

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2016

DHHR - Finance

AUG 17 2017

Date Received

TUG VALLEY RECOVERY SHELTER ASSOCIATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2016

Table of Contents

Financial Information

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10
Report on Internal Control	11-15

Other Matters

Statement of Grant Receipts and Expenditures	16
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FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tug Valley Recovery Shelter Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Tug Valley Recovery Shelter Association, Inc., (a nonprofit 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 audit. 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 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 entity'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 entity'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 Tug Valley Recovery Shelter Association, Inc., 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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Auditing Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of statements of grant receipts as required by State of West Virginia Department of Health and Human Resources is presented for purposes of additional analysis and is not a required part of the 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 July 31, 2017, on our consideration of Tug Valley Recovery Shelter Association, Inc., 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 Tug Valley Recovery Shelter Association, Inc., internal control over financial reporting and compliance.

Jessie & Jessie, A.C.

Williamson, WV 25661

July 31, 2017

Jessie & Jessie

DHHR - Finance

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Tug Valley Recovery Shelter Association, Inc.

Statement of Financial Position

June 30, 2016

Assets

Current Assets:

Cash and Cash Equivalents	\$	68,105.04	
Grants Receivable		48,536.63	
Other Receivables		<u>2,876.07</u>	
Total Current Assets	\$		119,517.74

Fixed Assets:

Total Fixed Assets		271,320.70	
Accumulated Depreciation		<u>(254,053.00)</u>	
Net Fixed Assets			<u>17,267.70</u>

Total Assets			<u>\$136,785.44</u>
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Liabilities

Current Liabilities:

Accounts Payable	\$	113.20	
Payroll Taxes & Other Liabilities		<u>33,423.55</u>	
Total Current Liabilities	\$		33,536.75

Long-Term Liabilities

DLL Financial		3,989.42	
Total Long - Term Liabilities			<u>3,989.42</u>
Total Liabilities	\$		37,526.17

Net Assets

Balance July 1, 2015	\$	179,566.00	
Adjustment		(55,888.14)	
Net Asset Decrease		<u>(24,418.59)</u>	
Balance June 30, 2016			<u>99,259.27</u>

Total Liabilities and Net Assets			<u>\$136,785.44</u>
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Tug Valley Recovery Shelter Association, Inc.
Statement of Activities For the Year Ended
June 30, 2016

Income		
Restricted	\$	500.00
Unrestricted		6,210.74
Fundraising		11,179.05
Federal Grants		154,348.69
State Grants		<u>260,169.83</u>
Total Income	\$	432,408.31
 Expenses		
Advertising	\$	-
Bank Service Charges		111.56
Building Maintenance		8,467.16
Client Aid		489.00
Law Enforcement		49,709.22
Dues & Subscriptions		1,916.18
Depreciation Expense		5,333.00
Fundraising Expenses		2,176.76
Insurance		3,836.00
Gifts and Awards		1,749.82
Salaries and Wages		305,590.62
Vacation and Sick Expense		1,438.66
FICA Tax		23,377.70
Unemployment Compensation		2,556.38
Workers Compensation		7,335.25
Payroll Expenses-Other		147.18
Lease Maintenance		553.99
Postage And Delivery		682.82
Accounting		3,500.00
Computer Repairs		2,724.90
Equipment Repairs		583.31
Supplies		9,252.79
Training and Travel		9,344.23
Utilities		<u>15,988.31</u>
Total Expenses		<u>456,864.84</u>
Change in Net Assets Before Interest Income	\$	(24,456.53)
Interest Income		<u>37.94</u>
Change in Net Assets		<u>\$ (24,418.59)</u>

See Accompanying Notes and Accountants Report

Tug Valley Recovery Shelter Association, Inc.
Statement of Cash Flow For the Year Ended
June 30, 2016

Operating Activities

Increase in Net Assets	\$ (24,418.59)
Adjustment to reconcile increase(decrease) in net assets to net cash provided by operating activities	
Depreciation	5,333.00
Receivables	(16,959.82)
Other Assets	3,356.23
Liabilities	2,846.32
Long-Term Liabilities	3,989.42
Fund Balance - Adjustment	<u>(55,888.14)</u>
Net cash provided by operating activities	\$ (81,741.58)

Investing Activities

Purchase of Fixed Assets	\$ (7,028.20)
Write -Off's - Fixed Assets	50,690.45

Financing Activities

Net Cash Decrease for the period	(38,079.31)
Cash at beginning of period	<u>106,184.35</u>
Cash at the end of the period	<u><u>\$ 68,105.04</u></u>

Tug Valley Recovery Shelter Association, INC.

Notes to the Financial Statements

For the Year Ended June 30, 2016

NOTE 1. DESCRIPTION OF THE SHELTER

Tug Valley Recovered Shelter, Inc. (Shelter) provides temporary shelter services for battered women and their children in a safe, supporting environment. While in the Shelter these services include rooms, meals, medicine, clothing, if needed, counseling and referral services, and assistance with relocation. The Shelter also provides short-term crisis intervention services and follow-up services, such as case management and counseling. Shelter Services are available to all victims of domestic violence, but primarily target the citizens of Mingo and Logan County in West Virginia and Pike County in Kentucky.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Reporting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized with incurred.

Basis of Presentation

FASB ASC 958-210-45-9 (formerly SFAS No. 117) requires net assets to be classified as unrestricted, temporarily restricted, and permanently restricted based on their nature and existence or absence of donor restrictions. In addition, the Shelter is required to present a Statement of Cash Flows.

Pledges are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Pledges receivable are recognized when the donor makes a promise to give to the Shelter that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restricted expire in the fiscal year in which the pledges are recognized. All other donor-restricted pledges are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash

For the purposes of the Statement of Cash Flows, cash equivalents include all monies in banks, escrow account donated securities intended for liquidation, time deposits, certificates of deposit with remaining maturity of three months or less and all highly liquid debt instruments with original maturity dates at three months or less.

Grants Receivable

Grants receivable are \$48,536.63 at June 30, 2016.

Donated Services

Donated services are valued at the estimated fair labor market value.

Property and Equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets and is considered a cost of operations. The Shelter does not have a policy for the capitalization of assets.

Revenues, Gains, and Other Support

Contributions of cash and other assets are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is when a stipulated time or purpose restriction ends in the same year in which the contributions are received, the contribution is classified as unrestricted contributions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the

Statement of Activities as net assets released from restrictions upon expiration. In-kind contributions received with donor-imposed restrictions are recognized and recorded at fair market value at the time of donation.

Donations are received from various businesses throughout the community and State.

Grants are recorded as support when received or when the right to specific funds has been determined. Restricted grants are reported as earned when expenses are incurred in compliance with restrictions. Grants received, but not earned, at the end of the accounting period are reported as deferred revenue.

Income Taxes

The Tug Valley Recovery Shelter Association, Inc., is a not-for-profit Shelter and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

Compensated Absences

Compensated absences are those for which employees have a right to receive consideration for expected future absences. Compensated absences should be accounted for in accordance with the provisions of the FASB ASC 710-10 (formerly SFAS No. 43). Generally an employer is not required to accrue for any obligation unless the employee's rights to compensated absences either vest or carry forward to future periods. Also, no liability is required for nonvesting right to sick pay.

At June 30, 2016 the Shelter accrued a liability for compensated absences of \$31,124.18.

Net Asset Classification

Net assets of Shelter and changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets that are not subject to donor-imposed stipulations.

Temporarily and Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of The Tug Valley Recovery Shelter Association, Inc., Inc. and/or the passage of time.

NOTE 3. CASH

Cash is deposited in the federal deposit insured bank accounts.

Cash Deposits in bank checking accounts	<u>\$ 68,105.04</u>
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Custodial credit risk is the risk that in the event of bank failure, the Shelter's deposits may not be returned. The Shelter's deposits at June 30, 2016, were fully covered by Federal Depository Insurance Corporation (FDIC).

NOTE 4. CHANGES IN PROPERTY AND EQUIPMENT

The following schedule shows the estimated useful life of the property and equipment, its cost, accumulated depreciation and net book value.

Buildings and improvements	15 to 39 years	\$152,628
Computers and printers	3 to 10 years	9,591
Furniture and fixtures	3 to 10 years	26,261
Equipment	3 to 10 years	<u>82,840</u>
Less: accumulated depreciation		<u>254,053</u>
Net property and equipment		<u>\$ 17,267</u>

For the year ended June 30, 2016 depreciation expense was \$5,333.

NOTE 5. LONG-TERM DEBT

Long -Term debt consist of a lease with DDL Financial for \$4,929.12. The lease is for a Konica Minolta copier. Lease payments for the year ending June 30, 2016 was \$939.70. The following is a summary of the Long-Term debt payable at June 30, 2016.

Date	Principal
06-30-17	\$1,232.28
06-30-18	\$1,232.28
06-30-19	\$1,232.28
06-30-20	<u>292.58</u>
	\$3,989.42

NOTE 6. DONATED SERVICES AND OTHER IN-KIND CONTRIBUTIONS

A number of unpaid volunteers have made significant contributions of their time to develop the Shelter's programs. The estimated value of the services provided was undetermined as of June 30, 2016.

NOTE 7. CONTINGENCIES

The Shelter receives a majority of its support from the Federal Government, the State of West Virginia, and other local granting agencies. Any significant reduction in the level of supporting from these supporting agencies could have a material effect on the Shelter's programs and activities.

NOTE 8. RISK MANAGEMENT

The Shelter is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Shelter carries umbrella (General Liability) insurance for these various risks.

The Shelter provides insurance coverage to employees for job-related injuries through BrickStreet Mutual Insurance Company. Liabilities are reported when a probable loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9. SUBSEQUENT EVENTS

The Shelter has evaluated subsequent events through July 28, 2017, the date the financial statements were available to be issued. No material subsequent events have occurred through this date that required recognition or disclosure in these financial statements.

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*

To the Board of Directors of Tug Valley Recovery Shelter Association, Inc.

We have audited, in accordance with the 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 Tug Valley Recovery Shelter Association Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

2016-001 Organization has a lack of segregation of duties.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tug Valley Recovery Shelter Association, Inc.'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.

Tug Valley Recovery Shelter Association, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tug Valley Recovery Shelter Association, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Tug Valley Recovery Shelter Association, Inc., Response to Findings

Tug Valley Recovery Shelter Association, Inc., response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tug Valley Recovery Shelter Association, Inc., response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Jessie & Jessie, A.C.

Williamson, WV 25661

July 31, 2017



DHHR - Finance

AUG 17 2017

Date Received

**TUG VALLEY RECOVERY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Segregation of Duties

2016-001

CONDITION:

It was noted that the responsibilities for approving, executing, and recording transactions and custody of the resulting assets arising from the transactions were not assigned to different individuals.

CRITERIA:

Proper internal control dictates responsibility for approving, executing and recording transactions should rest with different individuals. Custody of resulting assets should also be assigned to individuals with no responsibilities in the above named areas.

CAUSE:

The Organization has not implemented proper control procedures to sufficiently segregate duties.

EFFECT:

Internal control structure elements do not reduce to a relatively low level the risk that errors and irregularities, in amounts that would be material in relation to the financial statements, may occur and not be detected in a timely manner.

RECOMMENDATION:

The Organization should distribute among the accounting staff the duties of approving, executing and recording transactions to the extent as being economically practicable.

AUDITED AGENCY'S RESPONSE:

We have segregated duties as much as possible with our limited number of staff.

OTHER MATTERS

Grant Number: G160033	Grantee Name: West Virginia Department of Health and Human Resources		
Grantee FEIN: 31-1053367	WVFIMS Vendor #: 29245	Contact Phone Number: 304-235-6121	
Grantee Mailing Address: PO BOX 677 Williamson, WV 25661			
Total Grant Amount: \$253,663.00		Period Covered: July 01, 2015 - June 30, 2016	

Grants Receipts

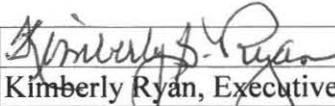
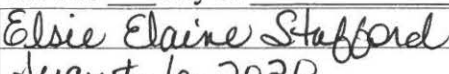
Date Received	Amount Received		
9/15/2015	50,731.00		
10/13/2015	18,602.00		
11/18/2015	18,602.00		
12/8/2015	18,602.00		
2/5/2016	21,139.00		
2/26/2015	21,139.00		
3/8/2016	21,139.00		
4/11/2016	27,903.00		
5/5/2016	27,903.00		
6/9/2016	27,903.00		
Total	253,663.00		

Grant Expenditures

Expenditures	Description/Examples	Amount Expended
Personnel	Salaries and Wages	218,980.00
Fringe Benefits (Payroll Taxes)		19,641.00
Building Maintenance and Repairs		13,486.00
Building Maintenance and Supplies		1,556.00
Total Grant Expenditures:		253,663.00

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 Tug Valley Recovery Shelter Association, 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 accrual basis of accounting and is supported by our financial records and related documentation.

Authorized Signature:		Date: 8/1/2017
Printed Name and Title:	Kimberly Ryan, Executive Director	
Taken, sworn, and subscribed before me this ___ day of ___, 20__.		
Notary Public Signature:		
My Commission Expires:	August 6, 2020	

