

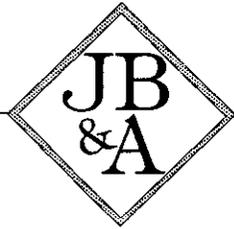
**AGING & FAMILY SERVICES OF
MINERAL COUNTY, INC.**

**INDEPENDENT AUDITORS' REPORT AND
RELATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2011

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JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

INDEPENDENT AUDITORS' REPORT

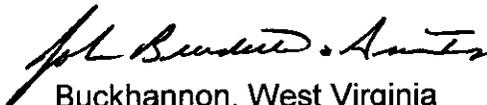
To the Board of Directors
Aging & Family Services of Mineral County, Inc.
Keyser, West Virginia

We have audited the accompanying statements of financial position of Aging & Family Services of Mineral County, Inc. (a nonprofit organization) as of September 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 audits 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 audits provide 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 Aging & Family Services of Mineral County, Inc. as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2012, on our consideration of Aging & Family Services of Mineral County, Inc.'s internal control over financial reporting and 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* and should be read in conjunction with this report in considering the results of our audit.


Buckhannon, West Virginia
June 8, 2012

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2011**

ASSETS

Current Assets

Cash and cash equivalents	\$ 403,757
Accounts receivable, net	56,600
Grants receivable	52,442
Inventory	<u>5,206</u>

Total current assets 518,005

Property and Equipment

776,349

TOTAL ASSETS

\$ 1,294,354

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 44,647
Accrued wages and taxes	<u>53,013</u>

Total current liabilities 97,660

Net Assets

Unrestricted 1,196,694

TOTAL NET ASSETS

1,196,694

TOTAL LIABILITIES AND NET ASSETS

\$ 1,294,354

The accompanying notes are an integral part of this statement

AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal financial assistance	\$ 205,312	\$	\$ 205,312
State grant allocations	449,433		449,433
Donations/match	14,791		14,791
Contractual revenues	1,061,646		1,061,646
Project income	90,136		90,136
Interest income	3,115		3,115
Other	83,377		83,377
 Net assets released from restrictions:			
Restrictions released with time	_____	_____	_____
 Total Revenue and Support	1,907,810	_____	1,907,810
 EXPENSES			
Program Services			
Title III-B	63,609		63,609
Title III-D	2,456		2,456
Title III-E	19,296		19,296
Title III-C - congregate	181,321		181,321
Title III-C - home delivered	197,748		197,748
Personal Care	1,113,306		1,113,306
LIFE	146,065		146,065
Support Services:			
Management and general	146,828	_____	146,828
 Total Expenses	1,870,629	_____	1,870,629
 Change in Net Assets	37,181		37,181
 NET ASSETS AT BEGINNING OF YEAR	1,159,513	_____	1,159,513
NET ASSETS AT END OF YEAR	\$ 1,196,694	\$ _____	\$ 1,196,694

The accompanying notes are an integral part of this statement

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Title III-B</u>	<u>Title III-D</u>	<u>Title III-E</u>	<u>Title III-C</u>	
				<u>Congregate</u>	<u>Home Delivered</u>
Personnel expenses	\$ 56,108	\$	\$ 14,176	\$ 90,139	\$ 90,139
Travel	327		123		
Printing and supplies		2,456			
Repairs and maintenance					
Communications and utilities	4,306		1,122		
Other	1,943		3,875	25,058	24,736
Depreciation					
Raw food				57,726	63,895
Disposables				4,222	14,802
Transportation and Trips				4,176	4,176
Licenses and permits					
Professional services					
Insurance	925				
Dues and subscriptions					
Interest expense					
	<u>\$ 63,609</u>	<u>\$ 2,456</u>	<u>\$ 19,296</u>	<u>\$ 181,321</u>	<u>\$ 197,748</u>

The accompanying notes are an integral part of this statement.

<u>Personal Care</u>	<u>LIFE</u>	<u>Management and General</u>	<u>Totals (Memorandum Only)</u>
\$ 929,429	\$ 138,889	\$	\$ 1,318,880
40,103	1,300		41,853
6,949	2,016	1,271	12,692
2,239		6,013	8,252
20,995			26,423
77,219	688	9,609	143,128
		47,803	47,803
			121,621
			19,024
10,236	3,172	78,260	100,020
619			619
3,500			3,500
20,310			21,235
1,707			1,707
		3,872	3,872
<u>\$ 1,113,306</u>	<u>\$ 146,065</u>	<u>\$ 146,828</u>	<u>\$ 1,870,629</u>

AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 37,181
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	47,803
(Increase) decrease in operating assets:	
Accounts and grants receivable	12,936
Inventory	(450)
Increase (decrease) in operating liabilities:	
Accounts payable	12,837
Accrued wages payable and taxes	<u>5,718</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>116,025</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed asset additions	<u>(58,180)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(58,180)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term debt	<u>(90,023)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(90,023)</u>

Decrease in cash and cash equivalents	(32,178)
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CASH AND CASH EQUIVALENTS, beginning of year	<u>435,935</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 403,757</u></u>
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The accompanying notes are an integral part of this statement

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The Aging & Family Services of Mineral County, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Mineral County, West Virginia. The purpose of the Organization is to study and document the needs of the seniors, to encourage, promote and aid in the establishment of programs for the seniors, to conduct programs of public education in the problems of aging, to utilize opportunities to establish demonstration programs, and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the Aging Family Services of Mineral County, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity.

Basis of Accounting

The financial statements of Aging & Family Services of Mineral County, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The 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.

Cash and Cash Equivalents

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

Allowance for Doubtful Accounts

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

Inventories

The inventory of raw food on hand at September 30, 2011 at the various nutrition sites has been recorded at cost, as determined by the first in first out method.

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Investment Securities

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Interest

All interest incurred during the period has been expensed in the Statement of Activities.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 500 capitalization policy whereby all property and equipment over \$ 500 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Federal Grants

Grants Monies are received on a reimbursement basis in which the Organization requests monies based upon expenditures made; this is utilized for Title III-B, Title, III-D, Title III-E grants and LIFE. Upon completion of a grant year, any unexpected money has to be approved for carryover to the next grant year, but if approval is denied, the money has to be reimbursed to the grantor.

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Upon completion of the grant year, any expended monies are restricted for future Title III-C program operating expenses.

Total federal and state grant revenues for the year ended September 30, 2011, was \$ 654,745.

Donated Services

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in related to such volunteer services.

Expense Allocation

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Estimates

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

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed

Note 2. Insurance of Cash and Deposits

Cash funds are deposited in institutions insured by the Federal Deposit Insurance Corporation. There were no deposits in excess of the \$250,000 FDIC insured amount at September 30, 2011.

Note 3. Retirement Plan

The Agency's Section 403(B) retirement plan is funded through the purchase of a group insurance annuity contract. Full-time and some part-time employees are eligible to participate in the plan; employee contributions are voluntary and are made on a pretax basis. Employer will match up to 6% of the employee's earnings; the employer's share of retirement payments for the current year was \$ 22,114.

Note 4. Grants Receivable

Grants receivable at September 30, 2011, consisted of the following:

FAIR	\$ 6,045
LIFE Program	31,055
Lighthouse	15,342

Total	\$ 52,442
	=====

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 5. Property and Equipment

Property and equipment consisted of the following at September 30, 2011:

Land	\$ 218,500
Buildings	616,913
Vehicles and equipment	155,033
Equipment	31,155

	1,021,061
Less accumulated depreciation	(245,252)

Net property and equipment	\$ 776,349
	=====

Note 6. Restrictions on Net Assets

There are no restricted net assets at September 30, 2011.

Note 7. Concentration

The Organization receives about 34 percent of its total support and revenues from various grants from the Federal and State governments. The Organization also receives about 55 percent of its total support and revenues from medicaid/waiver for in-home care services.

Note 8. Contingent Liabilities

In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement, which may arise, as the result of these audits is not believed to be material.

The Center participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The Center does not provide post retirement health benefits. However, PEIA shows a liability of \$ 179,223 at September 30, 2011 for post retirement benefits. The Center does not expect to have to pay this liability.

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

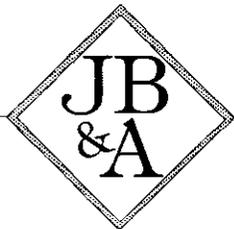
Note 9. Total Columns

The total columns are not required components of the financial statements and are presented for analytical purposes only.

Note 10. Subsequent Events

Management has evaluated subsequent events through June 8, 2012 the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Aging & Family Services of Mineral County, Inc.
Keyser, West Virginia

Our report on our audit of the basic financial statements of Aging & Family Services of Mineral County, Inc., for the year ended September 30, 2011 appears on page one (1). We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Revenues and Support and Schedule of Expenditures of State Awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Buckhannon, West Virginia
June 8, 2012

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Title III-B	Title III-D	Title III-E	Title III-C	
				Congregate	Home Delivered
Federal financial assistance	\$ 33,365	\$ 2,088	\$ 13,259	\$ 69,810	\$ 78,131
State Grants:					
State grant regular	21,722				
Lighthouse grant					
Fair grant					
Senior Olympics					
State LIFE allocated			4,420	12,920	52,260
Donations/match	5,884	368		356	3,500
Personal care					
Medicaid waiver fees					
Project income	2,638		1,617	37,300	37,300
Investment income					
Other				595	3,946
Total Revenue and Support	63,609	2,456	19,296	120,981	175,137
Functional Expenses	63,609	2,456	19,296	181,321	197,748
Less: Depreciation					
Add: Capital Expenditures					
Total Expenditures	63,609	2,456	19,296	181,321	197,748
Net Revenue (Expenditures)	\$	\$	\$	\$ (60,340)	\$ (22,611)

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

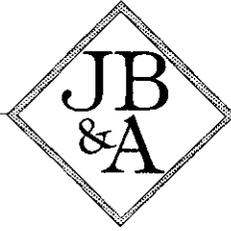
Personal Care	Direct LIFE	Other	Total (Memorandum Only)
\$ 8,500	\$	\$ 159	\$ 205,312
	215,665	48,500	285,887
122,090			122,090
36,456			36,456
		5,000	5,000
	(69,600)		
596		4,087	14,791
213,064			213,064
848,582			848,582
11,281			90,136
		3,115	3,115
500		78,336	83,377
<u>1,241,069</u>	<u>146,065</u>	<u>139,197</u>	<u>1,907,810</u>
1,113,306	146,065	146,828	1,870,629
		(47,803)	(47,803)
26,259		35,579	61,838
<u>1,139,565</u>	<u>146,065</u>	<u>134,604</u>	<u>1,884,664</u>
<u>\$ 101,504</u>	<u>\$</u>	<u>\$ 4,593</u>	<u>\$ 23,146</u>

The independent auditors' report on supplemental information is an integral part of this schedule.

**AGING & FAMILY SERVICES OF MINERAL COUNTY, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Community Partnership Grants	June 30, 2011	SC21151	\$ 26,250
Community Partnership Grants	June 30, 2012	SC21251	<u>22,250</u>
Total Direct Programs			<u>48,500</u>
Pass through Awards			
Upper Potomac Area Agency on Aging			
IIIB State	June 30, 2011	21137	21,722
LIFE	June 30, 2012	21204	84,150
LIFE	June 30, 2011	21104	131,515
Lighthouse	June 30, 2012	21251	25,798
Lighthouse	June 30, 2011	21151	96,292
FAIR	June 30, 2012	21251	8,880
FAIR	June 30, 2011	21151	27,576
Senior Olympics	June 30, 2011	21183	<u>5,000</u>
Total pass-through awards			<u>400,933</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 449,433</u></u>

The independent auditors' report on supplemental information is an integral part of this schedule.



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Aging & Family Services of Mineral County, Inc.
Keyser, West Virginia

We have audited the financial statements of Aging & Family Services of Mineral County, Inc. (a nonprofit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated June 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Aging & Family Services of Mineral County, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Aging & Family Services of Mineral County, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

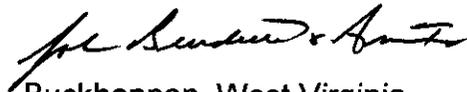
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designated to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

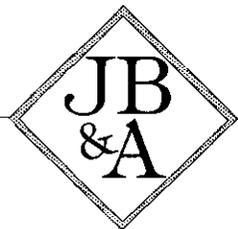
As part of obtaining reasonable assurance about whether Aging & Family Services of Mineral County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which 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*.

We noted certain other matters that we reported to management of Aging & Family Services of Mineral County, Inc. in a separate letter dated June 8, 2012.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-thru entities and is not intended to be and should not be used by anyone other than these specified parties.



Buckhannon, West Virginia
June 8, 2012



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

To the Board of Directors
and Senior Management
Aging & Family Services of Mineral County, Inc.
Keyser, West Virginia

In planning and performing our audit of the financial statements of Aging & Family Services of Mineral County, Inc. for the year ended September 30, 2011, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter dated June 8, 2012 contains our communication of significant deficiencies or material weaknesses in the Organization's internal control. This letter does not affect our report dated June 8, 2012, on the financial statements of Aging & Family Services of Mineral County, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank the Executive Director and his staff for their support and assistance during our audit.

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

A handwritten signature in black ink, appearing to read "J. R. Bunker". The signature is written in a cursive style with a large initial "J" and "R".

Buckhannon, West Virginia
June 8, 2012