

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC

FINANCIAL STATEMENTS

JUNE 30, 2020

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# Tug Valley Recovery Shelter

"Helping Rebuild Dreams...One Family at a Time!"



November 17, 2021

Office of Internal Control & Policy Development  
WV Department of Health & Human Resources  
One Davis Square, Suite 401  
Charleston, WV 25301

To Whom It May Concern,

Please find enclosed the 2019-2021 Fiscal Year Audit for the Tug Valley Recovery Shelter. I do apologize for the length of time it has taken our agency in getting this to you, but due to COVID and some issues unforeseen, we were unable to complete and submit to your agency. I am hopeful you will find this Audit to be complete and in accordance with all statues and program regulations.

Should there be any questions, please feel free to contact me at the number provided. I thank you for your continued support of our program and the services we provide.

Very truly yours,

Kimberly S. Ryan

Director

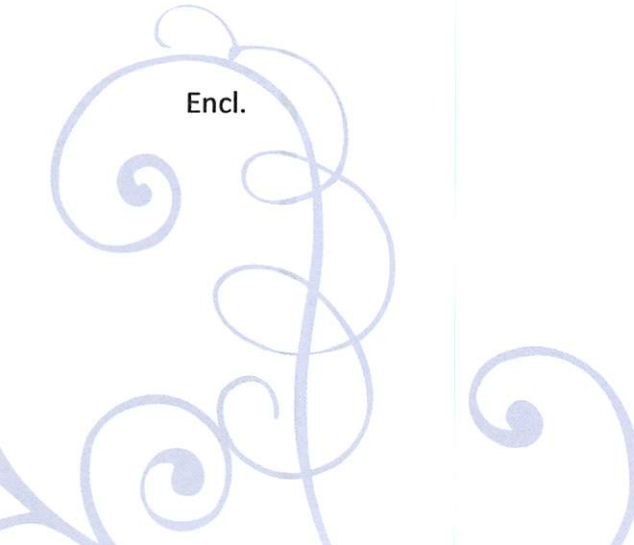
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PO Box 677  
Williamson, WV 25661  
304-235-6121  
304-235-6167



TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Tug Valley Recovery Shelter Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tug Valley Recovery Shelter Association, Inc., as of June 30, 2020, 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.

## Emphasis of Matter

As we discussed in the notes to the financial statements, the Tug Valley Recovery Shelter Association, Inc., adopted Accounting Standards Update (ASU) No. 2016-14, not-for Profit Entities (Topic 958). Our opinion is not modified with respect to this matter.

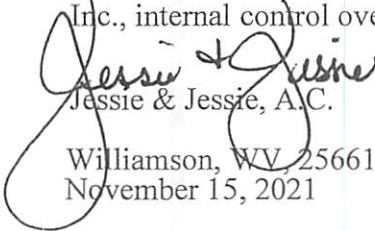
## Other Matters

### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of statements of grant receipts as required by State of West Virginia Department of Health and Human Resources is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of Tug Valley Recovery Shelter Association, Inc., internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tug Valley Recovery Shelter Association, Inc., internal control over financial reporting and compliance.

  
Jessie & Jessie, A.C.

Williamson, WV, 25661  
November 15, 2021

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Tug Valley Recovery Shelter Association, Inc.  
Statement of Financial Position  
June 30, 2020

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 105,272
Grants Receivable	<u>65,018</u>
Total Current Assets	\$ 170,289

Fixed Assets:

Building	\$ 132,111
Building Improvements	20,517
Computers	15,330
Equipment	82,840
Furniture	26,261
Less: Accumulated Depreciation	<u>(269,195)</u>
Total Fixed Assets	\$ 7,866

**TOTAL ASSETS** \$ 178,155

**LIABILITIES & NET ASSETS**

Current Liabilities:

Accrued Wages	\$ 3,012
Payroll Taxes Payable	2,664
Accrued Liabilities	30,728
Line of Credit	<u>10,382</u>
Total Current Liabilities	\$ 46,785

Net Assets:

Without Donor Restrictions	\$ 131,370
With Donor Restriction	<u>-</u>
	131,370

Total Net Assets

**TOTAL LIABILITIES & NET ASSETS** \$ 178,155

Tug Valley Recovery Shelter Association, Inc.  
Statement of Activities for the Year Ended  
June 30, 2020

**PUBLIC SUPPORT & REVENUE:**

**Public Support:**

Contributions	\$ 50,045
Fundraising	6,837
Private Grants	5,763
Federal Grants	194,128
State Grants	<u>254,874</u>

Total Public Support \$ 511,647

Revenue:

Interest Income	<u>\$ 19</u>
Total Revenue	

Total Public Support & Revenue \$ 511,666

**FUNCTIONAL EXPENSES :**

Program Services	\$ 251,359
Administrative	237,248
Fundraising	<u>2,977</u>
Total Functional Expenses	491,584

Change in net assets \$ 20,082

Tug Valley Recovery Shelter Association, Inc.  
Statement of Functional Expenses for the Year Ended  
June 30, 2020

	Program			Total
	Services	Administrative	Fundraising	Expenses
Bank Charge	\$ -	\$ 30	\$ -	\$ 30
Building Maintenance		4,744		4,744
Client Aid	706			706
Law Enforcement	16,476			16,476
Copier Lease Maintenance		30		30
Dues and Subscriptions		660		660
Depreciation	3,727			3,727
Fundraising Expenses			2,977	2,977
Furniture and Equipment		63		63
Insurance		3,508		3,508
Interest Expense		1,262		1,262
Gifts and Awards		2,470		2,470
Salaries and Wages	201,349	164,740		366,089
Employee Benefits	9,571	7,832		17,403
Fica Tax	15,403	12,603		28,006
Unemployment Tax	1,473	1,206		2,679
Workers Compensation	2,345	1,919		4,264
Payroll Expenses-Other	308	252		560
Postage and Delivery		1,182		1,182
Computer Repairs		1,972		1,972
Equipment Repairs		431		431
Supplies		11,396		11,396
Utilities		15,394		15,394
Training and Travel	-	5,553	-	5,553
Totals	<u>\$ 251,359</u>	<u>\$ 237,248</u>	<u>\$ 2,977</u>	<u>\$ 491,583</u>

See Accompanying Notes and Accountants Report



Tug Valley Recovery Shelter Association, Inc.  
Statement of Cash Flows for the Year Ended  
June 30, 2020

<b>Cash Flow from Operating Activities</b>	
Change in net assets	\$ 20,082
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,727
Changes in assets and liabilities:	
Decrease(increase)	
Grants Receivable	78
Increase(decrease)	
Accounts Payable	(670)
Accrued Wages	(18,205)
Payroll Taxes Payable	312
Accrued Liabilities	17,322
Line of Credit	(7,331)
Adjust Prior Year	21,216
Short-Term Portion Debt	<u>(616)</u>
Net cash provided by operating activities	35,915
 <b>Cash Flow from Investing Activities</b>	
Purchase of Fixed Assets	<u>-</u>
Net cash provided by (used in) investing activities	
 <b>Cash Flow from Financing Activities</b>	
Net increase (decrease) in cash	35,915
Cash and Cash Equivalents at beginning of the year	<u>69,357</u>
Cash and cash equivalents at end of the year	<u>\$ 105,272</u>

**Tug Valley Recovery Shelter Association, Inc.**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2020**

**NOTE 1. DESCRIPTION OF THE SHELTER**

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Financial Reporting**

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

**Basis of Presentation**

The Shelter is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. There were no net assets with donor restrictions at June 30, 2020.

A description of these net assets categories follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be met by actions of the Shelter and/or the passage of time.

## **Liquidity**

The Shelter structures its financial assets to be available as its general expenditures, abilities and other obligations come due.

The following reflects the Shelters financial assets as of the date of the statement of financial position, all of which are available for general use within one year of the statement of financial position:

At June 30, 2020 - Cash \$105,272 Grants Receivable - \$65,018, a total of \$170,289.

## **Adoption of Recent Accounting Pronouncement**

While there are many new accounting pronouncements issued that the Organization has adopted or will be adopting in the near future, the following pronouncements have the most direct impact on the Organization's financial statements.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards update ("ASU") 2016-02, Leases (Topic 842), which when effective will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The required disclosures will provide additional information about the lease transaction amounts recorded in the financial statements. Due to the COVID-19 pandemic further described in Note N, the effective date of the pronouncement was delayed until this year ending June 30, 2022, with early adoption being permitted. The potential impact to the Organization's financial statements is currently being evaluated.

The Shelter adopted the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. This standard was issued by FASB to improve the previous net asset classification requirements and the information presented in financial statement and notes about a nonprofit entity's liquidity, financial performance, and cash flows. ASU 2016-14 reduces the number of net asset classification from three to two: with donor restrictions and without donor restrictions. The ASU also requires nonprofits to report quantitative and qualitative information about management and liquidity resources and availability of financial assets. As required by the ASU, the Shelter applied the requirements on a retrospective basis in the year of adoption. There has been no net asset impact as a result of this application.

In June 2018, the FASB issued ASU 2018-08 Not-for-Profit Entities (Topic 958-605) clarifying the accounting the accounting guidance for contributions received and contributions made to further improve the scope and the accounting guidance on revenue recognition, to assist entities in distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions and to determine whether a contribution is conditional. Due to the COVID-19 pandemic further described in Note N, the effective date of the pronouncement was delayed to the fiscal year ending June 30, 2021. The potential impact to the Organization's financial statements is

currently being evaluated but is not expected to have a material impact on the Organization's financial statements.

**NOTE 3. CASH**

Cash is deposited in the federal deposit insured bank accounts.

Cash Deposits in bank checking accounts	<u>\$ 105,272</u>
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Custodial credit risk is the risk that in the event of bank failure, the Shelter's deposits may not be returned. The Shelter's deposits at June 30, 2019, were fully covered by Federal Depository Insurance Corporation (FDIC).

**NOTE 4. CHANGES IN PROPERTY AND EQUIPMENT**

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

Buildings and improvements	15 to 39 years	\$152,628
Computers and printers	3 to 10 years	15,330
Furniture and fixtures	3 to 10 years	26,261
Equipment	3 to 10 years	<u>82,840</u>
		277,059
Less: accumulated depreciation:		<u>(265,468)</u>
Net property and equipment		<u>\$ 7,866</u>

For the year ended June 30, 2020 depreciation expense was \$3,727.

**NOTE 5. LINE OF CREDIT**

As of June 30, 2020 Tug Valley Recovery Shelter has a \$25,000 line of credit at First National Bank of Williamson. As of June 30, 2020 the interest rate on line of credit was 6% and the outstanding balance was \$10,382.

**NOTE 6 . CONCENTRATIONS**

The Shelter received a substantial portion of its support from federal and state grants in 2020. Any significant reduction in the level of supporting from these supporting agencies could have a material effect on the Shelter's programs and activities.

**NOTE 7. DONATED SERVICES AND OTHER IN-KIND CONTRIBUTIONS**

A number of unpaid volunteers have made significant contributions of their time to develop the Shelter's programs. The estimated value of the services provided was undetermined as of June 30, 2020.

#### **NOTE 8. CONTINGENCIES**

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

#### **NOTE 9. RISK MANAGEMENT**

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

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

#### **NOTE 10. SUBSEQUENT EVENTS**

In preparing these financial statements, the Shelter has evaluated events and transactions for potential recognition or disclosure through November 15, 2021, the date that the financial statements were available to be issued. In early 2020, a outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Shelter's is not reasonably estimable at this time.

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

To the Board of Trustees of  
Tug Valley Recovery Shelter Association, Inc.  
Williamson WV 25661

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tug Valley Recovery Shelter Association, inc., which comprise the statement of financial position as of June 30, 2020, 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 November 15, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tug Valley Recovery Shelter Association, Inc., internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tug Valley Recovery Shelter Association, Inc., internal control. Accordingly, we do not express an opinion on the effectiveness of the Tug Valley Recovery Shelter Association, Inc., 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 have not been 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 certain deficiency in internal control, described in the accompanying schedule of findings as items 2020-01 that we consider to be material weakness.

### **Compliance and Other Matters**

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

### **Tug Valley Recovery Shelter Association, Inc. Response to Findings**

Tug Valley Recovery Shelter Association, Inc., response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Tug Valley Recovery Shelter Association, Inc., responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Jessie & Jessie, A.C.

Williamson, WV 25661

November 15, 2021

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**Grant Number:**

G200274

**Grantee Name:**

West Virginia Department of Health and Human Resources

**Grantee FEIN:**

31-1053367

**WVFIMS Vendor #: Contact Phone Number:**

29245

304-235-6121

**Grantee Mailing Address:**

PO BOX 677 Williamson, WV 25661

**Total Grant Amount:**

\$254,874.00

**Period Covered:**

July 01, 2019 - June 30, 2020

**Grants Receipts**

Invoice Number	Invoice Period Covered	Invoice Amount	Date Received	Amount Received
	July & August 2019		10/10/2019	\$ 33,975.00
	September 1, 2019		10/15/2019	16,992.00
	October 1, 2019		10/28/2019	18,692.00
	November 1, 2019		12/9/2019	18,692.00
	December 1, 2019		1/6/2020	18,692.00
	January 1, 2020		1/30/2020	21,239.00
	February 1, 2020		3/12/2020	21,239.00
	March 1, 2020		4/9/2020	21,239.00
	April 1, 2020		4/9/2020	28,038.00
	May 1, 2020		5/8/2020	28,038.00
	June 1, 2020		6/8/2020	28,038.00
Total Grant Receipts:				\$ 254,874.00

**Grant Expenditures**

Expenditures	Description/Examples	Amount Expended
Personnel & Payroll Taxes	Salaries and Wages	\$ 192,016.00
Facility Expenses		60,343.00
Office Expenses		2,515.00
Total Grant Expenditures:		\$ 254,874.00

Ending Funds Balance (Receipts - Expenditures): -

*This is to certify that I have reviewed the Statement of Grant Receipts and Expenditures submitted herewith and, to the best of my knowledge and belief, said statement represents all financial activities related to the receipt, use and expenditure of funds granted by the State of West Virginia, Department of Health and Human Resources to Tug Valley Recovery Shelter Association, Inc. and that the expenditures reported were for the purposes intended and in compliance with the applicable laws, regulations and terms and conditions of the grant documents. The Statement of Grant Receipts and Expenditures is presented on the accrual basis of accounting and is supported by our financial records and related documentation.*

Authorized Signature:

*Kimberly S. Ryan*

Date: 11/16/2021

Printed Name and Title:

Kimberly Ryan, Executive Director

Taken, sworn, and subscribed before me this 16 day of November, 2021

Notary Public Signature:

*Elsie Elaine Stafford*

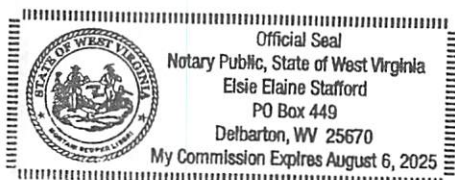
My Commission Expires:

*August 6, 2025*

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**Tug Valley Recovery Shelter Association, Inc**  
**Schedule of Findings**  
**Year Ended June 30, 2020**

2020-01 Segregation of Duties

Condition - An inadequate segregation of duties exists with respect to cash transactions which results in inadequate control over cash collections, cash deposits and cash disbursements.

Criteria - Property internal control procedures require that various duties be segregated among different employees. The duties of collecting, recording, depositing, reconciling, and disbursing of monies should be separated. Segregation of duties helps prevent and detect any errors made and correct errors in a timely fashion.

Causes - The Tug Valley Recovery Shelter Association, Inc., has a limited staff, making it impossible to achieve a proper segregation of duties.

Effect - Without proper segregation of duties, the possibility of discrepancies occurring without being detected, or improper use of funds, is greatly increased.

Recommendation - Since there is a limited a staff at the Tug Valley Recovery Shelter Association Inc., there appears to be a limitation on what steps could be taken to properly segregate duties. The Board should take special care to review financial documents for possible discrepancies.

Audited Agency's Response - Due to the limited number of personnel, an adequate segregation of duties is not achievable and the costs of correcting the weakness would exceed the benefits derived.

October 1, 2021

Tug Valley Recovery Shelter  
PO Box 667  
Williamson WV 25661

We are pleased to confirm our understanding of the services we are to provide for Tug Valley Recovery Shelter for the year ended June 30, 2020. The audit will consist of statements of financial position of the Tug Valley Recovery Shelter and the related statement of activities and cash flows. We will prepare Form 990, Return of Organization Exempt Form Income Tax, as of and for the year ended June 30, 2020.

We will audit the financial statements of Tug Valley Recovery Shelter, which comprise the statement(s) of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2020 and the related notes to the financial statements.

### **Audit Objectives**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Tug Valley Recovery Shelter's financial statements. Our report will be addressed to Tug Valley Recovery Shelter PO Box 667 Williamson WV 25661. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion on the financial statements is other than unmodified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness

of the entity's internal control on compliance and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States) and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Due to the effects of the Coronavirus pandemic, as an alternative to certain elements of our onsite work, we expect to perform procedures remotely. Completion of our procedures and issuance of our report will be dependent upon our ability to obtain sufficient appropriate information and access your staff during these remote procedures. If there are procedures that will require us to be on-site, we will work with you to schedule that work based on and subject to applicable legal requirements and/or guidelines regarding worksite safety conditions.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditor's' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Tug Valley Recovery Shelter's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Other Services**

We will prepare the organization's federal and state information returns for tax period 2018 based on information provided by you. We will also assist in preparing the financial statements and related notes of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you. These non-audit services do not constitute an audit under Government Auditing Standards.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure to take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

### **Management Responsibilities**

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will provide tax services and assist with preparation of your financial statements and related notes. These non-audit services do not constitute an audit under Governmental Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. You agree to assume all management responsibilities relating to the financial statements and related notes and any other non-audit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with the preparation of the financial statements and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience, evaluate the adequacy and results of those services, and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for helping to ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period

presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud, noncompliance with provision of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Organization is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

### **Engagement Administration, Fees, and Other**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation,

or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

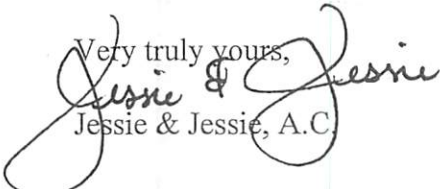
The audit documentation for this engagement is the property of Jessie & Jessie, A.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Jessie & Jessie, A.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Organization. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Christopher D Jessie, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately October 1, 2021 and to complete your information returns and issue our report no later than November 15, 2021.

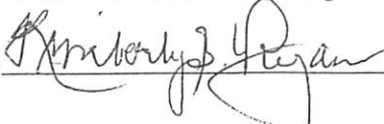
We appreciate the opportunity to be of service to Tug Valley Recovery Shelter and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

We estimate that our fees for these services will range from \$3,000 to \$4,000 for the audit. The invoice will be submitted upon completion of the work.

Very truly yours,  
  
Jessie & Jessie, A.C.

RESPONSE:

This letter correctly sets forth the understanding of .

Management signature: 

Title: Director

Date: 11/16/2021

**DHHR FINANCE**

NOV 22 2021

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

October 29, 2021

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

This representation letter is provided in connection with your audit of the financial statements of Tug Valley Recovery Shelter Association, Inc., which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows or activities and cash flows for the year June 30, 2020 then ended, and the related notes to be the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, (as of November 15, 2021, the following representations made to you during your audit(s).

**Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 1, 2021, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above and fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.



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

### **Information Provided**

We have provided you with:


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

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

- As part of your audit, you prepared the draft financial statements and related notes. We have designed an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- We are continuing to evaluate the impact of the COVID-19 pandemic's influence on our operations.

Signed:   
Title: Director

Date: November 17, 2021

Signed: 

Title: Finance Manager

Date: Nov 17, 2021

**DHHR FINANCE**

**NOV 22 2021**

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