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BUREAU FOR CHILDREN & FAMILIES
FINANCE & ADMINISTRATION

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2013

DHHR - Finance

JAN 8 - 2015

Date Received

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2013

Table of Contents

Financial Information

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10
Report on Internal Control	11-15

Other Matters

Statement of Grant Receipts and Expenditures	16
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FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tug Valley Recovery Shelter Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Tug Valley Recovery Shelter Association, 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.

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 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 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, 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 Tug Valley Recovery Shelter Association, Inc., as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of statements of grant receipts as required by State of West Virginia Department of Health and Human Resources is presented for purposes of additional analysis and is 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 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 our report dated December 18, 2014, on our consideration of Tug Valley Recovery Shelter Association, Inc., internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tug Valley Recovery Shelter Association, Inc., internal control over financial reporting and compliance.

Jessie & Jessie, A.C.



Williamson, WV 25661
December 18, 2014

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Tug Valley Recovery Shelter Association, Inc.
Statement of Financial Position
June 30, 2013

ASSETS

Current Assets

Business Savings	26,447.40
CD	13,647.92
Debit Card	559.34
General Account	93,640.42
Grants Recievable	31,229.30
Other Receivable	3,166.72
Prepaid Insurance	573
1259 Prepaid Worker's Comp	<u>1,015.33</u>

Total Current Assets \$ 170,279.43

Fixed Assets

Building	132,111.00
Building Improvements	20,517.42
Computers & Printers	9,590.57
Equipment	75,812.03
Furniture	54,205.55
Accumulated Depreciation	<u>(235,350.00)</u>
Total Property & Equipment	\$ 56,886.57

Total Assets \$ 227,166.00

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	12,107.92
Federal Withholding	208.00
Medicare Taxes Employee	23.20
Medicare Taxes Employer	23.20
Social Security Taxes Employee	99.20
Social Security Taxes Employer	99.20
Kentucky Withholding	428.24
West Virginia Withholding	485.00
State Unemployment Insurance	932.69
Accrued Vacation/Sick Pay	13,963.92
Accrued Wages	5,645.54
Unearned Revenue	490.00

Total Current Liabilities 34,506.11

Net Assets

Unrestricted	192,659.89
Total Net Assets	192,659.89

Total Liabilities & Net Assets \$ 227,166.00

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

Tug Valley Recovery Shelter Association, Inc.
Statement of Activities
For the Year Ended
June 30, 2013

Revenues & Support

Contributions Income: Restricted	\$ 2,500.00
Contributions Income: Unrestricted	9,519.00
Fundraising	8,455.45
Federal Grants	135,817.06
Private Grants	21,408.47
State Grants	289,265.11
Interest Income	57.00
	\$ 467,022.09

Expenses

Advertising	\$ 717.50
Bank Service Charges	151.56
Building Repairs & Inspections	3,247.54
Grass Cutting	405.00
Pest Control	372.00
Security For Building	1,017.10
Cleanup Donations/Deliveries	1,200.00
Client Aid	71.82
Contract Services; Law Enforcement	67,488.87
Subscriptions	240.00
Emergency Services	71.80
Fees	1,035.01
Software Support	840.15
Fundraising Expense	1,729.40
Liability Insurance	1,644.66
Property Insurance	425.34
Miscellaneous	462.81
Flowers	37.10
Gifts & Awards	819.25
Misc: Other	7.78
Payroll Expense	596.03
Gross Wages & Salaries	309,015.63
Taxes & Benefits	347.51
Medicare Taxes	4,456.56
Social Security Taxes	19,055.49
Health Insurance	13,750.00
Unemployment Compensation	2,228.81
Workers Compensation	5,727.32
Postage & Delivery	1,045.02
Lease Maintenance	504.00
Accounting	4,000.00
Computer Repairs	1,018.95
Equipment Repairs	1,424.77
Supplies: Building	1,682.01
Supplies: Food	2,011.57
Supplies: Office	3,354.04
Supplies: Public Awareness	227.99
Supplies: Programs, Clients	942.49
Pager	77.47
Training & Travel	9.13
Training & Travel: Education	25.00
Training & Travel: Meals	1,040.40
Training & Travel: Other Expenses	1,236.29
Training & Travel: Travel	2,392.12
Gas & Electric	5,559.99
Garbage Pickup	288.00
Telephone/TV/Internet	11,136.32
Water	990.12
Depreciation	521.00
	Expenses 476,863.71
Increase in Net Assets	\$ (9,841.62)

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

Tug Valley Recovery Shelter Association, Inc.
Statement of Cash Flows
For the Year Ended
June 30, 2013

Operating Activities

Change in net assets	\$ (9,320.62)
Adjustments to reconcile net assets to net each provided by operating activities	
Grants Receivable	818.48
Other Receivable	(3,166.72)
Prepaid Assets	(99.16)
Accounts Payable	(10,725.09)
Unearned Revenue	(21,408.47)
Accrued Payroll Liabilities	(3,375.17)
Accrued Compensated Absences	<u>1,667.64</u>
Net cash provided by Operating Activities	(45,609.11)

Investing Activities

Fixed Assets - Computers	<u>(1,110.57)</u>
Net Cash provided by Investing Activities	(1,110.57)

Net Cash Increase for the period	(46,719.68)
Cash Beginning	<u>181,014.76</u>
Cash End	\$ 134,295.08

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

Tug Valley Recovery Shelter Association, INC.

Notes to the Financial Statements

For the Year Ended June 30, 2013

NOTE 1. DESCRIPTION OF THE SHELTER

Tug Valley Recovered Shelter, Inc. (Shelter) provides temporary shelter services for battered women and their children in a safe, supporting environment. While in the Shelter these services include rooms, meals, medicine, clothing, if needed, counseling and referral services, and assistance with relocation. The Shelter also provides short-term crisis intervention services and follow-up services, such as case management and counseling. Shelter Services are available to all victims of domestic violence, but primarily target the citizens of Mingo and Logan County in West Virginia and Pike County in Kentucky.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Reporting

The financial statements have been prepared on the accrual basis of account in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized with incurred.

Basis of Presentation

FASB ASC 958-210-45-9 (formerly SFAS No. 117) requires net assets to be classified as unrestricted, temporarily restricted, and permanently restricted based on their nature and existence or absence of donor restrictions. In addition, the Shelter is required to present a Statement of Cash Flows.

Pledges are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Pledges receivable are recognized when the donor makes a promise to give to the Shelter that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restricted expire in the fiscal year in which the pledges are recognized. All other donor-restricted pledges 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 classified to unrestricted net assets.

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 and disclosures. Accordingly, actual results could differ from these estimates.

Cash

For the purposes of the Statement of Cash Flows, cash equivalents include all monies in banks, escrow account donated securities intended for liquidation, time deposits, certificates of deposit with remaining maturity of three months or less and all highly liquid debt instruments with original maturity dates at three months or less.

Grants Receivable

Management considers grants receivable fully collectable at June 30, 2013.

Donated Services

Donated services are valued at the estimated fair labor market value.

Property and Equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets and is considered a cost of operations. The Shelter does not have a policy for the capitalization of assets.

Revenues, Gains, and Other Support

Contributions of cash and other assets are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is when a stipulated time or purpose restriction ends in the same year in which the contributions are received, the contribution is classified as unrestricted contributions.

Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions upon expiration. In-kind contributions received with donor-imposed restrictions are recognized and recorded at fair market value at the time of donation.

Donations are received from various businesses throughout the community and State.

Grants are recorded as support when received or when the right to specific funds has been determined. Restricted grants are reported as earned when expenses are incurred in compliance with restrictions. Grants received, but not earned, at the end of the accounting period are reported as deferred revenue.

Income Taxes

The Tug Valley Recovery Shelter Association, Inc., is a not-for-profit Shelter and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

Compensated Absences

Compensated absences are those for which employees have a right to receive consideration for expected future absences. Compensated absences should be accounted for in accordance with the provisions of the FASB ASC 710-10 (formerly SFAS No. 43). Generally an employer is not required to accrue for any obligation unless the employee’s rights to compensated absences either vest or carry forward to future periods. Also, no liability is required for nonvesting right to sick pay.

At June 30, 2013 the Shelter accrued a liability for compensated absences of \$13,963.92.

Net Asset Classification

Net assets of Shelter and changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets that are not subject to donor-imposed stipulations.

Temporarily and Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of The Tug Valley Recovery Shelter Association, Inc., Inc. and/or the passage of time.

NOTE 3. CASH

Cash is deposited in the federal deposit insured bank accounts.

Cash Deposits in bank checking accounts	<u>\$ 134,295.08</u>
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Custodial credit risk is the risk that in the event of bank failure, the Shelter’s deposits may not be returned. The Shelter’s deposits at June 30, 2013, were fully covered by Federal Depository Insurance Corporation (FDIC).

NOTE 4. CHANGES IN PROPERTY AND EQUIPMENT

The following schedule shows the estimated useful life of the property and equipment, its cost, accumulated depreciation and net book value.

Buildings and improvements	15 to 39 years	\$ 152,628
Computers and printers	3 to 10 years	9,591
Furniture and fixtures	3 to 10 years	54,206
Equipment	3 to 10 years	<u>75,812</u>
Less: accumulated depreciation		<u>235,350</u>
Net property and equipment		<u>\$ 56,887</u>

For the year ended June 30, 2013 depreciation expense was \$ 521.00

NOTE 5. DONATED SERVICES AND OTHER IN-KIND CONTRIBUTIONS

A number of unpaid volunteers have made significant contributions of their time to develop the Shelter's programs. The estimated value of the services provided was determined to be \$, as of June 30, 2013.

NOTE 6. CONTINGENCIES

The Shelter receives a majority of its support from the Federal Government, the State of West Virginia, and other local granting agencies. Any significant reduction in the level of supporting from these supporting agencies could have a material effect on the Shelter's programs and activities.

NOTE 7. RISK MANAGEMENT

The Shelter is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Shelter carries umbrella (general Liability) insurance for these various risks.

The Shelter provides insurance coverage to employees for job-related injuries through BrickStreet Mutual Insurance Company. Liabilities are reported when it is probably a loss has occurred and the amount of the loss can be reasonable estimated.

NOTE 8. SUBSEQUENT EVENTS

The Shelter has evaluated subsequent events through December 18, 2014, the date the financial statements were available to be issued. No material subsequent events have occurred through this date that required recognition or disclosure in these financial statements.

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
Tug Valley Recovery Shelter Association, Inc.

We 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 Tug Valley Recovery Shelter Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tug Valley Recovery Shelter's Association, Inc. 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 Tug Valley Recovery Shelter's Association, Inc., internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weakness. 2013-001 and 2013 -002.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. 2013 - 003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tug Valley Recovery Shelter's Association, Inc., financial statements are free from 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 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 items 2013-001, 2013-002 and 2013-003.

Tug Valley Recovery Shelter Organization's Response to Findings

Tug Valley Recovery Shelter Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tug Valley Recovery Shelter Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements 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.

Jessie & Jessie, A.C.



Williamson, WV 25661

December 17, 2014

OTHER MATTERS

**TUG VALLEY RECOVERY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Segregation of Duties

2013-001

CONDITION:

It was noted that the responsibilities for approving, executing, and recording transactions and custody of the resulting assets arising from the transactions were not assigned to different individuals.

CRITERIA:

Proper internal control dictates responsibility for approving, executing and recording transactions should rest with different individuals. Custody of resulting assets should also be assigned to individuals with no responsibilities in the above named areas.

CAUSE:

The Organization has not implemented proper control procedures to sufficiently segregate duties.

EFFECT:

Internal control structure elements do not reduce to a relatively low level the risk that errors and irregularities, in amounts that would be material in relation to the financial statements, may occur and not be detected in a timely manner.

RECOMMENDATION:

The Organization should distribute among the accounting staff the duties of approving, executing and recording transactions to the extent as being economically practicable.

AUDITED AGENCY'S RESPONSE:

We have segregated duties as much as possible with our limited number of staff.

**TUG VALLEY RECOVERY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Fixed Asset Schedule
2013 – 002**

CONDITION:

We determined during our examination that the Organization did not maintain the detailed information at June 30, 2013 for customer accounts receivable for the enterprise funds.

CRITERIA:

Property internal controls dictate that all that a fixed asset schedule should be maintained.

CAUSE:

The Organization has failed to maintain a detailed fixed asset schedule as of June 30, 2013.

EFFECT:

Fixed assets and the associated depreciation expense were not properly recorded.

RECOMMENDATION:

The Organization officials should maintain a detailed fixed asset report with depreciation expense calculations.

AUDITED AGENCY'S RESPONSE:

The Organization will produce a fixed asset schedule.

**TUG VALLEY RECOVERY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Compliance with Grants

2013-003

CONDITION:

The Organization did not produce proper report for State of West Virginia Department of Health and Human Services Grant Agreement# 130281.

CRITERIA:

Grant agreement states that the grantee should submit a audit that complies with Governmental Auditing Standards.

CAUSE:

The Organization failed to comply with State of West Virginia Department of Health and Human Resouces' Grantee Audit Compliance Guide.

EFFECT:

The Organization could compromise a significant source of funding.

RECEMMENDATION:

The Organization should comply with the Grantee Audit Compliance Guide..

AUDITED AGENCY'S RESPONSE:

The Organization has corrected the non-compliance.

West Virginia Department of Health and Human Resources
 State Statement of Grant Receipts and Expenditures

Grant Number: 130281
Grantee Name: West Virginia Department of Health and Human Resources
Grantee FEIN: 31-1053367
WVDMR Vendor #: [blank] **Contract Phone Number:** [blank]
Grantee Mailing Address: PO BOX 677 [blank] **Contract #:** 303-274-121
Total Grant Amount: \$255,733.00
Period Covered: July 01, 2012 - June 30, 2013

Grant Receipts

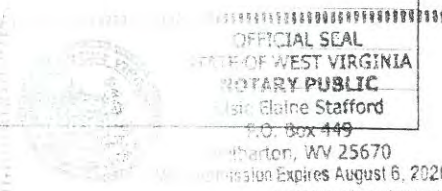
Invoice Number	Period Covered	Invoice Amount	GRS Invoice Amount	Amount Received
	07/01/2012			51,147.00
	08/01/2012			56,261.00
	09/01/2012			63,933.00
	10/01/2012			84,392.00
Total Grant Receipts:				255,733.00

Grant Expenditures

Category	Amount Expended	
Personnel - Salaries and Wages	222,054.00	
Travel Benefits	25,262.00	
Equipment and Other Capital Expenditures		
Materials and Supplies	1,012.00	
Professional Services Costs	4,000.00	
Travel Costs		
Telephone	4,481.00	
Utilities		
Office Supplies, Postage, Training		
Contract Consultants		
Office Space/Equipment		
Telephone Utility		
Total Grant Expenditure:		256,809.00
Finding Fund Balance (Receipts - Expenditures):		(1,076.00)

This is to certify that I have reviewed the Statement of Grant Receipts and Expenditures and, to the best of my knowledge and belief, the information represents an accurate and correct record of the receipt and expenditure of funds granted by the State of West Virginia Department of Health and Human Resources to Tag Line Shelter Association, Inc. and that the expenditures reported were for the purposes intended and in compliance with the applicable laws, regulations and terms and conditions of grant agreements. The accuracy of these receipts and expenditures is warranted on the accrual basis of accounting and supported by all financial records and related documentation.

Authorized Signature: _____ Date: _____
 Printed Name and Title: _____
 Taken, sworn, and subscribed before me this 19 day of December, 2012.
 Notary Public: **DHHR - Finance** *Blaine Elaine Stafford*
 My Commission Expires: 2/28/2013



Date Received

Tug Valley Recovery Shelter Association, Inc.
P.O. Box 677
Williamson, West Virginia 25661

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BUREAU FOR THE DEPT. OF HEALTH & HUMAN SERVICES
FINANCE & ADMINISTRATION

December 16, 2014

Jessie & Jessie, A.C.
P.O. Box 1437
Williamson, WV 25661

This representation letter is provided in connection with your audit of the financial statements of Tug Valley Recovery Shelter Association, Inc., which comprise the statements of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows or activities and cash flows for the year June 30, 2013 then ended, and the related notes to be the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, (as of December 16, 2014), the following representations made to you during your audit(s).

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 7, 2014, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above and fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility for 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.

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- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
- The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any assets been pledged as collateral.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- Tug Valley Recovery Shelter Association, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- We acknowledge our responsibility for presenting the identify supplementary information. In accordance with U.S. GAAP, and we believe the including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the identity supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signed: Kimberly S. Ryan

Title: Director

Date: 12/19/2014

Signed: _____

Title: _____

Date: _____