

West
Virginia
Mental
Health
Consumers' Association

Toll Free: 1-800-598-8847
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June 29, 2009

Ms. Tara J. Buckner, CFO
WVDHHR
Office of Accountability & Management Reporting
Attn: Division of Compliance and Monitoring
State Capitol Complex, Building 3 Rooms 550
Charleston WV, 25305

Re: WVMHCA 2007 Audit

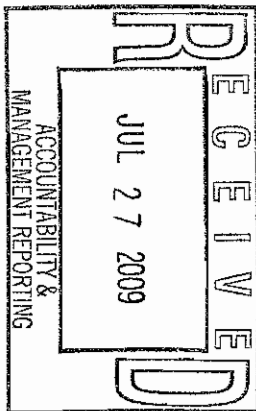
Dear Ms Buckner:

Please find enclosed a copy of our signed Audit report and attachments for fiscal year 2007. I have enclosed a copy of our response to Section II Financial Statement Findings, 2007-1 General Ledger Reconciliations, for your review and consideration. As you can see from our response, we have already corrected the problem.

Sincerely,



Debbie Toler
Executive Director



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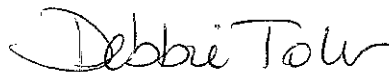
2007-1 General Ledger Reconciliation

The Organizations is performing reconciliations of certain accounts, but the amounts are not reconciled on a continuing basis to the general ledger.

WVMHCA hired a new Financial Administrator who has reconciled all accounts into one Accounting System. Reconciliations are done at the end of the month and adjusted on the general ledger if needed. These procedures where started in November 2008.

I trust this information is useful and this completes our audit package. Should you require additional information or have questions, please feel free to contact me at (304)-345-7312. We appreciate your assistance and cooperation with completing this task

Sincerely,



Debbie Toler
Executive Director

**West Virginia Mental Health
Consumers' Association, Inc.**

**Independent Auditors' Report
and
Financial Statements**

June 30, 2007

West Virginia Mental Health Consumers' Association, Inc.

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Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report

To the Board of Directors
West Virginia Mental Health
Consumers' Association, Inc
Charleston, West Virginia

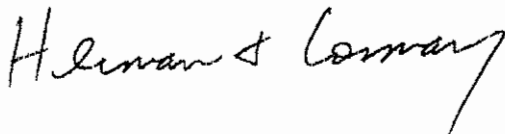
We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of West Virginia Mental Health Consumers' Association, Inc. (a nonprofit organization) as of June 30, 2007, and the related statement of support, revenue and expenses - modified cash basis for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the West Virginia Mental Health Consumers' Association, Inc.'s 2006 financial statements and, in our report dated November 23, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the Association prepares its financial statements on the basis of cash receipts and disbursements except that certain payroll tax withholdings and liabilities and depreciation are recorded. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of West Virginia Mental Health Consumers' Association, Inc. as of June 30, 2007, and its support, revenue and expenses for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2009 on our consideration of West Virginia Mental Health Consumers' Association, Inc.'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 the 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 considered in assessing the results of our audit.



Charleston, WV
June 24, 2009

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West Virginia Mental Health Consumers' Association, Inc.
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
June 30, 2007, with Comparative Totals
as of June 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$105,557	\$ 47,836
Vehicles	-0-	4,878
Advances	<u>500</u>	<u>500</u>
Total Assets	<u>\$106,057</u>	<u>\$53,214</u>
Liabilities and Net Assets		
Liabilities		
Payroll taxes and withholdings	\$ 11,353	\$ 5,165
Notes payable	<u>-0-</u>	<u>6,004</u>
Total Liabilities	<u>11,353</u>	<u>11,169</u>
Net Assets		
Unrestricted	94,704	(75,126)
Temporarily restricted	<u>-0-</u>	<u>117,171</u>
Total Net Assets	<u>94,704</u>	<u>42,045</u>
Total Liabilities and Net Assets	<u>\$106,057</u>	<u>\$ 53,214</u>

See independent auditors' report and notes to financial statements.

West Virginia Mental Health Consumers' Association, Inc.
Statement of Support, Revenue and Expenses – Modified Cash Basis

**Year Ended June 30, 2007, with Comparative
Totals for the Year Ended June 30, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2006 Total</u>
Revenues, Gains and Other Support				
Grants				
Department of Health and Human Services	\$ -0-	\$ 453,354	\$ 453,354	\$ 489,053
WV Department of Health and Human Resources-Federal funds	-0-	508,758	508,758	493,806
WV Department of Health and Human Resources-State funds	-0-	795,544	795,544	622,264
WVU Research Corporation	-0-	-0-	-0-	10,000
National Mental Health Association	-0-	-0-	-0-	15,000
Conference fees	211,796	-0-	211,796	39,160
NAMI West Virginia	10,000	-0-	10,000	70,000
Contributions	1,075	-0-	1,075	1,851
Service revenues	77,526	-0-	77,526	81,156
Rental income	-0-	47,510	47,510	65,362
In-kind donations	-0-	31,427	31,427	29,072
Net assets released from restrictions:				
Satisfaction of grant and program activities	<u>1,953,764</u>	<u>(1,953,764)</u>	<u> </u>	<u>-0-</u>
Total Revenues, Gains, and Other Support	<u>2,254,161</u>	<u>(117,171)</u>	<u>2,136,990</u>	<u>1,916,724</u>
Expenses and Losses				
Grants				
Department of Health and Human Services	534,157	-0-	534,157	408,250
WV Department of Health and Human Resources-Federal funds	508,758	-0-	508,758	493,806
WV Department of Health and Human Resources-State funds	820,372	-0-	820,372	597,436
WVU Research Corp.	5,820	-0-	5,820	9,248
National Mental Health Association	5,720	-0-	5,720	9,280
Freedom House and other rental expenses	68,977	-0-	68,977	113,180
Nongrant conference expenses	22,256	-0-	22,256	2,443
In-kind donations	31,427	-0-	31,427	29,072
Nongrant program and administrative	<u>86,844</u>	<u>-0-</u>	<u>86,844</u>	<u>244,764</u>
Total Expenses and Losses	<u>2,084,331</u>	<u>-0-</u>	<u>2,084,331</u>	<u>1,907,479</u>
Change in Net Assets	169,830	(117,171)	52,659	9,245
Net Assets, Beginning of Year	<u>(75,126)</u>	<u>117,171</u>	<u>42,045</u>	<u>32,800</u>
Net Assets, End of Year	\$ 94,704	\$ -0-	\$ 94,704	\$ 42,045

See independent auditors' report and notes to financial statements

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

June 30, 2007, with Comparative Totals
as of June 30, 2006

Note A – Summary of Significant Accounting Policies

Operations - The Association was formed on October 21, 1987 to achieve the best possible community mental health system for all citizens of West Virginia through a coalition between mental health consumers and other citizens, organizing support groups, promoting equality of opportunity for gainful employment, conducting conferences for consumers, management of a statewide toll-free support line for information and informal support, and operation of nine regional satellite support centers throughout West Virginia. The Association's revenue resources consist primarily of federal and state grants, in addition to contributions and other service and rental revenues received.

Basis of Accounting - The accompanying financial statements have been prepared on the basis of cash receipts and disbursements except that certain payroll tax withholdings and liabilities and depreciation are recorded. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

Classification of Support - The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 on the statement of activities as net assets released from restrictions.

Comparative Totals - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conformity with the Association's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

June 30, 2007, with Comparative Totals
as of June 30, 2006

Note A – Summary of Significant Accounting Policies (Continued)

Vehicles – Vehicles are recorded at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Depreciation expense for each of the years ended June 30, 2007 and 2006 was \$5,694. These capitalized items are classified in the accompanying financial statements as of June 30, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Vehicles	\$28,466	\$28,466
Less accumulated depreciation	<u>28,466</u>	<u>23,588</u>
	<u>\$ -0-</u>	<u>\$ 4,878</u>

Additionally, the Association has purchased office equipment and furniture utilizing grant funds received. These assets are expensed when purchased since the ownership of these assets remains with the agencies who provided the grant funds. The Association maintains an inventoried list of these items purchased, by program. Thus, assets are not recorded in the accompanying financial statements for items and no depreciation or use allowance is recognized over the life of the assets.

Donated Services and Goods - During the year, the Association received office space for some of its satellite support centers. The amount of space received as a donation was valued at the fair market rental value based upon correspondence from the donor. For each of the years ended June 30, 2007 and 2006, the total donated space received was \$6,000.

The Association receives donated services through volunteer time. This time is valued utilizing time sheets compiled for actual hours worked and multiplying these hours by an appropriate hourly rate. Additionally, the Association receives donated office space for some of its satellite support centers. The donation is valued at the fair market value based upon correspondence from the donor. The total donated volunteer time and space received for the years ended June 30, 2007 and 2006 was \$31,427 and \$29,072, respectively.

Income Taxes - The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Association has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

**June 30, 2007, with Comparative Totals
as of June 30, 2006**

Note B – Temporarily Restricted Net Assets

Temporarily restricted net assets of \$117,171 and \$5,068 at June 30, 2007 and 2006, respectively, consists of grant awards received in excess of expenditures incurred. The release of these assets from their restriction occurs when the intended purpose of the expenditure is incurred and paid. The temporarily restricted net assets are derived from the following sources:

	<u>2007</u>	<u>2006</u>
Department of Health and Human Services	\$ -0-	\$ 80,803
West Virginia Department of Health and Human Resources – State Funds	-0-	24,828
WVU Research Corporation	-0-	5,820
National Mental Health Association	-0-	5,720
	<u>\$ -0-</u>	<u>\$ 117,171</u>

Note C – Net Assets Released From Restrictions

Net assets were released from donor and grant restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors for the years ended June 30, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Purpose restriction accomplished:		
Grants		
Department of Health and Human Services	\$ 534,157	\$ 408,250
WV Department of Health and Human Resources-Federal Funds	508,758	493,806
WV Department of Health and Human Resources-State Funds	820,372	597,436
WVU Research Corporation	5,820	9,248
National Mental Health Association	5,720	9,280
Satisfaction of grant agreements	<u>1,874,827</u>	<u>1,518,020</u>
Program Activities:		
Freedom House and other rental projects	47,510	65,362
In-kind contributions	31,427	29,072
Satisfaction of program activities	<u>78,937</u>	<u>94,434</u>
	<u>\$1,953,764</u>	<u>\$1,612,454</u>

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

June 30, 2007, with Comparative Totals
as of June 30, 2006

Note D – Program and Other Expenditures

Directly identifiable expenses are charged to program and supportive services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Other administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

Expenditures for the year ended June 30, 2007, with comparative totals as of June 30, 2006, are as follows:

	<u>Grant and Supporting Activities</u>	<u>In-kind Donations</u>	<u>Nonprogram Administrative</u>	<u>2007 Total</u>	<u>2006 Total</u>
Salaries and fringes	\$ 830,893	\$25,427	\$17,083	\$ 873,403	\$ 796,403
Telephone and utilities	132,394	-0-	-0-	132,394	120,830
Rent	131,459	6,000	-0-	137,459	176,799
Equipment rental	12,466	-0-	147	12,613	9,455
Program and office	109,446	-0-	2,043	111,489	123,993
Travel and conventions	477,180	-0-	1,874	479,054	351,879
Printing	25,884	-0-	-0-	25,884	28,666
Postage	9,521	-0-	-0-	9,521	9,383
Insurance	21,082	-0-	-0-	21,082	19,971
Professional services	253,404	-0-	9,427	262,831	242,316
Other	<u>11,277</u>	<u>-0-</u>	<u>7,324</u>	<u>18,601</u>	<u>27,784</u>
	<u>\$2,015,006</u>	<u>\$31,427</u>	<u>\$37,898</u>	<u>\$2,084,331</u>	<u>\$1,907,479</u>

Note E – Concentration of Funds

The Association maintains the majority of its cash balances in a financial institution in Kanawha County, West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. Any aggregate amounts in these accounts in excess of \$250,000 may not be insured.

Additionally, the Association receives a significant portion of its support from federal and state government agencies. A material reduction in the level of support provided by these agencies would have a significant impact on the Association's programs and activities, and its ability to continue as a going concern.

Note F – Pension Plan

The Association maintains a 401(k) plan for the benefit of its employees. Full-time employees who have completed one year of service and have elected to participate in the plan receive a contribution of 1% of their salary. Contributions to the plan for the years ended June 30, 2007 and 2006 totalled \$3,796 and \$5,071, respectively.

West Virginia Mental Health Consumers' Association, Inc.

Notes to Financial Statements

**June 30, 2007, with Comparative Totals
as of June 30, 2006**

Note G – Notes Payable

Notes payable at June 30, 2006 consisted of amounts due to a bank, payable in monthly installments of \$565 and bearing interest at 7% through May, 2007. The notes payable was secured by a vehicle of the Association. The balance of the notes payable at June 30, 2006 was \$6,004. The note was paid in full during the year ended June 30, 2007.

The Association's total interest expense for the years ended June 30, 2007 and 2006 was \$189 and \$1,472, respectively.

Supplementary Information

Herman & Cormany

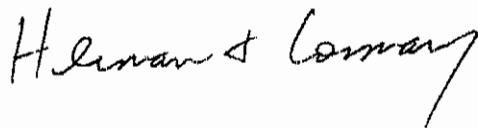
Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report on Supplementary Information

To the Board of Directors
West Virginia Mental Health
Consumers' Association, Inc.
Charleston, West Virginia

Our report on our audit of the basic financial statements of West Virginia Mental Health Consumers' Association, Inc. for the year ended June 30, 2007 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is 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.



Charleston, West Virginia
June 24, 2009

West Virginia Mental Health Consumers' Association, Inc.
Schedule of OBHS Funding Status and Equipment Purchased
With OBHS Administered Funds

For the Year Ended June 30, 2007

<u>State Grant Number</u>	<u>FY 2007 Allocation Amount</u>	<u>FY 2006 Deferred Revenue</u>	<u>FY 2007 Amount Invoiced</u>	<u>FY 2007 Qualifying Expenses Per Audit</u>	<u>FY 2007 Deferred Revenue</u>
0525-2007-2851-219-252	\$116,019	\$ -0-	\$116,019	\$116,019	\$ -0-
0525-2007-2877-219-252	21,876	-0-	17,705	17,705	-0-
0525-2007-3041-219-252	200,000	-0-	200,000	200,000	-0-
0525-2007-2870-219-252	85,700	-0-	85,700	85,700	-0-
0525-2007-2923-219-252	1,710	-0-	496	496	-0-
0525-2007-2930-219-252	3,000	-0-	1,089	1,089	-0-
0525-2006-2370-219-252	-0-	24,828	-0-	24,828	-0-
0525-2007-2891-219-252	200,000	-0-	200,000	200,000	-0-
0525-2004-2851-219-252	<u>158,120</u>	<u>-0-</u>	<u>158,120</u>	<u>158,120</u>	<u>-0-</u>
State Grant Total	<u>786,425</u>	<u>24,828</u>	<u>779,129</u>	<u>803,957</u>	<u>-0-</u>
<u>Federal Grant Number</u>					
8794-2007-2852-096-128	72,500	-0-	72,500	72,500	-0-
8723-2007-2852-096-128	389,580	-0-	389,580	389,580	-0-
8794-2007-2916-128-11758	<u>117,244</u>	<u>-0-</u>	<u>61,157</u>	<u>61,157</u>	<u>-0-</u>
Federal Grant Total	<u>579,324</u>	<u>-0-</u>	<u>523,237</u>	<u>523,237</u>	<u>-0-</u>
Total Grant Funds	\$1,365,749	\$24,828	\$1,302,366	\$1,327,194	\$ -0-

Schedule of OBHS Funds Utilized For Equipment Purchases:

None.

NOTE: Deferred revenues are detailed above due to the financial statements being prepared on the modified cash basis of accounting. Expenses were incurred in June, 2007, but were paid in July, 2007, to eliminate the deferred revenues recorded in this schedule. Additionally, the total expenses listed above do not agree to the amounts recognized on the Statement of Activities due to the modified cash basis accounting being utilized. Some carryover expenses from the prior year were expended in the current year and are not reflected above.

See independent auditors' report on supplementary information.

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

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*

To the Board of Directors
West Virginia Mental Health Consumers' Association, Inc
Charleston, West Virginia

We have audited the financial statements of West Virginia Mental Health Consumers' Association, Inc. (a nonprofit organization) as of and for the year ended June 30, 2007, and have issued our report thereon dated June 24, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Virginia Mental Health Consumers' Association, 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 West Virginia Mental Health Consumers' Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider deficiency 2007-1 described in the accompany schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

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To the Board of Directors
West Virginia Mental Health Consumers' Association, Inc.
Page two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control

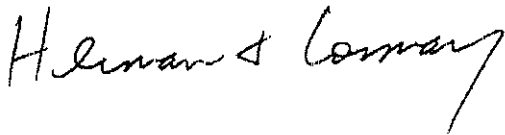
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Virginia Mental Health Consumers' Association, 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*.

West Virginia Mental Health Consumers' Association, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit West Virginia Mental Health Consumers' Association, Inc.'s response and, accordingly, we express no opinion on it

This report is intended solely for the information and use of the board of directors, management, and the federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Charleston, West Virginia
June 24, 2009

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
West Virginia Mental Health Consumers'
Association, Inc.
Charleston, West Virginia

Compliance

We have audited the compliance of West Virginia Mental Health Consumers' Association, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. West Virginia Consumers' Health Association, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Virginia Mental Health Consumers' Association, Inc.'s management. Our responsibility is to express an opinion on West Virginia Consumers' Health Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Virginia Mental Health Consumers' Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of West Virginia Consumers' Health Association, Inc.'s compliance with those requirements.

In our opinion, West Virginia Mental Health Consumers' Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.



Internal Control Over Compliance

The management of West Virginia Mental Health Consumers' Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered West Virginia Mental Health Consumers' Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Virginia Mental Health Consumers' Association, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

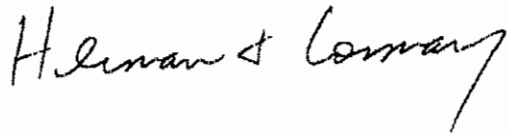
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of West Virginia Mental Health Consumers' Association, Inc. as of and for the year ended June 30, 2007, and have issued our report thereon dated June 24, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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.

This report is intended solely for the information and use of the board of directors, management, others within the organization, and the various federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Herman & Conway". The signature is written in a cursive, flowing style.

Charleston, West Virginia
June 24, 2009

West Virginia Mental Health Consumers' Association, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2007

<u>Federal Grantor/State Pass-Thru Agency</u>	<u>CFDA Number</u>	<u>SAPO Number</u>	<u>Grant Number</u>	<u>Amount</u>
Department of Health and Human Services				
Substance Abuse and Mental Health Services	93.243	N/A	55M56670-03	\$357,878
Substance Abuse and Mental Health Services	93.243	N/A	5KD1SM56670-02	<u>176,279</u>
				<u>534,157</u>
Department of Health and Human Services Passed Through the West Virginia Department of Health and Human Resources				
PATH Grant	93.150	G070058	8723-2007-2852- 096-128	72,500
CMHS Block Grant	93.958	G060134	8794-2006-2852- 096-128	5,853
CMHS Block Grant	93.958	G070058	8794-2007-2916- 096-128	61,157
CMHS Block Grant	93.958	G070058	8794-2007-2852- 096-128	<u>369,248</u>
				<u>508,758</u>
				<u>\$1,042,915</u>

Note A – Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of West Virginia Mental Health Consumers' Association, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented may differ from amounts presented in, or used in the preparation of, the basic financial statements.

West Virginia Mental Health Consumers' Association, Inc.
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2007

Note B – State Grants Received

In addition to the federal grant awards detailed in this schedule, the Organization also received various state grant awards during the year. The total amount expended under state grant awards during the year ended June 30, 2007 is as follows:

	<u>Grant Number</u>	<u>Amount</u>
Behavioral Health Programs	0525-2007-2870-219-252	\$ 85,700
Behavioral Health Programs	0525-2007-2923-219-252	496
Behavioral Health Programs	0525-2007-2930-219-258	1,089
Behavioral Health Programs	0525-2007-2851-219-252	116,019
Behavioral Health Programs	0525-2007-2891-219-252	200,000
Behavioral Health Programs	0525-2007-3041-219-252	200,000
Behavioral Health Programs	0525-2007-2877-219-252	17,705
Behavioral Health Programs	0525-2006-2370-219-252	41,243
Behavioral Health Programs	0525-2004-2851-219-252	<u>158,120</u>
		<u>\$820,372</u>

West Virginia Mental Health Consumers' Association, Inc.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2006

SIGNIFICANT DEFICIENCY

2006-1 General Ledger Reconciliations

Condition. Cash held in banks is reconciled on a monthly basis, but the amount is not reconciled to the balance recorded per the general ledger.

Recommendations. The bank reconciliations, if performed manually, should be reconciled to the general ledger. Otherwise, procedures should be implemented to reconcile the bank account within the accounting software program.

Current Status. The condition remains in existence at June 30, 2007 and is reported as part of deficiency 2007-1 in the schedule of findings and questioned costs.

West Virginia Mental Health Consumers' Association, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2007

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

- Control deficiencies disclosed? Yes No
- Control deficiencies reported as a significant deficiency? Yes No
- Control deficiencies reported as a material weakness? Yes No
- Noncompliance material to financial statements notes? Yes No

Federal Awards

Internal control over major programs:

- Control deficiencies identified? Yes No
- Control deficiencies reported as a significant deficiency? Yes No
- Control deficiencies reported as material weaknesses? Yes No

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93 958

CMHS Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

West Virginia Mental Health Consumers' Association, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section II - Financial Statement Findings

2007-1 General Ledger Reconciliations

Condition: On a monthly basis, the Organization is performing reconciliations of certain accounts, but the amounts are not reconciled on a continuing basis to the general ledger.

Criteria: Additional control procedures should be implemented to ensure the amounts agree and are reconciled on a continuing basis

Effect: By having a difference, the amounts reported to the board of directors and management could be improperly stated since the general ledger does not maintain the correct balances on a continuing basis.

Recommendation At the conclusion of each month, at a minimum, all balance sheet accounts should be reconciled on a monthly basis and adjusted on the general ledger in order to provide management with accurate financial statements on an ongoing basis.

Section III – Federal Award Findings and Questioned Costs

None

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

Pg 1 of 2

(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)

G07-0058	West Virginia Mental Health Consumers Association	PAGE 1 of 2
55-0676843	105813	(304) 345-7312
713 Bigley Avenue, Charleston WV 25302		
\$1,335,879.04	July 1, 2006 - June 30, 2007	

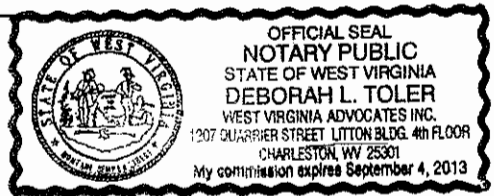
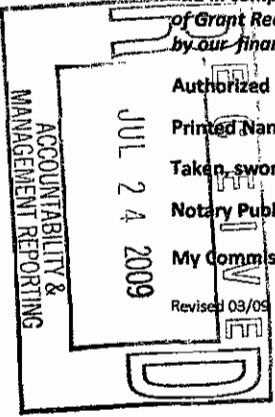
Invoice Number	Invoice Period Covered	Invoice Amount	Date Received	Amount Received
I007495302	7/1/06-7/31/06	\$1,480.87	08/28/06	\$1,480.87
I007498722	7/1/06-7/31/06	\$84,362.79	08/28/06	84,362.79
I007540410	8/1/06-8/31/06	\$19,212.90	09/20/06	19,212.90
I008540203	8/1/06-8/31/06	\$82,141.15	09/20/06	82,141.15
I007574669	9/1/06-9/30/06	\$106,299.12	10/17/06	106,299.12
I007568829	7/1/06-8/31/06	\$11,637.98	10/17/06	\$11,637.98
I007618453	10/1/06-10/31/06	\$95,501.61	11/30/06	\$95,501.61
I007659910	11/1/06-11/30/06	\$92,704.36	01/02/07	\$92,704.36
I007694570	12/1/06-12/31/06	\$93,762.65	02/20/07	\$93,762.65
I007735959	1/1/07-1/31/07	\$121,190.20	03/08/07	\$121,190.20
I007776043	2/1/07-2/28/07	\$111,800.01	04/03/07	\$111,800.01
I007564969	9/1/06-9/30/06	\$12,818.48	10/17/06	\$12,818.48
Total Grant Receipts				see pg 2

Expenditures	Description/Examples	Amount Expended
Personnel	Salaries and Wages	
Fringe Benefits		
Equipment and Other Capital Expenditures		
Materials and Supplies	Office Supplies, Postage, Training	
Professional Service Costs	Contracts, Consultants	
Rental Costs	Office Space, Equipment	
Other	Telephone, Utilities	
Subgrants		
Indirect Cost		
Total Grant Expenditures		see pg 2

Ending Funds Balance (Receipts – Expenditures) \$ - 0 -

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 West Virginia Mental Health Consumers Association 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: Linda Pauley Date: 07/22/09
 Printed Name and Title: Linda Pauley, Director of Operations PRN
 Taken, sworn and subscribed before me this 22 day of July, 2009.
 Notary Public Signature: Deborah L. Toler
 My Commission Expires: 9/4/2013



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

Pg 2 of 2

(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)

G07-0058	West Virginia Mental Health Consumers Association	PAGE 2 of 2
55-0676843	105813	(304) 345-7312
713 Bigley Avenue, Charleston WV 25302		
\$1,335,879.04	July 1, 2006 - June 30, 2007	

Invoice Number	Invoice Period Covered	Invoice Amount	Date Received	Amount Received
I007806001	3/1/07-3/31/07	\$126,913.50	04/27/07	\$126,913.50
I007842768	4/1/07-4/30/07	\$109,602.66	05/24/07	109,602.66
I007875073	5/1/07-5/31/07	\$119,699.62	06/18/07	118,620.89
I007926958	6/1/07-6/30/07	\$157,958.65	07/27/07	147,829.87
Total Grant Receipts				\$502,966.92

Expenditures	Description/Examples	Amount Expended
Personnel	Salaries and Wages	\$558,720.00
Fringe Benefits		\$130,988.00
Equipment and Other Capital Expenditures		
Materials and Supplies	Office Supplies, Postage, Training	\$160,477.75
Professional Service Costs	Contracts, Consultants	\$179,200.54
Rental Costs	Office Space, Equipment	\$72,782.00
Other	Telephone, Utilities	\$233,710.75
Subgrants		
Indirect Cost		
Total Grant Expenditures		\$1,335,879.04

Ending Funds Balance (Receipts – Expenditures) - 0 -

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 West Virginia Mental Health Consumers Association 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: Linda Pauley Date: 07/22/09
 Printed Name and Title: Linda Pauley, Director of Operations PRN
 Taken, sworn and subscribed before me this 22 day of July, 2009.

Notary Public Signature: Deborah L. Toler
 My Commission Expires: 9/4/2013

