

**Independent Auditors' Report  
and Related Financial Statements**

**For the Year Ended June 30, 2013**

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Teed & Associates, PLLC  
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Charleston, West Virginia 25304  
304-925-8752**

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

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# Teed & Associates, PLLC

## Certified Public Accountants

Established 1992

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Member, West Virginia Society of Certified Public Accountants  
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## Independent Auditors' Report

To the Board of Directors  
North Central West Virginia  
Community Action Association, Inc.  
Fairmont, West Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the North Central West Virginia Community Action Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 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 opinions 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.

To The Board of Directors  
North Central West Virginia  
Community Action Association, Inc.  
Fairmont, West Virginia  
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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 opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Central West Virginia Community Action Association, Inc. as of June 30, 2013 and 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***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 basic financial statements as a whole.

To The Board of Directors  
North Central West Virginia  
Community Action Association, Inc.  
Fairmont, West Virginia  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2014, on our consideration of the North Central West Virginia Community Action 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 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 North Central West Virginia Community Action Association, Inc.'s internal control over financial reporting and compliance.

*Reed & Associates, PLLC*

Charleston, West Virginia  
February 15, 2014

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.  
Statement of Financial Position**

**June 30, 2013**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 594,828
Restricted cash	229,563
Grants receivable	1,411,251
Other receivables	55
Assets held for resale	394,858
Prepaid expenses and deposits	<u>95,316</u>
Total current assets	<u>2,725,871</u>

PROPERTY AND EQUIPMENT, NET	<u>4,010,523</u>
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**OTHER ASSETS**

Notes receivable	<u>20,956</u>
Total other assets	<u>20,956</u>
Total Assets	<u>\$ 6,757,350</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Notes payable, current maturities	\$ 3,645
Accounts payable and accrued expenses	1,035,714
Accrued payroll and benefits	285,641
Other payables	21,823
Deferred revenue--CHDO	289,241
Deferred revenue	<u>234,300</u>
Total current assets	<u>1,870,364</u>

**LONG TERM DEBT**

Note payable, long-term portion	<u>58,744</u>
Total long-term liabilities	<u>58,744</u>
Total liabilities	<u>1,929,109</u>

**NET ASSETS**

Temporarily restricted	207,076
Unrestricted	<u>4,621,166</u>
Total net assets	<u>4,828,242</u>
Total liabilities and net assets	<u>\$ 6,757,350</u>

The accompanying notes are an integral part of these financial statements.

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Statement of Activities and Changes in Net Assets**

**For the Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT:</b>			
Grant revenue			
Federal direct	\$ 8,132,350	\$ -	\$ 8,132,350
State/pass through	899,264	-	899,264
State -- West Virginia Housing Development Fund	-	14,268	14,268
Program income	591,308	-	591,308
In-kind matching	1,770,891	-	1,770,891
Miscellaneous income	86,621	-	86,621
Donations	88,381	-	88,381
	<u>11,568,815</u>	<u>14,268</u>	<u>11,583,083</u>
Total revenues and other support			
<b>EXPENSES:</b>			
Salaries and wages	5,354,395	-	5,354,395
Payroll taxes and employee benefits	976,888	-	976,888
Contractual services	1,185,286	-	1,185,286
Supplies	882,769	-	882,769
Travel	94,619	-	94,619
Insurance	110,333	-	110,333
Facility expenses	386,649	-	386,649
Vehicles expense	229,913	-	229,913
In-kind services	1,770,891	-	1,770,891
Depreciation	632,600	-	632,600
Food purchases	195,014	-	195,014
Other	148,981	-	148,981
	<u>11,968,338</u>	<u>-</u>	<u>11,968,338</u>
Total expenses			
Change in net assets	(399,522)	14,268	(385,254)
NET ASSETS AT BEGINNING OF YEAR	<u>5,020,688</u>	<u>192,808</u>	<u>5,213,496</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,621,166</u>	<u>\$ 207,076</u>	<u>\$ 4,828,242</u>

The accompanying notes are an integral part of these financial statements.

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Statement of Cash Flows**

**For the Year Ended June 30, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ (385,254)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	632,600
(Increase) decrease in:	
Accounts receivable	985
Grants receivable	(77,139)
Assets held for resale	(202,000)
Prepaid expenses and deposits	10,992
(Decrease) increase in:	
Accounts payable	198,621
Accrued payroll and benefits	9,162
Other payables	(7,604)
Deferred revenue	<u>78,571</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>258,934</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of property and equipment	<u>(360,175)</u>
<b>NET CASH (USED) IN INVESTING ACTIVITIES</b>	<u>(360,175)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Payments on long-term notes	<u>(3,693)</u>
<b>NET CASH (USED) IN FINANCING ACTIVITIES</b>	<u>(3,693)</u>
Net increase in cash	(104,934)
CASH AT BEGINNING OF THE YEAR	<u>929,326</u>
CASH AT END OF THE YEAR	<u><u>\$ 824,392</u></u>

The accompanying notes are an integral part of these financial statements.



# **NORTH CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.**

## **Notes to the Financial Statements**

**For the Year Ended June 30, 2013**

### **NOTE 1. DESCRIPTION OF ORGANIZATION**

North Central West Virginia Community Action Association, Inc. ("Organization") is a private, not-for-profit organization dedicated to helping individuals and families reach their highest levels of social and economic independence, while assisting the communities served to become involved in the activities of the Organization. The Organization collaborates with local, state, and national agencies to provide a broad range of direct, anti-poverty services for moderate to low-income customers and their communities. These services include the operations of several Head Start centers throughout north central West Virginia. The Organization is funded primarily through grants and other agreements with the federal and state government.

The Organization provides services to residents and communities of Marion, Monongalia, Preston, Taylor, Tucker, Barbour, Randolph, Pocahontas, and Greenbrier counties in West Virginia. The organization also provides Head Start services in Webster County and Weatherization services in Harrison County.

Programs include the following:

#### **Head Start and Early Head Start**

Head Start is a federally funded comprehensive child development program that has served low-income children and their families since 1965. Head Start actually consists of two programs: Head Start (HS) and Early Head Start (EHS). HS is a comprehensive early childhood development program primarily serving low-income preschool-age children and their families. Early Head Start was established during the 1994 Reauthorization of HS. EHS is a comprehensive early childhood program serving primarily low-income children prenatal to age three, pregnant women, and their families. Funding for the program goes directly from the federal government to local grantees. The federal government provides 80 percent of the yearly cost to operate a HS program, and the remaining 20 percent must come from a "local match" or "in-kind" contributions, which may be in the form of monetary contributions, donations of goods or services, or volunteer hours. The Organization has been a grantee receiving Head Start funds and providing these services for several decades.

## CSBG Programs

The Community Services Block Grant (CSBG) is a federal, anti-poverty block grant that funds the operation of a state-administrated network of local agencies. The purpose of the Community Service Block Grant is to provide assistance to states and local communities, working through a network of community action agencies and other neighbor-based organizations, for the reduction of poverty.

## LIEAP

North Central West Virginia Community Action Association, Inc. is in partnership with the Division of Health and Human Resources to process the regular Low Income Energy Assistance Program (LIEAP) applications. This program supplements low-income individuals with their primary heating costs during the winter months. Applications are usually available in the early winter months. Upon the depletion of funds from the regular LIEAP, emergency LIEAP funds come into effect. Emergency LIEAP is for individuals who qualify for regular LIEAP and are in danger of having no heat in the immediate future. Emergency LIEAP is available through the Division of Health and Human Resources.

## Summer Feeding

The Summer Feeding program meets the nutritional needs of children ages 0 – 18 that may not have access to meals during the summer months when school is not in session. Some sites provide breakfast and lunch while other sites only provide lunch. Each county establishes approved sites and locations to provide these meals. Funding occurs through Program Income, Contributions, Summer Food Income, and the Department of Education.

## Gardens Program

The Gardens Program was established to help supplement an applicant's food supply, thus allowing the applicant more disposable income to address monthly household expenses. Counties use various funding sources that provide garden packages (seeds, plants, potatoes, fertilizer, dust) to low income households. Items provided by this program help supplement the daily nutritional needs of eligible applicants.

## CHDO

Comprehensive Housing Development Organizations are grants from the West Virginia Housing Development Fund for specific low income housing projects.

In recent years, the Organization has received funding to complete housing units in Taylor and Barbour County.

### Home Loan Program

Home Ownership Made Easy is a loan program funded by the West Virginia Housing Development Fund. This program provides new home ownership opportunities for income-eligible individuals or families who have a steady source of income and a good credit rating. Credit payments are negotiated with the West Virginia Housing Development Fund, which lowers the payment to a percentage of the household income. Loans are given over a twenty-year period at a 0% fixed rate with the unpaid balance forgiven at the end of the period.

### HELP Loan Program

The West Virginia Housing Development Fund also funds the Home Emergency Loan Program. This program provides for emergency repairs to an owner-occupied home. The program addresses repairs, such as furnaces, new roofs, and foundations. The minimum loan amount is \$1,000 and the maximum may go as high as \$10,000 with written approval from West Virginia Housing Development. Applicants who exceed 80 percent of the median family income will require approval by the Executive Director of the West Virginia Housing Development Fund. Emergency situations dictate the use of HELP funds. Structural or construction problems that threaten the health or safety of inhabitants constitute emergency situations. The Organization does not issue HELP funds for use in the 100-year flood plain or where there has been flood damage. Community Action issues HELP loans at 3% interest over eight years. Clients pay whatever the amortized amount is for their loan for that period.

### Scott Place and Randolph County Shelters

North Central West Virginia Community Action, Inc. operates two homeless shelters. Scott Place Shelter in Marion County provides a 33-bed facility for men, women, and children. The Randolph County Shelter is a 15-bed facility located in Elkins, West Virginia.

### Weatherization

The Weatherization Assistance Program provides weatherization assistance utilizing US Department of Energy (DOE) and US Department of Health & Human Resources (DHHR) appropriations, along with utility partnership funding to increase the energy efficiency of dwellings owned or occupied by low-income persons or to provide such persons with renewable energy systems or technologies, reduce their total residential expenditures, and improve their health and safety. The funds are limited to low-income persons who are particularly vulnerable such as elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden.

### Emergency Food and Shelter Program

The Emergency Food and Shelter Program (formerly known as FEMA) provides funding for special emergency needs. Emergency needs for this program must be economic, not disaster-related emergencies. The funding is used to supplement feeding, sheltering (including transitional sheltering), rent and mortgage, and utility payments. North Central West Virginia Community Action is the administrator of EFSP funds in Marion, Preston, Randolph, Tucker, Pocahontas, Greenbrier, and Harrison Counties.

### Volunteer Income Tax Assistance

The Volunteer Income Tax Assistance (VITA) Program offers free income tax preparation services to low to moderate-income people and assists eligible individuals in securing the Earned Income Tax Credit (EITC), a credit available to many working families in West Virginia. The EITC is a special federal tax credit for working families who meet the eligibility requirements. Eligibility generally changes from year to year. If eligible, families may receive money back from the Internal Revenue Service (IRS) even if they don't owe taxes, but a return must be filed. Working families in West Virginia may also qualify for the Child Tax Credit (CTC), depending on income and the number of dependent children in the household. Free Tax preparation is offered in every county that North Central WV Community Action serves. North Central also works with other organizations on a local and state level to ensure that free tax assistance, asset development, and financial literacy are offered to all working families. For several years, NCWVCAA has received funding from the WV Department of Health and Human Services to assist with this program.

### Supportive Housing Program

North Central WV Community Action's Next Step Transitional and Permanent Housing Projects signify a dramatic step forward in the organization's ability to assist recently homeless to chronically homeless individuals and families move from homelessness to self sufficiency. Through grants from the US Department of Housing and Urban Development (HUD), the West Virginia Housing Development Fund, and a generous bequest from a private donor, a total of 17 beds of housing have been created, with accompanying comprehensive case management and supportive services for homeless individuals and families looking for a new start. The project includes 4 units of newly constructed transitional housing, 2 units of newly constructed ADA accessible permanent supportive housing, and 3 rehabilitated units of permanent supportive housing. The Supportive Housing Program provides a means for homeless individuals and families to reach the following three simple, yet often daunting, goals set forth by HUD:

- 1) Achieve residential stability,
- 2) Increase their skill levels and/or incomes; and
- 3) Obtain greater self-determination (i.e., more influence over decisions that affect their lives).

## HPRP

Homeless Prevention and Rapid Re-Housing (HPRP) is funded through the American Recovery and Reinvestment Act (ARRA) and NCWVCAA is awarded funds through the Department of Housing and Urban Development via the Governor's Office for Economic Opportunity. NCWVCAA covers Barbour, Taylor, Tucker, Greenbrier, Randolph, Pocahontas, Monongalia, Marion and Preston counties. This is a time limited program, set for a maximum of three years by HUD, which will end July 31, 2013. These funds provide direct financial assistance and case management services to eligible individuals or families who are at risk of becoming homeless or are already homeless. Financial assistance may be used for rent or utility payments or deposits, credit counseling services, moving costs, and other costs associated with preventing a disruption in housing. Case management focused on self-sufficiency and goal-setting, and housing search and placement assistance are also be provided through these funds. The goals of HUD are to prevent households from ever becoming homeless and reduce the length of time households remain homeless in shelters or institutions. With the passage of the HEARTH (Homeless Emergency and Rapid Transition to Housing) Act, HPRP is expected to continue in some fashion in the coming years.

## TRAILCO ELECTRIC EFFICIENCY PARTNERSHIP

This is a program designed to reduce heating, cooling, and electric base load costs for low-income families in the power company's service territory, by improving the energy efficiency services of their homes. Participation will be restricted to those low-income customers who qualify for the U.S Department of Energy's Weatherization Assistance Program and are customers of the local power company.

## **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 when incurred.

### 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 and Cash Equivalents

Cash and cash equivalents include cash accounts not subject to withdrawal restrictions and highly liquid instruments with an initial maturity of three months or less.



### Inventory

In accordance with grant award budgets approved by funding sources, inventory is charged to expense in the period during which it is purchased instead of being recognized as an asset and being expensed when consumed.

### Accounts Receivable and Grants Receivable

Management considers accounts receivable and grants receivables fully collectible at June 30, 2013, and writes off uncollectible receivables to operations.

### Property and Equipment

The Organization purchases the majority of its property and equipment with funds provided by restrictive grants. Property and equipment purchased with funds from such grants are subject to restrictions regarding use and disposition. Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets. Items of property and equipment purchased with grant funds are not reported as contributions as grantors expect to receive commensurate value from the Organization.

### Net Asset Classification

Net assets of the Organization 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 North Central West Virginia Community Action Association, Inc. and/or the passage of time.

### Donor Restrictions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.

The Organization 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 as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

When long-lived assets are placed in service, thus satisfying purpose restrictions, the amount is included as a change in net assets, restricted and unrestricted. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

The Organization reports gifts of equipment, or other long-lived assets, as unrestricted support unless donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor restrictions about how long those long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

### Grant Revenues

Grant revenues related to the provision of services and/or the incurrence of qualified expenses are reported as unrestricted revenues inasmuch as these grant revenues are based on the premise that the grantor, generally governmental agencies, provided the funding or transferred assets in exchange transactions whereby the grantor expects to receive commensurate value.

Long-lived assets provided by the grantor and cash provided explicitly for the purpose of acquiring long-lived assets are excluded from the excess of revenues and other support over expenses. The Organization has received substantial grant funding used for the purpose of long-lived assets, and certain obligations relating to the use of such items exist, including potential return of the respective assets to the grantor agency or proceeds received from the sale of such respective items.

### Interest

All interest costs incurred during the year ended June 30, 2013, have been expensed and are included in the other operating expenses in the statement of activities.

### Advertising Costs

All advertising costs of \$28,046 have been expensed and are included in other operating expenses in the statement of activities.

### Income Taxes

North Central West Virginia Community Action Association, Inc. is a not-for-profit organization and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

### Donated Services, Space and Other

Donated (in-kind) matching is required by certain funding sources. For the Head Start programs, donated hourly services are valued at the beginning wage of a Head Start program aide plus the applicable fringe benefit rate.

Donated space is valued at the estimated fair rental value. Donated other is valued at the estimated fair market value at the date of receipt.

### **NOTE 3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at June 30, 2013, was as follows:

Cash and cash equivalents – unrestricted	<u>\$ 594,827</u>
Cash and cash equivalents – restricted	<u>\$ 229,563</u>

### **NOTE 4. PROPERTY AND EQUIPMENT**

As described in Note 2, significant items of property and equipment have been funded from governmental and other grant proceeds. These grantors have residual interests in the property.

The following summarizes assets identifiable to those grantors at June 30, 2013.

	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2013</u>
Head Start program	\$ 3,995,740	\$ 344,353	\$ 1,545	\$ 4,338,548
Community Service Block Grant Program	395,934	1,995	-	397,929
ESGP Homeless Shelter program	121,523	3,024	-	124,547
Weatherization program	1,071,388	3,934	23,398	1,051,924
CHDO	1,042,266	-	-	1,042,266
Other	<u>1,657,139</u>	<u>-</u>	<u>-</u>	<u>1,657,139</u>
Total cost grantor property and equipment	8,283,989	353,306	24,943	8,612,352
Corporate	<u>780,595</u>	<u>6,869</u>	<u>-</u>	<u>787,464</u>
Total cost property and equipment	9,064,584	360,175	24,943	9,399,816
Less accumulated depreciation	<u>4,781,637</u>	<u>632,600</u>	<u>24,943</u>	<u>5,389,294</u>
Property and equipment, net	<u>\$ 4,282,948</u>	<u>\$ (272,425)</u>	<u>\$ -</u>	<u>\$ 4,010,523</u>



## NOTE 5. LINE OF CREDIT

The Organization has a Bank line of credit with a borrowing limit of \$160,000. At June 30, 2013, the outstanding balance was -0-. During the year the organization did not borrow on the line of credit.

## NOTE 6. LONG-TERM DEBT

Long-term debt at June 30, 2013, consists of the following:

Bank loan, payable in monthly installments of \$643 including interest of 5.00%, maturity date December 2024, secured by deed of trust. \$ 62,389

Annual maturities of the note payable as of June 30, 2013, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,880	\$ 3,839	\$ 7,719
2015	4,130	3,589	7,719
2016	4,396	3,323	7,719
2017	4,678	3,041	7,719
Thereafter	<u>45,305</u>	<u>11,750</u>	<u>57,055</u>
Total	<u>\$ 62,389</u>	<u>\$ 25,542</u>	<u>\$ 87,931</u>

The roll forward of the note payable is as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Note payable	<u>\$ 66,082</u>	<u>\$ -</u>	<u>\$ 3,693</u>	<u>\$ 62,389</u>	<u>\$ 3,880</u>
Totals	<u>\$ 66,082</u>	<u>\$ -</u>	<u>\$ 3,693</u>	<u>\$ 62,389</u>	<u>\$ 3,880</u>

## NOTE 7. PENSION PLAN

North Central West Virginia Community Action Association, Inc. participates in a contributory, defined contribution pension plan that covers all employees who regularly work 20 or more hours per week. The employee may begin contributing upon hire a minimum of 3%. After one-year, the agency contributions to the plan are based on a percentage of salaries as follows: 4% 1 to 5 years of service, 6% for 5 to 10 years of service, and 10% for over 10 years of service.

The Organization's contribution will not exceed \$2,000 per employee per year. Total contributions recognized by the Organization for the year ended June 30, 2013, were \$101,729 and are included in the payroll taxes and employee benefits on the Statement of Activities and Changes in Net Assets.

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

Cash Balances in Excess of FDIC Insurance

North Central West Virginia Community Action Association, Inc. maintains cash in demand deposit accounts with a federally insured bank. During the year, the balances in these accounts may be in excess of federally insured limits. In management's opinion, the amounts in excess of FDIC limits do not pose a significant risk.

Operating Leases

North Central West Virginia Community Action Association, Inc. leases various properties including office, parking, Head Start centers, and warehousing under operating leases on an annual and monthly basis. Rental expense for the year ended June 30, 2013, was \$138,657 and is included in facility expenses on the Statement of Activities and Changes in Net Assets.

**NOTE 9. DONATED SERVICES, SPACE AND OTHER**

North Central West Virginia Community Action Association, Inc. received donated services from unpaid volunteers, the use of various facilities without charge, and other donated items during the year ended June 30, 2013.

The following summarizes the fair value of donated services, space, and other resources as determined by the Organization:

	<u>Volunteers</u>	<u>Space</u>	<u>Other</u>	<u>Total</u>
Head Start	\$ 439,532	\$ 414,601	\$ 832,064	\$ 1,686,197
Early Head Start	<u>43,472</u>	<u>41,184</u>	<u>38</u>	<u>\$ 84,694</u>
	<u>\$ 483,004</u>	<u>\$ 455,785</u>	<u>\$ 832,102</u>	<u>\$ 1,770,891</u>

**NOTE 10. FUNCTIONAL EXPENSES**

The Organization provides various program services to area residents and their respective communities. Expenses relating to the services are as follows:

Head Start	\$ 7,796,694
Early Head Start	564,086
Weatherization	1,425,802
CSBG	880,827
Supportive Housing	92,815
West Virginia Housing Development Fund	72,548
HPRP	4,045
Other program services	444,140
General and administrative	54,781
Depreciation	<u>632,600</u>
	<u>\$ 11,968,338</u>

**NOTE 11. SUBSEQUENT EVENT**

Management is pursuing foreclosure on property that has a note receivable of approximately \$21,000. The foreclosure proceedings are at the stage of transferring ownership to the Organization so they can sell the property. Management has not provided an allowance for a possible loss on the note receivable because they think that the property will not be sold at a loss.

## **SUPPLEMENTARY INFORMATION**

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Schedule of Grant Support, Revenue and Expenses -- CSBG  
Compared to Grant Budgets to Actual (Non-GAAP)**

**For the Year Ended June 30, 2013**

	Grant Number 2012-0012			Grant Number 2013-0012		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
State grants	\$ 873,073	\$ 693,260	\$ 179,813	\$ 864,568	\$ 198,581	\$ 665,987
Program and other	-	1,037	-	-	11,340	-
Total revenues	\$ 873,073	\$ 694,297	\$ 178,776	\$ 864,568	\$ 209,921	\$ 665,987
<b>EXPENSES</b>						
Salaries/Wages	\$ 532,240	\$ 356,541	\$ 175,699	\$ 551,557	\$ 128,426	\$ 423,131
Fringe Benefits	77,005	76,014	991	130,598	19,698	110,900
Contractual	7,353	16,642	(9,289)	3,354	7,391	(4,037)
Travel	13,800	18,038	(4,238)	5,772	11,833	(6,061)
Space Cost	-	31,062	(31,062)	20,000	4,541	15,459
Utilities	-	25,125	(25,125)	16,000	5,418	10,582
Supplies/Materials	12,000	24,738	(12,738)	7,000	11,997	(4,997)
Equipment	7,050	8,554	(1,504)	7,050	2,819	4,231
Other Costs	122,300	25,411	96,889	12,200	6,756	5,444
Program Costs	36,000	31,110	4,890	36,000	9,264	26,736
Indirect Costs	65,325	45,260	20,065	75,037	16,184	58,853
Total expenses	\$ 873,073	\$ 658,495	\$ 214,578	\$ 864,568	\$ 224,327	\$ 640,241

**NOTE TO SCHEDULE**

The budget numbers above represent the complete program year budget. The actual numbers above represent the expenses incurred during the year ended June 30, 2013, related to the specific program year. The variance numbers represent the arithmetic difference between the budget and actual.

The accompanying notes are an integral part of these financial statements.

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2013**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through ID Number</u>	<u>Federal Expenditures</u>
<b><u>US Department of Health and Human Services</u></b>			
Early Head Start –Direct Award	93.600	N/A	\$ 468,785
Head Start – Direct Award	93.600	N/A	5,816,701
Passed through the West Virginia Department of Health and Human Services			
Low-Income Home Energy Assistance	93.568	2011-WX-1010	180,545
Low-Income Home Energy Assistance	93.568	2012-WX-1010	258,726
Community Services Block Grant	93.569	G-12B1WVCOSR	693,260
Community Services Block Grant	93.569	G-11B1WVCOSR	198,581
VITA/EITC	93.558	G110571	12,500
VITA/EITC	93.558	G120495	37,500
			<u>7,666,598</u>
<b><u>U.S. Department of Energy</u></b>			
Passed through the West Virginia Department of Health and Human Services			
Weatherization Assistance for Low-Income Persons	81.042	2012-WX-1010	889,215
Weatherization Assistance for Low-Income Persons -ARRA	81.042	2011-WX-1010	56,015
			<u>945,230</u>
<b><u>U.S. Department of Agriculture</u></b>			
Direct Awards			
Child and Adult Care Food Program	10.558	N/A	59,535
Summer Food Service Program for Children	10.559	N/A	2,424
			<u>61,959</u>
<b><u>U.S. Department of Veterans Affairs</u></b>			
Direct Award			
VA Homeless Providers Grant and Per diem Program	64.024	N/A	55,762
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct awards			
Supportive Housing Program	14.235	N/A	68,205
Homeless Prevention & Rapid Rehousing - ARRA	14.257	N/A	4,746
			<u>72,951</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Direct Award			
Emergency Food and Shelter National Board Program	97.024	N/A	620
			<u>\$ 8,803,120</u>

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Notes to Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2013**

**BASIS OF PRESENTATION**

This schedule of expenditures of federal awards includes the grant activity of the North Central West Virginia Community Action Association, Inc. and is presented on the basis of accounting of the various funding sources. 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 in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Schedule of Revenues and Expenditures of State Awards**

**For the Year Ended June 30, 2013**

<u>State Grantor/Program or Cluster Title</u>	<u>State Account and Agreement Number</u>	<u>Program Year</u>	<u>Expenditures</u>	<u>Revenues</u>
<b>West Virginia Department of Health &amp; Human Services</b>				
Randolph County Homeless Shelter	0403-195 G 110145	July 1, 2012 to June 30, 2013	\$ 77,294	\$ 77,294
Scott Place Homeless Shelter	0403-195 G 110146	July 1, 2012 to June 30, 2013	\$ 123,544	\$ 123,544
Total State Grants			<u>\$ 200,838</u>	<u>\$ 200,838</u>

The accompanying note is an integral part of this schedule.



**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Notes to Schedule of Revenues and Expenditures of State Awards**

**For the Year Ended June 30, 2013**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of program expenses of the Randolph County and Scott Place Homeless Shelter programs include the grant activity of NCWVCAA that the West Virginia Department of Health & Human Resources oversees, and is presented on the accrual basis of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE  
AND ON OTHER MATTERS**

# Teed & Associates, PLLC

## Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants  
Member, West Virginia Society of Certified Public Accountants  
Member, Tennessee Society of Certified Public Accountants  
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### INDEPENDENT AUDITORS' 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  
North Central West Virginia  
Community Action Association, Inc.  
Fairmont, West Virginia

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 North Central West Virginia Community Action Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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 February 15, 2015.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Central West Virginia Community Action 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 North Central West Virginia Community Action Association, Inc.'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*

To The Board of Directors  
North Central West Virginia  
Community Action Association, Inc.  
Fairmont, West Virginia  
Page 2

*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 North Central West Virginia Community Action 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. 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 North Central West Virginia Community Action Association, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Teed & Associates, PLLC*

Charleston, West Virginia  
February 15, 2014

# Teed & Associates, PLLC

## Certified Public Accountants

Established 1992

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

To The Board of Directors  
North Central West Virginia  
Community Action Association, Inc.  
Fairmont, West Virginia

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

We have audited the compliance of the North Central West Virginia Community Action Association, Inc., West Virginia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of North Central West Virginia Community Action Association, Inc.'s major federal programs for the year ended June 30, 2013. The North Central West Virginia Community Action Association 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 North Central West Virginia Community Action Association Inc.'s 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

To The Board of Directors  
North Central West Virginia  
Community Action Association, Inc.  
Fairmont, West Virginia  
Page 2

*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 the North Central West Virginia Community Action 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the North Central West Virginia Community Action Association, Inc.'s compliance.

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

In our opinion, the North Central West Virginia Community Action Association, 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, 2013.

#### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

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

Management of North Central West Virginia Community Action Association, 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 North Central West Virginia Community Action Association, 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 North Central West Virginia Community Action Association, Inc.'s internal control over compliance.

To The Board of Directors  
North Central West Virginia  
Community Action Association, Inc.  
Fairmont, West Virginia  
Page 2

*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 material weaknesses or significant deficiencies. 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.

*Red & Associates, P.C.*

Charleston, West Virginia  
February 15, 2014

**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2013**

**Section I – Summary of Auditors’ Results**

***Financial Statements***

Type of auditors’ report issued; Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None Reported

Noncompliance material to the financial statements noted?  Yes  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None Reported

Type of auditor’s 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:

Name of Federal Program or Cluster	CFDA Number(s)
Head Start and Early Start	93.600

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Auditee qualified as a low-risk auditee?  Yes  No



**NORTH CENTRAL WEST VIRGINIA  
COMMUNITY ACTION ASSOCIATION, INC.**

**Schedule of Findings and Questioned Costs (Continued)**

**For the Year Ended June 30, 2013**

**Section II – Financial Statement Findings**

There are no findings reported.

**Section III – Federal Award Findings and Questioned Costs**

There are no findings or questioned costs reported.

**Section IV – Corrective Action Plan**

A corrective action plan is not required since there are no findings of questioned costs.

**Section V – Summary Schedule of Prior Audit Findings**

There were no findings or questioned costs reported.