428 Second St.
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1907 Grand Central Avenue
Vienna, WV 26105
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104 South Sugar St.
St. Clairsville, OH 43950
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PERRY & Associates

Certified Public Accountants, A.C.

THE ARC OF THE MID-OHIO VALLEY

Regular Audit

For the Year Ended June 30, 2016

www.perrycpas.com

THE ARC OF THE MID-OHIO VALLEY

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INDEPENDENT AUDITOR'S REPORT

December 30, 2016

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, 2016, 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.

Opinion

In our opinion, 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, 2016, 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

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 December 30, 2016, 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 CPAs A.C.

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

DHHR - Finance

Date Received

THE ARC OF THE MID-OHIO VALLEY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

		2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	81,796
Accounts Receivable		139,196
Insurance Receivable		114,920
Prepaid Expenses		2,177
Total Current Assets		338,089
Non-Current Assets:		
Capital Assets:		
Buildings and Improvements		575,000
Machinery and Equipment		70,950
Less: Accumulated Depreciation		(93,457)
Total Capital Assets, Net of Depreciation		552,493
Total Non-Current Assets		552,493
Other Assets:		
Investments in Marketable Securities		363,964
Investments in PACF		94,382
Total Other Assets		458,346
TOTAL ASSETS	$	1,348,928
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$	45,551
Other Current Liabilites		1,075
Accrued Wages and Payroll Taxes		19,669
Compensated Absences		14,949
Total Current Liabilities		81,244
Total Liabilities		81,244
Net Assets:		
Permanently Restricted		90,000
Temporarily Restricted		179,612
Unrestricted		998,072
Total Net Assets		1,267,684
TOTAL LIABILITIES AND NET ASSETS	$	1,348,928

See accompanying Notes to the Financial Statements.

THE ARC OF THE MID-OHIO VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:				
Support:				
Contributions	$ 8,344	$ 8,879	$ -	$ 17,223
United Way Allocations	23,000	-	-	23,000
Grants	196,579	-	-	196,579
Total Support	227,923	8,879	-	236,802
Revenues:				
Program Services:				
Sales - Noah's Arc	103,824	-	-	103,824
Fees for Service	277,016	-	-	277,016
Other Program Income	20,100	-	-	20,100
Total Program Services	400,940	-	-	400,940
Rental Income	56,566	-	-	56,566
Interest and Dividend Income	11,645	2,557	-	14,202
Gains (Losses) on Investments	(17,972)	-	-	(17,972)
Total Revenues	451,179	2,557	-	453,736
NET ASSETS RELEASED FROM RESTRICTIONS:				
Satisfaction of Program Restrictions	11,379	(11,379)	-	-
TOTAL SUPPORT AND REVENUES	$ 690,481	57	-	690,538
EXPENSES:				
Program Services:				
Community Programs	96,186	-	-	96,186
Dudley Property	36,362	-	-	36,362
Noah's Arc	94,467	-	-	94,467
Birth to Three Program	325,251	-	-	325,251
Total Program Services	552,266	-	-	552,266
Supporting Services:				
Management and General	79,359	-	-	79,359
Total Supporting Services	79,359	-	-	79,359
TOTAL EXPENSES	631,625	-	-	631,625
CHANGE IN NET ASSETS	58,856	57	-	58,913
NET ASSETS AT BEGINNING OF YEAR	939,216	179,555	90,000	1,208,771
NET ASSETS AT END OF YEAR	$ 998,072	$ 179,612	$ 90,000	$ 1,267,684

See accompanying Notes to the Financial Statements.

THE ARC OF THE MID-OHIO VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services					Supporting Services		
	Community Programs	Dudley Property	Noah's Arc	Birth to Three	Total	Management and General	Total Supporting Services	Total
Salaries	$ 55,064	$ -	$ 41,252	$ 215,090	$ 311,406	$ 32,052	$ 32,052	$ 343,458
Fringe Benefits and Taxes	6,585	-	8,701	23,173	38,459	3,569	3,569	42,028
Consultant Fees and Casual Labor	11,375	4,300	668	160	16,503	586	586	17,089
Telephone and Internet	-	-	1,539	6,161	7,700	4,685	4,685	12,385
Postage and Shipping	28	-	-	3,855	3,883	1,233	1,233	5,116
Rent	1,215	-	24,060	24,165	49,440	7,110	7,110	56,550
Insurance	-	2,168	814	1,017	3,999	1,176	1,176	5,175
Utilities	-	6,589	9,481	-	16,070	-	-	16,070
Office Supplies	286	86	1,994	7,025	9,391	3,196	3,196	12,587
Program Supplies and Expenses	2,259	-	196	1,046	3,501	107	107	3,608
Professional Fees	-		-	9,002	9,002	3,126	3,126	12,128
Printing	1,049	-	-	1,401	2,450	1,447	1,447	3,897
Advertising	89	340	-	3,906	4,335	554	554	4,889
Scholarship	-	-		-	-	2,000	2,000	2,000
Conferences and Meetings	2,330	-	36	4,484	6,850	1,247	1,247	8,097
General and Administrative	172	1,162	3,636	1,666	6,636	727	727	7,363
Client Services	9,497		-	307	9,804	2,043	2,043	11,847
Training and Education	47	-	-	400	447	-	-	447
Equipment Expense and Maintenance	1,307	-	399	4,264	5,970	4,368	4,368	10,338
Building Expense and Maintenance	-	6,433	503	-	6,936	460	460	7,396
Vehicle Expense and Maintenance	1,767	-	31	83	1,881	1,814	1,814	3,695
Travel	1,851	-	366	17,439	19,656	1,365	1,365	21,021
Bank Charges	-	-	546	-	546	1,546	1,546	2,092
Other Expenses and Fees	1,265	910	245	607	3,027	1,416	1,416	4,443
Total Expenses Before Depreciation Amortization	96,186	21,988	94,467	325,251	537,892	75,827	75,827	613,719
Depreciation	-	14,374	-	-	14,374	3,532	3,532	17,906
Total Expenses	$ 96,186	$ 36,362	$ 94,467	$ 325,251	$ 552,266	$ 79,359	$ 79,359	$ 631,625

See accompanying Notes to the Financial Statements.

THE ARC OF THE MID-OHIO VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

		2016
Cash Flows from Operating Activities:		
Change in Net Assets	$	58,913
Adjustments to Reconcile Change in Net Assets to		
Cash Provided (Used) by Operating Activities:		
Depreciation		17,906
Realized and Unrealized (Gains) Losses on Investments		17,972
(Increase) Decrease in Accounts Receivable		(7,106)
(Increase) Decrease in Insurance Receivable		(54,274)
(Increase) Decrease in Prepaid Expenses		(609)
Increase (Decrease) in Accounts Payable		(593)
Increase (Decrease) in Other Current Liabilities		1,075
Increase (Decrease) in Accrued and Withheld Payroll Taxes		286
Increase (Decrease) in Compensated Absences		(6,828)
Net Cash Provided (Used) by Operating Activities		26,742
Cash Flows from Investing Activities:		
(Purchase) Sale of Investments		(10,413)
Net Cash Provided (Used) by Investing Activities		(10,413)
Net Increase (Decrease) in Cash and Cash Equivalents		16,329
Cash and Cash Equivalents at Beginning of Year		65,467
Cash and Cash Equivalents at End of Year	$	81,796

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, 2016, 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 2013, 2014 and 2015 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. Accounts receivable are written off when they are determined to be uncollectible. Accounting principles generally accepted in the United States of America require that companies use the allowance method when preparing financial statements. Any variance between the direct write-off method and the allowance method is believed to be immaterial.

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, 2016 was $17,906

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.

Advertising

The Organization expenses advertising costs as incurred. The cost of advertising for the year ending June 30, 2016 was $4,889.

Functional Allocation of Expenses

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods are reported as temporarily restricted support. When a donor-stipulated time restriction ends or a purpose restricted is accomplished, the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction.

Contributed Property and Equipment

Contributed property and equipment is recorded at fair value at the date of donation as income and a corresponding asset. If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

NOTE 3. MARKETABLE SECURITIES

As of June 30, 2016 unrestricted marketable securities consisted of the following:

	Cost	Unrealized Gain (Loss)	Market Value
Edward Jones Unrestricted Funds	$ 186,430	$ (230)	$ 186,200
Edward Jones Money Market Funds	1,671	(1,659)	12
Total Unrestricted Contributions	$ 188,101	$ (1,889)	$ 186,212

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".

As of June 30, 2016 temporarily restricted marketable securities from said bequest consisted of the following:

	Cost	Unrealized Gain (Loss)	Market Value
Edward Jones Restricted Funds	$ 177,964	$ (262)	$ 177,702
Edward Jones Money Market Funds	1,591	(1,541)	50
Total Restricted Contributions	$ 179,555	$ (1,803)	$ 177,752

NOTE 4. INVESTMENTS IN PARKERSBURG AREA COMMUNITY FOUNDATION

In 1986, The Arc entered into an agreement with the Parkersburg Area Community Foundation to establish The Arc of Wood County Endowment Fund. The fund is maintained in an investment pool administered by the Parkersburg Area Community Foundation.

Contributions to the fund constitute principal, which are held in perpetuity, and are considered permanently restricted. Interfund gifts are to be used in accordance with the endowment agreement, and are therefore considered temporarily restricted.

NOTE 4. INVESTMENTS IN PARKERSBURG AREA COMMUNITY FOUNDATION (Continued)

Net income from the principal is to be conveyed and transmitted at least annually to the Board of Directors of The Arc. The interest is to be used to provide scholarships to graduates of Wood County high schools who are full-time students at a West Virginia university or college studying for a career in helping peoples with disabilities, and is therefore temporarily restricted. Other income may be used for scholarships or at the discretion of the Board and is considered unrestricted.

The principal of the fund may be distributed to or for the benefit of The Arc for its charitable purposes upon the written request of 75% of its Board of Directors accompanied by a certification by the Board's secretary.

The following is the activity of the endowment fund for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Beginning Fund Balance	$ 8,249	$ -	$ 90,000
Contributions	-	700	-
Interest and Dividends	-	2,557	-
Realized Gain	705	-	-
Unrealized Loss	(3,364)	-	-
Management Fees	(1,265)	-	-
Approved Distributions	-	(3,200)	-
Ending Fund Balance	$ 4,325	$ 57	$ 90,000

At June 30, 2016, the market value of these investments totaled $94,382.

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2016:

	2016
Capital Acquisition	$ 179,555
Scholarships	57
Total Temporarily Restricted Net Assets	$ 179,612

NOTE 6. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following at June 30, 2016:

	2016
Corpus of Endowment Held at Parkersburg Area Community Foundation	$ 90,000
Total Permanently Restricted Net Assets	$ 90,000

NOTE 7. 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, 2016 was as follows:

	2015
Secret Christmas	$ 8,179
Scholarships	3,200
Total	$ 11,379

NOTE 8. OPERATING LEASES

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

The Organization operates a thrift shop located at 1915 Dudley Avenue, Parkersburg, West Virginia. The thrift shop building was donated to the organization in September 2014. Per the Board of Directors, the thrift shop pays rent to The Arc, but there is no lease agreement in place. The monthly rental payment is $2,005. Total rental payments for the year ended June 30, 2016 were $24,060.

The Organization operates a second thrift shop located at 904 Broadway Avenue, Parkersburg, West Virginia as a tenant at will. The building had extensive storm damage in December 2015 and has not been available for business so no rent has been paid since December 2015. The Organization plans renting the space when the building reopens. The monthly rental payments were $600 and total rental payments for the year ended June 30, 2016 were $3,412. There was a small refund of $188 due to the building not being open all of December 2015. The Organization also rented warehouse space from the same landlord and paid an additional $250 a month. The total for the year ended June 30, 2016 was $3,000.

The organization also rents office space for the Clarksburg Birth to Three Office at 107 E Main Street Suite 2G, Clarksburg, West Virginia under a month to month renewal operating lease. The monthly rental is $300 and total rental payments for the year June 30, 2016 were $3,600.

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 year ended June 30, 2016 under all of the above operating leases was $56,500.

NOTE 8. OPERATING LEASES (Continued)

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

Year Ended		
	2017	$ 6,276
	2018	6,276
	2019	6,276
	2020	6,276
	2021	4,184
Total		$ 29,288

NOTE 9. 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, 2016 The Arc of West Virginia owed The Arc of the Mid-Ohio Valley $57,636 for these management and planning services.

NOTE 10. 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 11. 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 12. 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.

NOTE 12. FAIR VALUE MEASUREMENTS (Continued)

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, 2016, and are classified as Level 1, Level 2 and Level 3 as follows:

Assets Carred at Fair Value:	Level 1	Level 2	Level 3
Mutual Funds	$ 363,964	$ -	$ -
Endowment Funds	94,382	-	-
Total Assets at Fair Value	$ 458,346	$ -	$ -

NOTE 13. COMPENSATED ABSENCES

The Arc provides compensated absences for its salaried and full-time employees in the form of paid time off. Employees accrue for vacation and sick leave. Sick leave is not included in compensated absences as employees are not entitled to a payout upon termination. The balance of compensated absences at June 30, 2016 was $14,949.

NOTE 14. SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through December 30, 2016, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through December 30, 2016 that would require adjustment or disclosure in the financial statements.

THE ARC OF THE MID-OHIO VALLEY
SCHEDULE OF WV DIVISION OF HEALTH & HUMAN RESOURCES GRANT
FOR THE YEAR ENDED JUNE 30, 2016

	WVDHHR Grant
State Assigned Account Number	G150333
Grant Period	7/1/2015 to 6/30/2016
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**

THE ARC OF THE MID-OHIO VALLEY
SCHEDULE OF REVENUES AND EXPENSES - WV DIVISION OF HEALTH & HUMAN RESOURCES GRANT
FOR THE YEAR ENDED JUNE 30, 2016

		WVDHHR Grant
State Assigned Account Number		G150333
Revenues:		
State Awards	$	144,000
Other Grants and Fees*		273,136
Total Revenues		417,136
Expenses:		
Salaries	$	215,090
Fringe Benefits and Taxes		23,173
Consultant Fees and Casual Labor		160
Telephone and Internet		6,161
Postage and Shipping		3,855
Rent		24,165
Insurance		1,017
Office Supplies		7,025
Program Supplies and Expenses		1,046
Professional Fees		9,002
Printing		1,401
Advertising		3,906
Client Services		307
Conferences and Meetings		4,484
Vehicle Expense and Maintenance		83
General and Administrative		1,666
Training and Education		400
Equipment Expense and Maintenance		4,264
Travel		17,439
Other Expenses and Fees		607
Total Expenses		325,251
Excess (deficit) of revenues over expenses	$	**91,885**

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

Perry & Associates
Certified Public Accountants, A.C.

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

December 30, 2016

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 statement of financial position as of June 30, 2016, 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 December 30, 2016.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Organization's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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, 2016

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

FINDING NUMBER 2016-001

Material Weakness

Controls over Expenditures

During 2016, the Business Office/Finance Coordinator issued payments to herself determined to be improper using Organization funds in the amount of $112,738 from December 2014 to February 2016. The Executive Director's signature on the checks was forged. The Business Office/Finance Coordinator wrote checks to herself and changed the name of the payee in the Peachtree accounting system. Summaries of cancelled checks issued by the financial institution with the monthly bank statements were disposed of by the Business Office/Finance Coordinator and not made available for review by the Executive Director or Board.

This practice which indicates a lack of segregation of duties and monitoring controls, as well as a lack of adequate supporting documentation, resulted in a loss of Organization funds and could lead to additional personal liability of the Organization's Officials.

We recommend that all expenditures be supported by adequate documentation; a complete voucher package including the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of goods or services and the accuracy of the quantity and price, to help ensure that all expenditures are for goods and services received, properly approved and for a proper purpose, and cancelled checks should be obtained from the banking institution for review. We also recommend that all expenditures be generated through the accounting system and approved by the Executive Director and the Board.

Management's Response – The Arc of the Mid-Ohio Valley's management, with oversight from the Board of Directors, has taken steps to implement additional segregation of duties and has reviewed and implemented additional controls to mitigate the risk going forward. These include but are not limited to: Hiring new accounting staff that aligns with a strengthened skill set that has been outlined in a newly revised job description; Hiring additional support personnel to improve the control environment and to remedy the identified material weaknesses; Implementing process changes to strengthen our monitoring activities from a board member and committee level.

THE ARC OF THE MID-OHIO VALLEY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2015-001	Controls over Expenditures	No	Repeated as Finding 2016-001