

**THE VILLAGE – VIRGIN ISLANDS  
PARTNERS IN RECOVERY, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2014**

THE VILLAGE – VIRGIN ISLANDS  
PARTNERS IN RECOVERY, INC.  
REPORT ON FINANCIAL STATEMENTS  
JUNE 30, 2014

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The Village – Virgin Islands Partners in Recovery, Inc.

We have audited the accompanying financial statements of The Village – Virgin Islands Partners in Recovery, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, 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. 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 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 The Village – Virgin Islands Partners in Recovery, Inc. as of June 30, 2014, 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.

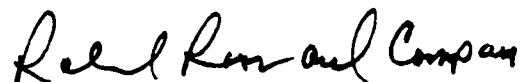
**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and the schedule of findings and questioned costs is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Auditing of States, Local Governments, and Non-Profit Organizations," and is also 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, 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 November 20, 2014, on our consideration of The Village – Virgin Islands Partners in Recovery, 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 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 Village – Virgin Islands Partners in Recovery, Inc.'s internal control over financial reporting and compliance.

November 20, 2014



VILLAGE – VIRGIN ISLANDS  
 PARTNERS IN RECOVERY, INC.  
 STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (NOTE 1)	\$ 14,178	
Grant Contracts Receivable, net of Allowance for Doubtful Accounts of \$-0-	141,952	
Prepaid Expenses	<u>6,144</u>	
TOTAL CURRENT ASSETS		\$162,274

FIXED ASSETS (NOTE 1)

Land	20,000	
Buildings	160,000	
Furniture, Fixtures and Equipment	187,759	
Transportation Equipment	188,323	
Construction in Progress	428,390	
Leasehold Improvements	<u>87,098</u>	
	1,071,570	
Less: Accumulated Depreciation	<u>(463,935)</u>	
NET BOOK VALUE		<u>607,635</u>
TOTAL ASSETS		<u>\$769,909</u>

See accompanying notes to financial statements

VILLAGE – VIRGIN ISLANDS  
PARTNERS IN RECOVERY, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 34,310
Accrued Expenses	1,516
Accrued Payroll and Benefits	43,208
Deferred Revenue	<u>630,571</u>

TOTAL CURRENT LIABILITIES \$ 709,605

OTHER LIABILITIES

Due to Related Organization (NOTE 3) 883,230

TOTAL LIABILITIES 1,592,835

NET ASSETS – UNRESTRICTED (822,926)

TOTAL NET ASSETS \$769,909

See accompanying notes to financial statements

VILLAGE – VIRGIN ISLANDS  
PARTNERS IN RECOVERY, INC.  
STATEMENT OF ACTIVITIES  
JUNE 30, 2014

**Revenues and Support**

Federal Contract Revenue	\$ 417,647
State Contract Revenue	856,526
Client Fees	21,449
Donations and Gifts	<u>3,674</u>

Total Revenues and Support \$1,299,296

**Expenses**

Salaries and Wages	648,684
Employee Benefits and Payroll Taxes	128,731
Furniture and Equipment	24,721
Operating Supplies & Expenses	29,523
Conferences, Training and Travel	16,320
Professional Fees	9,868
Miscellaneous Expense	3,852
Insurance	14,524
Food- Program	66,419
Repairs and Maintenance	53,141
Program Supplies and Expense	42,222
Consultants and Contract Services	38,080
Utilities	74,785
Depreciation and Amortization	12,812
Management Fees	<u>87,624</u>

Total Expenses 1,251,306

Changes in Net Assets 47,990

Unrestricted Net Assets at the Beginning of Year (870,916)

Unrestricted Net Assets at End of Year \$(822,926)

See accompanying notes to financial statements

VILLAGE – VIRGIN ISLANDS  
PARTNERS IN RECOVERY, INC.  
STATEMENT OF CASH FLOWS  
JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Increase/(Decrease) in Net Assets	\$	47,990
Adjustment to Reconciliation Change in Net Asset to Cash Provided (Used)		
By Operating Activities:		
Depreciation and Amortization		12,812
(Increase) Decrease in Assets		
Accounts Receivable		528,879
Prepaid Expenses		591
Increase (Decrease) in Liabilities		
Accounts Payable & Accrued Expenses		9,069
Accrued Payroll & Benefits		(15,933)
Deferred Revenue		<u>110,179</u>

NET CASH FLOWS FROM OPERATING ACTIVITIES		\$ 693,587
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets, Net		(125,627)
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CASH FLOW FROM FINANCING ACTIVITIES

Due to/from Related Party		<u>(566,770)</u>
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NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,190
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Beginning of Year		<u>12,988</u>
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End of Year		<u>\$ 14,178</u>
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See accompanying notes to financial statements



THE VILLAGE – VIRGIN ISLANDS PARTNERS IN RECOVERY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Nature of the Organization:

The Village-Virgin Islands Partners in Recovery, Inc. is a tax exempt corporation incorporated in the United States Virgin Islands on December 12, 1989. It is a non-sectarian organization whose purposes include, but are not limited to the following:

- A) To promote public awareness about chemical dependency and related issues and problems; and,
- B) To promote recovery from chemical dependency and or related illnesses, through developing, establishing and/or maintaining of centers for the rehabilitation of individuals and their families.
- C) To promote the health and well being of all citizens.

The Organization provides residential and out-patient rehabilitation programs, criminal justice programs, health related and a variety of prevention programs and services all of which are related to the purposes for which it is established.

A significant portion of funding for operations is received under the terms of annual contracts with the United States Department of Health and Human Services; Department of Education and the Government of the Territory of the United States Virgin Islands.

Basis of Accounting:

The Organization uses the accrual method of accounting as prescribed by generally accepted accounting principles in the United States of America.

Contract Revenue:

Revenue under some third-party agreements is subject to audit and retroactive adjustments. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered, if determinable.

THE VILLAGE – VIRGIN ISLANDS PARTNERS IN RECOVERY, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Income Taxes:

The Organization qualifies as a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is tax exempt from federal and state income taxes, therefore no provisions for federal and state income taxes have been made. Management is of the opinion that there is no unrelated business income tax subject to taxation.

The federal income tax returns are subject to examination by the IRS, generally for three years after they were filed.

Estimates:

The preparation of Financial Statements in conformity with United States of America generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash and Cash Equivalents consists of cash held in checking accounts and is considered highly liquid. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivables:

The Organization is confident that all grant contracts receivables will be collected.

Fixed Assets:

Fixed Assets are recorded at cost. Donated Fixed Assets are recorded at their estimated fair market value at the date of contribution. The straight-line method of depreciation is used over the estimated lives of the assets.

THE VILLAGE – VIRGIN ISLANDS PARTNERS IN RECOVERY, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Contributions:

The Organization records the estimated fair value of Donated Goods where there is an objective basis available to measure their value at the date the donation is received. Donated services are expensed in the period the benefit is realized.

Donations and Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**NOTE 2 – COMMITMENTS AND CONTINGENCIES:**

There are no commitments and contingencies.

**NOTE 3 – RELATED PARTY TRANSACTION:**

Westcare Foundation, Inc. is a managing and governing oversight organization for The Village – Virgin Islands Partners in Recovery, Inc. During the year ending June 30, 2014, Westcare Foundation, Inc. received management fees for general and administrative expenses of \$87,624.

In addition, Westcare Foundation, Inc. has advanced funds as of June 30, 2014 to The Village – Virgin Islands Partners in Recovery, Inc. for \$883,230.

THE VILLAGE – VIRGIN ISLANDS PARTNERS IN RECOVERY, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

**NOTE 4 – ECONOMIC DEPENDENCY:**

Services are derived predominately from contracts and/or agreements with agencies of the Government of the Territory of the United States Virgin Islands, the United States Department of Health and Human Services and the United States Department of Education. Revenue's related to these contracts and other contracts from other governmental agencies are for services provided to individuals residing in the United States Virgin Islands, and represents approximately 95% of program service revenues. The Organization's ability to continue operating is predicated on the government's continued support and funding of its programs. The continuation of program services in the subsequent year is expected based on contract renewals and continuations received to date. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the programs and activities.

**NOTE 5 – FUNCTIONAL ALLOCATION OF EXPENSES:**

The costs of providing the various programs and activities have been allocated among the programs and supporting services benefited. Program expenses totaled \$970,460 and management and general expenses totaled \$280,846.

**NOTE 6 – RETIREMENT PLAN:**

The Organization has retirement plans for eligible employees. The annual contribution is discretionary, and is determined by the Board of Directors.

**NOTE 7 – SUBSEQUENT EVENTS:**

The Organization has evaluated subsequent events through November 20, 2014, the date which the financial statements were available to be issued.

**THE VILLAGE – VIRGIN ISLANDS  
PARTNERS IN RECOVERY, INC.**

**SUPPLEMENTAL MATERIAL**

THE VILLAGE - VIRGIN ISLANDS  
 PARTNERS IN RECOVERY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Federal CFDA#</u>	<u>Federal Expenditures</u>
US Department of Health & Human Services:		
Direct Programs:		
SAMHSA TCE-HIV Minority Women	93.243	\$ 405,059
SAMHSA - Strategic Planning Project	93.243	73,342
Total US Department of Health & Human Services		<u>478,401</u>
US Department of Education		
Pass Through Programs:		
Positive Change	84.403A	111,759
Total US Department of Education		<u>111,759</u>
Total Expenditures of Federal Awards		<u><u>\$ 590,160</u></u>

**THE VILLAGE – VIRGIN ISLANDS PARTNERS IN RECOVERY, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AS OF JUNE 30, 2014**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of Federal awards include the federal grant activity of The Village-Virgin Islands Partners in Recovery, Inc. and are presented on the accrual basis of accounting. The information in the schedules 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 in the schedules may differ from amounts presented in, or used in the preparation of the basic financial statements.

**THE VILLAGE – VIRGIN ISLANDS PARTNERS IN RECOVERY INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2014**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on The Village – Virgin Islands Partners in Recovery, Inc. basis financial statements.
2. No reportable conditions or material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of The Village – Virgin Islands Partners in Recovery, Inc. were disclosed during the audit.
4. No reportable conditions or material weaknesses were identified during the audit of the major Federal programs.
5. The auditor's report on compliance with requirements applicable to the major Federal Programs for The Village – Virgin Islands Partners in Recovery, Inc. expresses an unqualified opinion.
6. Our audit disclosed no findings required to be reported related to Federal programs under section 510(a) of OMB Circular A-133 for nonprofit organization.  
The programs tested as major programs included:

Federal Program:	Federal CFDA #:	Year
US Department of Health & Human Services – SAMHSA TCE-HIV	93.243	2014
7. The threshold for distinguishing Type A and B programs was \$300,000 for major Federal programs.
8. The Village – Virgin Islands Partners in Recovery, Inc. was determined to be a low risk auditee.
9. No management letter is required there were no findings required to be reported in the management letter.
10. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs.
11. No Corrective Action Plan is required because there were no findings required to be reported under the Federal Single Audit Act.



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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

To the Board of Directors

The Village – Virgin Islands Partners in Recovery, 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 The Village – Virgin Islands Partners in Recovery, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statement of activities, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2014.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Village – Virgin Islands Partners in Recovery, 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 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 significant deficiencies or material weaknesses. 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 Village – Virgin Islands Partners in Recovery, Inc. 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*.

#### **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.

Fresno, California  
November 20, 2014

A handwritten signature in black ink that reads "Rolf Rasmussen and Company". The signature is written in a cursive, flowing style.

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
The Village – Virgin Islands Partners in Recovery, Inc.

### **Report on Compliance for Each Major Federal Program**

We have audited The Village – Virgin Islands Partners in Recovery, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Village – Virgin Islands Partners in Recovery, Inc. major federal programs for the year ended June 30, 2014. The Village – Virgin Islands Partners in Recovery, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of The Village – Virgin Islands Partners in Recovery, Inc. major federal programs based on our audit of the types of compliance requirements referred to above. 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, 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 The Village – Virgin Islands Partners in Recovery, Inc. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of The Village – Virgin Islands Partners in Recovery, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, The Village – Virgin Islands Partners in Recovery, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control over Compliance**

Management of The Village – Virgin Islands Partners in Recovery, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Village – Virgin Islands Partners in Recovery, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A- 133, 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 The Village – Virgin Islands Partners in Recovery, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fresno, California  
November 20, 2014

