

**Independent Auditors' Report
and Related Financial Statements**

For the Year Ended June 30, 2012

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

DHHR - Finance

MAY 28 2013

Date Received

**Teed & Associates, PLLC
3624 MacCorkle Avenue SE
Charleston, West Virginia 25304
304-925-8752**

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

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TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Board of Trustees

For the Year Ended June 30, 2012

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
President	Judith W, Hamrick	12/31/2013
Vice President	Marsha Webb-Rumora	12/31/2014
Secretary	Dana Wright	12/31/2016
Board Members:	Sister Janet Peterworth	12/31/2013
	Delilah Baisden	12/31/2013
	Eileen Bell	12/31/2013
	Eugene Crum	12/31/2017
	Sabrina Deskins	12/31/2012
	Lonnie Hannah	12/31/2016
	Pat Poole	12/31/2017
Executive Director	Kimberly Ryan	
Financial Manager	Elizabeth Harrison	

Teed & Associates, PLLC

Certified Public Accountants

Established 1992

Member American Institute of Certified Public Accountants
Member West Virginia Society of Certified Public Accountants
Member Tennessee Society of Certified Public Accountants

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Independent Auditors' Report

To the Board of Trustees
The Tug Valley Recovery
Shelter Association, Inc.
Williamson, West Virginia

We have audited the accompanying Statement of Financial Position of the Tug Valley Recovery Shelter Association, Inc. (the Shelter), a nonprofit organization, as of June 30, 2012, and the related Statement of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of the Shelter's management. 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. Those standards require that we 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tug Valley Recovery Shelter Association, Inc. as of June 30, 2012, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information on pages 12 through 14 is presented for purposes of additional analysis and is not a required part of the financial statements of the Organization. Such information is the responsibility of management

To The Board of Directors
The Tug Valley Recovery
Shelter Association, Inc.
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and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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 basic financial statements as a whole.

The Tug Valley Recovery Shelter Association, Inc., West Virginia has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Teed & Associates, PLLC

Charleston, West Virginia
September 17, 2012

DHHR - Finance

MAY 28 2013

Date Received

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Statement of Financial Position

June 30, 2012

ASSETS:

Current assets:

Cash	\$ 193,404
Grants receivable	28,128
Prepaid assets	<u>1,927</u>
Total current assets	<u>223,459</u>

Noncurrent assets:

Property and equipment, net	<u>55,776</u>
Total noncurrent assets	<u>55,776</u>

Total assets \$ 279,235

LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable	\$ 22,833
Accrued compensated absences	12,296
Accrued payroll liabilities	<u>11,503</u>
Total current liabilities	<u>46,632</u>

Net assets:

Unrestricted assets	<u>232,603</u>
Total unrestricted net assets	<u>232,603</u>
Total liabilities and net assets	<u>\$ 279,235</u>

The accompanying notes are an integral part of these financial statements

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Statement of Activities

For the Year Ended June 30, 2012

REVENUE, GAINS, AND OTHER SUPPORT:

Contributions	\$ 9,660
Grants:	
Federal	184,451
State	267,696
Local	60,315
Fundraising	10,625
In kind contribution	39,320
Miscellaneous	46
Total revenues, gains, and other support	<u>572,113</u>

EXPENSES:

Advertising	960
Bank service charge	131
Building maintenance	6,019
Client aid	3,490
Contract services	61,064
Depreciation expense	17,484
Dues and subscriptions	2,502
Fundraiser	2,799
Furniture and equipment	4,734
Insurance	2,457
Miscellaneous	280
Payroll and expenses	362,092
Postage and delivery	1,218
Professional fees	2,150
Repairs	449
Supplies	12,921
Pager	77
Training and travel	8,607
Utilities	19,706
Volunteer services	39,320
Total expenses	<u>548,460</u>
Change in net assets	23,653
Net assets at beginning of year	<u>208,950</u>
Net assets at end of year	<u>\$ 232,603</u>

The accompanying notes are an integral part of these financial statements

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Statement of Cash Flows

For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 23,653
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,484
Decrease in:	
Grants receivable	2,223
Prepaid assets	975
Increase (decrease) in:	
Unearned revenue	(13,157)
Accounts payable	16,651
Accrued payroll liabilities	4,840
Accrued compensated absences	<u>(13,180)</u>
Net cash provided by operating activities	<u>39,489</u>
Net increase in cash	<u>39,489</u>
CASH AT BEGINNING OF THE YEAR	<u>153,915</u>
CASH AT END OF YEAR	<u>\$ 193,404</u>

The accompanying notes are an integral part of these financial statements

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Notes to the Financial Statements

For the Year Ended June 30, 2012

NOTE 1. DESCRIPTION OF THE SHELTER

Tug Valley Recovery 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

FASB ASC 958-210-45-9 (formerly SFAS No. 117) requires net assets to be classified as unrestricted, temporarily restricted, or permanently restricted based on their nature and the existence or absence of donor restrictions. In addition, the Shelter is required to present a Statement of Cash Flows.

Pledges are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Pledges receivable are recognized when the donor makes a promise to give to the Shelter that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the pledges are recognized. All other donor-restricted pledges are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets. Pledges receivable at June 30, 2012, amounted to \$0.00.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash

For the purpose of the Statement of Cash Flows, cash equivalents include all monies in banks, escrow account donated securities intended for liquidation, time deposits, certificates of deposit with remaining maturity of three months or less, and all highly liquid debt instruments with original maturity dates at three months or less

Grants Receivable

Management considers grants receivable fully collectible at June 30, 2012.

Donated Services

Donated services are valued at the estimated fair labor market value.

Property and Equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets and is considered a cost of operations. The Shelter does not have a policy for the capitalization of assets.

Revenues, Gains, and Other Support

Contributions of cash and other assets are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is when a stipulated time or purpose restriction ends in the same year in which the contributions are received, the contribution is classified as

unrestricted contributions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions upon expiration. In-kind contributions received with donor-imposed restrictions are recognized and recorded at fair market value at the time of donation.

Donations are received from various businesses throughout the community and State.

Grants are recorded as support when received or when the right to specific funds has been determined. Restricted grants are reported as earned when expenses are incurred in compliance with restrictions. Grants received, but not earned, at the end of the accounting period are reported as deferred revenue.

Income Taxes

The Tug Valley Recovery Shelter Association, Inc., is a not-for-profit Shelter and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

Compensated Absences

Compensated absences are those for which employees have a right to receive consideration for expected future absences. Compensated absences should be accounted for in accordance with the provisions of the FASB ASC 710-10 (formerly SFAS No 43). Generally, an employer is not required to accrue for any obligation unless the employees' rights to compensated absences either vest or carry forward to future periods. Also, no liability is required for nonvesting rights to sick pay.

At June 30, 2012, the Shelter accrued a liability for compensated absences of \$12,296.

Net Asset Classification

Net assets of the Shelter and changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets that are not subject to donor-imposed stipulations.

Temporarily and Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of The Tug Valley Recovery Shelter Association, Inc., Inc. and/or the passage of time

NOTE 3. CASH

Cash is deposited in federal deposit insured bank accounts.

Cash deposits in bank checking accounts \$ 193,404

Custodial credit risk is the risk that in the event of a bank failure, the Shelter's deposits may not be returned. The Shelter's deposits at June 30, 2012, 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
Computer and printers	3 to 10 years	11,408
Furniture and fixtures	3 to 10 years	55,403
Equipment	3 to 10 years	<u>71,687</u>
Less: accumulated depreciation		<u>235,350</u>
Net property and equipment		<u>\$ 55,776</u>

For the year ended June 30, 2012, depreciation expense was \$17,484

NOTE 5. 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 determined to be \$39,320, as of June 30, 2012.

NOTE 6. 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 support from these supporting agencies could have a material effect on the Shelter's programs and activities.

NOTE 7. 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 it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

OTHER SUPPLEMENTARY INFORMATION

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2012

	In-House Services	Legal Services	Out Reach Offices	Community Education	STOP Team	Sexual Assault Response Team	Program Expenses Total
Salaries and benefits	\$ 247,773	\$ 13,455	\$ 61,162	\$ 19,950	\$ 4,510	\$ 6,894	\$ 353,744
Utilities	11,770	1,069	4,974	506	123	50	18,492
Supplies	2,207	2,207	2,207	2,207	2,207	2,207	13,242
Professional fees	269	269	269	269	269	269	1,613
Postage and delivery	533	133	152	30	105	25	978
Client aid	990	2,500	-	-	-	-	3,490
Building maintenance	3,950	1,600	-	171	57	57	5,835
Contract services	650	25	-	5	60,384	-	61,064
Repairs	56	56	56	56	56	56	337
Training and travel	4,768	2,384	775	300	210	100	8,537
Insurance	307	307	307	307	307	307	1,842
Advertising	413	288	96	48	-	-	844
Bank service charges	16	16	16	16	16	16	98
Fundraiser	-	-	-	-	-	-	-
Volunteer services	11,796	-	-	-	-	-	11,796
Dues and subscriptions	486	333	298	288	278	273	1,956
Pager	-	-	-	-	-	77	77
Depreciation	-	-	-	-	-	-	-
Miscellaneous	<u>36</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>213</u>
Total expenses	<u>\$ 286,020</u>	<u>\$ 24,677</u>	<u>\$ 70,348</u>	<u>\$ 24,188</u>	<u>\$ 68,558</u>	<u>\$ 10,367</u>	<u>\$ 484,158</u>

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Statement of Functional Expenses (Continued)

For the Year Ended June 30, 2012

	Program Expenses			Non-Program Expenses	Total Expenses
	Total	Management	Fundraising	Total	
Salaries and benefits	\$ 353,744	\$ 908	\$ 7,440	\$ 8,348	\$ 362,092
Utilities	18,492	90	1,124	1,214	19,706
Supplies	13,242	2,207	2,207	4,414	17,656
Professional fees	1,613	269	269	538	2,150
Postage and delivery	978	58	182	240	1,218
Client aid	3,490	-	-	-	3,490
Building maintenance	5,835	71	114	184	6,019
Contract services	61,064	-	-	-	61,064
Repairs	337	56	56	112	449
Training and travel	8,537	20	50	70	8,607
Insurance	1,842	307	308	615	2,457
Advertising	844	36	79	115	960
Bank service charges	98	16	16	33	131
Fundraiser	-	-	2,799	2,799	2,799
Volunteer services	11,796	-	27,524	27,524	39,320
Dues and subscriptions	1,956	273	273	546	2,502
Pager	77	-	-	-	77
Depreciation	-	17,484	-	17,484	17,484
Miscellaneous	213	32	36	67	280
Total expenses	<u>\$ 484,158</u>	<u>\$ 21,826</u>	<u>\$ 42,477</u>	<u>\$ 64,303</u>	<u>\$ 548,460</u>

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Schedule of Findings

For the Year Ended June 30, 2012

Item 2012-1 Capitalization Policy for Capital Asset Acquisitions

Condition

The Shelter does not have a capitalization policy regarding capital asset acquisitions, dispositions, and depreciation.

Criteria

Proper internal control structure dictates that a capitalization policy be adopted outlining the dollar threshold to be met in order to capitalize, as well as depreciation methods and estimated useful lives of various classification of capital assets.

Effect

By not having a capitalization policy, the Shelter compromises custodial control over capital assets and could result in a misstatement of the financial statements.

Recommendations

The Shelter should implement a capitalization policy outlining the dollar threshold required to capitalize, depreciation methods, and anticipated useful lives of all classifications of assets on hand.

Audited Agency's Response

The Shelter officials were in the process of establishing, approving, and implementing a capitalization policy as of the fiscal year end date

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

Schedule of Findings (Continued)

For the Year Ended June 30, 2012

Item 2012-2 Detailed Capital Assets and Depreciation Schedules

Condition

The Shelter failed to maintain detailed capital asset and depreciation schedules.

Criteria

Generally accepted accounting principles require detailed listings of assets to be maintained and depreciation to be charged against operations over the estimated useful lives of the respective capital asset.

Cause

The Shelter does not have controls in place to ensure that assets are separately stated and depreciated.

Effect

By not having detailed capital asset records, the Shelter loses custodial control over certain assets that are susceptible to theft.

Recommendations

The Shelter should establish a policy to maintain detailed capital asset and depreciation schedules. Also, the Shelter should identify capital assets previously purchased for inclusion in the capital asset schedule. A capitalization policy specifying which assets are to be capitalized and depreciated, as well as the asset's useful life, should be established.

Audited Agency's Response

The Shelter is in the process of preparing a detailed listing of their capital assets.