, 2012

	BHHF Men's Program	BHHF Women's Program	BHHF Total	Criminal Justice Grant	WV Grant Total
State Assigned Account Number	G120103	G120103	G120103	11-JAG-50	
Amount of Award	130,000	130,000	260,000	9,945	269,945
Amount Earned & Billed to BHHF through year end and qualifying expenses for prior year's (budgetary) deferred revenue.	(130,000)	(130,000)	(260,000)	(9,945)	(269,945)
Budgetary surplus carried to FY 2012	-	-	-	-	-
Amount not earned but billed to BHHF through year-end	-	-	-	-	-
Amount not billed to BHHF through year-end	-	-	-	-	-
Amount collected by year-end	130,000	130,000	260,000	9,945	269,945

MID-OHIO VALLEY FELLOWSHIP HOME, INC.
Schedule of Revenues & Expenses - State Funded Grants
Year ended June 30, 2012

	BHMF Men's Program G120103	BHMF Women's Program G120103	BHMF Totals G120103	Criminal Justice Grant 11-JAG-50	State Totals
Revenues:					
State awards	130,000	130,000	260,000	9,945	269,945
Other grants and fees	21,554	34,994	56,548	-	56,548
United Fund	13,531	13,531	27,062	-	27,062
Contributions	1,541	1,564	3,105	-	3,105
Food stamps	22,108	22,108	44,216	-	44,216
Resident rent	21,668	24,040	45,708	-	45,708
Interest	-	-	-	-	-
Total revenues	210,402	226,237	436,639	9,945	446,584
Expenses:					
Salaries	101,538	117,196	218,734	9,945	228,679
Employee benefits & Taxes	34,522	36,018	70,540	-	70,540
Contracted services	9,800	10,070	19,870	-	19,870
Direct office supplies and expense	1,736	1,720	3,456	-	3,456
General program supplies/food	29,719	28,824	58,543	-	58,543
Insurance	4,523	4,523	9,046	-	9,046
Repairs and maintenance	2,497	7,273	9,770	-	9,770
Travel	6,436	6,682	13,118	-	13,118
Utilities	22,289	16,892	39,181	-	39,181
Resident needs	4,896	6,769	11,665	-	11,665
Miscellaneous	2,566	2,654	5,220	-	5,220
Total expenses	220,522	238,621	459,143	9,945	469,088
Excess of revenue over expenses	(10,120)	(12,384)	(22,504)	-	(22,504)