

CHANGE, INC.

WEIRTON, WV

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

DHHR - Finance

SEP 23 2015

Date Received



SEACRIST, KENNON & MARLING, A.C.
CERTIFIED PUBLIC ACCOUNTANTS

Davis, Jamie L

From: Jordan Savage <jsavage@changeinc.org>
Sent: Wednesday, September 23, 2015 10:35 AM
To: Davis, Jamie L
Subject: Change Inc Audit
Attachments: CHANGE AUDIT REPORT FINAL 2014.pdf; Management Letter.pdf; CHANGE AUDIT LETTER TO THE BOARD.pdf

Hey Jamie,

I received a letter regarding the submission of our annual audit today. I was hoping to be able to upload to the Clearinghouse before sending out but it doesn't look like that is going to happen. I have attached the 2014 audit report to this email. Do you still need me to mail a copy as well? Please let me know. Thank you!



Jordan Savage

Chief Financial Officer

3136 West St. ■ Weirton, WV 26062

304.797.7733 ■ 304.797.7740 Fax

www.changeinc.org

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the company. Finally, the recipient should check this email and any attachments for the presence of viruses. The company accepts no liability for any damage caused by any virus transmitted by this email.

DHHR - Finance

SEP 23 2015

Date Received

CHANGE, INC.
TABLE OF CONTENTS
DECEMBER 31, 2014

	<u>Page</u>
Independent Auditor's Report.....	1 – 3
Statements of Financial Position.....	4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows.....	6 – 7
Schedule of Expenditures of Federal Awards.....	8 – 9
Schedule of Expenditures of State Awards.....	10
Notes to Financial Statements.....	11 – 25
Independent Auditor's Report on Supplementary Information	26
Statement of Functional Expenses for the Year Ended December 31, 2014, with Comparative Totals as of December 31, 2013.....	27
Supplementary Information	28 – 40
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 <i>Government Auditing Standards</i>	41 – 42
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	43 – 44
Schedule of Findings and Questioned Costs.....	45 – 47

SEACHRIST, KENNON & MARLING, A.C.

Certified Public Accountants & Business Consultants

Craig K. Seachrist, CPA, CVA
Ronnie L. Marling, CPA, CFE

Members of:
American Institute of Certified Public Accountants
Governmental Audit Quality Center
Employee Benefit Plan Audit Quality Center

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CHANGE, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of CHANGE, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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.

Basis for Qualified Opinion

As more fully described in Note 2 to the financial statements, the Organization's policy to expense fixed assets purchased with grant funds that, in our opinion, should be capitalized and depreciated over their estimated useful lives to conform with accounting principles generally accepted in the United States of America. Quantification of the effects on the financial statements of the preceding practices is not practicable.

Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of CHANGE, Inc. as of December 31, 2014 and 2013, and the changes in net assets and its cash flows for the years 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 expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditure of state awards are 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 July 2, 2015, on our consideration of CHANGE, 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 CHANGE, Inc.'s internal control over financial reporting and compliance.

Seachrist, Kennon & Marling P.C.

Seachrist, Kennon, & Marling A.C.
Wheeling, West Virginia
July 2, 2015

DHHR - Finance

SEP 23 2015

Date Received

CHANGE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and cash equivalents	\$ 635,687	\$ 676,829
Accounts receivable - grants, contracts, and contributions	422,932	210,980
Accounts receivable - medical fees, net of allowance for uncollectible accounts of \$754,058 & \$762,692	1,388,675	681,165
Deposits and prepaid expenses	8,135	41,958
Total current assets	<u>2,455,429</u>	<u>1,610,932</u>
Inventory:		
Pharmacy	84,015	78,634
Weatherization	25,090	25,590
Total inventory	<u>109,105</u>	<u>104,224</u>
Property and equipment, net - Note 4	1,578,521	1,261,964
Capital Lease Equipment, net - Note 7	-	11,296
Investment in Joint Venture - Note 15	10,000	10,000
Other Assets - Note 13	433,480	265,294
Total assets	<u>\$ 4,586,535</u>	<u>\$ 3,263,710</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 369,228	\$ 364,103
Accrued wages and benefits	432,444	483,019
Deferred revenue	54,712	59,019
Mortgages and notes payable, current portion - Note 5	94,434	75,042
Capital Lease Obligation - Note 7	-	6,932
Line of credit - Note 5	499,617	499,399
Total current liabilities	<u>1,450,435</u>	<u>1,487,514</u>
Mortgages and notes payable, net of current portion - Note 5	1,267,134	1,117,006
Long Term Forgivable Loan - Note 14	636,404	448,600
Total liabilities	<u>3,353,973</u>	<u>3,053,120</u>
Net assets:		
Unrestricted	1,175,388	191,952
Temporarily Restricted	57,174	18,638
Total net assets	<u>1,232,562</u>	<u>210,590</u>
Total liabilities and net assets	<u>\$ 4,586,535</u>	<u>\$ 3,263,710</u>

The accompanying notes are an integral part of these financial statements.

CHANGE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR YEARS ENDED DECEMBER 31, 2014 AND 2013

<u>UNRESTRICTED NET ASSETS</u>	<u>2014</u>	<u>2013</u>
Revenues and other support:		
Federal support	\$ 2,865,631	\$ 2,348,307
State support	423,421	485,838
Local support	22,112	42,029
Program service fees	83,719	77,827
Medical third party and self pay revenue	7,267,975	5,879,704
Service contracts	404,076	330,319
Donations and Contributions	40,320	49,105
Donated services and materials - Note 3	393,149	1,051,834
Other income	750,902	403,280
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>21,464</u>	<u>27,887</u>
Total revenues and other support	<u>12,272,769</u>	<u>10,696,130</u>
Expenses:		
Salaries	6,161,301	5,872,056
Fringe benefits	945,322	934,956
Office expenses	57,687	61,639
Materials and supplies	1,238,896	1,015,025
Insurance	96,536	72,941
Telephone and utilities	257,189	208,767
Travel/training	218,585	193,133
Equipment and maintenance	373,752	347,798
Contractual	359,642	365,755
Donated services and materials - Note 3	393,149	1,051,834
Program expenses and support	97,528	48,880
Bad debt expense	506,512	298,713
Other expenses	330,313	405,775
Outreach	23,464	25,699
Interest	65,413	60,695
Depreciation	86,300	84,852
Amortization	11,296	22,592
(Gain) loss on disposal of other assets- Note 16	-	906,273
Legal and Accounting	66,448	61,898
Total expenses	<u>11,289,333</u>	<u>12,039,281</u>
Increase (decrease) in unrestricted net assets	<u>983,436</u>	<u>(1,343,151)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS:</u>		
Donations and Contributions	60,000	25,000
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(21,464)</u>	<u>(27,887)</u>
Increase (decrease) in temporarily restricted net assets	<u>38,536</u>	<u>(2,887)</u>
INCREASE(DECREASE) IN NET ASSETS	<u>1,021,972</u>	<u>(1,346,038)</u>
Net assets, beginning of year	<u>210,590</u>	<u>1,556,628</u>
Net assets, end of year	<u>\$ 1,232,562</u>	<u>\$ 210,590</u>

The accompanying notes are an integral part of these financial statements.

CHANGE, INC.
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,021,972	\$ (1,346,038)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	86,300	84,852
Amortization	11,296	22,592
(Gain) loss on sale of other assets	-	906,273
Bad debt expense	506,512	298,713
Changes in assets and liabilities:		
(Increase) decrease in grants, contracts and contributions receivable	(211,952)	86,846
(Increase) decrease in medical fees receivable	(1,214,022)	(332,977)
(Increase) decrease in inventories	(4,881)	3,796
(Increase) decrease in other assets	(22,914)	(7,700)
(Increase) decrease in deposits and prepaid expenses	33,823	(13,286)
Increase (decrease) in accounts payable and accrued liabilities	(45,450)	143,381
Increase (decrease) in deferred revenue	(4,307)	21,083
Net cash provided (used) by operating activities	<u>156,377</u>	<u>(132,465)</u>
Cash flows from investing activities:		
(Purchase) of rental property-other assets	(145,272)	-
(Purchase) of fixed assets	(402,858)	(96,489)
Net cash provided (used) by investing activities	<u>(548,130)</u>	<u>(96,489)</u>
Cash flows from financing activities:		
Proceeds from long term forgivable loans	187,804	48,963
Principal (payments) on capital lease equipment	(6,932)	(36,617)
Proceeds (payments) from long term debt	169,521	84,634
Proceeds (payments) on line of credit	218	471,728
Net cash provided (used) by financing activities	<u>350,611</u>	<u>568,708</u>
Net increase (decrease) in cash and cash equivalents	(41,142)	339,754
Cash and cash equivalents at beginning of year	<u>676,829</u>	<u>337,075</u>
Cash and cash equivalents at end of year	<u>\$ 635,687</u>	<u>\$ 676,829</u>

The accompanying notes are an integral part of these financial statements.

CHANGE, INC.
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2014 AND 2013

Supplemental disclosure of cash flow information:

Cash paid during the period for:

Interest	<u>\$ 65,413</u>	<u>\$ 60,695</u>
----------	------------------	------------------

Schedule of non-cash investing and financing activities:

Loan proceeds for the purchase of fixed assets and debt payments	<u>\$ 246,519</u>	<u>\$ 136,394</u>
Purchase of fixed assets with loan proceeds	<u>\$ (246,519)</u>	<u>\$ (136,394)</u>
Grant proceeds for the purchase of other assets	<u>\$ -</u>	<u>\$ -</u>
Purchase of other assets directly paid by grantor	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CHANGE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED 12/31/2014

2014 FEDERAL AWARDS	PROGRAM	FEDERAL CFDA#	GRANT OR AWARD #	ACCOUNTS RECEIVABLE 12/31/2013	DEFERRED REVENUE 12/31/2013	2014 REVENUE EARNED	2014 EXPENSES INCURRED	ACCOUNTS RECEIVABLE 12/31/2014	DEFERRED REVENUE 12/31/2014
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
<i>Passed through City of Wheeling Home Investment Partnership Program</i>									
First Time Home Buyers-Brooke	FTHB	14.239	N/A	-	221	476	476	476	99
First Time Home Buyers-Hancock	FTHB	14.239	N/A	-	157	881	881	881	608
First Time Home Buyers- Weirton	FTHB	14.239	N/A	-	260	3,396	3,396	3,396	436
					638	4,753	4,753	4,753	1,143
<i>Passed through Northern Panhandle HOME Consortium</i>									
Passed through West Virginia Development Office	CHDO-Oriskany	14.239	FY2012	-	-	21,938	21,938	21,938	9,025
Passed through West Virginia Development Office	CHDO-Fallen City	14.239	#4617	-	-	130,069	130,069	130,069	1,777
Passed through West Virginia Development Office	CHDO-New Martinsville	14.239	MDB-SG-540001	-	-	32,900	12,900	-	-
Passed through West Virginia Development Office	CHDO-Operating	14.239	RFA #2012-02	8,000	-	-	-	-	-
Passed through West Virginia Development Office	CHDO-Training	14.239	N/A	-	-	1,605	1,605	1,605	1,605
Passed through West Virginia Development Office	CHDO-Operating	14.239	#4659-8	-	-	4,185	4,185	4,185	4,185
Passed through West Virginia Development Office	CHDO-Apple	14.239	#4706	-	-	14,855	14,855	14,855	2,860
Passed through West Virginia Development Office	CHDO-Edgewood	14.239	RFP#2013-02	-	-	29,980	29,980	29,980	29,980
Passed through Mon Valley Initiative	Mon Valley	14.239		-	-	5,564	5,564	5,564	5,564
				8,000	-	221,096	221,096	221,096	54,996
				8,638	-	225,849	225,849	225,849	56,139
Total Department of Housing and Urban Development									
DEPARTMENT OF JUSTICE									
<i>Passed thru State of West Virginia Division</i>									
Victim of Crime Act	VOCA	16.575	12-1248	-	2,950	9,076	9,076	9,076	-
Victim of Crime Act	VOCA	16.575	13-VI-044	-	-	11,228	11,228	11,228	9,325
WV Coalition Against Domestic Violence	Empowerment			-	-	300	300	300	-
WV Coalition Against Domestic Violence	LAV	16.524	2010-WI-AX-0063	1,000	-	6,000	6,000	6,000	500
				3,950	-	26,604	26,604	26,604	9,825
Total Department of Justice									
DEPARTMENT OF TRANSPORTATION									
<i>Passed through Department of Transportation</i>									
Division of Public Transit	JARC	20.516	F-37-4042,4043,4044	17,196	-	31,667	31,667	31,667	-
Division of Public Transit	JARC	20.516	F-34-4044	-	-	31,564	31,564	31,564	5,895
				17,196	-	63,031	63,031	63,031	5,895
Total Department of Transportation									
WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES									
<i>Family Violence Prevention and Services/Grants for Bureau for Children and Families</i>									
Public Awareness ETC Tax Credit	ETC	93.558	G140525	5,000	4,219	19,719	19,719	19,719	-
Public Awareness ETC Tax Credit	ETC	93.558	G150494	-	-	5,000	5,000	5,000	5,000
Family Violence Prevention and Services Act	DHHR	93.671	G140385	-	-	8,715	8,715	8,715	-
Family Violence Prevention and Services Act	DHHR	93.671	G150022	-	-	32,594	32,594	32,594	-
				5,000	4,219	65,528	65,528	65,528	5,000
<i>Bureau of Public Health</i>									
Primary Care Support	SLRP	93.185	G150180	-	-	25,000	25,000	25,000	-
Investigations and Technical Assistance (BCCSP)	BCCSP/PMSEWOMAN	93.283		1,507	-	6,290	6,290	6,290	-
Right From The Start Project - Medicaid Title XIX	RFTS	93.778	G140368	9,354	-	29,151	29,151	29,151	-
Right From The Start Project - Medicaid Title XIX	RFTS	93.778	G150356	-	-	27,070	27,070	27,070	13,793
Passed through WV Primary Care Association	Threat Preparedness	93.869	N/A	-	-	10,750	10,750	10,750	-
				10,861	-	98,251	98,251	98,251	13,793
Centers for Medicare and Medicaid Services									
EHR Incentive Program	EHR Incentive	93.778	N/A	-	-	136,000	136,000	136,000	-
Subtotal WV Dept of Health and Human Resources				15,861	4,219	299,788	299,788	299,788	18,793

The accompanying notes are an integral part of these financial statements.

CHANGE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED 12/31/2014

Passed through West Virginia Office of Economic Opportunity

Community Service Block Grant Observational	CSBG Disc	March 1, 2013 - June 30, 2014	*93,569	21991	25,000	25,000	-
Community Service Block Grant	CSBG	Jan. 1, 2014-Dec 31, 2014	*93,569	23069	436,187	436,187	-
Low Income Home Energy Assistance	WV DHR	Jan. 1, 2014 - Dec 31, 2014	93,568	23151	461,187	461,187	-
passed thru the City of Weirton							
WV Homeless Shelters Program ESGP	ESGP	July 1, 2013-June 30, 2014	14,231	ESG13-CHANGE	4,648	4,648	-
WV Homeless Shelters Program ESGP	ESGP	July 1, 2014- June 30, 2015	14,281	ESG14CHANGE	7,121	7,121	-
Subtotal West Virginia Governors Office of Economic Opportunity			3,534		11,769	11,769	3,122
TOTAL Department of Health and Human Resources			1,795		742,622	742,622	41,226
			17,656	4,219	1,042,410	1,042,410	60,029

DEPARTMENT OF HOMELAND SECURITIES

Passed through Salvation Army	EFSP	July 1, 2013-June 30, 2014	97,024	Phase 31	1,019	1,019	-
Emergency Food and Shelter Program							
TOTAL Department of Homeland Securities					1,019	1,019	-

DEPARTMENT OF VETERANS AFFAIRS

Passed through WVCAP	SSVF	Oct. 3, 2013-Dec 31, 2014	64,033	NA	224,494	224,494	38,317
Supportive Services for Veterans Families Program							
TOTAL Department of Veterans Affairs					224,494	224,494	38,317

DEPARTMENT OF ENERGY

Passed through West Virginia Governors Office of Economic Opportunity	WX DOE	July 1, 2013-June 30, 2014	81,042	2011-WX-1001	72,331	72,331	-
OEO Weatherization Assistance to Low Income Persons	WX DOE	July 1, 2014-June 30, 2015	81,042	DOE-WX-1001	90,915	90,915	-
OEO Weatherization Assistance to Low Income Persons	WX DOE & TA		81,042		5,665	5,665	-
TOTAL Department of Energy					168,911	168,911	26,744

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration	HRSA	May 1, 2013-April 30, 2014	*93,224	HR0CS08238	278,319	278,319	-
Health Resources and Services Administration	HRSA	May 1, 2014-April 30, 2015	*93,224	HR0CS08238	600,728	600,728	-
Health Resources and Services Administration	HRSA SBIC	Dec. 1, 2012- Nov, 30, 2014	*93,224	CLZCS25385	362,686	362,686	-
Passed through West Virginia Primary Care	IPA	Oct. 1, 2013 - March 31, 2014	*93,527	N/A	9,326	9,326	-
TOTAL Department of Health and Human Services					1,251,059	1,251,059	67,678

USDA

Passed through West Virginia Department of Education	CRCP	Oct. 1, 2013-Sept. 30, 2014	10,558	61765	15,953	15,953	-
Child and Adult Food Care Program	CALFP	Oct. 1, 2014- Sept. 30, 2015	10,558	61765	12,252	12,252	-
Summer Food Service Program	S FOOD	Oct. 1, 2013-Sept. 30, 2014	10,559	61774	21,852	21,852	-
TOTAL USDA					50,056	50,056	5,694

TOTAL FEDERAL AWARDS

			\$ 84,919	\$ 4,219	\$ 3,053,495	\$ 3,053,495	\$ 270,311
--	--	--	-----------	----------	--------------	--------------	------------

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of CHANGE, Inc. and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* Major Program

The accompanying notes are an integral part of these financial statements.

CHANGE, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR YEAR ENDED 12/31/2014

2014 STATE AWARDS	DEPT.	GRANT OR AWARD #	GRANT PERIOD	2014		2014		2014		DEFERRED REVENUE 12/31/2014	DEFERRED REVENUE 12/31/2014
				ACCOUNTS RECEIVABLE 12/31/2013	REVENUE EARNED	EXPENSES INCURRED	ACCOUNTS RECEIVABLE 12/31/2014	REVENUE 12/31/2014	DEFERRED REVENUE 12/31/2014		
WVDHHR											
Bureau of Children and Families											
Protective Serv. For Victims of Domestic Violence		G140385	July 1, 2013-June 30, 2014	\$ -	\$ 130,017	\$ 130,017	\$ -	\$ -	\$ -	\$ -	\$ -
Protective Serv. For Victims of Domestic Violence		G150022	July 1, 2014-June 30, 2015	-	67,768	67,768	-	-	-	-	11,512
					197,785	197,785					11,512
Bureau of Primary Healthcare											
OCHS/Division of Primary Care Unc. Care		H140107	July 1, 2013-June 30, 2014	-	78,208	78,208	-	-	-	-	-
OCHS/Division of Primary Care Unc. Care		G150105	July 1, 2014-June 30, 2015	-	58,551	58,551	-	10,223	-	-	-
					136,759	136,759		10,223			
Bureau of Primary Healthcare											
OCHS/Division of Primary Care Line Item Mort.		G140329	July 1, 2013-June 30, 2014	-	12,398	12,398	-	-	-	-	-
OCHS/Division of Primary Care Line Item Mort.		G150216	July 1, 2014-June 30, 2015	-	5,775	5,775	-	1,008	-	-	-
					18,173	18,173		1,008			
WV Health Care Authority											
Rural Health Systems Program		2014-WVRHSP-01	Jan. 1, 2012-June 30, 2014	935	-	-	-	-	-	-	-
WV Supreme Court of Appeals											
Access and Visitation Grant		N/A	Oct. 1, 2013-Sept. 30, 2014	1,642	6,359	6,359	-	-	-	-	-
Access and Visitation Grant		N/A	Oct. 1, 2014-Sept. 30, 2015	-	1,386	1,386	-	1,386	-	-	-
				2,577	7,745	7,745		1,386			
Bureau of Public Health											
Right From The Start Project - Contracts & Fees		G140368	July 1, 2013- June 30, 2014	9,353	29,151	29,151	-	-	-	-	-
Right From The Start Project - Contracts & Fees		G150356	July 1, 2014- June 30, 2015	-	27,070	27,070	-	13,793	-	-	-
Right From The Start Project - Training		N/A	July 1, 2013-June 30, 2014	-	150	150	-	150	-	-	-
Right From The Start Project - Training		N/A	July 1, 2014-June 30, 2015	-	200	200	-	200	-	-	-
				9,353	56,571	56,571		14,143			
Total WV Department of Health and Human Services				11,930	417,033	417,033		26,760			11,512
West Virginia Immunization Network											
Take Your Best Shot-Youth		N/A	Nov. 1, 2013-Oct. 31, 2014	-	1,800	1,800	-	-	-	-	-
Take Your Best Shot-Youth		N/A	Nov. 1, 2014-Oct. 31, 2015	-	1,800	1,800	-	2,300	-	-	2,200
					3,600	3,600		2,300			2,200
West Virginia Affordable Housing Trust Fund											
Housing Counseling		N/A	July 5, 2012- July 4, 2014	1,047	4,089	4,089	-	-	-	-	-
TOTAL 2014 STATE AWARDS				\$ 12,977	\$ 1,800	\$ 4,176,422	\$ 26,760	\$ 13,712			

The accompanying notes are an integral part of these financial statements.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 1 – Nature of Operations:

CHANGE, Inc. is a nonprofit organization, which was formed in 1983 under the laws of the State of West Virginia. The Organization provides assistance to families/individuals in need by providing quality medical services, transportation for employment, non-emergency transportation, shelter from domestic violence, home energy conservation, first time home buyers assistance, housing counseling, promote and provide decent housing that is affordable to low income and moderate income persons in the cities and counties of the Panhandle of West Virginia, after school programs, emergency services and other services to the residents within, but not limited to Brooke, Hancock, Ohio and Marshall Counties of WV and surrounding neighboring cities of Ohio and Pennsylvania. CHANGE, Inc. provides these services with funding from various federal, state, local and private sources.

From 1998 to April 12, 2005, CHANGE, Inc. operated a free health clinic after a needs assessment of the area showed that 100 percent of CHANGE, Inc.'s clients had no health insurance and Weirton Medical Center reported an influx of low-income patients beyond their financial capabilities. This free clinic provided prescription and preventative health services to uninsured residents of Brooke and Hancock Counties in West Virginia.

On April 12, 2005, CHANGE, Inc. formed Family Medical Care, Inc., a community health medical center. The transition from a free clinic to Family Medical Care, Inc. was made to meet the overwhelming increase in demand for services mostly due to the 10,000 employees and retirees of Weirton Steel who had lost their jobs, pensions and health insurance. With the transition, patients now have access to quality health care based on a sliding scale regardless of income level, insurance status, or residence through funding from federal, state, local and private sources, as well as third party and private program income. Family Medical Care, Inc. is operated as a department of CHANGE, Inc.

On July 1, 2009, CHANGE, Inc. opened Women's Health Center, a part of Family Medical Care. Women's Health Center was located within Weirton Medical Center and provides gynecological services regardless of income level. Now low income and uninsured women can receive the same level of care as insured patients.

On April 1, 2013, CHANGE, Inc. opened Family Medical Care Community Health Center at 200 Luray Drive, Wintersville, OH to provider greater access to care for our patients. In doing so, CHANGE, Inc. closed down its Women's Health Center located within Weirton Medical Center's medical office building and transition the care to both the West St. location in WV and the Luray Drive location in OH.

On August 1, 2014 CHANGE, Inc. opened a School Based Health Center in the Weirton Elementary School located at 3428 Pennsylvania Avenue, Weirton, WV. The facility is the largest School Based Health Center in the state of West Virginia. The facility provides access to medical and dental care for approximately 1,000 students and 200 staff members.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 2 – Summary of Significant Accounting Policies (continued):

Basis of presentation – The financial statements of CHANGE, Inc. (the Organization) have been prepared in conformity with accounting principles generally accepted in the United States of America, with the exception of the capitalization of certain fixed assets.

Basis of accounting – CHANGE, Inc. prepares its financial statements using the accrual basis of accounting.

Account classification – Revenue and expense information is maintained separately for each grant funded to CHANGE, Inc. as required by the various funding sources.

Equipment and vehicles – In accordance with grant award budgets approved by the various funding sources, equipment and vehicles purchased with grant funds under cost reimbursement grants are charged to expense in the period in which they are purchased rather than being recorded as assets and depreciated over their estimated useful life. As a result, the expenses reflected in the statements of activities and changes in net assets include the cost of equipment and vehicles purchased during the year rather than a provision for depreciation for those assets acquired with grant funds. Houses purchased with grant funding for NSP (Neighborhood Stabilization Program) Home Ownership Program, in addition to land and housing construction purchased through forgivable loans from Community Housing Development Organizations (CHDO), are recorded as other assets on the Statement of Financial Position when purchased and not expensed upon purchase as detailed in Note 13.

The equipment acquired is owned by CHANGE, Inc. while it is used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds there from, is subject to funding source regulations.

Buildings – CHANGE, Inc. owns several buildings that are used for program specific purposes. The buildings are acquired with the aid of grant awards and private funding and are shown on the statements of financial position. As noted above, the portion of the building, land or renovations that are paid for with grant funds are charged to expense when the buildings are purchased or renovations are made. However, with the grant funding received for the NSP (Neighborhood Stabilization Program) Home Ownership Program and forgivable loan funding received from Community Housing Development Organizations (CHDO), housing, land and construction purchased are recorded as other assets on the Statement of Financial Position as further explained in Note 13.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 2 – Summary of Significant Accounting Policies (continued):

Fixed assets – debt financed or non-grant expenditures – Fixed assets acquired with local or corporate funds, or debt-financed, are capitalized at cost and depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows: 15 to 40 years for buildings and improvements and 3 to 5 years for equipment and vehicles.

Interest expense related to debt-financed fixed assets is charged to unrestricted (corporate) funds for those grants that do not allow interest expense.

Capital leases – Equipment acquired through capital lease with medical third party or self pay revenue is capitalized at cost and amortized. Amortization is calculated using the straight-line method over the term of the lease.

Interest expense related to capital leases is charged to medical third party or self pay program expenses.

Accounts receivable – Accounts receivable are stated at the net of the allowance for doubtful accounts. The allowance is established through a provision for bad debts charged to expense. Accounts are charged off against the allowance when all reasonable attempts have been made to collect and management believes that the collection of the accounts is unlikely. The allowance is an amount which management believes will be adequate to absorb possible losses on outstanding accounts that may become uncollectible. The allowance is based on evaluation of historical collection rates with consideration given for contractual adjustments and prior bad debt expense. Any account, which has an outstanding balance of two or more statement cycles without a record of consistent payment activity is considered uncollectible and will be adjusted off and sent to a designated third party collection agency. Extenuating circumstances with the patient's untimely payments may be taken into consideration for the outstanding balance.

Inventory – Inventory is recorded on a first-in first-out basis at cost for the Weatherization and Pharmacy programs.

Cash and cash equivalents – For the purpose of the Statement of Cash Flows, CHANGE, Inc. considers all investments with an original maturity date of three months or less to be cash equivalents.

Revenues – Revenues are recognized in the accompanying financial statements as follows:

Grants and Reimbursement Contracts – The funds due from the various funding sources under grants and reimbursement contracts are recognized as revenue in the program year when the expenditures are incurred and the grant funds earned.

Program Income – The amount due from various sources is recognized when earned.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 2 – Summary of Significant Accounting Policies (continued):

Interest Income – Interest income is recognized in the accounting period in which it is received. CHANGE, Inc. maintains funds received from various sources in interest-bearing checking accounts. The portion of interest earned on federal funds is applied to the federal funding sources in accordance with grant requirements. The interest earned on other funds is transferred to the corporate accounts and is used to support the programs of the Organization.

Donations, Contributions and Promises to Give – All donations and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year in which the contribution was recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. Temporarily restricted net assets are reclassified to unrestricted net assets upon expiration of the restriction.

There was \$18,638 in temporarily restricted funds at December 31, 2013, \$477 from JC Williams Foundation for use in Youth Programs and \$18,161 for S.L Gimble Foundation for use in the Domestic Violence Program. There were no permanently restricted net assets in 2013. There was \$57,174 in temporarily restricted funds at December 31, 2014, \$50,000 from the Sisters of Saint Joseph Health and Wellness Foundation for use in the School Based Health Center at Weirton Elementary and \$7,174 from the Schenk Charitable Trust for use in the Family Medical Care Expansion Project. There were no permanently restricted net assets in 2014.

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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial statement presentation – CHANGE, Inc. presents its financial statements in accordance with Financial Accounting Standards Board, Accounting Standards Codification (FASB ASC 958) “Financial Statements of Not-for-Profit Organizations.” Under FASB ASC 958, CHANGE, Inc. is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Assets with voluntary designations by the governing board are considered to be unrestricted.

Reclassifications – The Organization’s policy is to reclassify amounts reported in prior year financial statements when necessary for classifications adopted during the current year. There are no significant reclassifications during 2014.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 3 – In-kind Wages, Rent, Transportation, Supplies and Other:

Local cash matches were used to meet matching cash requirements of various grants. The amounts were obtained from various local grants, performance contracts, donations and in-kind. Match and in-kind were obtained for the year ended December 31, 2014 and 2013, for the following programs:

	<u>2014</u>	<u>2013</u>
<u>Salaries and Benefits:</u>		
Corporate	\$ 1,948	\$ 3,725
Lighthouse	<u>-0-</u>	<u>276</u>
Total salaries and benefits	<u>1,948</u>	<u>4,001</u>
 <u>Medical Services and Drugs:</u>		
<u>FOHC</u>	<u>393,149</u>	<u>1,051,834</u>
Total medical services and drugs	<u>393,149</u>	<u>1,051,834</u>
<u>Other:</u>		
Corporate	-0-	464
Lighthouse	<u>5,910</u>	<u>11,399</u>
Total other	<u>5,910</u>	<u>11,863</u>
Total	<u>\$ 401,007</u>	<u>\$ 1,067,698</u>

For the years ended December 31, 2014 and 2013, donations of medical services and pharmaceuticals totaling \$393,149 and \$1,051,834, respectively, have been recognized in the statements of activities. No other amounts have been recognized in the statements of activities for in-kind contributions because the criteria for recognition under FASB ASC 958-605-50-1 have not been satisfied.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 4 – Land, Buildings, Vehicles and Equipment:

As described in Note 2, the Organization owns land, buildings, equipment and vehicles, which are recorded at cost. The following is a listing of fixed assets at cost:

	<u>2014</u>	<u>2013</u>
Land	\$ 7,349	\$ 5,000
Buildings and improvements	1,764,570	1,457,786
Equipment and furnishings	282,731	233,145
Vehicles	<u>250,963</u>	<u>206,824</u>
Total Fixed Assets	2,305,613	1,902,755
Less: Accumulated depreciation	<u>(727,092)</u>	<u>(640,791)</u>
Net fixed assets	<u>\$1,578,521</u>	<u>\$1,261,964</u>

CHANGE, Inc. reviews its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated by the fixed assets and any estimated proceeds from the eventual disposition of the fixed assets. If the fixed assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value of such fixed assets. There were no impairment losses recognized in 2014 and 2013.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 5 – Lines of Credit and Long-Term Debt:

Line of credit, mortgages and notes payable consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
<u>Line of Credit</u>		
\$500,000 demand note secured by three parcels of property located in Hancock and Marshall Counties in West Virginia and Medical A/R. The variable rate in effect at December 31, 2014 was 3.25%.	\$ 499,617	\$ 499,399
<u>Long – Term Debt</u>		
Deed of Trust on West Street property, interest rate of 6.125%, maturity on November 3, 2023.	\$ 36,386	\$ 39,366
Deed of Trust on 3136 West Street, interest rate of 4.125%, maturity on December 28, 2037.	988,992	1,014,558
Deed of Trust on 3158 West Street, interest rate of 4.150%, maturity on October 4, 2029.	153,670	-0-
Note payable on 2007 Chevy Silverado Truck, interest rate of 5.30%, maturity on January 1, 2015.	354	4,768
Note payable on 2010 Dodge Grand Caravan, interest rate of 6.75%, maturity on January 5, 2015.	397	5,212
Note payable on 2014 Dodge Caravan, interest rate of 5.25%, maturity on November 25, 2017.	16,011	20,959
Note payable to Hancock Country Savings bank, unsecured, interest rate of 4.00%, maturity on March 09, 2017.	74,897	107,185
Note payable on 2014 Dodge Grand Caravan, interest rate of 2.50%, maturity on November 5, 2019.	19,971	-0-
Note payable on 2015 Dodge Grand Caravan, interest rate of 2.50%, maturity on November 5, 2019.	21,305	-0-
Note payable on General Electric Ultrasound equipment interest rate of 5.60%, maturity on December 05, 2019.	49,585	-0-
Total mortgages and notes payable	<u>\$ 1,361,568</u>	<u>\$ 1,192,048</u>

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 5 – Lines of Credit and Long-Term Debt (continued):

Aggregate maturities of long-term debt for the periods subsequent to December 31, 2014, based on present arrangements, are as follows:

2015	\$ 94,434
2016	97,710
2017	71,280
2018	62,303
2019	64,127
Thereafter	<u>971,714</u>
Total	<u>\$ 1,361,568</u>

Note 6 – Operating Lease:

The Organization entered into a lease agreement with United Group Realities commencing February 1, 2014 for a 8,767 square foot building located at 200 Luray Drive. Equal monthly installments of \$9,133.33 will be expensed and presented as Other Expenses on the Statement of Activities. At the end of the five year lease agreement, the organization will have an option to renew the lease with rent terms that will be negotiated. An addendum to the lease agreement was agreed upon effective May 1, 2013 for an additional \$5,661.37 per month. The Organization also entered in a lease agreement effective May 1, 2013 with Anthony J. Decaria and Vincent B. Decaria. The lease is for a 30 vehicle parking lot. Equal monthly payments of \$1,500.00 will be made for a period of 57 consecutive months, at which the lease will continuously renew itself for one month periods. Current year operating lease expense and succeeding 5 year obligation is as follows:

2015	\$ 195,536
2016	195,536
2017	195,536
2018	195,536
2019	<u>35,251</u>
Total	<u>\$ 817,395</u>

Note 7 – Capital Lease:

As described in Note 2, the Organization has capital equipment leases. There are 2 equipment leases for Family Medical Care Community Health Center with terms as follows:

The Organization entered into a 5 year (60 month) lease commencing on June 30, 2009 for GE Bone Density Equipment. The total cost of the equipment was \$44,480 and was due in equal monthly installments of \$888 with an interest rate of 7.3%. The Organization has paid off the remaining lease balance on August 8, 2014.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 7 – Capital Lease (continued):

The Organization entered into a 5 year (60 month) lease commencing on June 30, 2009, for Ultrasound Equipment. The total cost of the equipment was \$68,480 and was due in equal monthly installments of \$1,491.49 with an interest rate of 11%. The Organization paid off the remaining lease balance on August 30, 2013.

The following is a listing of capital leases at cost:

	2014	2013
Capital lease equipment	\$ 112,960	\$ 112,960
Less: Accumulated amortization	112,960	101,664
Net capital leases	\$ -0-	\$ 11,296

Note 8 – Retirement Plan:

CHANGE, Inc. maintains a 403(b) retirement plan. All employees working are eligible to participate. Change, Inc. provides employer contributions that match employee contributions, dollar for dollar, with an annual cap of \$3,000 per employee, eligibility requirements to receive match: employees must work 1,000 hours and must be employed for at least one year. CHANGE, Inc. contributed \$82,287 and \$84,457 to the plan for the years ending December 31, 2014 and 2013, respectively.

Note 9 – Commitments and Contingencies:

CHANGE, Inc. receives a substantial amount of its support from federal and state programs. A significant reduction of this support would have a major effect on CHANGE, Inc.'s activities.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. Management believes disallowances, if any, would be immaterial.

CHANGE, Inc. is required to file an annual cost report with the Medicare and West Virginia Medicaid program. Upon final settlement of these reports, amounts may be deemed payable to or receivable from the Medicare and Medicaid programs. The Organization's 2014 cost report was filed in June 2015. As such, no liability or asset has been recorded for any amount that may be payable or receivable as a result of this report.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 10 – Concentration of Credit Risk:

CHANGE, Inc. maintains cash accounts at several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The cash deposits at Huntington National Bank were over the \$250,000 limit at December 31, 2014; all other cash deposits were within FDIC coverage limits at December 31, 2014.

CHANGE, Inc. is located in Weirton, West Virginia. The Organization grants credit without collateral to patients of Family Medical Care, Inc., most of whom are local residents.

Note 11 – Income Taxes:

CHANGE, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Note 12 – Federal 330 Grant Funding:

Federal 330 grants are issued to community health centers to increase the access to comprehensive primary and preventive health care and improve the health status of underserved populations. The Bureau of Primary Health Care awarded CHANGE, Inc. with Federal 330 grant funding in the amount of \$1,015,630 for the period May 1, 2014 through April 30, 2015 and \$799,266 for the period May 1, 2013 through April 30, 2014. CHANGE, Inc. received and expended \$879,047 in Federal 330 funding for the year ended December 31, 2014.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 13 – Other Assets:

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2011 from the West Virginia Housing Development Fund for the HOME Community Housing Development Organization (CHDO) Program, New Martinsville Housing project, for the acquisition of real property and construction of single-family dwelling units to sell to qualified buyers. The loan is not to exceed \$417,000 at 0% interest for 24 months. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 24 months if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2012 from the West Virginia Housing Development Fund for the HOME Community Housing Development Organization (CHDO) Program, Paden City Triplex project, for the acquisition of real property and construction of single-family dwelling units to lease to eligible low income families. The loan is not to exceed \$415,000 at 0% interest for 22 years. The loan was amended on April 4, 2014 not to exceed \$552,016 at 0% interest for 22 years. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 22 years if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2014 from the West Virginia Housing Development Fund for the HOME Community Housing Development Organization (CHDO) Program, Wetzel County Scattered Site project (Apple Street), for the acquisition of real property and construction of single-family dwelling units to sell to qualified buyers. The loan is not to exceed \$515,000 at 0% interest for 24 months. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 24 months if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2014 from the West Virginia Housing Development Fund for the HOME Community Housing Development Organization (CHDO) Program, Wetzel County Rental project (Edgewood Terrace), for the acquisition of real property and construction of single-family dwelling units to lease to eligible low income families. The loan is not to exceed \$425,000 at 0% interest for 22 years. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 22 years if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 13 – Other Assets (continued):

A Federal grant was awarded to CHANGE, Inc. in 2013 for Community Housing Development Organization (CHDO) Program, Affordable Housing project. This program is for the renovation of a single-family dwelling unit to be sold to a low and moderate-income household. The award of \$46,993 from the Northern Panhandle HOME Consortium is for a period of 24 months. Also supplementing this project are the sale proceeds from two renovated homes from a 2010 CRA project.

Under these programs, the portion of the building or renovations that are paid for with grant or loan funds are recorded as other assets on the Statement of Financial Position when the buildings are purchased or renovations are made. The following is a list of buildings and renovations as of 12/31/14, also known as hard costs, recorded as other assets:

<u>Property Location</u>	<u>Grant</u>	<u>Buildings</u>	<u>Renovations</u>
3144 Orchard Street, Weirton	CRA & CHDO	\$ 2,119	\$ 67,835

<u>Property Location</u>	<u>Loan</u>	<u>Buildings</u>	<u>Renovations</u>
416 Lemont Lot 1 & 2	CHDO	\$ 10,047	\$ 174,533
Paden City	CHDO	\$ 16,000	\$ 117,814
Apple Street	CHDO	\$ 14,651	\$ -0-
Edgewood Terrace	CHDO	\$ 30,480	\$ -0-

Costs such as legal fees, insurance, marketing and engineering, in addition to administrative costs, are recorded as expenses in the period they are incurred.

Note 14 – Long Term Forgivable Loan:

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2011 from the West Virginia Housing Development Fund for the HOME Community Housing Development Organization (CHDO) Program, New Martinsville Housing project, for the acquisition of real property and construction of single-family dwelling units to sell to qualified buyers. The loan is not to exceed \$417,000 at 0% interest for 24 months. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 24 months if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 14 – Long Term Forgivable Loan (continued):

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2012 from the West Virginia Housing Development Fund for the Special Assistance Loan Program (SALP) for the renovation a of single-family dwelling unit to be used a transitional home for the Domestic Violence Prevention Program. The loan is not to exceed \$20,000 at 0% interest for 10 years. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 10 years if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2012 from the West Virginia Housing Development Fund for the HOME Community Housing Development Organization (CHDO) Program, Paden City Triplex project, for the acquisition of real property and construction of single-family dwelling units to lease to eligible low income families. The loan is not to exceed \$415,000 at 0% interest for 22 years. The loan was amended on April 4, 2014 not to exceed \$552,016 at 0% interest for 22 years. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 22 years if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2014 from the West Virginia Housing Development Fund for the HOME Community Housing Development Organization (CHDO) Program, Wetzel County Scattered Site project (Apple Street), for the acquisition of real property and construction of single-family dwelling units to sell to qualified buyers. The loan is not to exceed \$515,000 at 0% interest for 24 months. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 24 months if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

Federal funding in the form of a forgivable loan was awarded to CHANGE, Inc. in 2014 from the West Virginia Housing Development Fund for the HOME Community Housing Development Organization (CHDO) Program, Wetzel County Rental project (Edgewood Terrace), for the acquisition of real property and construction of single-family dwelling units to lease to eligible low income families. The loan is not to exceed \$425,000 at 0% interest for 22 years. The loan shall be secured by a Credit Line Deed of Trust and Promissory Note granting a lien on the Real Property and on all improvements financed with the Loan. The loan will be forgiven at the end of 22 years if CHANGE, Inc. complies with all rules and regulations as stated in the loan agreement and provides affordable housing to low income families.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 14 – Long Term Forgivable Loan (continued):

Under these programs, the loan disbursements are recorded as a Forgivable Loan on the Statement of Financial Position. As of 12/31/14, the total loan disbursement was \$636,404, comprised of \$416,000 \$20,000, \$155,568, \$14,855, \$29,981 and for New Martinsville, SALP, Paden City, Apple Street, and Edgewood Terrace projects respectively.

Note 15 – Investment in Joint Venture:

During the year ended December 31, 2011, CHANGE, Inc., along with other healthcare related companies, jointly created a for profit corporation called West Virginia Family Health Care, Inc.(WVFHP), to provide managed care services to residents of West Virginia through a health care maintenance organization. The original investment was \$10,000 for which CHANGE, Inc. received 6,496.82 shares of Class A, Series A-1 stock in WVFHP. The investment was valued at \$10,000 at December 31, 2014.

Note 16 – (Gain) Loss on Disposal of Other Assets:

CHANGE, Inc. participates in several programs where they are awarded grant fund or forgivable loans to purchase, renovate, and resell houses to economically disadvantaged people.

As the program was originally designed when CHANGE, Inc. sold a house they were entitled to keep the net proceeds of the sale.

During 2013 in the middle of the program CHANGE, Inc. was forced to sell seven (7) houses of the programs resulting in a loss of \$906,273 on these sales, which is reflected on the Statement of Activities and Changes in Net Assets. CHANGE, Inc did not sell any houses in 2014.

Additionally, West Virginia Development Office (one of the grantors) also changed the process in which the proceeds from the sales of four houses would be treated. Originally CHANGE, Inc. would have received the proceeds, but with the change the proceeds had to be remitted to the West Virginia Development Office.

Had CHANGE, Inc. received the funds as the original program stated the (Gain) Loss on Disposal of Other Assets would have been reduced by \$287,089 as of December 31, 2013. CHANGE, Inc. did not recognize any (Gain) Loss on Disposal of Other Assets in 2014.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 17 – Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the organization through July 2, 2015, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SEACHRIST, KENNON & MARLING, A.C.

Certified Public Accountants & Business Consultants

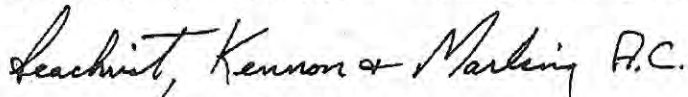
Craig K. Seachrist, CPA, CVA
Ronnie L. Marling, CPA, CFE

Members of:
American Institute of Certified Public Accountants
Governmental Audit Quality Center
Employee Benefit Plan Audit Quality Center

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
CHANGE, Inc.:

We have audited the financial statements of CHANGE, Inc. as of and for the year ended December 31, 2014, and our report thereon dated July 2, 2015, which expressed a qualified opinion on those financial statements, appears on page 1-3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 27-40, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



Seachrist, Kennon & Marling, A.C.
Wheeling, West Virginia
July 2, 2015

CHANGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014 WITH
COMPARATIVE TOTALS AS OF DECEMBER 31, 2013

	Program	Management and General	Fundraising	Total 2014	Total 2013
Salaries	\$ 4,620,976	\$ 1,417,099	\$ 123,226	\$ 6,161,301	\$ 5,872,056
Fringe benefits	708,992	217,424	18,906	945,322	934,956
Office expenses	43,265	13,268	1,154	57,687	61,639
Materials and supplies	929,172	284,946	24,778	1,238,896	1,015,025
Insurance	72,402	24,134	-	96,536	72,941
Telephone and utilities	192,892	59,153	5,144	257,189	208,767
Travel	163,939	50,275	4,372	218,585	193,133
Equipment and maintenance	280,314	85,963	7,475	373,752	347,798
Contractual	269,732	89,911	-	359,642	365,755
Donated services and materials	393,149	-	-	393,149	1,051,834
Program expenses and support	97,528	-	-	97,528	48,880
Bad debt expense	506,512	-	-	506,512	298,713
Other expenses	247,735	75,972	6,606	330,313	405,775
Outreach	17,598	5,397	469	23,464	25,699
Interest and service charges	49,060	16,353	-	65,413	60,695
Depreciation	64,725	19,849	1,726	86,300	84,852
Amortization	11,296	-	-	11,296	22,592
Gain (loss) on disposal of other assets	-	-	-	-	906,273
Legal and Accounting	49,836	15,283	1,329	66,448	61,898
	<u>\$ 8,719,123</u>	<u>\$ 2,375,027</u>	<u>\$ 195,185</u>	<u>\$ 11,289,333</u>	<u>\$ 12,039,281</u>

The accompanying notes are an integral part of these financial statements.

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

CORPORATE

Revenues and other support:

Local support	\$ 5,250
Program service fees	7,049
Donations and contributions	29,305
Other income	<u>158,730</u>
Total revenues and other support	<u>200,334</u>

Expenses:

Salaries	17,735
Fringe Benefits	1,075
Office expenses	1,660
Materials and supplies	4,072
Telephone and utilities	7,882
Travel/training	3,234
Equipment and maintenance	4,997
Program expenses and support	407
Other expenses	40,540
Outreach	319
Interest	45,177
Depreciation	<u>56,769</u>
Total expenses	<u>183,867</u>

Revenues over (under) expenses \$ 16,467

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

COMMUNITY SERVICE BLOCK GRANT

Revenues and other support:

Federal support	\$ 461,187
Total revenues and other support	<u>461,187</u>

Expenses:

Salaries	278,830
Fringe benefits	56,502
Office expenses	3,547
Materials and supplies	16,733
Insurance	8,799
Telephone and utilities	18,921
Travel/training	16,753
Equipment and maintenance	40,146
Contractual	2,734
Program expenses and support	522
Other expenses	11,485
Outreach	441
Legal and Accounting	5,774
Total expenses	<u>461,187</u>

Revenues over (under) expenses	<u>\$ -</u>
--------------------------------	-------------

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

WEATHERIZATION

Revenues and other support:

Federal support	\$ 438,577
Local support	16,862
Program service fees	10,067
Other income	1,739
Total revenues and other support	<u>467,245</u>

Expenses:

Salaries	190,932
Fringe benefits	50,382
Office expenses	657
Materials and supplies	110,036
Insurance	9,327
Telephone and utilities	10,891
Travel/training	19,226
Equipment and maintenance	10,665
Contractual	57,406
Other expenses	1,319
Legal and Accounting	6,985
Total expenses	<u>467,826</u>
Revenues over (under) expenses	<u>\$ (581)</u>

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

TRANSPORTATION

Revenues and other support:

Federal support	\$ 63,031
Program service fees	11,933
Service contracts	422,119
Other income	3,075
Total revenues and other support	<u>500,158</u>

Expenses:

Salaries	200,801
Fringe benefits	29,645
Office expenses	66
Materials and supplies	573
Insurance	4,762
Telephone and utilities	5,936
Travel/training	83,225
Equipment and maintenance	23,716
Contractual	-
Other expenses	1,233
Legal and Accounting	2,183
Total expenses	<u>352,140</u>

Revenues over (under) expenses \$ 148,018

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

HOUSING

Revenues and other support:

Federal support	\$ 38,045
State support	4,089
Program service fees	3,122
Other income	3,638
Total revenues and other support	<u>48,894</u>

Expenses:

Salaries	27,275
Fringe benefits	4,283
Office expenses	105
Materials and supplies	772
Insurance	1,173
Telephone and utilities	2,460
Travel/training	5,107
Equipment and maintenance	927
Contractual	1,505
Program expenses and support	18,173
Other expenses	644
Legal and Accounting	811
Total expenses	<u>63,235</u>

Revenues over (under) expenses \$ (14,341)

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

LIGHTHOUSE

Revenues and other support:

Federal support	\$ 80,702
State support	205,529
Donations and contributions	3,088
Total revenues and other support	<u>289,319</u>

Expenses:

Salaries	173,807
Fringe benefits	40,977
Office expenses	355
Materials and supplies	4,810
Insurance	8,843
Telephone and utilities	21,630
Travel/training	6,872
Equipment and maintenance	5,699
Contractual	3,452
Program expenses and support	2,555
Other expenses	6,908
Outreach	1,066
Legal and Accounting	3,967
Total expenses	<u>280,941</u>

Revenues over (under) expenses	<u>\$ 8,378</u>
--------------------------------	-----------------

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

YOUTH SERVICES

Revenues and other support:	
Federal support	\$ 50,056
Program service fees	3,470
Other income	33,322
Total revenues and other support	<u>86,848</u>
 Expenses:	
Salaries	50,838
Fringe benefits	7,689
Materials and supplies	33,076
Insurance	718
Telephone and utilities	1,022
Travel/training	338
Equipment and maintenance	422
Other expenses	2,960
Legal and Accounting	150
Total expenses	<u>97,213</u>
 Revenues over (under) expenses	 <u>\$ (10,365)</u>

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

FOHC

Revenues and other support:

Federal support	\$ 1,429,099
State support	157,232
Medical third party and self pay revenue	7,267,975
Donations and contributions	61,928
Donated services and materials	393,149
Other income	679,695
Pharmacy Sales	8,244
Total revenues and other support	<u>9,997,322</u>

Expenses:

Salaries	5,063,926
Fringe benefits	720,026
Office expenses	50,338
Materials and supplies	1,067,247
Insurance	61,644
Telephone and utilities	177,332
Travel/training	69,558
Equipment and maintenance	273,675
Contractual	261,932
Donated services and materials	393,149
Program expenses and support	20,653
Bad debt expense	506,512
Other expenses	351,957
Outreach	18,810
Legal and Accounting	45,109
Interest	20,235
Amortization	11,296
Depreciation	29,532
Total expenses	<u>9,142,931</u>

Revenues over (under) expenses	<u>\$ 854,391</u>
--------------------------------	-------------------

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

EARNED INCOME TAX CREDIT

Revenues and other support:

Federal support	\$ 24,219
Total revenues and other support	<u>24,219</u>

Expenses:

Salaries	8,020
Fringe benefits	1,581
Office expenses	2
Materials and supplies	5,093
Telephone and utilities	206
Travel/training	4,245
Equipment and maintenance	1,692
Contractual	3,000
Program expenses and support	1,056
Total expenses	<u>24,895</u>

Revenues over (under) expenses	<u>\$ (676)</u>
--------------------------------	-----------------

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

WEST VIRGINIA SAVES

Revenues and other support:

Donations and contributions	\$ 3,000
Total revenues and other support	<u>3,000</u>

Expenses:

Materials and supplies	77
Travel/training	16
Outreach	430
Total expenses	<u>523</u>

Revenues over (under) expenses	<u>\$ 2,477</u>
--------------------------------	-----------------

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

RIGHT FROM THE START

Revenues and other support:

Federal support	\$ 56,221
State support	56,571
Program service fees	48,078
Total revenues and other support	<u>160,870</u>

Expenses:

Salaries	73,940
Fringe benefits	19,793
Office expenses	949
Materials and supplies	1,457
Insurance	1,271
Telephone and utilities	4,102
Travel/training	6,060
Equipment and maintenance	1,242
Contractual	29,548
Other expenses	3,556
Outreach	644
Legal and Accounting	1,327
Total expenses	<u>143,889</u>

Revenues over (under) expenses \$ 16,981

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

MARSHALL COUNTY NEEDS

Revenues and other support:

Donations and contributions	\$ 3,000
Total revenues and other support	<u>3,000</u>

Expenses:

Telephone and utilities	<u>2,946</u>
Total expenses	<u>2,946</u>

Revenues over (under) expenses	<u><u>\$ 54</u></u>
--------------------------------	---------------------

CHANGE, INC.
SCHEDULE OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2014

VETERANS PROGRAM

Revenues and other support:	
Federal support	\$ 224,494
Total revenues and other support	<u>224,494</u>
Expenses:	
Salaries	99,588
Fringe benefits	16,493
Office expenses	9
Materials and supplies	2,814
Telephone and utilities	7,367
Travel/training	13,830
Equipment and maintenance	10,953
Contractual	70
Program expenses and support	69,265
Other expenses	1,039
Outreach	1,754
Legal and Accounting	142
Total expenses	<u>223,324</u>
Revenues over (under) expenses	<u>\$ 1,170</u>

SEACHRIST, KENNON & MARLING, A.C.

Certified Public Accountants & Business Consultants

Craig K. Seachrist, CPA, CVA
Ronnie L. Marling, CPA, CFE

Members of:
American Institute of Certified Public Accountants
Governmental Audit Quality Center
Employee Benefit Plan Audit Quality Center

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
CHANGE, 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 CHANGE, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 2, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CHANGE, 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 CHANGE, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the CHANGE, Inc.'s internal control.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. See finding 2014-001. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CHANGE, 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 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 item 2014-001.

CHANGE, Inc.'s Response to Findings

CHANGE, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. CHANGE, Inc.'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.

Seachrist, Kennon & Marling P.C.

Seachrist, Kennon, & Marling A.C.
Wheeling, West Virginia
July 2, 2015

SEACHRIST, KENNON & MARLING, A.C.

Certified Public Accountants & Business Consultants

Craig K. Seachrist, CPA, CVA
Ronnie L. Marling, CPA, CFE

Members of:
American Institute of Certified Public Accountants
Governmental Audit Quality Center
Employee Benefit Plan Audit Quality Center

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
CHANGE, Inc.:

Report on Compliance for Each Major Federal Program

We have audited CHANGE, 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 CHANGE, Inc.'s major federal programs for the year ended December 31, 2014. CHANGE, 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 CHANGE, 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 CHANGE, 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 CHANGE, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, CHANGE, 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 December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items See finding 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

CHANGE, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. CHANGE, 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.

Report on Internal Control over Compliance

Management of CHANGE, 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 CHANGE, 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 CHANGE, 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 deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001, that we consider to be a significant deficiency.

CHANGE, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. CHANGE, 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.

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.

Seachrist, Kennon & Marling P.C.

Seachrist, Kennon, & Marling A.C.

Wheeling, West Virginia

July 2, 2015

44

DHHR - Finance

SEP 23 2015

Date Received

CHANGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2014

SECTION 1 – SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weakness identified	No
Reportable conditions identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>	
93.224	Department of Health and Human Services Health Resources and Services Administration	
93.569	Pass through West Virginia Office of Economic Opportunity Community Service Block Grant	
Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as a low-risk auditee?		No

CHANGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2014

SECTION 2 – FINANCIAL STATEMENT FINDINGS

Significant Deficiency:

2014-001- Compliance Requirements

Condition: All new vendors applying to perform services for Change, Inc. involving Federal funding must not be suspended or debarred from dealing with the government.

Criteria: Internal controls should be in place to require all new vendors to provide sworn statements along with their proposals that they are not suspended or debarred from doing business with Federally funded agencies.

Cause: Management represented to us that all vendors hired for the Health Resources and Services Administration- CFDA No 93.224 Grant No C12C525585 were checked at SAM.GOV. During our audit we could not find any written documentation to support management's representations.

In response to this issue we examined 17 of the 19 vendors that were contracted for the grant or 89% and found zero (0) vendors tested were debarred or suspended.

Effect: If support cannot be provided that a vendor was checked for suspension or debarment there is a chance to enter into a contract with a vendor that by law cannot be paid with Federal funds. This puts the organization at risk of potentially having to refund monies paid to vendors that should not have been employed.

Recommendation: Procedures should be implemented when bidding projects that have Federal funds, to require all bidders to submit, as part of their bid package, a sworn statement that they are not suspended or debarred.

View of Responsible Officials and Planned Corrective Action Plan: Change, Inc. followed internal policies for checking debarment all on new vendors. However, Change, Inc did not save the documentation and therefore could not provide documentation during the audit. Change, Inc has addressed the issue by putting into place a procedure for checking vendors for debarment and suspension. Any new vendor who wishes to enter into contract with Change, Inc will be checked for debarment and suspension through sam.gov. If that vendor is not registered with sam.gov, Change, Inc. has developed a debarment and suspension verification form that the vendor must complete. Also, existing vendors that are used on a frequent basis will be checked for suspension and debarment periodically. All of this documentation will be stored on Change, Inc.'s internal servers.

CHANGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2014

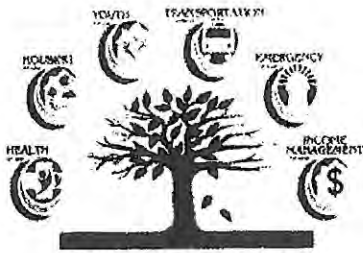
SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Department of Health and Human Services
Department of Health and Human Services Administration CFDA No. 93.224
Grant No. C12C525585; Grant Period ending November 30, 2014

Significant Deficiency:

2014-001- Compliance Requirements

As discussed at Finding 2014-001, all new vendors applying to perform services for Change, Inc. involving Federal funding must not be suspended or debarred from dealing with the government. If support cannot be provided that a vendor was checked for suspension or debarment there is a chance to enter into a contract with a vendor that by law cannot be paid with Federal funds. This puts the organization at risk of potentially having to refund monies paid to vendors that should not have been employed. Procedures should be implemented when bidding projects that have Federal funds, to require all bidders to submit, as part of their bid package, a sworn statement that they are not suspended or debarred.






CHANGE, INC.

— CHANGE, INC. —

Main Office
3136 West Street
Weirton, WV 26062
P: 304.797.7733 F: 304.797.7740

Marshall County Office
700 First Street
Moundsville, WV 26041
P: 304.845.8269 F: 304.845.6411

www.changeinc.org   

July 2, 2015

Seachrist, Kennon & Marling, A.C.
21 Warden Run Road
Wheeling, WV 26003

This representation letter is provided in connection with your audit of the financial statements of Change, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to 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 July 2, 2015, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 3, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph in our opinion.
- 3) 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 7) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 8) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

**Domestic Violence
Awareness Center**
3058 West Street
Weirton, WV 26062
P: 304.748.0332

**Family Medical Care
Main Office**
3136 West Street
Weirton, WV 26062
P: 304.748.2828

**Family Medical Care
Ohio Office**
200 Luray Drive
Wintersville, OH 43953
P: 740.314.8258

- 10) As part of your audit, you assisted with the preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

Information Provided



- 11) We have provided you with—
- a) 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, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) 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.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves—
- a) management,
 - b) employees who have significant roles in internal control, or
 - c) others where the fraud could have a material effect on the financial statements.
- 15) 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.
- 16) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 18) 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. Our response concluded that there are no related parties.
- 19) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed to you.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 21) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

24) Change 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.

25) With respect to federal award programs:

- a) We are responsible for understanding and complying with, and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b. and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- d) We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- f) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- g) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- h) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- i) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, and Subpart C, *Cost Sharing and Matching*, of OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*.
- l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- m) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - o) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
 - q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
 - r) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - s) We have charged costs to federal awards in accordance with applicable cost principles.
 - t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - u) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
 - v) We are responsible for preparing and implementing a corrective action plan for each audit finding.
- 26) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 27) We have a process to track the status of audit findings and recommendations.
- 28) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

Signature: 
Title: 

DHHR - Finance
SEP 23 2015
Date received

SEACHRIST, KENNON & MARLING, A.C.

Certified Public Accountants & Business Consultants

Craig K. Seachrist, CPA, CVA
Ronnie L. Marling, CPA, CFE

Members of:
American Institute of Certified Public Accountants
Governmental Audit Quality Center
Employee Benefit Plan Audit Quality Center

July 10, 2015

To the Board of Directors of

Change, Inc.
3136 West Street
Weirton, WV 26062

We have audited the financial statements of Change, Inc. for the year ended December 31, 2014, and have issued our report thereon dated July 2, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 3, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Change, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts and the useful lives of fixed assets are based on established accounting procedures and techniques. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 2, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors of Change, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Seachrist, Kennon & Marling P.C.

Seachrist, Kennon & Marling, A.C.
Wheeling, West Virginia

DHHR - Finance

SEP 23 2015

Date Received