

**West Virginia Emergency Medical Services  
Technical Support Network, Inc.**

**Financial Statements  
and  
Supplementary Information**

**June 30, 2014 and 2013**

DHHR - Finance  
APR 16 2015  
Date Recd

## Walker, Angela D

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**From:** Nancy Price <NPrice@wvemstsn.net>  
**Sent:** Thursday, April 16, 2015 12:58 PM  
**To:** Walker, Angela D  
**Subject:** Audit Report - WV EMS Technical Support Network, Inc.  
**Attachments:** Letter to K Merritt - April 16 2015.pdf; Audit Part 1 - WV EMS TSN.pdf; Audit Part 2 - WV EMS TSN.pdf; Audit Part 3 - WV EMS TSN.pdf

Angela,

Thank you for returning my telephone call so quickly – as per our conversation, I am attaching our audit report for FY 2014 (ending 06/30/14). I've had some trouble sending larger, compressed file (.zip) to wv.gov email addresses so I am breaking the report into three (3) separate sections. I am also sending a bound copy via certified mail this afternoon.

Please let me know that you received this email. Also, thank you in advance for sending me a notice that indicates we are off the disbarred list.

I appreciate your assistance.

Regards,  
Nancy Price, CEO

**WV EMS Technical Support Network, Inc.**  
4921 Elk River Road  
Elkview, WV 25071

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**West Virginia Emergency Medical Services  
Technical Support Network, Inc.**

**Financial Statements  
and  
Supplementary Information**

**June 30, 2014 and 2013**

DHHR - Finance

APR 20 2015

Date Received



## CERTIFIED-RETURN RECEIPT REQUESTED

April 16, 2015

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

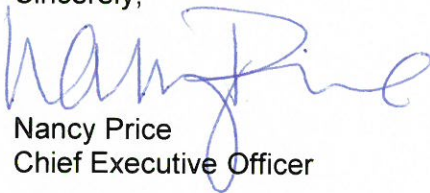
**RE: Grantee Federal Audit Requirement  
Fiscal Year Ended June 30, 2014**

Dear Ms. Merritt,

To maintain compliance with the U.S. Office of Management and Budget's (OMB) Circular A-133, I am submitting the management letter and the independent auditor's report that was completed by Herman & Cormany, Certified Public Accountants, A. C. for the fiscal year period ending on June 30, 2014.

Please contact me at (304) 965-0573 if you need additional information.

Sincerely,



Nancy Price  
Chief Executive Officer

Enclosures

DHHR - Finance

APR 20 2015

Date Received



**West Virginia Emergency Medical Services  
Technical Support Network, Inc.**

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# Herman & Cormany

## Certified Public Accountants, A.C.

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Accountants & Consultants

### Independent Auditors' Report

To the Board of Directors  
West Virginia EMS Technical Support Network, Inc.  
Elkview, West Virginia

#### Report on the Financial Statements

We have audited the accompanying financial statements of West Virginia EMS Technical Support Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and 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.

#### *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 West Virginia EMS Technical Support Network, Inc. as of June 30, 2014 and 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**

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of Revenue and Expenses by Program, State Awards, BHHF Funding Status and BHHF Funded Property and Equipment are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of 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 March 25, 2015, on our consideration of West Virginia EMS Technical Support Network, Inc.'s 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 West Virginia EMS Technical Support Network, Inc.'s internal control over financial reporting and compliance.



Charleston, WV  
March 25, 2015

DHHR - Finance

APR 20 2015

Date Received

**West Virginia EMS Technical Support Network, Inc.**

**Statements of Financial Position**

**June 30, 2014 and 2013**

<b>Assets</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Cash and cash equivalents	\$508,265	\$577,093
Grants and other receivables	262,547	267,935
Prepaid and other assets	<u>22,838</u>	<u>27,441</u>
<b>Total Assets</b>	<b><u>\$793,650</u></b>	<b><u>\$872,469</u></b>
<b>Liabilities and Net Assets</b>		
Accrued liabilities	\$148,716	\$ 84,596
Refundable advances	<u>3,497</u>	<u>103,491</u>
<b>Total Liabilities</b>	<b><u>152,213</u></b>	<b><u>188,087</u></b>
<b>Net Assets – Unrestricted</b>	<b><u>641,437</u></b>	<b><u>684,382</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$793,650</u></b>	<b><u>\$872,469</u></b>

See notes to financial statements.

**West Virginia EMS Technical Support Network, Inc.**

**Statements of Activities**

**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Revenues, Gains and Other Support</b>		
Grants and contracts	\$2,777,491	\$3,282,344
Training	-0-	35,067
<b>Total Revenues, Gains and Other Support</b>	<u>2,777,491</u>	<u>3,317,411</u>
<b>Expenses and Losses</b>		
Salaries, taxes and fringe benefits	2,071,712	2,318,950
Travel/vehicles	127,145	170,712
Occupancy	353,946	355,290
General office	168,428	337,382
Contractual	50,537	86,891
Insurance	48,668	50,134
<b>Total Expenses and Losses</b>	<u>2,820,436</u>	<u>3,319,359</u>
<b>Decrease in net assets</b>	(42,945)	(1,948)
<b>Net Assets – Unrestricted, Beginning of Year</b>	<u>684,382</u>	<u>686,330</u>
<b>Net Assets – Unrestricted, End of Year</b>	<u>\$ 641,437</u>	<u>\$ 684,382</u>

See notes to financial statements.

**West Virginia EMS Technical Support Network, Inc.**

**Statements of Cash Flows**

**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$(42,945)	\$ (1,948)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Decrease in operating assets:		
Grants and other receivables	5,388	121,676
Prepaid and other assets	4,603	101
Increase (decrease) in operating liabilities:		
Accrued liabilities	64,120	(230)
Refundable advances	<u>(99,994)</u>	<u>(50,357)</u>
<b>Net Cash (Used In) Provided By Operating Activities</b>	<u>(68,828)</u>	<u>69,242</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(68,828)	69,242
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>577,093</u>	<u>507,851</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$508,265</u>	<u>\$577,093</u>

See notes to financial statements.



# West Virginia EMS Technical Support Network, Inc.

## Notes to Financial Statements

June 30, 2014 and 2013

### **Note A – Nature of Organization and Significant Accounting Policies**

Nature of Organization - West Virginia EMS Technical Support Network, Inc. (the Company) is a not-for-profit organization that provides technical and programmatic support, as well as training and certification programs, to the public health community of West Virginia.

The Company was formed to enrich statewide quality education for providers of emergency medical care; assure continuous improvement of performance levels promoting quality emergency medical care; cultivate quality in the emergency medical care system; enhance the established availability of off-line and on-line medical direction; and foster the recruitment and retention of quality emergency medical workers. The Company coordinates the delivery of technical assistance and support services for the West Virginia emergency medical services system under contract with the West Virginia Department of Health and Human Resources.

The Company administers the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) for nine West Virginia counties under contract with the West Virginia Department of Health and Human Resources. The objective of WIC is to provide supplemental nutritious foods, nutrition education, and referrals to health care for low income persons during critical periods of growth and development.

The Company also administered a program to provide help to people with disabilities under the Hartley Court Order and Medley Consent Decree until December 31, 2014. The Hartley Advocacy program helps adults with developmental disabilities get services from behavioral health centers so they can live in their communities. The Medley Advocacy program helps young adults who have lived in institutions to receive community—based services. The programs are administered under contract with the West Virginia Department of Health and Human Resources.

### **Summary of Significant Accounting Policies**

Basis of Accounting – The financial statements of the company have been prepared on the accrual basis of accounting.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. It is at least reasonably possible that these estimates could change in the near future. Actual results could differ from those estimates.

Cash and cash equivalents - For purposes of reporting the statement of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

# West Virginia EMS Technical Support Network, Inc.

## Notes to Financial Statements

June 30, 2014 and 2013

### Note A – Nature of Organization and Significant Accounting Policies (Continued)

Investments - Investments in debt and equity securities are measured at fair value in the balance sheet. Investment income (including realized gains and losses on investments, interest and dividends) is included in operating income unless restricted by donor or law. Quoted market prices are used to determine fair value of investments. The Company does not require collateral to secure its investments. Investments that are reasonably expected to be realized in cash or consumed during a normal operating cycle (one year) are classified as current assets.

Grants receivable - Grants receivable consists of amounts billed under grant agreements not yet received and is based upon allowable costs incurred under the grant agreements. Grants receivable are carried at the original amount billed. Management has determined that no allowance for doubtful accounts is necessary due to the nature of the receivable.

Property, plant and equipment - Substantially all of the Company's property and equipment was acquired in connection with grant contracts under which the grantor retains a vested interest in the property and may request the return of the property to the grantor. Accordingly, such acquisitions are not capitalized by the Company.

Income taxes - The Company is recognized as exempt from Federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code and similar state statutes relating to not-for-profit organizations.

Management has determined that the company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Because tax matters are subject to some degree of uncertainty, there can be no assurance that the company's tax returns will not be challenged by the taxing authorities and that the company will not be subject to additional tax, penalties and interest as a result of such challenge.

The company has exempt organization tax filings open to Internal Revenue Service audit for years ending June 30, 2011, 2012, 2013 and 2014.

Subsequent events - The Company has evaluated all subsequent events through March 25, 2015, the date on which the financial statements were available to be issued. The company believes that there have been no significant subsequent events.



# West Virginia EMS Technical Support Network, Inc.

## Notes to Financial Statements

June 30, 2014 and 2013

### **Note A - Nature of Organization and Significant Accounting Policies (Continued)**

Net assets - Unrestricted net assets are those assets presently available for use by the Company at the discretion of the Board of Directors.

Temporarily restricted net assets are those assets which have been contributed with donor imposed time or purpose restrictions (none at June 30, 2014 and 2013).

Permanently restricted assets are resources subject to donor imposed restrictions that they be maintained permanently by the Company (none at June 30, 2014 and 2013).

Grant revenue - Federal, state and other grant revenue resulting from exchange transactions is recognized as related grant expenses are incurred.

Refundable advances - Refundable advances consist of amounts received under grants and contracts in excess of related program expenditures.

Functional Allocations of Expenses - The cost of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications - Certain reclassifications have been made to the 2013 financial statements in order to conform with current year presentation.

### **Note B - Concentration of Credit Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. Cash is deposited with a high credit quality financial institution and at times exceeds the Federal depository insurance limit of \$250,000. The amount of funds that exceeds the FDIC limit at June 30, 2014 and 2013 was \$339,627 and \$445,236, respectively.

### **Note C - Line of Credit**

The Company has a \$175,000 line of credit (LOC) with a local financial institution. As of June 30, 2014, \$175,000 was available to the Company under the agreement. Drawings on the LOC bear interest at the prime rate plus 1.50% at June 30, 2014. The LOC expired during the previous year and was renewed. Draws on the LOC are secured, by all inventory, chattel paper, accounts, equipment and general intangibles.

# West Virginia EMS Technical Support Network, Inc.

## Notes to Financial Statements

June 30, 2014 and 2013

### Note D - Revenue Concentration

Substantially all of the Company's revenues are earned under grant contracts with the West Virginia Department of Health and Human Resources (WVDHHR). Receipt of future grants from the WVDHHR is dependent upon resources made available to the WVDHHR by the West Virginia Legislature and Federal funding sources. Funding levels are not expected to decline for the year ending June 30, 2015. A significant decline in grant funding levels would have a significant impact on the operations of the Company.

The Company does not require collateral to secure accounts and grants receivable.

### Note E - Retirement Plan

The Company has a tax deferred, employee-owned, variable annuity retirement plan that covers all full-time employees. Contributions are based upon a percentage (6% for the years ended 2014 and 2013) of employees' standard annual compensation, which excludes bonuses and overtime. Discretionary employee contributions are permitted. Retirement expense incurred by the Company approximated \$81,279 and \$92,809 for the years ended June 30, 2014 and 2013, respectively.

### Note F - Leases

The Company leases property for field offices and equipment under noncancellable operating lease agreements that expire through 2017. Total rental expense incurred for all operating leases was approximately \$260,063 and \$274,125 for the years ended June 30, 2014 and 2013, respectively. The following is a schedule of future minimum lease payments required under noncancellable operating leases:

2015	\$ 55,547
2016	36,597
2017	9,235
2018	-0-
2019	-0-
Thereafter	-0-
	<u>\$101,379</u>

The Company has guaranteed certain borrowings that the lessors of the field offices have obtained to finance the purchase or improvement of the leased properties. The aggregate outstanding balance on loans guaranteed by the Company was \$126,777 and \$198,889 at June 30, 2014 and 2013, respectively.

# West Virginia EMS Technical Support Network, Inc.

## Notes to Financial Statements

June 30, 2014 and 2013

### Note G - Functional Classification of Expense

Expenses by function for the years ended June 30, 2014 and 2013, are as follows:

<u>Function</u>	<u>2014</u>	<u>2013</u>
Women, infants and children (WIC)	\$1,397,762	\$1,555,548
EMS	1,002,793	1,013,581
Medley/Hartley program	377,974	712,741
Other projects	-0-	<u>36,041</u>
Program expense	2,778,529	3,317,911
Non allocable corporate cost	<u>41,907</u>	<u>1,448</u>
	<u>\$2,820,436</u>	<u>\$3,319,359</u>

General and administrative costs including amounts allocated to various programs during the years ended June 30, 2014 and 2013 were \$320,830 and \$327,934, respectively.

### Note H - Loan Guarantee

The Company has guaranteed certain debt obligations from two local banks to NEREMS, Inc. and Appalachian Emergency Medical Services, Inc., in the amount of \$126,777. NEREMS, Inc. and Appalachian Emergency Medical Services are regional EMS networks.

## **Supplementary Information**



**West Virginia EMS Technical Support Network, Inc.**  
**Schedule of Revenues and Expenses by Program**

For the Year Ended June 30, 2014

	<u>WIC</u>	<u>EMS</u>	<u>M/H</u>	<u>Corporate</u>	<u>Motor Voter</u>	<u>Total</u>
<b>Revenues</b>						
Grant revenue	\$1,396,765	\$1,003,178	\$377,975	\$ -0-	\$(427)	\$2,777,491
<b>Expenses</b>						
Salaries, taxes, fringes	953,785	627,783	258,399	231,745	-0-	2,071,712
Travel/Vehicles	34,849	34,716	36,847	20,733	-0-	127,145
Occupancy	175,221	136,587	16,964	25,174	-0-	353,946
General office	69,358	66,805	13,921	18,344	-0-	168,428
Contractual	8,939	12,130	9,822	19,646	-0-	50,537
Insurance	17,736	23,435	2,309	5,188	-0-	48,668
EMS special projects	-0-	-0-	-0-	-0-	-0-	-0-
Capital expenditures	-0-	-0-	-0-	-0-	-0-	-0-
Admin. charges (credits)	<u>137,874</u>	<u>101,337</u>	<u>39,712</u>	<u>(278,923)</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Expenditures</b>	<u>\$ 1,397,762</u>	<u>\$ 1,002,793</u>	<u>\$ 377,974</u>	<u>\$ 41,907</u>	<u>\$ -0-</u>	<u>\$ 2,820,436</u>
<b>Surplus/(Deficit)</b>	(997)	385	1	(41,907)	(427)	(42,945)

See independent auditors' report.

**West Virginia EMS Technical Support Network, Inc.**

**Schedule of State Awards**

**For the Year Ended June 30, 2014**

<u>State Grantor Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
<b>West Virginia Department of Health and Human Resources, Bureau for Public Health:</b>					
EMS Statewide Technical Support	G140426	07/01/13 to 06/30/14	\$ 798,667	\$ 769,333	\$ 769,333
<b>West Virginia Department of Health and Human Resources, Bureau for Behavioral Health and Health Facilities:</b>					
Community-based behavioral health services	G140058	07/01/13 to 12/30/13	<u>377,975</u>	<u>377,975</u>	<u>377,975</u>
<b>Total WV Department of Health and Human Resources</b>			<u>1,176,642</u>	<u>1,147,308</u>	<u>1,147,308</u>
<b>Total State Awards:</b>			<u>\$1,176,642</u>	<u>\$1,147,308</u>	<u>\$1,147,308</u>

See independent auditors' report.

**West Virginia EMS Technical Support Network, Inc.**  
**Schedule of BHHF Funding Status**  
**For the Year Ended June 30, 2014**

<u>State Account Number</u>	<u>Current Year Award Amount</u>	<u>Refundable Advances July 1, 2013</u>	<u>Amount Earned and Billed</u>	<u>Refundable Advances June 30, 2014</u>	<u>Amount Not Billed</u>	<u>Amount Collected</u>
5156-2014-2870-219-258	\$ 92,150	\$-0-	\$ 92,150	\$-0-	\$-0-	\$ 92,150
0525-2014-2870-335-258	<u>285,825</u>	<u>-0-</u>	<u>285,825</u>	<u>-0-</u>	<u>-0-</u>	<u>285,825</u>
Total	<u>\$377,975</u>	<u>\$-0-</u>	<u>\$377,975</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$377,975</u>

See independent auditors' report.

**West Virginia EMS Technical Support Network, Inc.**  
**Schedule of BHHF Funded Property and Equipment**  
**For the Year Ended June 30, 2014**

<u>Description</u>	<u>Number</u>	<u>Acquired</u>	<u>Serial #</u>	<u>Cost</u>	<u>State Account No.</u>	<u>Location</u>	<u>Condition</u>
Dell Inspiron laptop	300715	06/24/13	7P68BW1	\$ 616	0525-2014-2870-219-258	Elkview	Excellent
Dell Inspiron laptop	300714	06/24/13	80FMGW1	615	0525-2014-2870-219-258	Elkview	Excellent
Dell Inspiron laptop	300713	06/24/13	4188BW1	615	0525-2014-2870-219-258	Elkview	Excellent
Dell Inspiron laptop	300712	06/24/13	JK48BW1	615	0525-2014-2870-219-258	Elkview	Excellent
Dell Inspiron laptop	300691	08/20/12	767F651	777	0525-2014-2870-219-258	Elkview	Excellent
Dell Inspiron laptop	300703	06/29/11	1W54KP1	791	0525-2011-2870-219-258	Elkview	Good
Dell Inspiron laptop	300702	06/29/11	DG8XLP1	791	0525-2011-2870-219-258	Elkview	Good
Dell Optiplex	300701	06/29/11	1S7269D7UMJMLH56	752	0525-2011-2870-219-258	Elkview	Good
Lenovo ThinkCentre M58e	300670	06/11/10	1S7269D7UMJMLH75	640	0525-2010-2870-219-258	Elkview	Good
Lenovo ThinkCentre M58e	300668	06/11/10	1S7269D7UMJMLH758	640	0525-2010-2870-219-258	Elkview	Good
Lenovo Thinkpad SL500 laptop	300667	06/09/09	1S2746MJUMLATBF2	950	0525-2010-2870-219-258	Elkview	Poor
Lenovo Thinkpad SL500 laptop	300666	06/09/09	1S2746MJUMLATBF0	950	0525-2010-2870-219-258	Elkview	Poor
Lenovo Thinkpad SL500 laptop	300665	06/09/09	1S2746MJUMLATBD8	<u>950</u>	0525-2010-2870-219-258	Elkview	Poor
			Total	<u>\$9,702</u>			

See independent auditors' report.



# Herman & Cormany

## Certified Public Accountants, A.C.

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Accountants & Consultants

### **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  
West Virginia EMS Technical Support Network, Inc.  
Elkview, West Virginia

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 West Virginia EMS Technical Support Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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 March 25, 2015.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West Virginia EMS Technical Support 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 West Virginia EMS Technical Support Network, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness 2014-001.

To the Board of Directors  
West Virginia EMS Technical Support Network, Inc.  
Page two

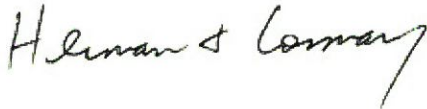
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency 2014-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Virginia EMS Technical Support Network, Inc.'s 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.



Charleston, WV  
March 25, 2015



# Herman & Cormany

## Certified Public Accountants, A.C.

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Accountants & Consultants

### Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Directors  
West Virginia EMS Technical Support Network, Inc.  
Elkview, West Virginia

#### Report on Compliance for Each Major Federal Program

We have audited West Virginia EMS Technical Support Network, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Virginia EMS Technical Support Network, Inc.'s major federal programs for the year ended June 30, 2014. West Virginia EMS Technical Support Network, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of West Virginia EMS Technical Support Network, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Virginia EMS Technical Support Network, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of West Virginia EMS Technical Support Network, Inc.'s compliance.



To the Board of Directors  
West Virginia EMS Technical Support Network, Inc.  
Page two

### ***Opinion on Each Major Federal Program***

In our opinion, West Virginia EMS Technical Support Network, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control over Compliance**

Management of West Virginia EMS Technical Support Network, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Virginia EMS Technical Support Network, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Virginia EMS Technical Support Network, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-1, that we consider to be a significant deficiency.

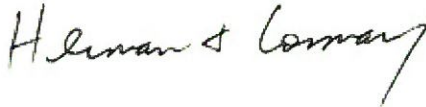
West Virginia EMS Technical Support Network, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Virginia EMS Technical Support Network, Inc.'s response was not subjected to the auditing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

To the Board of Directors  
West Virginia EMS Technical Support Network, Inc.  
Page three

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of West Virginia EMS Technical Support Network, Inc. as of and for the year ended June 30, 2014, and have issued our report thereon dated March 25, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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



Charleston, West Virginia  
March 25, 2015

DHHR - Finance

APR 20 2015

Date Received



**West Virginia EMS Technical Support Network, Inc.**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2014**

<u>Federal Grantor/ Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Disbursements/ Expenditures</u>
US Department of Health and Human Services Passed through State of West Virginia, Department of Health and Human Resources, Bureau for Public Health:			
EMS C Grant	93.127	G140426	\$ 39,210
Preventive Health Block	93.991	G140426	<u>176,250</u>
Total US Department of Health and Human Services			<u>215,460</u>
US Department of Agriculture Passed through State of West Virginia, Department of Health and Human Resources, Bureau for Public Health:			
Special supplemental nutrition program for women, infants and children (WIC)	10.557	G140544	1,006,575
Special supplemental nutrition program for women, infants and children (WIC)	10.557	G130502	<u>391,187</u>
Total US Department of Agriculture			<u>1,397,762</u>
Total expenditures of federal awards			<u>\$1,613,222</u>

**Note A – Basis of Presentation**

The schedule of expenditures of federal awards includes the federal grant activity of West Virginia EMS Technical Support Network, Inc. under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of West Virginia EMS Technical Support Network, Inc., it is not intended to and does not present the financial position, change in net assets or cash flows of WV EMS TSN.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as the reimbursement.

Additionally, pass-through entity identifying numbers are presented where available.

**West Virginia EMS Technical Support Network, Inc.**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2013**

There were no Federal award findings for the year ended June 30, 2013, and no uncorrected or unresolved findings exist from prior audits.

**West Virginia EMS Technical Support Network, Inc.**

**Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2014**

**Section 1 – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: unmodified

- Control deficiencies disclosed?  Yes  No
  - Control deficiencies reported as a significant deficiency?  Yes  No
  - Control deficiencies reported as a material weakness?  Yes  No
- Noncompliance material to financial statements notes?  Yes  No

**Federal Awards**

Internal control over major programs:

- Control deficiencies identified?  Yes  No
- Control deficiencies reported as a significant deficiency?  Yes  No
- Control deficiencies reported as material weaknesses?  Yes  No

Type of auditors’ report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

10.557

Special supplemental nutrition program for women, infants and children (WIC)

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes  No



**West Virginia EMS Technical Support Network, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2014**

**Section II – Financial Statement Findings**

*2014-001 Payroll Accrual*

*Condition:* During the year, the payroll schedule was changed from a semi-monthly payment schedule with no holdback period to a bi-weekly payment with a six day holdback. Due to the change, there were hours worked during the year that were not paid until the following year and no accrual of the payroll costs were made.

*Criteria:* The payroll expenses incurred but not paid in the year were not accrued.

*Cause:* The lack of a procedure on the accrual of payroll was not developed prior to year end.

*Recommendation:* All payroll hours worked but not paid should be accrued in the year worked.

*Response:* The Organization will record all payroll in the year worked.

*2014-002 Accrued Vacation*

*Condition:* During the year, a grant was closed out that had vacation that had been accrued in the previous year. When the grant was closed out, the final payment for the grant was not adjusted for the vacation previously accrued.

*Criteria:* The payroll expenses were not properly adjusted to reflect the vacation previously accrued.

*Cause:* The lack of a procedure on the payout of accrued vacation was not developed prior to closeout of the grant.

*Recommendation:* When a grant is closed out, all accrued vacation should be adjusted prior to final payout.

*Response:* The Organization will adjust all accrued vacations prior to grant closeout.

**West Virginia EMS Technical Support Network, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2014**

**Section III – Federal Award Findings and Questioned Costs**

*2014-001 Payroll Accrual*

*Condition:* During the year, the payroll schedule was changed from a semi-monthly payment schedule with no holdback period to a bi-weekly payment with a six day holdback. Due to the change, there were hours worked during the year that were not paid until the following year and no accrual of the costs were made.

*Criteria:* The payroll expenses incurred but not paid in the year were not accrued.

*Cause:* The lack of a procedure on the accrual of payroll was not developed prior to year end.

*Recommendation:* All payroll hours worked but not paid should be accrued in the year worked.

*Response:* The Organization will record all payroll in the year worked.