



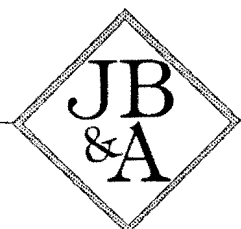
**WEST VIRGINIA
HEALTHY KIDS AND FAMILIES COALITION, INC.**

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

DECEMBER 31, 2017

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JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Virginia Healthy Kids and Families Coalition, Inc.
Charleston, West Virginia

We have audited the accompanying financial statements of West Virginia Healthy Kids and Families Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Virginia Healthy Kids and Families Coalition, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
West Virginia Healthy Kids and Families Coalition, Inc.

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 state awards on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2020, on our consideration of West Virginia Healthy Kids and Families Coalition, 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 the effectiveness of West Virginia Healthy Kids and Families Coalition, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Virginia Healthy Kids and Families Coalition, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
July 6, 2020

WEST VIRGINIA HEALTHY KIDS AND FAMILIES COALITION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	2017
ASSETS	
Current Assets	
Cash and cash equivalents	<u>\$ 274,022</u>
Total current assets	<u>274,022</u>
TOTAL ASSETS	<u><u>\$ 274,022</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 45,746
Accrued taxes and withholdings	<u>10,880</u>
Total current liabilities	<u>56,626</u>
NET ASSETS	
Unrestricted	<u>217,396</u>
Total Net Assets	<u>217,396</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 274,022</u></u>

The accompanying notes are an integral part of this statement.

WEST VIRGINIA HEALTHY KIDS AND FAMILIES COALITION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017

	2017		Total
	Unrestricted	Temporarily Restricted	
REVENUE AND OTHER CHANGES			
Grants and contributions	\$ 1,047,334		1,047,334
Try This Conference	59,168		59,168
Innovation fund	63,694		63,694
Interest	1,361		1,361
Other	53,365		53,365
Net assets released from restriction	416,025	(416,025)	
 Total revenue and Other Changes	 1,640,947	 (416,025)	 1,224,922
EXPENSES			
General and administrative	102,015		102,015
Program services:			
Babcock	55,490		55,490
Benedum	185,552		185,552
CCC - New Venture Fund	198,874		198,874
Oral Health	32,872		32,872
Voices for Healthy Kids	11,077		11,077
Glotfelty Foundation	8,129		8,129
WVAHC	17,220		17,220
Innovation Grant	126,457		126,457
Dentaquest	15,000		15,000
Try This	576,204		576,204
Our Children Our Future	17,858		17,858
Other Program Expenses	58,653		58,653
 Total operating expenses	 1,405,401		 1,405,401
 Change in Net Assets	 235,546	 (416,025)	 (180,479)
 NET ASSETS AT BEGINNING OF YEAR	 (18,150)	 416,025	 397,875
 NET ASSETS AT END OF YEAR	 <u>\$ 217,396</u>	 <u>\$</u>	 <u>217,396</u>

The accompanying notes are an integral part of this statement.

WEST VIRGINIA HEALTHY KIDS AND FAMILIES COALITION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017

	2017
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (180,479)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Decrease (increase) in prepaid expenses	21,788
(Decrease) increase in accounts payable	4,683
Increase (decrease) in accrued payroll liabilities	4,683
Decrease increase in deferred revenue	_____
NET CASH USED IN OPERATING ACTIVITIES	<u>(154,008)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	_____
CASH FLOWS FROM FINANCING ACTIVITIES	_____
NET DECREASE IN CASH	(154,008)
CASH AND CASH EQUIVALENTS, beginning of year	<u>428,030</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 274,022</u></u>

The accompanying notes are an integral part of this statement.

WEST VIRGINIA HEALTHY KIDS AND FAMILIES COALITION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations – West Virginia Healthy Kids and Families Coalition, Inc. (the Coalition) is a nonprofit organization organized under the laws of the State of West Virginia for the purpose of improving the health and well-being of children and families in West Virginia.

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

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of demand deposits and temporary, highly liquid investments accounts.

Grants Receivable – Grant receivable represent amounts owed as reimbursement of grant related expenses. At December 31, 2017, grants receivable were \$-0-.

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

Grants and Contracts – Support received under grants and contracts is recorded as revenue as the Coalition fulfills its obligations under the grants and contracts. Deferred revenues represent amounts received or receivable in advance of incurring the related expenditures and providing the required deliverables. Under the terms of the grants and contracts, periodic audits may be made by the grantor and certain costs may be disallowed as not being appropriate expenses, requiring reimbursement to the grantor agencies. The Coalition is also required to comply with certain other provisions of grant/contract funds, failure to comply with grant/contract provisions could result in the Coalition becoming ineligible for future grant/contract awards.

**WEST VIRGINIA HEALTHY KIDS AND FAMILIES COALITION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Net Assets – The Coalition has classified its net assets and its revenues based on the existence or absence of donor-imposed restrictions. Below is a summary of those classifications:

Unrestricted – Assets and contributions that are not restricted by donors or for which restrictions have expired are classified as unrestricted.

Temporarily Restricted – Assets and contributions for which the donor has imposed restrictions that require the Coalition to use or expend the donated assets according to the restriction are temporarily restricted. The restrictions are satisfied either by the passage of time or by actions of the Coalition. However, assets received with temporary restrictions met in the same period as received are recognized as unrestricted in the period of receipt. There were not any temporarily restricted or permanently restricted net assets at December 31, 2017.

Income Taxes – The Coalition is a nonprofit corporation under Section 501c(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(2). It is exempt from income taxes on income derived from its nonprofit activities.

The Organization's Form 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Note 2. Credit Risk

Financial instruments, which potentially subject the Coalition to concentrations of credit risk, consist of cash and cash equivalents. Cash and cash equivalents include demand deposits and money market funds with a local financial institution, which at times exceed the federal depository insurance limit.

Note 3. Office Rent

The Coalition leases office space on a month to month basis.

Total rent expense for the year ended December 31, 2017 was \$13,500.

**WEST VIRGINIA HEALTHY KIDS AND FAMILIES COALITION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 4. Program and Other Expenditures

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General operating expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Coalition.

Expenditures for the year ended December 31, 2017 were as follows:

	<u>Program Services</u>	<u>General Operating</u>	<u>Total</u>
Personnel & fringe benefits	\$579,853	\$ 25,277	\$605,130
Contract Services	22,898		22,898
Supplies		9,698	9,698
Travel & Meetings	73,898	2,254	76,152
Consultants	40,000		40,000
Rent		13,500	13,500
Office expense		24,620	24,620
Website		10,203	10,203
Accounting	18,857		18,857
Insurance		503	503
Events	22,909		22,909
Mini Grants	216,013		216,013
Program Costs	297,602		297,602
Training	4,003		4,003
Other	22,118	3,612	25,730
Fundraising		4,371	4,371
Utilities	5,235	7,977	13,212
	-----	-----	-----
	\$1,303,386	\$102,015	\$1,405,401
	=====	=====	=====

WEST VIRGINIA HEALTHY KIDS AND FAMILIES COALITION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5. Subsequent Events

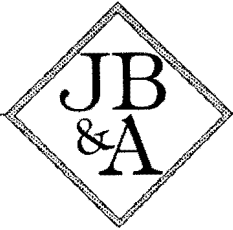
Management has evaluated all events through July 6, 2020, the date that these financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.

SUPPLEMENTAL INFORMATION

WEST VIRGINIA HEALTHY KIDS AND FAMILIES COALITION, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Name/ Program Title	Grant Number	Award Amount	Receivable (Deferred) 12/31/2016	Expenditures 1/1/2017 12/31/2017	Undrawn 12/31/2017
West Virginia Department of Education					
01/01/17 - 03/31/17	G173946	\$ 24,000	\$	\$ 24,000	\$
04/01/17 - 06/30/17	G173947	24,000		24,000	
09/01/16 - 06/30/17	G172450	25,000		25,000	
West Virginia Department of Health & Human Resources					
11/01/16 - 09/30/17	G170528	51,657		51657	
06/30/17 - 09/30/18	G180613	<u>190,976</u>	<u> </u>	<u>40,390</u>	<u>150,586</u>
Total Grants		<u>\$ 315,633</u>	<u>\$</u>	<u>\$ 165,047</u>	<u>\$ 150,586</u>

The accompanying independent auditor's report is an integral part of this schedule.



JOHN BURDETTE & ASSOCIATES

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

To the Board of Directors
West Virginia Healthy Kids and Families Coalition, Inc.
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Virginia Healthy Kids and Families Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Virginia Healthy Kids and Families Coalition, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Virginia Healthy Kids and Families Coalition, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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. We did identify a deficiency in internal control as item 2017-001 described in the accompanying schedule of findings and responses that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Virginia Healthy Kids and Families Coalition, 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2017-001.

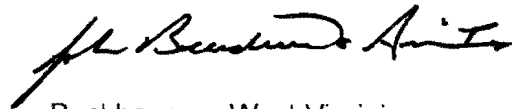
West Virginia Healthy Kids and Families Coalition, Inc.'s Response to Findings

West Virginia Healthy Kids and Families Coalition, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. West Virginia Healthy Kids and Families Coalition, Inc.'s response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain other matters that we reported to management of West Virginia Healthy Kids and Families Coalition, Inc. in a separate letter dated July 6, 2020, included on page 13.

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.



Buckhannon, West Virginia
July 6, 2020

**WV HEALTHY KIDS AND FAMILIES COALITION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

A. Financial Statement Findings

MATERIAL WEAKNESS

2017-001 Internal Controls

Condition: An employee misappropriated assets by making payments to their personal PayPal account with the Organization's credit card for fictitious vendor charges.

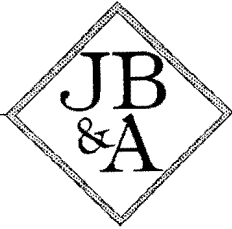
Criteria: Internal controls should be in place that provide reasonable assurance that vendor charges and subsequent payments are reviewed and approved by management. Internal controls should be in place that provide reasonable assurance that transactions are for approved amounts and have proper documentation to support the charge and subsequent payment.

Cause: Internal controls in place were not being followed or were inadequately designed.

Effect: Because of the failure to review and approve vendor invoices and subsequent credit card payments of vendor invoices resulted in \$31,312 in questionable expenditures for the year ended December 31, 2017.

Recommendation: Internal controls in place should be followed or better designed to provide reasonable assurance that vendor invoices and subsequent payments are reviewed and approved and have proper documentation to support the transaction.

Response of Responsible Officials and Planned Corrective Actions: The Organization agrees with the findings and the recommended procedures are being implemented.



JOHN BURDETTE & ASSOCIATES

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MANAGEMENT LETTER

To the Senior Management and
The Board of Directors of
West Virginia Healthy Kids and Families Coalition, Inc.
Charleston, West Virginia

In planning and performing our audit of the financial statements of West Virginia Healthy Kids and Families Coalition, Inc. for the year ended December 31, 2017, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters on pages 11 and 12 that are presented for your consideration. This letter does not affect our report dated July 6, 2020, on the financial statements of West Virginia Healthy Kids and Families Coalition, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

Buckhannon, West Virginia
July 6, 2020