



Audited Financial Statements

Nicholas Community Action Partnership, Inc.

Years Ended October 31, 2012 and 2011

Audited Financial Statements

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

Years Ended October 31, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nicholas Community Action Partnership, Inc.
Summersville, West Virginia

We have audited the accompanying statements of financial position of Nicholas Community Action Partnership, Inc., (a nonprofit organization) as of October 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Nicholas Community Action Partnership, Inc.'s management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nicholas Community Action Partnership, Inc., as of October 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2013 on our consideration of Nicholas Community Action Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 10 to 13 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented on pages 24 and 25 for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures,



including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, including the schedule of expenditures of federal awards and the supplementary information on pages 10 to 13, is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 14 to 23, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Gibbons & Kawash, A.C.

Charleston, West Virginia
March 18, 2013

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

October 31, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash	\$ 163,473	\$ 47,151
Investments	285,666	282,929
Accounts receivable for reimbursable program expenditures	232,404	268,919
Other assets	44,431	53,575
Fixed assets:		
Buildings and fixtures	346,240	346,240
Land	<u>383,760</u>	<u>383,760</u>
	730,000	730,000
Less accumulated depreciation	<u>(182,608)</u>	<u>(171,573)</u>
	<u>547,392</u>	<u>558,427</u>
Total assets	<u>\$ 1,273,366</u>	<u>\$ 1,211,001</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 68,826	\$ 70,460
Accrued wages	87,889	76,558
Accrued compensated absences	87,344	86,646
Refundable advances	42,487	-
Note payable	<u>301,305</u>	<u>320,779</u>
Total liabilities	587,851	554,443
Net assets, unrestricted	<u>685,515</u>	<u>656,558</u>
Total liabilities and net assets	<u>\$ 1,273,366</u>	<u>\$ 1,211,001</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES

Years Ended October 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Federal	\$ 1,418,026	\$ 1,526,864
State	912,378	871,089
In-kind	187,191	178,855
Local match	-	8,346
Program income	250,801	301,994
Interest income	2,791	2,678
Other	<u>173,565</u>	<u>212,513</u>
Total revenues	<u>2,944,752</u>	<u>3,102,339</u>
Expenses:		
Salaries	1,429,656	1,533,023
Fringe benefits	375,127	421,738
In-kind	187,191	178,855
Contracted services	6,261	5,089
Equipment	1,177	12,956
Food purchases	196,098	202,926
Indirect costs	366,306	326,220
Insurance	30,853	37,011
Materials and supplies	85,831	120,871
Interest	11,326	13,510
Program costs	59,435	54,868
Professional fees	11,495	35,725
Rentals	4,200	4,200
Travel	30,815	42,699
Utilities	50,192	47,563
Vehicle	34,153	26,854
Repairs and maintenance	10,830	17,794
Depreciation	5,748	6,938
Miscellaneous	<u>19,101</u>	<u>21,158</u>
Total expenses	<u>2,915,795</u>	<u>3,109,998</u>
Change in net assets	28,957	(7,659)
Net assets, beginning of year	<u>656,558</u>	<u>664,217</u>
Net assets, end of year	<u>\$ 685,515</u>	<u>\$ 656,558</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS

Years Ended October 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 28,957	\$ (7,659)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	11,035	11,720
(Increase) decrease in:		
Accounts receivable for reimbursable program expenditures	36,515	14,740
Other assets	9,144	(29,921)
Increase (decrease) in:		
Accounts payable	(1,634)	14,741
Accrued wages	11,331	7,177
Accrued compensated absences	698	(18,374)
Refundable advance	<u>42,487</u>	<u>(4,852)</u>
Net cash provided by (used in) operating activities	<u>138,533</u>	<u>(12,428)</u>
Cash flows from financing activities:		
Principal payments on notes payable	<u>(19,474)</u>	<u>(16,123)</u>
Cash flows from investing activities:		
Purchase of investments	<u>(2,737)</u>	<u>(2,630)</u>
Net increase (decrease) in cash	116,322	(31,181)
Cash, beginning of year	<u>47,151</u>	<u>78,332</u>
Cash, end of year	<u>\$ 163,473</u>	<u>\$ 47,151</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESDescription of Organization

Nicholas Community Action Partnership, Inc. (NCAP) is a non-profit organization organized to carry out community action programs in Nicholas County, West Virginia, which are generally funded by grants from local, state, and federal government agencies. Such grants usually require compliance with prescribed grant conditions and other special requirements, including the furnishing of certain amounts of cash and non-cash contributions. NCAP provides services designed to combat problems of poverty and to seek the elimination or reduction of conditions of poverty.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

Cash

Cash includes deposits with financial institutions in operating accounts. All program receipts and disbursements are deposited and disbursed from a consolidated operating account.

Investments

Investments consist of certificates of deposit with local financial institutions with original maturities in excess of ninety days. Investments are carried at cost which approximates fair value.

Fixed Assets

Land, buildings, and fixtures are stated at cost or fair value based on appraisal at the date of donation. Depreciation has been provided over the estimated useful lives of the buildings and fixtures which range from 5 to 40 years, using the straight-line method. NCAP expenses capital assets purchased with grant monies where title to such assets remains with the grantor agency.

Grants and Contract Support

NCAP recognizes revenue from its cost reimbursable grants as these costs are incurred. Grant funds are received based on requests for reimbursement from the applicable agency and a liability for refundable advances is recorded when grant advances exceed costs incurred. Similarly, a receivable is recognized when costs exceed the grant advances to the extent that funding is available for reimbursement.

In-Kind Contributions

In-kind contributions for volunteer services related to the Head Start program are provided by qualified volunteers and are recognized as revenues and expenses in the year rendered based upon rates established by the Department of Labor. Revenue and the related expense for donated transportation, facility use, materials, and supplies are recorded at fair market value in the years received.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**Net Assets

NCAP has classified its net assets and its revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Assets and contributions that are not restricted by donors or for which restrictions have expired are unrestricted.

Income Taxes

NCAP is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to taxes on income derived from its exempt activities. NCAP is classified as an organization that is not a private foundation under Section 509(a)(2). NCAP is generally no longer subject to examination by taxing authorities for years prior to 2009.

Interfund Activity

All interfund transactions of support to/from programs and due to/from program balances are eliminated in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and develop certain assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results could differ from those estimates.

Subsequent Events

The date to which events occurring after October 31, 2012, have been evaluated for possible adjustment to or disclosure in the financial statements is March 18, 2013, which is the date the financial statements were available to be issued.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**2 - ALLOCATION OF INDIRECT COSTS**

NCAP allocates certain administrative costs to the various programs based upon the ratio of each program's direct costs to total direct costs, excluding capital expenditures and certain food purchases. Allocated administrative costs for the years ended October 31, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Salaries	\$ 208,155	\$ 194,627
Fringe benefits	67,634	63,245
Contracted services	27,782	2,245
Telephone and utilities	13,525	17,450
Travel	11,091	8,504
Office supplies	6,347	7,987
Interest	6,475	7,431
Program costs	85	650
Depreciation	5,286	4,783
Other	<u>19,926</u>	<u>19,298</u>
Total allocated indirect costs	<u>\$ 366,306</u>	<u>\$ 326,220</u>

3 - LONG-TERM DEBT

Long-term debt consists of a note payable to a bank, due in monthly installments of \$3,160 including interest, with a final payment due on July 15, 2022. The note bears interest at a fixed rate of 4.25%. The note payable is secured by buildings and land. Interest paid for the fiscal years ended October 31, 2012 and 2011, was \$17,801 and \$20,941, respectively, including amounts comprising indirect costs. Maturities of long-term debt are as follows for the years ended October 31:

<u>Year</u>	<u>Amount</u>
2013	\$ 25,610
2014	26,719
2015	27,877
2016	29,086
2017	30,346
Thereafter	<u>161,667</u>
	<u>\$ 301,305</u>

4 - IN-KIND CONTRIBUTIONS AND GRANT MATCHING REQUIREMENTS

NCAP receives donated services from non-qualified persons in order to meet matching requirements of certain programs. These services do not meet the criteria for reporting revenue and related expenses in these financial statements under U.S. generally accepted accounting principles. The value of these services as estimated by management amounted to \$32,553 and \$33,819, for the years ended October 31, 2012 and 2011, respectively.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**5 - RETIREMENT PLAN**

NCAP sponsors a defined contribution 401(k) retirement plan for all employees who meet the eligibility requirements of the plan. NCAP matches 50% of employee contributions up to 6% of compensation. Employer contributions for the years ended October 31, 2012 and 2011 were \$14,847 and \$17,024, respectively.

6 - CONCENTRATIONS

Financial instruments which potentially expose NCAP to concentrations of credit risk consist of cash and other deposits with financial institutions reported as investments. NCAP places its cash and other deposits with high credit quality financial institutions. At times, the interest bearing balances in such institutions may exceed the FDIC insurance limit of \$250,000, in which case NCAP requires deposit collateral agreements.

NCAP receives 48% and 49% of its revenue from federal award programs, certain of which are directly funded and others which are passed through various state and local agencies, for the years ended October 31, 2012 and 2011, respectively. Direct federal funding of the Head Start program comprises 62% and 55% of the total federal revenue received for the years ended October 31, 2012 and 2011, respectively.

7 - FUNCTIONAL EXPENSES

Expenses related to NCAP's operation of program activities are as follows:

	October 31	
	<u>2012</u>	<u>2011</u>
Program services	\$ 2,530,818	\$ 2,765,653
General and administrative	<u>384,977</u>	<u>340,745</u>
	<u>\$ 2,915,795</u>	<u>\$ 3,106,398</u>

8 - UNCERTAINTY

NCAP receives Head Start funding directly from the U.S. Department of Health and Human Services. NCAP's current contract expires with the Head Start program on May 31, 2013. NCAP is currently reapplying for continued funding of its Head Start program and anticipates receiving notification of a continuing award before their current funding expires. Such funding represents 62% of total federal funding for NCAP for the year ending October 31, 2012. Management does not have a replacement source of funding at this time to continue operating the Head Start program at the current levels without the continuation of a Head Start award.

SUPPLEMENTARY INFORMATION

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM

Year Ended October 31, 2012

	Head Start	CSBG	Non Weatherization	Weatherization	III-B
Revenues:					
Federal	\$ 883,333	\$ 235,096	\$ -	\$ 182,991	\$ 30,508
State	-	-	-	-	23,257
In-kind	187,191	-	-	-	-
Local match	-	-	-	-	-
Program income	225	-	-	-	-
Interest income	-	-	-	-	-
Other	148,556	-	3,648	6,689	-
Total revenues	1,219,305	235,096	3,648	189,680	53,765
Expenses:					
Salaries	619,933	78,135	(1,910)	88,171	20,950
Fringe benefits	190,842	29,367	(1,112)	39,603	3,710
In-kind	187,191	-	-	-	-
Contracted services	1,179	325	-	1,350	-
Equipment	-	-	-	343	-
Food purchases	21,972	-	-	-	-
Indirect costs	143,600	24,218	(967)	28,934	7,371
Insurance	13,644	1,333	-	3,364	-
Materials and supplies	14,268	3,238	-	24,996	4,050
Interest	1,565	-	-	4,406	-
Program costs	2,736	22,875	45	1,156	2,638
Professional fees	-	10,000	-	-	-
Rentals	4,200	-	-	-	-
Travel	9,189	1,695	876	370	3,031
Utilities	17,549	1,137	-	6,632	2,033
Vehicles	5,801	-	-	10,603	11,381
Repairs and maintenance	6,738	-	-	-	-
Depreciation	1,175	-	1,245	-	-
Miscellaneous	15,112	2,493	38	131	22
Total expenses	1,256,694	174,816	(1,785)	210,059	55,186
Change in net assets	(37,389)	60,280	5,433	(20,379)	(1,421)
Net assets - beginning of year	-	-	(6,027)	-	-
Support from (to) other programs	37,389	(60,280)	-	20,379	1,421
Net assets - end of year	\$ -	\$ -	\$ (594)	\$ -	\$ -

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
(Continued)

Year Ended October 31, 2012

	III-C	III-E	Right from the Start	Emergency Food and Shelter	Life
Revenues:					
Federal	\$ 66,000	\$ 14,873	\$ -	\$ 5,225	\$ -
State	161,599	-	5,435	-	205,387
In-kind	-	-	-	-	-
Local match	-	-	-	-	-
Program income	40,632	-	-	-	-
Interest income	-	-	-	-	-
Other	5,204	-	-	-	-
Total revenues	273,435	14,873	5,435	5,225	205,387
Expenses:					
Salaries	74,571	15,252	2,575	-	46,292
Fringe benefits	11,827	2,367	890	-	9,931
In-kind	-	-	-	-	-
Contracted services	-	-	-	-	-
Equipment	834	-	-	-	-
Food purchases	174,126	-	-	-	-
Indirect costs	51,690	2,614	765	888	10,148
Insurance	8,609	-	-	-	3,903
Materials and supplies	22,061	-	699	6	-
Interest	3,644	-	-	-	-
Program costs	2,249	-	-	5,122	-
Professional fees	-	-	-	-	-
Rentals	-	-	-	-	-
Travel	1,538	-	288	-	-
Utilities	19,536	-	495	-	-
Vehicles	3,685	-	-	-	2,032
Repairs and maintenance	3,590	-	-	-	-
Depreciation	2,643	-	-	-	-
Miscellaneous	527	-	-	-	-
Total expenses	381,130	20,233	5,712	6,016	72,306
Change in net assets	(107,695)	(5,360)	(277)	(791)	133,081
Net assets - beginning of year	-	-	-	-	-
Support from (to) other programs	107,695	5,360	277	791	(133,081)
Net assets - end of year	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
(Continued)

Year Ended October 31, 2012

	Medicaid	General	Lighthouse	FAIR	Community Participation
Revenues:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
State	301,222	-	169,514	39,964	6,000
In-kind	-	-	-	-	-
Local match	-	-	-	-	-
Program income	192,243	-	10,778	3,168	-
Interest income	31	2,760	-	-	-
Other	474	790	5,298	2,906	-
Total revenues	493,970	3,550	185,590	46,038	6,000
Expenses:					
Salaries	327,870	-	125,514	30,130	-
Fringe benefits	63,080	(1)	19,284	4,592	-
In-kind	-	-	-	-	-
Contracted services	913	2,494	-	-	-
Equipment	-	-	-	-	-
Food purchases	-	-	-	-	-
Indirect costs	64,965	3,376	23,315	5,389	-
Insurance	-	-	-	-	-
Materials and supplies	9,658	3,625	3,230	-	-
Interest	913	798	-	-	-
Program costs	8,087	8,527	-	-	6,000
Professional fees	-	1,495	-	-	-
Rentals	-	-	-	-	-
Travel	10,334	556	2,299	21	-
Utilities	2,505	305	-	-	-
Vehicles	-	651	-	-	-
Repairs and maintenance	502	-	-	-	-
Depreciation	685	-	-	-	-
Miscellaneous	339	222	-	-	-
Total expenses	489,851	22,048	173,642	40,132	6,000
Change in net assets	4,119	(18,498)	11,948	5,906	-
Net assets - beginning of year	429,899	232,686	-	-	-
Support from (to) other programs	34,235	1,442	(11,948)	(3,680)	-
Net assets - end of year	\$ 468,253	\$ 215,630	\$ -	\$ 2,226	\$ -

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
(Continued)

Year Ended October 31, 2011

	WV Housing CHDO	2012 Totals	2011 Totals
Revenues:			
Federal	\$ -	\$ 1,418,026	\$ 1,526,864
State	-	912,378	871,089
In-kind	-	187,191	178,855
Local match	-	-	8,346
Program income	3,755	250,801	301,994
Interest income	-	2,791	2,678
Other	-	173,565	212,513
Total revenues	<u>3,755</u>	<u>2,944,752</u>	<u>3,102,339</u>
Expenses:			
Salaries	2,173	1,429,656	1,533,023
Fringe benefits	747	375,127	421,738
In-kind	-	187,191	178,855
Contracted services	-	6,261	5,089
Equipment	-	1,177	12,956
Food purchases	-	196,098	202,926
Indirect costs	-	366,306	326,220
Insurance	-	30,853	37,011
Materials and supplies	-	85,831	120,871
Interest	-	11,326	13,510
Program costs	-	59,435	54,868
Professional fees	-	11,495	35,725
Rentals	-	4,200	4,200
Travel	618	30,815	42,699
Utilities	-	50,192	47,563
Vehicles	-	34,153	26,854
Repairs and maintenance	-	10,830	17,794
Depreciation	-	5,748	6,938
Miscellaneous	217	19,101	21,158
Total expenses	<u>3,755</u>	<u>2,915,795</u>	<u>3,109,998</u>
Change in net assets	-	28,957	(7,659)
Net assets - beginning of year	-	656,558	664,217
Support from (to) other programs	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ 685,515</u>	<u>\$ 656,558</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.
 SCHEDULE OF ASSETS ACQUIRED WITH GRANT FUNDING
 (UNAUDITED)

October 31, 2012

Program & Description	Purchase Date	Purchase Price	Program Total
Head Start:			
1995 GMC Bus	6/1/1995	33,431	
1995 GMC Bus	6/1/1995	33,431	
1999 GMC Bus	5/25/1999	34,759	
2000 GMC Bus	5/17/2000	35,943	
2000 GMC Bus	5/17/2000	35,943	
2007 I-C Bus	5/19/2006	52,595	
2007 I-C Bus	5/19/2006	52,595	
1995 Modular - Summersville	1995	56,000	#
1995 Modular - Mt. Lookout	1995	56,000	#
1995 Modular - Dixie	1995	56,000	#
1996 Modular - Panther Ck. - 50%	1996	<u>40,000</u>	#
Head Start total			\$ 486,697
CSBG:			
Sharp - 355N - Copier	6/1/2006	\$ 7,668	
2008 Chevrolet Equinox	11/06/2007	21,281	
Konica Minolta Copier	4/15/2010	6,008	
2011 I-C Bus	9/30/2010	74,105	
2011 I-C Bus	9/30/2010	<u>74,105</u>	
CSBG total			183,167
Weatherization:			
2001 Dodge Box Truck	5/8/2001	\$ 22,908	*
2001 Dodge Truck	5/8/2001	15,555	*
2008 Chevy Box Truck	11/30/2007	27,570	
Krendl Machine	01/02/2008	<u>6,297</u>	
Weatherization total			72,330
Senior Programs:			
2000 Dodge Van	10/28/1999	\$ 23,080	
2000 Dodge Mini-Van	7/5/2000	23,800	
2003 Chevy Van	1/31/2003	22,492	
2004 Chevy Van	11/24/2003	22,000	
2009 Dodge Journey	06/26/2008	23,417	
2009 Dodge Journey	06/26/2008	23,417	
2008 Ford Ranger 4x4 Hot/Cold Truck	08/19/2008	34,753	
Sharp Copier - MX - M450N	10/14/2008	7,771	
2009 Chevy Traverse	9/18/2009	26,970	
2008 Jeep Patriot	10/27/2009	11,056	
1996 Modular - Panther Ck. - 50%	1996	<u>40,000</u>	#
Senior Programs total			<u>258,756</u>
Total assets acquired with grant funding		<u>\$ 1,000,950</u>	<u>\$ 1,000,950</u>

* The amount for the vehicle was estimated by management using similar purchases as a reference.

The amount for the modular was estimated by management using similar purchases as a reference.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.
 COMMUNITY SERVICES BLOCK GRANT
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	<u>\$ 216,928</u>	<u>\$ 216,928</u>	<u>\$ -</u>
Expenses:			
Salaries	\$ 71,893	\$ 71,893	\$ -
Fringe benefits	27,570	27,570	-
Other	5,121	5,121	-
Materials and supplies	3,100	3,100	-
Program costs	72,252	72,252	-
Travel	5,000	5,000	-
Utilities/telephone	305	305	-
Contractual	9,502	9,502	-
Indirect costs	<u>22,185</u>	<u>22,185</u>	<u>-</u>
Totals	<u>\$ 216,928</u>	<u>\$ 216,928</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

FAIR
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 37,924	\$ 37,924	\$ -
Project income	3,385	3,923	(538)
Overserve	<u>-</u>	<u>2,906</u>	<u>(2,906)</u>
Total revenues	<u>\$ 41,309</u>	<u>\$ 44,753</u>	<u>\$ (3,444)</u>
Expenses:			
Salaries/wages	\$ 30,909	\$ 27,547	\$ 3,362
Fringe benefits	4,800	5,435	(635)
Indirect costs	<u>5,600</u>	<u>5,604</u>	<u>(4)</u>
Total expenses	<u>\$ 41,309</u>	<u>\$ 38,586</u>	<u>\$ 2,723</u>
Excess of revenue over expenses			<u>\$ 6,167</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

LIGHTHOUSE
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 157,563	\$ 157,563	\$ -
Project income	12,500	11,674	826
Over serve	-	298	(298)
Derecho food loss	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
 Total revenues	 <u>\$ 170,063</u>	 <u>\$ 174,535</u>	 <u>\$ (4,472)</u>
Expenses:			
Salaries/wages	\$ 120,000	\$ 107,716	\$ 12,284
Fringe benefits	19,000	18,163	837
Travel	2,000	2,375	(375)
Office supplies	3,500	1,094	2,406
Disposable supplies	3,000	769	2,231
Indirect costs	22,563	21,093	1,470
Support to nutrition program	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
 Total expenses	 <u>\$ 170,063</u>	 <u>\$ 156,210</u>	 <u>\$ 13,853</u>
 Excess of revenue over expenses			 <u>\$ 18,325</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

TITLE III-B and D
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 34,571	\$ 34,571	\$ -
State income	16,120	16,120	-
Medication management	544	544	-
Support from other programs	<u>-</u>	<u>2,909</u>	<u>(2,909)</u>
 Total revenue	 <u>\$ 51,235</u>	 <u>\$ 54,144</u>	 <u>\$ (2,909)</u>
Expenses:			
Salaries/wages	\$ 20,222	\$ 21,008	\$ (786)
Fringe benefits	3,600	4,075	(475)
Local travel	3,000	2,928	72
Telephone	1,000	1,732	(732)
Office supplies	4,044	4,050	(6)
Vehicle maintenance	4,500	6,139	(1,639)
Vehicle operation	4,800	4,395	405
Program costs	3,273	2,720	553
Indirect costs	<u>6,796</u>	<u>7,097</u>	<u>(301)</u>
 Total expense	 <u>\$ 51,235</u>	 <u>\$ 54,144</u>	 <u>\$ (2,909)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

TITLE III-C (ONE)
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 33,000	\$ 33,000	\$ -
State income	72,000	72,000	-
Project income	16,000	28,390	(12,390)
Overserve meals	-	449	(449)
Support from other programs	-	11,143	(11,143)
Support from in home services	-	<u>2,000</u>	<u>(2,000)</u>
 Total revenue	 <u>\$ 121,000</u>	 <u>\$ 146,982</u>	 <u>\$ (25,982)</u>
Expenses:			
Salaries/wages	\$ 25,701	\$ 25,674	\$ 27
Fringe benefits	3,616	3,185	431
Disposable supplies	5,000	6,446	(1,446)
Rent	2,000	1,917	83
Telephone	1,000	1,152	(152)
Utilities	6,000	7,302	(1,302)
Depreciation	-	1,264	(1,264)
Bldg.repairs/maint.	2,000	1,682	318
Program costs	7,883	2,201	5,682
Insurance-liability	1,800	2,785	(985)
Insurance-flood	-	1,237	(1,237)
Food purchases	50,000	73,538	(23,538)
Indirect costs	<u>16,000</u>	<u>18,599</u>	<u>(2,599)</u>
 Total expenses	 <u>\$ 121,000</u>	 <u>\$ 146,982</u>	 <u>\$ (25,982)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

TITLE III-C (TWO)
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal Income	\$ 33,000	\$ 33,000	\$ -
State income	104,345	104,345	-
Project income	6,000	11,173	(5,173)
Support from LIFE	56,839	56,839	-
Overserve meals	-	4,756	(4,756)
Support from in home services	-	3,000	(3,000)
Support from other programs	<u>-</u>	<u>18,611</u>	<u>(18,611)</u>
 Total revenue	 <u>\$ 200,184</u>	 <u>\$ 231,724</u>	 <u>\$ (31,540)</u>
Expenses:			
Salaries/wages	\$ 51,896	\$ 47,857	\$ 4,039
Fringe benefits	8,171	5,376	2,795
Disposable supplies	7,000	16,084	(9,084)
Rent	2,000	1,960	40
Telephone	1,000	1,390	(390)
Utilities	6,000	8,710	(2,710)
Depreciation	-	1,264	(1,264)
Bldg.repairs/maint.	2,000	1,658	342
Vehicle maintenance	1,000	-	1,000
Vehicle operation	4,000	4,071	(71)
Vehicle insurance	1,000	315	685
Program costs	7,478	2,904	4,574
Insurance-liability	1,800	3,225	(1,425)
Insurance-flood	-	1,237	(1,237)
Food purchases	81,839	105,730	(23,891)
Indirect costs	<u>25,000</u>	<u>29,943</u>	<u>(4,943)</u>
 Total expenses	 <u>\$ 200,184</u>	 <u>\$ 231,724</u>	 <u>\$ (31,540)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

TITLE III-E
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 14,873	\$ 14,873	\$ -
Support from life	5,000	5,000	-
Support from other programs	<u>-</u>	<u>1,312</u>	<u>(1,312)</u>
Total revenue	<u>\$ 19,873</u>	<u>\$ 21,185</u>	<u>\$ (1,312)</u>
Expenses:			
Salaries/wages	\$ 15,176	\$ 15,999	\$ (823)
Fringe benefits	2,150	2,333	(183)
Indirect costs	<u>2,547</u>	<u>2,853</u>	<u>(306)</u>
Total expenses	<u>\$ 19,873</u>	<u>\$ 21,185</u>	<u>\$ (1,312)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

LIFE
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	<u>\$ 202,830</u>	<u>\$ 202,830</u>	<u>\$ -</u>
Expenses:			
Salaries	\$ 79,273	\$ 79,273	\$ -
Fringe benefits	16,936	16,936	-
Vehicle insurance	6,000	6,000	-
Indirect costs	15,621	15,621	-
Support to senior programs	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Total expense	<u>\$ 202,830</u>	<u>\$ 202,830</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.
 COMMUNITY PARTNERSHIP PROJECT
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>
Expenses:			
Senior community partnership project	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended October 31, 2012

Federal Grantor/ Pass-through Grantor Program Title	CFDA Number	Federal Expenditures
Department of Health and Human Services		
Head Start (Direct Assistance)	93.600	\$ 873,760
Passed through the WV Office of Economic Opportunity:		
Community Services Block Grant	93.569	235,095
Low-Income Home Energy Assistance	93.568	59,578
Passed through the Appalachian Area Agency on Aging:		
Special Programs for the Aging - Title III B	93.044	30,508
Special Programs for the Aging - Title III C	93.045	66,000
National Family Caregiver Support - Title III E	93.052	14,873
Department of Agriculture		
Passed through the WV Department of Education :		
School Breakfast Program	10.553	9,573
Department of Energy		
Passed through the WV Office of Economic Opportunity:		
Weatherization Assistance for Low-Income Persons	81.042	48,387
ARRA - Weatherization Assistance for Low-Income Persons	81.042	75,027
Department of Homeland Security		
Emergency Food and Shelter	97.024	<u>5,225</u>
Total federal expenditures		<u>\$ 1,418,026</u>

See Note to the Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Nicholas Community Action Partnership, Inc., and is presented in conformity with accounting principles generally accepted in the United States of America. 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*. Because the schedule presents only a selected portion of the operations of the Nicholas Community Action Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Nicholas Community Action Partnership, Inc.

**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
Nicholas Community Action Partnership, Inc.
Summersville, West Virginia

We have audited the financial statements of Nicholas Community Action Partnership, Inc. (NCAP) as of and for the year ended October 31, 2012, and have issued our report thereon dated March 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of NCAP is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered NCAP's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NCAP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NCAP's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCAP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with



those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of NCAP in a separate letter dated March 18, 2013.

NCAP's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit NCAP's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Gibbons & Kawash, A.C.".

Charleston, West Virginia
March 18, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Nicholas Community Action Partnership, Inc.
Summersville, West Virginia

Compliance

We have audited Nicholas Community Action Partnership, Inc.'s (NCAP), 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 NCAP's major federal programs for the year ended October 31, 2012. NCAP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of NCAP's management. Our responsibility is to express an opinion on NCAP's compliance based on our audit.

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

In our opinion, Nicholas Community Action Partnership, Inc., complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2012.

Internal Control over Compliance

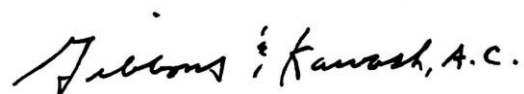
The management of NCAP, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered NCAP's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 NCAP'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of NCAP's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on NCAP's compliance but not to provide an opinion on the effectiveness of NCAP's internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering NCAP's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



Charleston, West Virginia
March 18, 2013

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended October 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? 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 program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start

Dollar threshold used to distinguish between
Type A and type B programs: \$ 300,000Auditee qualified as low-risk auditee? Yes No

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended October 31, 2012

Section II - Financial Statement Findings

2012-1 FINANCIAL REPORTINGCondition:

Significant audit adjustments were proposed and accepted by management to correct the unaudited balances of assets, net assets, revenues and expenses reported in the October 31, 2012 financial statements.

Criteria:

Management of the Organization should prepare financial statements that conform to United States generally accepted accounting principles.

Cause:

Management's review of the financial statements at year end did not identify that all financial closing adjustments had not been prepared and recorded for the year ended October 31, 2012.

Effect:

Errors or misstatements in the financial statements prepared by management were not detected or corrected by management in a timely manner.

Recommendation:

We recommend that management complete a review of the year end closing checklist in accordance with the existing policy and procedure manual, including the evaluation of all journal entries, the allocation of revenue and costs, and a review of the final trial balance.

Views of Responsible Officials:

Nicholas Community Action Partnership, Inc. Finance Personnel will complete and review the Year-end closing checklist along with a staff person from the Grants Management System during their on-site Year End Close-out. GMS is the Accounting Software for Nicholas Community Action Partnership. The evaluation of all Journal entries, the allocation of revenue and costs, and a review of the final trial balance are all a part of the Year-end Closeout.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended October 31, 2012

Section III - Federal Award Findings and Questioned Costs

None were noted.