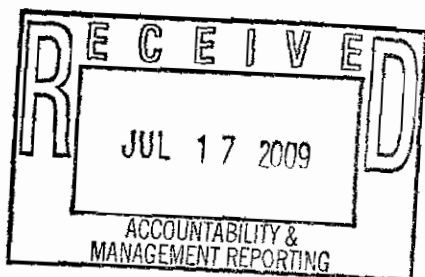


BARTLETT HOUSE, INC.
FINANCIAL STATEMENTS
JUNE 30, 2007



Prepared By:
Hilarion V. Cann, CPA
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INDEPENDENT AUDITOR'S REPORT

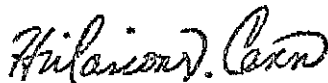
To the Board of Directors
Bartlett House, Inc
Morgantown, West Virginia

I have audited the accompanying statement of financial position of Bartlett House, Inc. (a nonprofit organization) as of June 30, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bartlett House, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 20, 2008, on my consideration of Bartlett House, Inc.'s internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Hilarion V. Cann, CPA
Clarksburg, West Virginia
February 20, 2008

BARTLETT HOUSE, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 44,128
Investments (Note 2)	24,418
Grant Receivable	14,254
Prepaid Expenses	<u>5,217</u>
Total Current Assets	88,017

PROPERTY AND EQUIPMENT

Land	44,890
Building	586,272
Furniture and Fixtures	<u>109,018</u>
Total Property and Equipment	740,180

Less Accumulated Depreciation	<u>318,589</u>
	421,591

TOTAL ASSET	<u>\$ 509,608</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of Credit (Note 4)	\$ 0
Accounts Payable	1,195
Accrued Payroll Taxes Payable	789
Accrued Payroll Payable	9,982
Current Maturities of Long-term Debt	<u>14,075</u>
Total Current Liabilities	26,041

LONG-TERM DEBT

Mortgage Note Payable (Note 4)	<u>40,983</u>
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Total Liabilities	67,024
-------------------	--------

NET ASSETS

Unrestricted	
Operating	74,651
Fixed Assets	<u>366,533</u>
	441,184
Temporarily Restricted	<u>1,400</u>
	442,584

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 509,608</u>
----------------------------------	-------------------

The Notes to Financial Statements are an integral part of these statements.

BARTLETT HOUSE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUES			
WV Department of Health and Human Resources	\$ 206,649	\$ 0	\$ 206,649
WV Office of Economic Opportunity	35,000		35,000
Community Development Block Grant	22,000		22,000
Children's Mental Health Block Grant	32,878		32,878
Emergency Food and Shelter Program	7,029		7,029
Other Grants	51,000	0	51,000
United Way of Monongalia County	58,750	0	58,750
Donations	21,546	1,968	23,514
Other Income	14	0	14
Fundraising	27,523	0	27,523
Interest Income	1,575	0	1,575
Net Assets Released from Restrictions	<u>1,968</u>	<u>(1,968)</u>	<u>0</u>
Total Support and Revenue	465,932	0	465,932
EXPENSES			
Program Expense	305,641	0	305,641
Management and General	<u>124,543</u>	<u>0</u>	<u>124,543</u>
Total Expenses	430,184	0	430,184
Unrealized (Gain) Loss on Investments	<u>(2,244)</u>		<u>(2,244)</u>
Change in Net Assets	37,992	0	37,992
Net Assets, Beginning	<u>404,592</u>	<u>0</u>	<u>404,592</u>
Net Assets, Ending	<u>\$ 442,584</u>	<u>\$ 0</u>	<u>\$ 442,584</u>

The Notes to Financial Statements are an integral part of these statements

BARTLETT HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Shelter and Counseling Services	Management and General	Total (Memo Only)
Salaries and Wages	\$ 179,832	\$ 65,102	\$ 244,934
Payroll Taxes and Employee Benefits	33,058	10,534	43,592
Telephone and Utilities	28,818	3,202	32,020
Interest Expense	4,921	547	5,468
Insurance	0	20,944	20,944
Maintenance	8,115	902	9,017
Janitorial	6,558	729	7,287
Travel and Training	11,047	1,228	12,275
Client Expenses	2,877	0	2,877
Food	2,182	0	2,182
Fundraising	0	10,417	10,417
Office Expenses	11,802	1,311	13,113
Professional Fees	0	4,475	4,475
Other Expenses	0	874	874
Printing	0	405	405
Postage	0	882	882
	<hr/>	<hr/>	<hr/>
Total Expenses before Depreciation	289,210	121,552	410,762
Depreciation Expense	<u>16,431</u>	<u>2,991</u>	<u>19,422</u>
Total Expenses	<u>\$ 305,641</u>	<u>\$ 124,543</u>	<u>\$ 430,184</u>

The Notes to Financial Statements are an integral part of these statements

BARTLETT HOUSE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

OPERATING ACTIVITIES	
Change in Net Assets	\$ 37,992
Adjustments to Reconcile Change in Net Assets to net cash provided by Operating Activities	
Reflect investments at fair value	(2,244)
Depreciation	19,422
(Increase) Decrease in:	
Grant Receivable	27,535
Prepaid Expenses	19
Increase (Decrease) in:	
Accounts Payable	(2,748)
Accrued Payroll Taxes Payable	(414)
Accrued Payroll Payable	<u>3,345</u>
Net Cash Provided by Operating Activities	82,907
INVESTING ACTIVITIES	
Purchase of Furniture and Fixtures	(7,253)
Purchase of Investments	<u>(422)</u>
Net Cash Used by Investing Activities	(7,675)
FINANCING ACTIVITIES	
Payments on Long-Term Debt	(12,909)
Draw on Line of Credit	0
Payments on Line of Credit	<u>(36,104)</u>
Net Cash Provided by Financing Activities	(49,013)
NET CASH INCREASE IN CASH	26,219
CASH AT BEGINNING OF YEAR	<u>17,909</u>
CASH AT END OF YEAR	<u>\$ 44,128</u>
SUPPLEMENTAL DISCLOSURE	
Interest Paid	<u>\$ 5,468</u>

The Notes to Financial Statements are an integral part of these statements

BARTLETT HOUSE, INC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3 Property and Equipment

Fixed assets acquired by Bartlett House, Inc are considered to be owned by Bartlett House, Inc. However, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$500 or more and an estimated useful life of at least two years.

Property and Equipment are stated at original cost. Part of the cost of building and equipment is charged against earnings each year as depreciation expense. These charges are computed by using the straight-line method based on the estimated useful lives of the assets.

The useful lives employed in the computation of depreciation expense are as follows:

Building	40 years
Equipment	5-15 years

The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

Note 4 Compensated Absences

Accrued compensated absences are not included in the financial statements because the amount cannot be reasonably estimated.

Note 5 Long-Term Debt

As of June 30, 2007, the Organization had the following long-term debt payable:

Centra Bank note payable, 4.75% interest, monthly payments of \$1,241, including interest through August 2011, secured by a deed of trust on the property	\$ 55,058
Less Current Portion	<u>14,075</u> <u>\$ 40,983</u>

Maturities of long-term debt at June 30, 2007, were as follows:

Year ending June 30,	2008	\$ 14,075
	2009	14,763
	2010	15,480
	2011	<u>10,740</u>
		<u>\$ 50,058</u>

At July 1, 2006 Bartlett House, Inc had a \$75,000 unsecured line of credit with a bank to be drawn upon as needed through June 30, 2007, with an interest rate of 8.5%. As of June 30, 2007, the balance outstanding was \$-0-

Based on the borrowing rates currently available to the Organization for loans with similar terms and average maturities, the carrying amount of long-term debt approximates fair value.

BARTLETT HOUSE, INC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6 Net Asset Classification

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished:	
Christmas Supplies for Clients	\$ 1,968
	<u>\$ 1,968</u>

Note 7 Concentration of Risk

The Organization receives a substantial amount of its support from the West Virginia Department of Health and Human Resources under a contract, the Governor's Office of Economic Opportunity and the United Way of Monongalia and Preston Counties from grants. A significant reduction in the level of these supports, if this were to occur, may have a significant impact on the Organization. Support received from the West Virginia Department of Health and Human Resources amounted to \$ 161,649, West Virginia Bureau of Behavioral Health and Health Facilities \$45,000, the Governor's Office of Economic Opportunity amounted to \$35,000 and the United Way of Monongalia and Preston Counties amounted to \$58,750 for the year ended June 30, 2007.

Note 8 Summary of Grants and Contracts

Bartlett House, Inc was primarily funded through the following grants and contracts for the period July 1, 2006 to June 30, 2007:

Funding Source	CFDA #	Grant/ Contract Period	Total Grant/ Contract	Recognized Support
W. V Department of Health and Human Resources		7/1/06 - 6/30/07	\$ 161,649	\$ 161,649
		7/1/06 - 6/30/07	\$ 45,000	\$ 45,000
		7/1/06 - 6/30/07	\$ 32,878	\$ 32,878
Emergency Shelter Grants Program	97.024	7/1/06 - 6/30/07	\$ 35,000	\$ 35,000
Community Develop Block Grant	14.228	7/1/05 - 6/30/06	\$ 22,000	\$ 22,000
Emergency Food and Shelter Program	14.231	7/1/05 - 6/30/06	\$ 7,029	\$ 7,029
Total Grants and Contracts				<u>\$ 303,556</u>

BARTLETT HOUSE, INC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 9 Contingencies - Litigation

In a civil law suit, the Organization has filed a claim against a former employee for embezzling funds and supplies from the Organization. On September 2, 2007 a plea bargain was accepted by the courts in favor of the Organization. The Organization is vigorously pursuing restitution for the items taken. Management feels that a favorable outcome is highly probable in this case.

INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

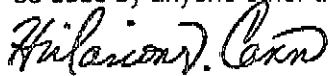
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INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Board of Directors
Bartlett House, Inc.
Morgantown, West Virginia

My report on my audit of the basic financial statements of Bartlett House, Inc. for June 30, 2007 was issued on February 20, 2008. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of expenditures of state awards is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in, my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of Bartlett House, Inc.'s Board of Directors and the West Virginia Department of Health and Human Resources and is not intended to be and should not be used by anyone other than those specified parties.



Hilarion V. Cann, CPA
Clarksburg, West Virginia
February 20, 2008

SCHEDULE OF EXPENDITURES OF STATE AWARDS

BARTLETT HOUSE, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Funding Source	CFDA #	Contract Period	Grant/ Contract	Recognized Support
W. V Department of Health and Human Resources		7/1/06 - 6/30/07	\$ 161,649	\$ 161,649
		7/1/06 - 6/30/07	\$ 45,000	\$ 45,000
		7/1/06 - 6/30/07	\$ 32,878	\$ 32,878
Total Grants and Contracts				<u>\$ 239,527</u>

BARTLETT HOUSE, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Note 1 Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant and loan activity of Bartlett House, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of West Virginia Title 148, Legislative Rule, Series 18, *Accountability Requirements for State Funds and Grants*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

REPORT ON
INTERNAL CONTROL AND COMPLIANCE

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**REPORT ON COMPLIANCE AND 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
Bartlett House, Inc
Morgantown, West Virginia

I have audited the financial statements of Bartlett House, Inc. as of and for the year ended June 30, 2007, and have issued my report thereon dated February 20, 2008. I conducted my 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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Bartlett House, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bartlett House, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Bartlett House, Inc.'s internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as disclosed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bartlett House, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Bartlett House, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Bartlett House, Inc.'s internal control. I consider the following deficiency to be a significant deficiency in internal control over financial reporting:

Due to the limited number of personnel involved in the operation of the organization, those aspects of internal accounting control which rely upon an adequate segregation of duties are for all practical purposes missing in the system. The organization is not large enough to make the employment of additional persons for the purpose of segregating duties practical from a cost-benefit standpoint; but I am required, under my professional responsibility, to call the situation to your attention.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bartlett House, Inc.'s internal control.

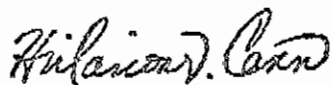
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bartlett House, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Bartlett House, Inc. in a separate letter dated February 20, 2008.

This report is intended solely for the information and use of the management, audit committee, Board of Directors, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Hilarion V. Cann, CPA
Clarksburg, West Virginia
February 20, 2008

MANAGEMENT LETTER

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MANAGEMENT LETTER

To the Board of Directors
Bartlett House, Inc
Morgantown, West Virginia

In planning and performing my audit of the financial statements of Bartlett House, Inc. for the year ended June 30, 2007 I considered the Organization's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated February 20, 2008, on the financial statements of Bartlett House, Inc.

I will review the status of these comments during my next audit engagement. I have already discussed many of these comments and suggestions with various Organization personnel, and I 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. My comments are summarized as follows:

Cancellation of Voucher Packages

While testing the expenses of the Organization it was noted several vendors were paid from a statement, packing list or an invoice was not available at all. This was associated with household supplies and internet purchases. To reduce the risk of duplicate or unauthorized payment for purchases, payments should only be made from original invoices that are routinely canceled with the date they are vouchered for payment. This will add very little time to the payment process and would provide for more accurate support than the current information.

When examining the expenditures for travel and training it was noted that the original applications for attendance to a conference were completed incorrectly. This resulted in the Organization initially paying in excess of the amount to attend the conference. Subsequently, two employees, who were originally signed up to go, did not attend the conference. Bartlett house only received a refund in the approximate amount of one cancelled attendee. There has been no follow-up on this over payment. It is recommended that a policy for returned items be established. Accounting should be notified immediately of any items returned or cancellation of any accounts payable, so that an overpayment does not occur or a credit can be tracked and maintained until received.

The expenditures for fundraising were tested for proper documentation. During this testing it was noted a hand written check, with the notation of "NOT TO EXCEED \$500.00" was written for exactly \$500.00, with no supporting documents attached. It is recommended that this expenditure be followed up, in the instance that a cash refund could've been received for any overpayment and not recorded. Again, no expenditures should be made without having the proper documentation, such as an original invoice.

Separate Accounting Reports for Grants

The accounting for each separate grant is currently allocated by manual creating a report into Excel and then summarized for the grantors approval. Utilizing this method of summarizing the expenses, the same expenses were inadvertently charged to two different grants. The result was the double billing of the same expense to two different grants. This type of billing can be completed by utilizing the "class" feature in the accounting software. When an invoice is input or paid, or when a receipt is deposited each can be directly allocated to a 'class' (i.e. Grant - such as DHHR, BHHF, etc.). At the end of each month a report can then be generated to show the amount expended or received on any given grant.

Grant Billings

Currently the total amount of a grant award is set-up in the Organization's accounting system as a receivable. In handling grant amounts in this manner it creates two potential inaccuracies. First, in creating an invoice for the full amount of the grant, it records the total grant funding in the period that the invoice is created. This does not allow for proper matching of expenses and revenues. Secondly, in the event that the full amount of the grant is not realized the accounts receivable will then have been overstated for the fiscal year in question. It is recommended that future billings for grant amounts, an invoice be created in the period the funds are required and after the expenses for reimbursement have been expended. This will allow for better matching of revenue and expenses and provide a more accurate financial reporting for the Board of Directors.

During my testing of the grant balances it was discovered that a billing for Bureau of Behavioral Health and Health Facilities (BHBF) through Valley Comprehensive Community Mental Health Clinic for the month ended February 2007 was never received or followed up on. This was not realized because of the way the grants are billed in total. The revenue showed the full amount of the grant and a detail of the grants receivable was not examined. It is recommended that the detail on each grant balance received be examined on a monthly basis and any outstanding balances be followed up on immediately. This will help keep the balance on grants receivable current and to a minimum.

While testing the expenditures allocated to the grants awarded to Bartlett House it was discovered that some invoices are allocated to grants after payment has already occurred. To ensure the expenditure is only utilized once in a request for reimbursement, it should be allocated to a grant at the time of payment. By implementing a policy such as this it can greatly reduce any double billing a grant or cross billing with another grant for the same expenditure.

Petty Cash Disbursements

Currently when a client is in need of assistance with a co-payment for a prescription needed petty cash is given to the client for assistance. The only documentation of this disbursement is a receipt signed by the person who disbursed the funds and the client who received them. There are no supporting documents required from the client as to what the funds were actually utilized for to ensure the prescription was actually purchased. For any future support provided to a client for prescription co-payments a client should be required to provide evidence (i.e. pharmacy receipt) for proof of purchase. This will help ensure that the funds are utilized in a proper and authorized manner.

On several occasions it was noted where the administrative assistant reimbursed himself for money that he personally had given to clients. This was done without prior approval or proof the funds were actually given to the client. Also, there were two occasions when the administrative assistant had a client sign that they would reimburse the petty cash fund for amounts provided to them, but there was documentation as to these funds ever being returned. The practice of an employee giving a client money personally and then later requesting reimbursement themselves should be discontinued. Should a client require assistance they should file the necessary documents and sign off that they actually received the funds and subsequently provide documentation to support the use of those funds.

Board of Directors Meetings

While reading the Board of Directors (BOD) meeting minutes it was noted that the Executive Director made a motion. Since the Executive Director is not a voting member of the Board of Directors she cannot make a motion. In the future the BOD should take all care and precautions that only a voting member of the BOD's allowed to make a motion.

It was noted that the BOD's approved Christmas bonuses for full-time and part-time employees. The minutes stated that the full-time employees were to receive \$100 and the part-time employees were to receive \$50. These amounts could be increased to \$150 and \$75 respectively, if the Hott/Brown grants were received before the bonuses were completed. However, the Executive Director overrode this mandate and the bonuses were written in the amount of \$100 for all employees, both full and part-time. This was not approved by the BOD's. To avoid confusion such as this in the future the BOD's should determine a set amount and ensure that the directive is adhered to or in a subsequent meeting approve any variations made to the motion which was passed.

Payroll Withholdings

The company amounts paid for State Unemployment and Employee Health Insurance are utilized when requesting reimbursement from certain grantor agencies. These amounts were incorrectly calculated in the accounting system by having the incorrect percentage for the calculation of the State Unemployment and the incorrect company portion of the Employee Health Insurance at certain times during the year. The result of this is to over bill for reimbursement for these expenses in the beginning of the fiscal year which results in the grant funds being received before the actual expenditures are made. It is recommended that the State Unemployment rate be updated at the beginning of each calendar year and the Employee Health Insurance accrual be withheld before the insurance premium are due rather than after it is paid. The current method has the Organization prepaying the premiums for the employees and then trying to collect it later. Also, the insurance premiums need to be reviewed each month to ensure the proper amount is being accrued so the Organization is paying the proper amount on the premiums. This will help ensure that the funds billed for reimbursement are funds that have already been spent and are owed to the Organization.

During the testing of the expenses of the Organization it was noted that penalties on late payment of payroll taxes occurred on several different occasions. This could have been prevented if the payroll taxes were remitted with each payroll when prepared. This would eliminate the problem of having to make tax payments later since they would be made at the same time payroll is prepared. (Note: This occurred for the third and fourth quarters in 2006. The Organization has implemented the policy of paying the 941 taxes the same day as when the payroll is prepared.)

Oversight of Bank Reconciliations

Currently the bank statements are being reviewed by the Treasurer of the BOD's, but not in conjunction with the Administrative Assistants reconciliation, nor does a detailed check register accompany the information forwarded to the Treasurer. For better control over the bank reconciliation function, the Treasurer should receive the bank statement directly, unopened, and perform a complete reconciliation themselves. This way the individual writing and entering the checks does not also reconcile the bank statement. When the reconciliation is performed the checks clearing the bank should be reviewed for proper authorization and authorized signature. The checks can be randomly tested by matching the checks clearing the bank to the original documentation. This will help ensure that only authorized transactions are occurring in the bank account.

Fundraising

The organization held a fundraising event in conjunction with the Morgantown Elk's. Bartlett House employee's and BOD's sold tickets for the event on behalf of the Elk's. Bartlett House then later wrote a check to the Elk's organization for the amount of tickets it supposedly collected for or sold. When the support was examined for this reimbursement to the Elk's it was discovered that there was no detail listing of the checks collected or sold for the event. This could lead to intentional or unintentional use of the Organization's funds by inadvertently paying for tickets which were not actually sold. It is suggested that for any future events such as this that a detail listing of who sold the tickets, who purchased the tickets, how much was paid and how the tickets were paid for. This way there is a proper accounting for the tickets and support for the funds forwarded to the organization holding the event.

Accounts Payable Cutoff

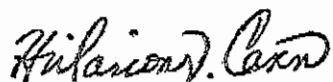
During my interview of the Administrative Assistant it was discovered that the invoice dates are not utilized when entering an invoice into the accounting software. Rather whatever date the invoice is entered into the software is the date attributed to the invoice. This does not allow for proper period cutoffs. For example, if an invoice is received towards the end of a period (i.e. month) but is not entered into the accounting system, then it will be recorded in the latter period rather than the period it was actually incurred. A policy should be established on how and when an invoice should be entered into the accounting system so that it will be recorded in the proper period. This will help ensure that the financial information provided to the BOD's is more accurate by recording items in the proper period.

Greater Morgantown Community Trust

Funds invested for the Organization are held by the Greater Morgantown Community Trust. The Trust provides quarterly reports as to the activity of the Trust funds invested. This activity currently is either not recorded or only partially recorded incorrectly in the financial records of the Organization. It is recommended that each quarter when the reports are received from the Trust this activity then be recorded in the financial records of the Organization. This will provide the Board a more complete and accurate financial status of the Organization.

I wish to thank the Executive Director and Administrative Assistant for their support, cooperation, and assistance during my audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.



Hilarion V. Cann, CPA
Clarksburg, West Virginia
February 20, 2008

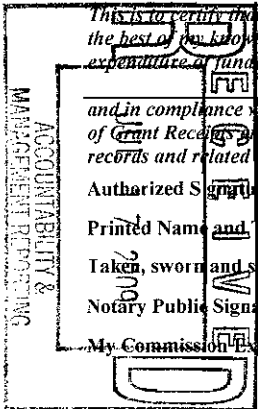
**West Virginia Department of Health & Human Resources
Sworn Statement of Grant Receipts and Expenditures**

Grantee Name: Bartlett House Inc		Grantee FEIN: 55-0652547	
Address: 1110 University Ave., Morgantown, WV 26505			
Grant Number: G070204		Period Covered: July 1, 2007 - June 30, 2008	
Total Grant Amount: \$161,649.00		Phone Number: 304-292-0101	

Grant Receipts			
Invoice Number	Period Covered	Date Received	Amount
# 1	07/01/07-09/30/07	9/18/2007	\$41,662.00
# 2	10/01/07-12/31/07	11/30/2007	\$41,662.00
# 3	01/01/08-03/31/08	2/1/2008	\$41,662.00
# 4	04/01/08-06/30/08	4/25/2008	\$41,663.00
Total Grant Receipts			\$166,649.00

Grant Expenditures		
Expenditures	Description/Examples	Amount
Personnel	Salaries and Wages	\$117,859.72
Fringe Benefits		\$19,911.90
Travel/Training		\$3,500.00
Equipment and Other Capital Expenditures		
Materials and Supplies	Office Supplies, Postage, Training	\$13,626.62
Professional Service Costs	Contracts, Consultants	\$3,854.95
Rental Costs	Office Space, Equipment	
Other	Telephone, Utilities	\$7,946.05
Indirect Cost		
Total Grant Expenditures		\$166,699.24

Ending Funds Balance (Receipts – Expenditures) (\$50.24)



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 Bartlett House 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: Keri A. DeMasi
 Printed Name and Title: Keri DeMasi, Executive Director
 Taken, sworn and subscribed before me this 12 day of June, 2009.
 Notary Public Signature: Shannon Homer
 My Commission Expires: 11/26/12

Date: 06/12/09

