

Jeffery S. Hollifield, CPA

-----CERTIFIED PUBLIC ACCOUNTANT-----

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July 22, 2009

Board of Directors
Mercer County Fellowship Home, Inc
Bluefield, WV 24701

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the management of the Mercer County Fellowship Home, Inc (a nonprofit organization), solely to assist you in evaluating the receipts and disbursements of the State of WV DHHR Grant in accordance with the State of West Virginia Department of Health and Human Resources (DHHR) code 12-4-14 reporting requirements (prepared in accordance with the criteria specified therein) for the year ended June 30, 2007.

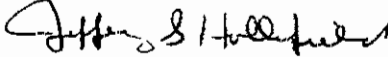
This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no purpose for which this report has been requested or for any other purpose.

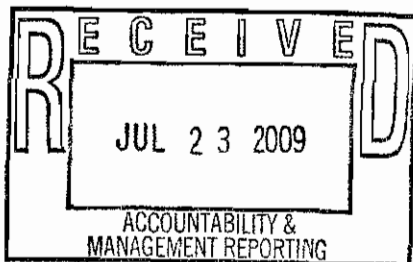
Grant Agreement:

- 1 We reviewed the grant agreement, and all related documents to determine the purpose for which the funds were awarded and to determine terms and stipulations associated with the state grant
- 2 We confirmed any and all payments made by the State of WV DHHR to Mercer County Fellowship Home, Inc by verifying authorization, identifying funds in receipt ledger and tracing to bank statements, and confirming that bank records are reconciled to books each month
- 3 We reviewed all costs associated with the grant. Grantee has not made a distinction between costs associated with grant, and all other costs. Therefore it was difficult to pinpoint the exact costs associated with the grant. We selected all disbursements

above a computed tolerable misstatement and agreed amounts to cancelled checks, paid invoices, and other supporting documentation. All costs identified were reviewed to determine:

- Approval by the DHHR
 - Costs conform to the allow ability of cost provisions or limitations in the program agreement
 - Costs represent charges for actual costs, not budgeted or projected amounts
 - Costs are given consistent treatment within and between accounting periods
 - Costs are net of all applicable credits
 - Costs are not included as both direct billing and as a component of indirect costs
4. We discovered no contingencies or other deficiencies during the current engagement


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

(Please see the Instructions for Completion of the Sworn Statement of Grant Receipts and Expenditures located in the Grantee Audit Compliance Guide as Attachment D)

Grant Number: G070033		Grantee Name: Mercer County Fellowship Home, Inc.	
Grantee FEIN: 237317471		WVPIMS Vendor #: 40851	Contact Phone Number: (304) 327-9876
Grantee Mailing Address: PO Box 4211/421 Scott St. Bluefield, WV 24701			
Total Grant Amount: \$55,050.00		Period Covered: 07/01/06 - 06/30/07	

Grant Receipts				
Invoice Number	Invoice Period Covered	Invoice Amount	Date Received	Amount Received
01-06 G070033	July 06	\$4,587.50	09/07/06	\$4,587.50
02-06 G070033	August 06	\$4,587.50	10/08/06	4,587.50
04-06 G070033	Sep & Oct 06	\$9,175.00	12/09/06	9,175.00
05-06 G070033	November 06	\$4,587.50	01/05/07	4,587.50
06-06 G070033	December 06	\$4,587.50	02/07/07	4,587.50
07-07 G070033	January 07	\$4,587.50	03/09/07	\$4,587.50
08-07 G070033	February 07	\$4,587.50	03/31/07	\$4,587.50
09-07 G070033	March 07	\$4,587.50	05/05/07	\$4,587.50
10-07 G070033	April 07	\$4,587.50	05/31/07	\$4,587.50
11-07 G070033	May 07	\$4,587.50	07/31/07	\$4,587.50
12-07 G070033	June 07	\$4,587.50	07/31/07	\$4,587.50
Total Grant Receipts				\$55,050.00

Grant Expenditures		
Expenditures	Description/Examples	Amount Expended
Personnel	Salaries and Wages	\$20,000.00
Fringe Benefits		
Equipment and Other Capital Expenditures		\$6,000.00
Materials and Supplies	Office Supplies, Postage, Training	\$16,050.00
Professional Service Costs	Contracts, Consultants	\$3,000.00
Rental Costs	Office Space, Equipment	
Other	Telephone, Utilities	\$10,000.00
Subgrants		
Indirect Cost		
Total Grant Expenditures		\$55,050.00

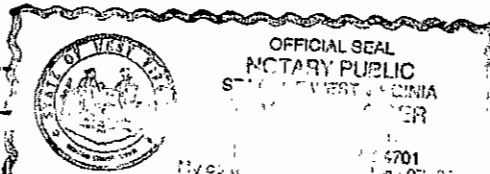
Ending Funds Balance (Receipts – Expenditures)

This is to certify that I have reviewed the Statement of Grant Receipts and Expenditures submitted herewith and, to the best of my knowledge and belief, said statement represents all financial activities related to the receipt, use and expenditure of funds granted by the State of West Virginia, Department of Health and Human Resources to Mercer County Fellowship Home, Inc. and that the expenditures reported were for the purposes intended and in compliance with the applicable laws, regulations and terms and conditions of the grant documents. The Statement of Grant Receipts and Expenditures is presented on the (Circle One) Cash Accrual basis of accounting and is supported by our financial records and related documentation.

Authorized Signature: Katherine (Karen) S. Lilly **Date:** 7-21-09
Printed Name and Title: Karen Lilly - BOD Secretary

Taken, sworn and subscribed before me this 21 day of July, 2009.

Notary Public Signature: [Signature]
My Commission Expires: 6/27/2011



ACCOUNTABILITY & MANAGEMENT REPORTING

JUL 2009