

MASON COUNTY ACTION GROUP, INC.
Regular Audit
For the Years Ended September 30, 2013 and 2012

Perry & Associates
Certified Public Accountants, A.C.

MASON COUNTY ACTION GROUP, INC.

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INDEPENDENT AUDITOR'S REPORT

May 16, 2014

Mason County Action Group, Inc.
PO Box 12
Point Pleasant, WV 25550

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of **Mason County Action Group, Inc.**, (a non-profit organization) (the Organization) which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mason County Action Group, Inc. as of September 30, 2013, 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

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of Mason County Action Group, Inc. as of and for the year ended September 30, 2012, were audited by another auditor whose report dated December 15, 2012, expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of support, revenues and expenses (Schedules 1 through 4) are presented for purposes of additional analysis and are 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 May 16, 2014, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



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

MASON COUNTY ACTION GROUP, INC.
 Statements of Financial Position
 September 30, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash and cash equivalents	\$ 199,136	\$ 122,233
Accounts receivable, net	156,061	190,829
Inventory	3,241	4,182
Prepaid insurance	29,214	11,141
Total current assets	387,652	328,385
Property and equipment:		
Land	6,800	7,800
Buildings	135,804	135,804
Equipment	114,858	113,744
Vehicles	82,487	82,487
Leasehold improvements	92,079	92,079
Total property and equipment	432,028	431,914
Less accumulated depreciation	(265,655)	(245,851)
Net property and equipment	166,373	186,063
Total assets	\$ 554,025	\$ 514,448
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	\$ -	\$ 46,346
Accounts payable	32,074	24,981
Accrued payroll and related taxes	51,755	52,768
Accrued annual leave	18,363	17,737
Due to funding sources	1,193	1,193
Total current liabilities	103,385	143,025
Total liabilities	103,385	143,025
Net assets:		
Unrestricted	450,640	371,423
Total net assets	450,640	371,423
Total liabilities and net assets	\$ 554,025	\$ 514,448

See accompanying notes to the financial statements.

MASON COUNTY ACTION GROUP, INC.
 Statements of Activities
 For the Years Ended September 30, 2013 and 2012

	2013	2012
	Unrestricted	Unrestricted
Support and Revenue:		
Federal grant awards	\$ 160,562	\$ 142,462
Other grants and fees	1,265,226	1,383,216
Program income	54,764	52,098
Fundraising	2,918	3,309
In-kind revenues	7,928	10,428
Other income	9,746	32,040
Total support and revenue	1,501,144	1,623,553
Expenses:		
Program expenses:		
In-Home services	1,070,777	1,190,328
Nutrition	234,779	223,096
Transportation	26,748	29,619
Senior services	42,596	58,538
Total program expenses	1,374,900	1,501,581
Supporting services:		
Management and general	46,045	26,449
Fundraising	982	349
Total expenses	1,421,927	1,528,379
Change in net assets	79,217	95,174
Net assets, beginning of year	371,423	276,249
Net assets, end of year	\$ 450,640	\$ 371,423

See accompanying notes to the financial statements.

MASON COUNTY ACTION GROUP, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2013

	In-Home Services	Nutrition	Transportation	Senior Services	Total Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 737,015	\$ 106,997	\$ 20,631	\$ 17,448	\$ 882,091	\$ 192,699	\$ -	\$ 1,074,790
Office supplies, printing & postage	8,871	-	-	4,929	13,800	2,649	982	17,431
Utilities	20,920	-	-	5,104	26,024	16,501	-	42,525
Travel and meetings	39,942	-	1,241	-	41,183	177	-	41,360
Transportation	12,256	-	-	-	12,256	444	-	12,700
Food and disposable supplies	17,069	102,661	-	-	119,730	226	-	119,956
Legal and professional	5,495	-	-	-	5,495	3,465	-	8,960
Repairs and maintenance	8,058	-	-	957	9,015	3,562	-	12,577
Insurance	3,508	-	-	-	3,508	3,420	-	6,928
Other expenses	21,841	-	-	3,123	24,964	13,479	-	38,443
Interest expense	-	-	-	-	-	916	-	916
In-kind match	-	-	-	7,928	7,928	-	-	7,928
Depreciation	-	-	-	-	-	37,413	-	37,413
Total direct expenses	<u>874,975</u>	<u>209,658</u>	<u>21,872</u>	<u>39,489</u>	<u>1,145,994</u>	<u>274,951</u>	<u>982</u>	<u>1,421,927</u>
Indirect cost allocation	<u>195,802</u>	<u>25,121</u>	<u>4,876</u>	<u>3,107</u>	<u>228,906</u>	<u>(228,906)</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 1,070,777</u>	<u>\$ 234,779</u>	<u>\$ 26,748</u>	<u>\$ 42,596</u>	<u>\$ 1,374,900</u>	<u>\$ 46,045</u>	<u>\$ 982</u>	<u>\$ 1,421,927</u>

See accompanying notes to the financial statements.

MASON COUNTY ACTION GROUP, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2012

	In-Home Services	Nutrition	Transportation	Senior Services	Total Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 815,679	\$ 75,133	\$ 19,839	\$ 21,479	\$ 932,130	\$ 200,921		\$ 1,133,051
Office supplies, printing & postage	14,845	-	-	2,083	16,928	1,074	349	18,351
Utilities	19,787	-	-	6,965	26,752	15,933		42,685
Travel and meetings	54,750	-	-	-	54,750	-		54,750
Transportation	8,825	-	3,682	-	12,507	1,424		13,931
Food and disposable supplies	-	123,704	-	-	123,704	-		123,704
Legal and professional	5,295	-	-	-	5,295	3,000		8,295
Repairs and maintenance	17,383	-	-	12,353	29,736	2,470		32,206
Insurance	11,078	-	-	-	11,078	23,463		34,541
Other expenses	14,803	-	-	3,113	17,916	9,168		27,084
Interest expense	-	-	-	-	-	1,599		1,599
In-kind match	-	-	-	10,428	10,428	-		10,428
Depreciation	-	-	-	-	-	27,754		27,754
Total direct expenses	962,445	198,837	23,521	56,421	1,241,224	286,806	349	1,528,379
Indirect cost allocation	227,883	24,259	6,098	2,117	260,357	(260,357)	-	-
Total expenses	\$ 1,190,328	\$ 223,096	\$ 29,619	\$ 58,538	\$ 1,501,581	\$ 26,449	\$ 349	\$ 1,528,379

See accompanying notes to the financial statements.

MASON COUNTY ACTION GROUP, INC.
Statements of Cash Flows
For the Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 79,217	\$ 95,174
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,413	27,754
(Increase) decrease in:		
Accounts receivable	34,768	40,197
Inventory	941	573
Prepaid expenses and deposits	(18,073)	(2,098)
Increase (decrease) in:		
Accounts payable	7,093	(8,402)
Accrued payroll and related taxes	(1,013)	(3,587)
Accrued annual leave	626	3,847
Due to funding source	-	(15,627)
Net cash provided by operating activities	140,972	137,831
Cash flows from investing activities:		
Proceeds from sale of assets	-	2,299
Cash paid for property and equipment purchases	(17,723)	(49,190)
Net cash used in investing activities	(17,723)	(46,891)
Cash flows from financing activities		
Repayment of line of credit	(46,346)	(9,376)
Net cash used in financing activities	(46,346)	(9,376)
Increase (decrease) in cash and cash equivalents	76,903	81,564
Cash and cash equivalents, beginning of year	122,233	40,669
Cash and cash equivalents, end of year	\$ 199,136	\$ 122,233
Supplemental cash flow disclosures:		
Cash paid for:		
Interest	\$ 916	\$ 1,665

See accompanying notes to the financial statements.

**MASON COUNTY ACTION GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 1: NATURE OF OPERATIONS

The mission of Mason County Action Group, Inc. (the Organization) is to provide services to low income individuals and families in Mason County, WV. The Organization also operates three senior citizens centers throughout Mason County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are reported in the year earned. Costs and expenses are charged against revenues in the year to which the cost is applicable.

Basis of Presentation

The Organization has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, an organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- . Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- . Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or passage of time.
- . Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the organization. Generally, the donors of the assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions.

Contributed Property and Equipment

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

Cash and Cash Equivalents

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

Advertising

It is the policy of the Organization to expense all advertising costs as incurred. Advertising expense for the years ended September 30, 2013 and 2012 was \$4,644 and \$4,031, respectively.

Functional Allocation of Expenses

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

MASON COUNTY ACTION GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of raw food and supplies and are stated at the lower of cost or market determined by the first-in-first-out method.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Organization's Federal Return of Organization from Income Tax (federal Form 990) for 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Computer and office equipment	3 to 10
Furniture and fixtures	5 to 10
Buildings	27.5

Depreciation expense for the years ended September 30, 2013 and 2012 was \$37,413 and \$27,754, respectively.

Fair Value of Financial Instruments

The Organization, has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at September 30, 2013 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value of all financial instruments has been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MASON COUNTY ACTION GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consist of private pay, Medicaid and grants. The Organization determines an allowance for uncollectable receivables based on historical activity.

	<u>2013</u>	<u>2012</u>
Accounts receivable	\$ 173,261	\$ 221,029
Allowance for uncollectable accounts	<u>(17,200)</u>	<u>(30,200)</u>
Accounts receivable, net	<u>\$ 156,061</u>	<u>\$ 190,829</u>

NOTE 3: CONCENTRATION OF RISK

The Organization maintains its cash at two financial institutions located in Point Pleasant, West Virginia. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2013 and 2012, the Organization's entire cash balance was collateralized.

The Organization is economically dependent on grants from various federal, state and local governments for the operation of its programs, The Organization's ability to receive these grants is somewhat dependent on the national, state and local economy.

NOTE 4: LINE OF CREDIT

The Organization entered into a line of credit arrangement with a local financial institution. Outstanding balances are payable on demand and accrue interest at 5.25% for 2013 and 2012. The note is secured by all assets of the Organization. As of September 30, 2013 and 2012, outstanding balances on the line of credit totaled \$0 and \$46,346 respectively.

Interest expense paid during the year ended September 30, 2013 and 2012 totaled \$916 and \$1,665, respectively

NOTE 5: ACCRUED ANNUAL LEAVE

Accrued annual leave includes all obligations for vacation leave at the current rate of employee pay. Employees vest in earned but unused vacation leave up to maximum of 120 hours. At September 30, 2013 and 2012 the liability for accrued annual leave totaled \$18,363 and \$17,737, respectively.

NOTE 6: CONTINGENT LIABILITIES

The Organization's programs are generally funded by federal, state and local sources, principal of which are programs of the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

NOTE 7: RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Organization manages these risks of loss through the purchase of various insurance policies.

MASON COUNTY ACTION GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 8: STATEMENT OF ACTIVITIES

The program and supporting services expenses on the Statement of Activities for fiscal year 2012 have been adjusted to reflect the total costs by program rather than only the direct costs to be comparative with fiscal year 2013.

NOTE 9: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 16, 2014, the date which the financial statements were available to be issued.

MASON COUNTY ACTION GROUP, INC.
Schedule of Support, Revenue and Expenses - In-Home Services
For the Year Ended September 30, 2013

	Case Management	Lighthouse	F.A.I.R.	N.E.M.T.	Homemaker	L.I.F.E. Grant	Personal Care	Private Pay	Veteran's Admin.	Total
Support and Revenue:										
Other grants and fees	\$ 24,168	\$ 98,506	\$ 40,880	\$ 5,842	\$ 462,710	\$ 175,235	\$ 268,338	\$ 20,145	\$ 46,933	\$ 1,142,757
Program income	-	9,239	6,000	-	-	-	-	-	-	15,239
Total support and revenue	<u>24,168</u>	<u>107,745</u>	<u>46,880</u>	<u>5,842</u>	<u>462,710</u>	<u>175,235</u>	<u>268,338</u>	<u>20,145</u>	<u>46,933</u>	<u>1,157,996</u>
Expenses:										
Salaries and benefits	8,736	85,514	46,584	6,059	324,541	38,744	172,192	25,751	28,894	737,015
Office supplies, printing & postage	-	-	-	-	100	8,771	-	-	-	8,871
Utilities	-	-	-	70	-	20,850	-	-	-	20,920
Travel and meetings	13	4,033	2,741	135	17,306	7,871	7,161	20	662	39,942
Transportation	-	-	-	3,797	-	8,459	-	-	-	12,256
Food and disposable supplies	-	-	-	-	-	17,069	-	-	-	17,069
Legal and professional	-	-	-	-	-	5,495	-	-	-	5,495
Repairs and maintenance	-	-	-	1,586	-	6,472	-	-	-	8,058
Insurance	-	-	-	-	-	3,508	-	-	-	3,508
Other expenses	105	-	-	-	2,475	19,041	220	-	-	21,841
Total direct expenses	<u>8,854</u>	<u>89,547</u>	<u>49,325</u>	<u>11,647</u>	<u>344,422</u>	<u>136,280</u>	<u>179,573</u>	<u>25,771</u>	<u>29,556</u>	<u>874,975</u>
Indirect cost allocation	<u>2,273</u>	<u>18,995</u>	<u>10,960</u>	<u>719</u>	<u>88,993</u>	<u>9,253</u>	<u>46,866</u>	<u>6,885</u>	<u>10,858</u>	<u>195,802</u>
Total expenses	<u>11,127</u>	<u>108,542</u>	<u>60,285</u>	<u>12,366</u>	<u>433,415</u>	<u>145,533</u>	<u>226,439</u>	<u>32,656</u>	<u>40,414</u>	<u>1,070,777</u>
Net program income (loss)	<u>\$ 13,041</u>	<u>\$ (797)</u>	<u>\$ (13,405)</u>	<u>\$ (6,524)</u>	<u>\$ 29,295</u>	<u>\$ 29,702</u>	<u>\$ 41,899</u>	<u>\$ (12,511)</u>	<u>\$ 6,519</u>	<u>\$ 87,219</u>

MASON COUNTY ACTION GROUP, INC.
Schedule of Support, Revenue and Expenses - Nutrition Programs
For the Year Ended September 30, 2013

	Title III C-1	Title III C-2	Total
Support and Revenue:			
Federal grant awards	\$ 68,045	\$ 38,659	\$ 106,704
State grant awards	38,102	38,092	76,194
Program income	19,028	17,351	36,379
Total support and revenue	<u>125,175</u>	<u>94,102</u>	<u>219,277</u>
Expenses:			
Salaries and benefits	66,453	40,544	106,997
Food and disposable supplies	60,920	41,741	102,661
Total direct expenses	<u>127,373</u>	<u>82,285</u>	<u>209,658</u>
Indirect cost allocation	16,394	8,727	25,121
Total expenses	<u>143,767</u>	<u>91,012</u>	<u>234,779</u>
Net program income (loss)	<u>\$ (18,592)</u>	<u>\$ 3,090</u>	<u>\$ (15,502)</u>

MASON COUNTY ACTION GROUP, INC.
Schedule of Support, Revenue and Expenses - Transportation Programs
For the Year Ended September 30, 2013

	<u>Private Pay</u>	<u>Title III B</u>	<u>Total</u>
Support and Revenue:			
Federal grant awards	\$ -	\$ 23,623	\$ 23,623
Program income	1,160	1,986	3,146
Total support and revenue	<u>1,160</u>	<u>25,609</u>	<u>26,769</u>
Expenses:			
Salaries and benefits	-	20,631	20,631
Travel and meetings	1,241	-	1,241
Total direct expenses	<u>1,241</u>	<u>20,631</u>	<u>21,872</u>
Indirect cost allocation	-	4,876	4,876
Total expenses	<u>1,241</u>	<u>25,507</u>	<u>26,748</u>
Net program income (loss)	<u>\$ (81)</u>	<u>\$ 102</u>	<u>\$ 21</u>

MASON COUNTY ACTION GROUP, INC.
Schedule of Support, Revenue and Expenses - Senior Services
For the Year Ended September 30, 2013

	Elder Abuse	Title III B Senior Services	Title III D Medical Info. And Management	Community Partnerships	S.H.I.P	Other	Title III E Caregiver Services	Total
Support and Revenue:								
Federal grant awards	\$ -	\$ 22,906	\$ 2,378	\$ -	\$ -	\$ -	\$ 4,951	\$ 30,235
State grant awards	-	-	-	17,995	400	370	-	18,765
In-kind revenues	-	5,883	394	-	-	-	1,651	7,928
Total support and revenue	<u>-</u>	<u>28,789</u>	<u>2,772</u>	<u>17,995</u>	<u>400</u>	<u>370</u>	<u>6,602</u>	<u>56,928</u>
Expenses:								
Salaries and benefits	-	13,723	-	-	2,516	-	1,209	17,448
Office supplies, printing & postage	-	4,829	-	-	-	100	-	4,929
Utilities	-	1,940	-	-	-	-	3,164	5,104
Repairs and maintenance	-	-	-	957	-	-	-	957
Other expenses	460	-	2,378	-	-	-	285	3,123
In-kind match	-	5,883	394	-	-	-	1,651	7,928
Total direct expenses	<u>460</u>	<u>26,375</u>	<u>2,772</u>	<u>957</u>	<u>2,516</u>	<u>100</u>	<u>6,309</u>	<u>39,489</u>
Indirect cost allocation	-	3,107	-	-	-	-	-	3,107
Total expenses	<u>460</u>	<u>29,482</u>	<u>2,772</u>	<u>957</u>	<u>2,516</u>	<u>100</u>	<u>6,309</u>	<u>42,596</u>
Net program income (loss)	<u>\$ (460)</u>	<u>\$ (693)</u>	<u>\$ -</u>	<u>\$ 17,038</u>	<u>\$ (2,116)</u>	<u>\$ 270</u>	<u>\$ 293</u>	<u>\$ 14,332</u>

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

May 16, 2014

Mason County Action Group, Inc.
PO Box 12
Point Pleasant, WV 25550

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Mason County Action Group, Inc.**, (a non-profit organization) (the Organization), which comprise the statements of financial position as of September 30, 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated May 16, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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