

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

DHHR - Finance

APR 7 2014

Date Received

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Randolph County Family Resource Network, Inc.
Elkins, West Virginia

Report on the Financial Statements

We have audited the accompanying statement of financial position of Randolph County Family Resource Network, Inc. (a nonprofit organization) as of June 30, 2013, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Randolph County Family Resource Network, Inc. as of June 30, 2013, 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.

Other Matters

Other Information

The accompanying schedule of expenditures of grant 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 the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 2014 on our consideration of Randolph County Family Resource Network, 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.

Roth & White, A.C.

Kingwood, West Virginia
March 6, 2014

DHHR - Finance

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RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2013

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 7 631
Grant receivables	5 197
Prepayments	613

TOTAL CURRENT ASSETS	13 441

PROPERTY AND EQUIPMENT	
Furniture, fixtures and equipment	24 468
Less accumulated depreciation	23 411

TOTAL PROPERTY AND EQUIPMENT	1 057

TOTAL ASSETS	\$ 14 498
	=====
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 2 671
Accrued expenses	5 490

TOTAL CURRENT LIABILITIES	8 161

NET ASSETS	
Unrestricted	6 337

TOTAL NET ASSETS	6 337

TOTAL LIABILITIES AND NET ASSETS	\$ 14 498
	=====

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants	\$	\$ 104 214	\$ 104 214
Other revenue	1 392		1 392
Donations	5 766		5 766
	-----	-----	-----
Total revenue and support	7 158	104 214	111 372
	-----	-----	-----
Net assets released from usage restrictions	104 910	(104 910)	
	-----	-----	-----
Total public support and revenue	112 068	(696)	111 372
	-----	-----	-----
EXPENSES			
Program services	107 516		107 516
General and administrative	11 252		11 252
	-----	-----	-----
Total expenses	118 768		118 768
	-----	-----	-----
Decrease in net assets	(6 700)	(696)	(7 396)
	-----	-----	-----
NET ASSETS -			
BEGINNING OF YEAR	13 037	696	13 733
	-----	-----	-----
NET ASSETS - END OF YEAR	\$ 6 337	\$ -0-	\$ 6 337
	=====	=====	=====

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013**

	<u>Total</u>	<u>Program Services</u>	<u>General & Administrative</u>
PAYROLL			
Staff wages	\$ 53 774	\$ 47 679	\$ 6 095
Payroll taxes	5 198	4 609	589
	-----	-----	-----
Total payroll	58 972	52 288	6 684
OTHER EXPENSES			
Rent	4 296	4 296	
Professional fees	5 697	5 697	
Contractual	6 934	4 570	2 364
Supplies and materials	3 699	3 699	
Telephone	1 524	1 110	414
Consumer and community involvement	17 276	17 276	
Advertising	5 391	5 391	
Insurance	2 236	2 236	
Office expense	1 969	1 936	33
Travel and transportation	10 091	8 878	1 213
Interest expense	35	35	
Depreciation	544		544
Other expenses	104	104	
	-----	-----	-----
	<u>\$ 118 768</u>	<u>\$ 107 516</u>	<u>\$ 11 252</u>

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (7 396)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	544
Decrease in receivables	6 672
Increase in prepaid expenses	(109)
Decrease in accounts payable	(1 106)
Decrease in accrued expenses	(3 390)
	<hr/>
Net cash used in operating activities	(4 785)
	<hr/>
 NET DECREASE IN CASH	 (4 785)
 CASH AND CASH EQUIVALENTS - BEGINNING	 12 416
	<hr/>
 CASH AND CASH EQUIVALENTS - ENDING	 \$ 7 631
	<hr/> <hr/>
 SUPPLEMENTAL DISCLOSURE	
Interest paid on delinquent payroll taxes	\$ 35
	<hr/> <hr/>

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1. Summary of Significant Accounting Policies

Organization

Randolph County Family Resource Network, Inc. is a nonprofit organization.

The mission of this Organization is to facilitate a seamless system of services to the families of the county by identifying family needs, identifying resources to meet family needs, sharing plans and information, and planning joint actions.

For the year ending June 30, 2013, the Organization administered grant funding from various sources as further described in Note 9. The Organization is dependent on grant funding and any change in funding will change their operations.

General and administrative activities include the functions necessary to provide support for the organization's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial record keeping, budgeting, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profits (NFPs). The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

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

Unrestricted: Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted: Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted: Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. The Organization had no permanently restricted net assets as of June 30, 2013.

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

Expense Recognition and Allocation

The costs of providing the various programs and other activities has been detailed in the statement of functional expenses and are 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,

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1. Summary of Significant Accounting Policies (Continued)

Expense Recognition and Allocation (Continued)

which benefit more than one program, are allocated to the various programs based on the time spent on each specific program.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide overall support and direction of the organization.

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, 2013, there were no significant non-cash contributions of goods or services. However, many individuals volunteer their time and perform a variety of tasks that may assist the Organization, but these services do not meet the criteria for recognition in the financial statements.

Cash and Cash Equivalents

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

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

	<u>Bank Balance</u>	<u>Carrying Value</u>
Checking	\$ 10 929	\$ 7 581
Petty cash		50

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

Grants, Contracts and Other Receivables

Grants, contract and other receivables consist principally of amounts due from grantor agencies pursuant to the terms of the respective grant agreements. Grants, contracts and other receivables are stated at net realizable value. Allowances are provided for amounts estimated to be uncollectible based on historical experience and

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1. Summary of Significant Accounting Policies (Continued)

Grants, Contracts and Other Receivables (Continued)

any specific collection issues that the Organization has identified. It is the Organization's policy to charge uncollectible receivables against the allowance when management determines that the related balance will not be collected. Management determined that an allowance for doubtful accounts was not necessary at June 30, 2013.

Fixed Assets

Fixed assets valued in excess of \$500 are capitalized. Fixed assets are recorded at cost or, if donated, at fair value at the date of donation. Major renewals and improvements are capitalized, while repairs and maintenance expenditures are expensed as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts, and any resulting gains or losses are recognized. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the lesser of the useful life or the term of the lease.

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

<u>Asset Group</u>	<u>Years</u>
Furniture, fixtures and equipment	5-7

Grants from Government Agencies

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

Income Taxes

The Network received a determination from the Internal Revenue Service indicating that it is exempt from Federal income tax on all income except unrelated business income under Internal Revenue Code Section 501(c)(3). It is classified as an organization that is not a private foundation under Internal Revenue Code Section 509(a); accordingly, no provision for income taxes has been recorded in the accompanying financial statements. For the year ended June 30, 2013, the Network 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

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements 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, 2010 through June 30, 2012 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 GAAP 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 financial statements and the reported amounts of revenues and expenses, and gains and losses during the reporting periods. Actual results could differ from those estimates.

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 changing interest rates.

Compensated Absences

It is the Organization's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees may be paid for various amounts of their total accrued vacation upon termination or retirement. Accrued sick pay is not paid upon termination. The Organization accrues a liability for unused vacation hours that meets the criteria for payment at the eligible employees' current rates of pay. The accrual for compensated absences was \$3,366 at June 30, 2013 and is included in accrued expenses.

Prepayments

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

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 6, 2014, the date the financial statements were available to be issued.

Note 2. Property and Equipment and Depreciation

Property and equipment consists of the following:

	<u>June 30, 2013</u>
Furniture, fixtures and equipment	\$ 24 468
Less accumulated depreciation	(23 411)
	<u> </u>
	<u>\$ 1 057</u>

Depreciation and amortization expense for the year ended June 30, 2013 amounted to \$544.

Note 3. Lines of Credit

In the previous year, the Organization executed an unsecured line of credit agreement, due on demand, for \$10,000 with the Tucker County Endowment Foundation.

The Organization did not borrow against the line of credit during the year ended June 30, 2013.

Note 4. Commitments

The Organization leases office space under a cancellable operating lease. Rent expense for this lease for the year ended June 30, 2013 amounted to \$4,296.

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 5. Contingencies

The Organization participates in federal and state grant programs that are subject to audit by the respective grantor agencies. Any disallowed funds received or to be received under these programs may constitute a liability in the amount of the disallowed funds. Management does not believe that any potential disallowed funds would have a significant effect on the financial statements.

Note 6. Retirement System

Randolph County Family Resource Network, Inc. is not a member of any retirement system.

Note 7. Advertising

Advertising costs are expensed as incurred. Advertising expense for the promotion of program services totaled \$5,391 for the year ending June 30, 2013.

Note 8. Risk Management

The Organization 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 Organization carries general liability and property insurance for these various risks. Amounts of settlements have not exceeded insurance coverage in the past three years.

Note 9. Grants Awards

A federal grant was awarded from the Randolph County Commission as a pass-through from the U.S. Department of Justice to the WV Division of Justice and Community Services, with an extension until June 30, 2013. The funding is an Enforcing Underage Drinking Program Grant. Grant funds are to be used to address underage alcohol consumption through media education and enforcement. For the year ending June 30, 2013, \$7,013 has been recognized as revenue and expended.

A grant of \$47,500 was awarded from the WV Department of Health and Human Resources, Bureau for Children and Families. As of June 30, 2013, all of the grant funds have been received.

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 9. Grant Awards (Continued)

A Substance Abuse Block Grant was awarded from the Harrison County Family Resource Network, Inc. as a pass-through from the WV Department of Health and Human Resources, Bureau for Behavioral Health and Health Facilities, as a pass through of federal funds, for the year ending June 30, 2013. As of June 30, 2013, \$10,516 had been billed with \$7,953 received.

A grant of \$2,500 was awarded from the Region D Tobacco Prevention Coalition as a pass through from the WV Division of Tobacco Prevention. As of June 30, 2013, all of the grant funds have been received.

A Partners in Prevention Grant of \$7,500 was awarded from the Team for West Virginia Children, Inc., a West Virginia nonprofit corporation for the prevention of child abuse and neglect. Team for West Virginia Children, Inc. has received funding from the Claude Worthington Benedum Foundation, the West Virginia Department of Health and Human Resources, and the West Virginia Children's Trust Fund for Partners in Prevention. As of June 30, 2013, all of the grant funds have been received.

A Substance Abuse Block Grant of \$115,279 was awarded from the WV Department of Health and Human Resources, Bureau of Behavioral Health and Health Facilities as a pass-through of federal funds for the year ending August 31, 2012 with an extension until September 30, 2012. As of June 30, 2013, all of the grant funds have been received, with \$86,094 recognized as revenue in the prior year.

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

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**SCHEDULE OF EXPENDITURES OF GRANT AWARDS
For the Year Ended June 30, 2013**

	<u>Revenue Recognized</u>	<u>Expenditures</u>
Direct Programs:		
WV Department of Health and Human Resources		
Bureau for Children and Families	\$ 47 500	\$ 47 500
Pass-through programs:		
WV Division of Tobacco Prevention	2 500	2 500
WV Department of Health and Human Resources		
Bureau for Behavioral Health and Health Facilities		
Substance Abuse Block Grant	39 701	39 701
Team for West Virginia Children, Inc.		
Partners in Prevention	7 500	7 500
Randolph County Commission		
WV Division of Justice and Community Services		
US Department of Justice	7 013	7 013

Note A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Grant Awards includes the grant activity of Randolph County Family Resource Network, Inc. and is presented on the accrual basis of accounting.

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

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

**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 Directors of
Randolph County Family Resource Network, Inc.
Elkins, West Virginia

We have audited, 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, the financial statements of Randolph County Family Resource Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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 our report thereon dated March 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Randolph County Family Resource Network, 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Randolph County Family Resource Network, Inc.'s internal control. Accordingly, we 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 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. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as 13-1 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Randolph County Family Resource Network, Inc.'s Response to Findings

Randolph County Family Resource Network, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Randolph County Family Resource Network, Inc.'s response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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.

Roth & White, A. C.

Kingwood, West Virginia
March 6, 2014

DHHR - Finance

APR 7 2014

Date Received

RANDOLPH COUNTY FAMILY RESOURCE NETWORK, INC.

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

13-1

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.

ORGANIZATION'S RESPONSE:

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