428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

PERRY & Associates
Certified Public Accountants, A.C.

THE ARC OF THE MID-OHIO VALLEY

Regular Audit

For the Year Ended June 30, 2014

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THE ARC OF THE MID-OHIO VALLEY

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INDEPENDENT AUDITOR'S REPORT

March 13, 2015

The Arc of the Mid-Ohio Valley
912 Market Street
Parkersburg, WV 26101

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of **The Arc of the Mid-Ohio Valley**, (a non-profit organization) (the Organization) which comprise the statement of financial position as of June 30, 2014, 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 audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As explained in the footnotes to the financial statements, inventory that The Arc of the Mid-Ohio Valley acquired by gift is not recorded in the financial statements. In our opinion, accounting principles generally accepted in the United States of America require that such donated inventory be recorded at its fair value at the date of receipt. It was not practical to determine the effects of the unrecorded inventory on the financial statements.

Opinion

In our opinion, except for the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc of the Mid-Ohio Valley as of June 30, 2014, 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.

Other Matters

The financial statements of The Arc of the Mid-Ohio Valley as of June 30, 2013, were audited by other auditors whose report dated October 10, 2013, expressed a qualified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of WV Division of Health and Human Resources Grant and Schedule of Revenues and Expenses – Division of Health and Human Resources Grant are presented for purposes of additional analysis and are not a required part of the basic 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 March 13, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

DHHR - Finance
JUN 24 2016
Date Received

THE ARC OF THE MID-OHIO VALLEY
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 117,230	$ 132,458
Accounts Receivable	80,971	51,124
Prepaid Expenses	646	646
Total Current Assets	198,847	184,228
Non-Current Assets:		
Capital Assets:		
Machinery and Equipment	70,950	67,118
Less: Accumulated Depreciation	(60,443)	(56,608)
Total Capital Assets, Net of Depreciation	10,507	10,510
Total Non-Current Assets	10,507	10,510
Other Assets:		
Investments in Marketable Securities	366,042	348,732
Investments in Parkersburg Community Foundation	100,070	89,565
	466,112	438,297
TOTAL ASSETS	$ 675,466	$ 633,035
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 8,004	$ 5,257
Other Current Liabilites	7,495	8,670
Accrued and Withheld Payroll Taxes	23,472	24,745
Deferred Revenue	6,408	6,408
Total Current Liabilities	45,379	45,080
Total Liabilities	45,379	45,080
Net Assets:		
Permanently Restricted	90,000	90,000
Temporarily Restricted	172,370	161,050
Unrestricted	367,717	336,905
Total Net Assets	630,087	587,955
TOTAL LIABILITIES AND NET ASSETS	$ 675,466	$ 633,035

See accompanying Notes to the Financial Statements.

THE ARC OF THE MID-OHIO VALLEY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:								
Support:								
Contributions	$ 6 925	$ 9,665	$ -	$ 16,590	$ 2,249	$ 12,169	$ -	$ 14,438
Grants	209,622	-	-	209,622	207,660	-	-	207,660
Total Support	216 547	9,665	-	226,212	209,909	12,169	-	222,098
Revenues:								
Program Services:								
Sales - Noah's Arc	115,498	-	-	115,498	161 018	-	-	161,018
United Way Allocations	20,552	-	-	20,552	19,000	-	-	19,000
Membership Dues	25	-	-	25	175	-	-	175
Other Program Income	21,112	-	-	21,112	27 957	-	-	27,957
Total Program Services	157 187	-	-	157 187	208 150	-	-	208,150
Fees for Service	269,023	-	-	269 023	247 680	-	-	247,680
Combined Federal Campaign	602	-	-	602	697	-	-	697
Interest and Dividend Income	10,129	10,505	-	20,634	7,405	9,011	-	16,416
Gains and Losses on Investments	11,619	12,587	-	24,206	14 686	15 642	-	30,328
Total Revenues	448,560	23,092	-	471 652	478 618	24 653	-	503,271
NET ASSETS RELEASED FROM RESTRICTIONS:								
Satisfaction of Program Restrictions	21,437	(21,437)	-	-	20 827	(20 827)	-	-
TOTAL SUPPORT AND REVENUES	686,544	11,320	-	697,864	709 354	16 015	-	725,369
EXPENSES:								
Program Services:								
Community Programs	77 197	-	-	77,197	79,334	-	-	79,334
Noah's Arc	126,303	-	-	126,303	148,703	-	-	148,703
Birth to Three Program	314 772	-	-	314,772	343,036	-	-	343,036
Emergency Preparedness	790	-	-	790	10,658	-	-	10,658
Total Program Services	519,062	-	-	519,062	581,731	-	-	581,731
Supporting Services:								
Management and General	136,670	-	-	136,670	151,455	-	-	151,455
Total Supporting Services	136,670	-	-	136,670	151,455	-	-	151,455
TOTAL EXPENSES	655,732	-	-	655,732	733,186	-	-	733,186
CHANGE IN NET ASSETS	30,812	11 320	-	42,132	(23,632)	16,015	-	(7,817)
NET ASSETS AT BEGINNING OF YEAR (Restated)	336,905	161 050	90,000	587,955	360,737	145,035	90,000	595,772
NET ASSETS AT END OF YEAR	$ 367,717	$ 172,370	$ 90,000	$ 630,087	$ 336,905	$ 161,050	$ 90,000	$ 587,955

See accompanying Notes to the Financial Statements.

THE ARC OF THE MID-OHIO VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services					Supporting Services		
	Community Programs	Noah's Arc	Birth to Three	Emergency Preparedness	Total	Management and General	Total Supporting Services	Total
Salaries	$ 40,744	$ 57,979	$ 213,051	$ -	$ 311,774	$ 61,535	$ 61,535	$ 373,309
Fringe Benefits and Taxes	5,666	8,282	23,690	-	37,638	8,765	8,765	46,403
Consultant Fees and Casual Labor	1,987	268	1,326	-	3,581	10,133	10,133	13,714
Telephone and Internet	2,573	1,282	11,472	-	15,327	2,197	2,197	17,524
Postage and Shipping	-	-	2,414	-	2,414	1,253	1,253	3,667
Rent	1,260	28,095	22,075	-	51,430	7,111	7,111	58,541
Insurance	1,122	3,605	3,346	-	8,073	1,557	1,557	9,630
Utilities	-	12,475	-	-	12,475	-	-	12,475
Supplies	4,514	969	4,911	491	10,885	5,595	5,595	16,480
Professional Fees	1,312	2,752	4,271	-	8,335	1,624	1,624	9,959
Maintenance and Repairs	533	8,959	7,269	-	16,761	5,705	5,705	22,466
Dues and Subscriptions	-	-	-	-	-	2,000	2,000	2,000
Office Library	-	-	659	-	659	201	201	860
Printing	225	-	2,873	-	3,098	3,398	3,398	6,496
Advertising	731	-	497	-	1,228	916	916	2,144
Client Services	8,755	-	488	-	9,243	385	385	9,628
Program Expenses	2,473	-	1,458	-	3,931	1,194	1,194	5,125
Scholarship	-	-	-	-	-	3,001	3,001	3,001
Other Expenses and Fees	725	1,016	750	-	2,491	5,939	5,939	8,430
Conferences and Meetings	1,863	45	1,461	-	3,369	5,349	5,349	8,718
Travel	2,714	576	12,761	299	16,350	4,977	4,977	21,327
Total Expenses Before Depreciation	77,197	126,303	314,772	790	519,062	132,835	132,835	651,897
Depreciation	-	-	-	-	-	3,835	3,835	3,835
Total Expenses	$ 77,197	$ 126,303	$ 314,772	$ 790	$ 519,062	$ 136,670	$ 136,670	$ 655,732

See accompanying Notes to the Financial Statements.

THE ARC OF THE MID-OHIO VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services					Supporting Services		
	Community Programs	Noah's Arc	Birth to Three	Emergency Preparedness	Total	Management and General	Total Supporting Services	Total
Salaries	$ 37,996	$ 70,303	$ 233,807	$ 9,065	$ 351,171	$ 71,719	71,719	$ 422,890
Fringe Benefits and Taxes	3,070	9,798	27,961	693	41,522	12,360	12,360	53,882
Cosultant Fees and Casual Labor	75	227	260	-	562	204	204	766
Telephone and Internet	3,238	2,054	4,055	-	9,347	7,446	7,446	16,793
Postage and Shipping	176	-	2,835	11	3,022	1,755	1,755	4,777
Rent	3,775	41,005	22,065	-	66,845	7,110	7,110	73,955
Insurance	-	4,947	1,809	-	6,756	363	363	7,119
Utilities	-	9,278	-	-	9,278	-	-	9,278
Supplies	1,578	2,240	7,555	-	11,373	4,482	4,482	15,855
Professional Fees	366	358	5,381	-	6,105	11,558	11,558	17,663
Maintenance and Repairs	-	4,766	5,984	-	10,750	1,988	1,988	12,738
Dues and Subscriptions	-	-	-	-	-	3,019	3,019	3,019
Office Library	-	-	-	-	-	45	45	45
Printing	3,781	-	3,098	-	6,879	3,604	3,604	10,483
Advertising	-	194	4,551	-	4,745	381	381	5,126
Client Services	9,016	-	-	12	9,028	1,297	1,297	10,325
Program Expenses	7,211	-	1,313	700	9,224	626	626	9,850
Scholarship	-	-	-	-	-	2,500	2,500	2,500
Other Expenses and Fees	379	2,363	1,559	-	4,301	1,872	1,872	6,173
Conferences and Meetings	2,525	7	4,006	-	6,538	13,623	13,623	20,161
Travel	6,148	1,163	16,797	177	24,285	1,902	1,902	26,187
Total Expenses Before Depreciation	79,334	148,703	343,036	10,658	581,731	147,854	147,854	729,585
Depreciation	-	-	-	-	-	3,601	3,601	3,601
Total Expenses	$ 79,334	$ 148,703	$ 343,036	$ 10,658	$ 581,731	$ 151,455	$ 151,455	$ 733,186

See accompanying Notes to the Financial Statements.

THE ARC OF THE MID-OHIO VALLEY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in Net Assets	$ 42,132	$ (7,817)
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:		
Depreciation	3,835	3,601
Realized and Unrealized (Gains) Losses on Investments	(24,206)	(30,328)
(Increase) Decrease in Accounts Receivable	(29,847)	6,603
(Increase) Decrease in Prepaid Expenses	-	4
Increase (Decrease) in Accounts Payable	2,747	1,845
Increase (Decrease) in Other Current Liabilities	(1,175)	840
Increase (Decrease) in Accrued and Withheld Payroll Taxes	(1,273)	3,209
Increase (Decrease) in Deferred Revenue	-	4,278
Net Cash Provided (Used) by Operating Activities	(7,787)	(17,765)
Cash Flows from Investing Activities:		
Investments in Parkersburg Community Foundation	10,505	3,368
Purchase (Sale) of Investments	(14,114)	(11,194)
Purchase of Capital Assets	(3,832)	(199)
Net Cash Provided (Used) by Investing Activities	(7,441)	(8,025)
Net Increase (Decrease) in Cash and Cash Equivalents	(15,228)	(25,790)
Cash and Cash Equivalents at Beginning of Year	132,458	158,248
Cash and Cash Equivalents at End of Year	$ 117,230	$ 132,458
Cash Paid for Interest	$ 551	$ 170

See accompanying Notes to the Financial Statements.

NOTE 1. NATURE OF OPERATIONS

The Arc of the Mid-Ohio Valley, Inc. (the Organization) was incorporated as a non-profit organization in the State of West Virginia, whose mission is to promote community education on developmental disabilities and its prevention; provide advocacy for individuals with developmental disabilities; and provide assistance to those in need.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization accounts for its revenues and related expenses on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Revenues are reported in the year earned. Costs and expenses are charged against revenues in the year to which the cost is applicable.

Financial Statement Presentation

The Organization has adopted of Financial Accounting Standards Codification (ASC) No. 958-210, Presentation of Financial Statements. Under Board ASC 958-210, an organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Tax Status

The Organization is exempt from Federal income taxes as described under Internal Revenue Code (IRC) 501(c) (3). Therefore, no provision for income tax has been recorded in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Organization's Federal Return of Organization from Income Tax (federal Form 990) for 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Estimates

In preparing financial statements in conformity with GAAP, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances and are presented in the Statement of Financial Position net of the allowance for doubtful accounts. Accounts receivable are written off when they are determined to be uncollectible. As of June 30, 2014 and 2013 accounts receivable are shown net of an allowance for uncollectible accounts of $0 and $925, respectively.

Inventory

Noah's Arc Thrift Shop sells donated clothing items to help support the Organization's mission. These in-kind donations have no carrying value until sold.

Property and Equipment

All acquisitions of property and equipment, and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of the asset are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives ranging from five to forty years for all depreciated assets.

Expenditures for maintenance and repairs, which do not extend the originally estimated useful lives of the assets, are charged to expense.

Depreciation expense for the year ended June 30, 2014 and 2013 was $3,835 and $3,601, respectively.

Fair Value of Financial Instruments

The following methods and assumption were used by the Organization in estimating its fair value for financial instruments:

Inventory: Inventory of clothing and other used goods have not been recorded in the financial statements. Accounting principles generally accepted in the United States of America require that such inventory be recorded at the fair market value at the date of donation.

Investment in Parkersburg Community Foundation

The Arc of the Mid-Ohio Valley has investments that are held in trust with the Parkersburg Area Community Foundation. The principal and net income from the fund may be distributed to or for the benefit of the Organization for its charitable purposes upon the written request of 75% of the Organization's Board of Directors accompanied by a certification by the Board's Secretary. At June 30, 2014 and 2013, the market value of these investments totaled $100,070 and $89,565, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization expenses advertising costs as incurred. The cost of advertising for the year ending June 30, 2014 was $2,143 and for the year ending June 30, 2013 was $5,126.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash at various financial institutions located in Parkersburg, West Virginia. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2014 and 2013, the Organization's uninsured cash balances totaled $115,928 and $133,572 respectively.

NOTE 4. MARKETABLE SECURITIES

As of June 30, 2014 unrestricted marketable securities consisted of the following:

	Cost	Unrealized Gain (Loss)	Market Value
Edward Jones Unrestricted Funds	$ 169,731	17,486	$ 186,638
Edward Jones Money Market Funds	693	-	693
Total unrestricted contributions	$ 170,424	17,486	$ 187,331

As of June 30, 2013 unrestricted marketable securities consisted of the following:

	Cost	Unrealized Gain (Loss)	Market Value
Edward Jones Unrestricted Funds	$ 169,010	721	169,731
Edward Jones Money Market Funds	16,977	-	16,977
Total unrestricted contributions	$ 185,987	721	186,708

In a prior period, the Organization received a bequest which, according to provisions of the will, such assets "are to be used for the purpose of capital improvements or the purchase of equipment, furnishings, or property, and are not to be treated as ordinary income".

All of the following investments are considered to be temporarily restricted and consist of the following:

NOTE 4. MARKETABLE SECURITIES (CONTINUED)

As of June 30, 2014 temporarily restricted marketable securities consisted of the following:

	Cost	Unrealized Gain (Loss)	Market Value
Edward Jones Restricted Funds	$ 162,025	16,685	178,710
Total temporarily restricted investments	$ 162,025	16,685	178,710

As of June 30, 2013 temporarily restricted marketable securities consisted of the following:

	Cost	Unrealized Gain (Loss)	Market Value
Edward Jones Restricted Funds	$ 161,050	975	162,025
Total temporarily restricted investments	$ 161,050	975	162,025

For the years ended June 30, 2014 and 2013 total investment income is shown net of realized and unrealized gains (losses) of $16,685 and $975, respectively.

NOTE 5. TEMORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2014 and 2013:

	2014	2013
Capital acquisition	$ 161,050	$ 141,656
State-wide Arc programs	11,320	19,394
Total Temporarily Restricted Net Assets	$172,370	$161,050

In addition, the Organization received a permanently restricted gift totaling $90,000 which is to be invested in perpetuity. Income from the investments may be used to provide scholarships to developmentally disabled individuals to attend the summer day camp.

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors for the year ended June 30, 2014 and 2013 were as follows:

	2014	2013
Secret Christmas and other programs	$ 18,436	$ 18,327
Scholarships	3,001	2,500
Total	$ 21,437	$ 20,827

NOTE 7. OPERATING LEASES

Effective March 31, 2012, the Organization rents office space, located at 912 Market Street, Parkersburg, West Virginia, under an annual renewal operating lease expiring February 29, 2016. The monthly rental payment is $1,869 and total rental payments for the year ended June 30, 2014 were $22,428.

The Organization operates a thrift shop located at 1915 Dudley Avenue, Parkersburg, West Virginia. The thrift shop building is under the terms of a two year operating lease expiring March 31, 2015. The monthly rental payments are $3,063 and total rental payments for the year ended June 30, 2014 were $36,756.

The Organization operates a second thrift shop located at 904 Broadway Avenue. Parkersburg, West Virginia as a tenant at will. The monthly rental payments are $600 and total rental payments for the year ended June 30, 2014 was $7,200.

The Organization rents storage space as a tenant at will. Monthly rental expense is $210 and total rental payments for the year ended June 30, 2014 was $2,520.

The Organization entered into a lease agreement for the rental of a copier. The lease is scheduled to expire November 5, 2017. The monthly rental payment on the lease is $598 and total rental payments for the year were $7,176.

Rent expense for the years ended June 30, 2014 and 2013 under all of the above operating leases was $58,541 and $69,455, respectively.

Future minimum lease obligations under the above operating leases are as follows:

Year Ended	
2015	34,638
Total	$ 34,638

NOTE 8. SERVICES PROVIDED TO ARC OF WEST VIRGINIA, INC.

The Arc of West Virginia is a state-wide organization whose primary purpose is to provide regional training conferences to persons in West Virginia with developmental challenges. The Arc of the Mid-Ohio Valley, Inc. assists the Arc of West Virginia, Inc. by providing organization management and conference planning services. All costs incurred by the Arc of the Mid-Ohio Valley, Inc. are reimbursed by the Arc of the West Virginia, Inc. As of June 30. 2014 and 2013 the Arc of West Virginia owed the Arc of the Mid-Ohio Valley $22,056 and $38,684, respectively for these management and planning services.

NOTE 9. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees; employees' health and life; and natural disasters. The Organization manages these risks of loss through the purchase of various insurance policies.

NOTE 10. CONTINGENT LIABILITIES

The Organization's programs are generally funded from federal, state, and local sources, principal of which are programs of the West Virginia Division of Health and Human Resources. State grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

NOTE 11. FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels of input, as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining the fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets and liabilities are carried at fair value June 30, 2014, and are classified as Level 1, Level 2 and Level 3 as follows:

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

Assets Carred at Fair Value:	Level 1	Level 2	Level 3
Mutual Funds	$ 366,042	-	-
Endowment Funds	100,070	-	-
Total Assets at Fair Value	$ 466,112	-	-

NOTE 12. RESTATEMENT OF BEGINNING BALANCES – UNRESTRICTED NET ASSETS

The accompanying financial statements for 2014 have been restated due to incorrectly recorded Depreciation for 2013.

	Unrestricted
Net Assets	$ 336,996
Capital Assets	(1,460)
Accumulated Depreciation	1,369
	(91)
Restated	$ 336,905

NOTE 13. SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the financial statements through March 13, 2015. No events have occurred subsequent to the date of the financial statements through March 13, 2015 that would require adjustment or disclosure in the financial statements.

ARC OF THE MID-OHIO VALLEY
SCHEDULE OF WV DIVISION OF HEALTH & HUMAN RESOURCES GRANT
FOR THE YEAR ENDED JUNE 30, 2014

	WVDHHR Grant
State Assigned Account Number	G140400
Grant Period	7/1/2013 to 6/30/2014
Amount of the Award	$ 144,000
Amount Received Current Year	144,000
Surplus Carried to Current Year	-
Total Grant Revenues Available Current Fiscal Year	144,000
Amount Earned & Billed to Grantor Through Year End and Qualifying Expenses for Prior Year's (Budgetary) Deferred Revenue.	144,000
Budgetary Surplus (Deficit)	-
Amount Collected by Year End	**$ 144,000**

DHHR - Finance
JUN 24 2016
Date Received

ARC OF THE MID-OHIO VALLEY
SCHEDULE OF REVENUES AND EXPENSES -
WV DIVISION OF HEALTH & HUMAN RESOURCES GRANT
FOR THE YEAR ENDED JUNE 30, 2014

	WVDHHR Grant
State Assigned Account Number	G140400
Revenues:	
State Awards	$ 144,000
Total Revenues	144,000
Expenses:	
Personnel	92,421
Fringe Benefits	8,714
Supplies	8,400
Contractual Costs	13,728
Other Expenses	20,737
Total Expenses	144,000
Excess (deficit) of revenues over expenses	$ -

*The Arc is required to fund Birth to Three program deficits by allocating fees generated from preparation of Individualized Family Service Plan (IFSP).

DHHR - Finance
JUN 24 2016
Date Received

Perry & Associates
Certified Public Accountants, A.C.

426 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

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*

March 13, 2015

The Arc of the Mid-Ohio Valley
725 Market Street
Parkersburg, WV 26101

To the Board of Directors:

We have audited 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, the financial statements of the **The Arc of the Mid-Ohio Valley** (a non-profit organization) (the Organization), which comprise the statements of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 13, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider to be a significant deficiency in internal control over financial reporting. (2014-001).

Compliance and Other Matters

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

THE ARC OF THE MID-OHIO VALLEY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2014-001

Significant Deficiency

Lack of Ideal Segregation of Duties (Repeated from Prior Years)

Segregation of duties involves the assignment of responsibilities in such a way that different employees handle different parts of the same transaction. Anyone who records transactions or has access to assets ordinarily is in a position to perpetrate errors or irregularities. Appropriate segregation of duties helps to detect errors in a timely manner and deter improper activities.

The segregation of duties and responsibilities with persons who initiate transactions, record transactions, and reconcile the accounts these transactions affect is not desirable from a control point of view. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of transactions.

The employee who prepares checks, enters cash receipts, and prepares payroll also reconciles the Organization's bank accounts. I recommend that a responsible official, not involved in entering information into the accounting software, receives the bank statement from the bank unopened and review its contents for reasonableness and accuracy. Additionally, controls would be improved if the bank reconciliations were performed by a responsible official not involved in the disbursements process.

The lack of segregation of duties could increase the risk that misstatements, errors or fraud could occur and go undetected.

Management's Response

To the extent possible, we separate the financial responsibilities. We have recently added additional procedures to help mitigate the lack of ideal segregation of duties. The Board Treasurer periodically reviews financial transactions and completed bank reconciliations for reasonableness.