



**NICHOLAS COMMUNITY ACTION
PARTNERSHIP, INC.**

AUDITED FINANCIAL STATEMENTS

Years Ended October 31, 2019 and 2018

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT.....	1
AUDITED FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statement of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7
OTHER INFORMATION	
Schedule of Activity by Program.....	13
Schedule of Assets Acquired with Grant Funding (Unaudited).....	17
Schedules of Revenues and Expenses Compared to Budget (Unaudited).....	18
Schedule of Expenditures of Federal Awards.....	27
Notes to the Schedule of Expenditures of Federal Awards.....	28
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	29
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	33



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Nicholas Community Action Partnership, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended October 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nicholas Community Action Partnership, Inc. as of October 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years 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 an opinion on the financial statements as a whole. The accompanying schedule of activity by program on pages 13-16 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 on pages 27-28, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other information on pages 17 to 26, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020, on our consideration of the 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 solely 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 effectiveness of Nicholas Community Action Partnership, Inc.'s 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 Nicholas Community Action Partnership, Inc.'s internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
April 15, 2020

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENTS OF FINANCIAL POSITION

October 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 853,689	\$ 668,076
Investments	216,221	215,495
Accounts receivable for reimbursable program expenditures	221,813	284,423
Other assets	16,067	17,540
Property and equipment, net (Note 4)	<u>677,008</u>	<u>698,608</u>
 Total assets	 <u>\$ 1,984,798</u>	 <u>\$ 1,884,142</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 93,171	\$ 106,310
Accrued wages	129,621	68,762
Accrued compensated absences	95,821	104,219
Refundable advances	10,926	8,343
Long-term debt (Note 5)	95,143	128,199
Total liabilities	<u>424,682</u>	<u>415,833</u>
 NET ASSETS, WITHOUT DONOR RESTRICTIONS	 <u>1,560,116</u>	 <u>1,468,309</u>
 Total liabilities and net assets	 <u>\$ 1,984,798</u>	 <u>\$ 1,884,142</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENTS OF ACTIVITIES
Years ended October 31, 2019 and 2018

	2019	2018
REVENUES		
Federal	\$ 1,943,039	\$ 1,774,831
State	643,498	518,064
Service fees, net	1,476,374	1,689,902
In-kind (Note 6)	165,511	210,486
Program income	78,003	66,579
Auxiliary income	219,450	344,731
Interest income	2,078	1,146
Total revenues	4,527,953	4,605,739
EXPENSES (Note 9)		
Salaries	1,906,202	1,826,337
Fringe benefits	409,776	402,908
In-kind	165,511	210,486
Contracted services	570,285	807,281
Equipment	12,169	17,173
Food purchases	239,688	218,722
Indirect costs (Note 3)	328,218	300,696
Insurance	12,147	10,942
Materials and supplies	361,786	246,581
Interest	2,991	3,847
Program costs	91,124	108,222
Professional fees	23,696	24,767
Travel	59,944	61,794
Utilities	54,898	52,294
Vehicle	57,278	58,337
Repairs and maintenance	37,347	34,630
Depreciation	103,086	87,506
Total expenses	4,436,146	4,472,523
Change in net assets	91,807	133,216
Net assets, beginning of year	1,468,309	1,335,093
Net assets, end of year	\$ 1,560,116	\$ 1,468,309

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended October 31, 2019

	PROGRAM SERVICES					SUPPORTING SERVICES	
	Head Start	Community Services	Energy Program	Senior Services	Total Program Services	General and Administrative	Total
Salaries	\$ 708,740	\$ 46,816	\$ 116,393	\$ 1,034,253	\$ 1,906,202	\$ -	\$ 1,906,202
Fringe benefits	220,451	8,474	31,013	149,838	409,776	-	409,776
In-kind	165,511	-	-	-	165,511	-	165,511
Contracted services	3,534	27,104	22,464	514,159	567,261	3,024	570,285
Equipment	-	-	12,169	-	12,169	-	12,169
Food purchases	45,400	-	-	194,288	239,688	-	239,688
Indirect costs	108,777	17,645	49,719	148,563	324,704	3,514	328,218
Insurance	3,361	-	2,046	5,407	10,814	1,333	12,147
Materials and supplies	25,443	3,648	282,320	48,452	359,863	1,923	361,786
Interest	450	-	1,118	1,273	2,841	150	2,991
Program costs	6,385	35,383	20,696	23,667	86,131	4,993	91,124
Professional fees	-	22,827	869	-	23,696	-	23,696
Travel	25,238	16,248	822	14,759	57,067	2,877	59,944
Utilities	16,930	3,285	9,655	24,679	54,549	349	54,898
Vehicles	15,408	2,314	11,278	28,278	57,278	-	57,278
Repairs and maintenance	24,549	-	-	8,803	33,352	3,995	37,347
Depreciation	47,196	19,400	18,339	16,609	101,544	1,542	103,086
Total expense by function	\$ 1,417,373	\$ 203,144	\$ 578,901	\$ 2,213,028	\$ 4,412,446	\$ 23,700	\$ 4,436,146

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENTS OF CASH FLOWS
Years Ended October 31, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	\$ 91,807	\$ 133,216
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	106,790	91,210
(Increase) decrease in:		
Accounts receivable for reimbursable program expenditures	62,610	84,353
Other assets	1,473	1,856
Increase (decrease) in:		
Accounts payable	(13,139)	45,177
Accrued wages	60,859	10,066
Accrued compensated absences	(8,398)	(3,100)
Refundable advances	2,583	(48,221)
Net cash provided by operating activities	304,585	314,557
INVESTING ACTIVITIES		
Purchase of property and equipment	(85,190)	(210,235)
Proceeds from sale (purchase) of investments	(726)	(965)
Net cash used in investing activities	(85,916)	(211,200)
FINANCING ACTIVITIES		
Principal payments on long-term debt	(33,056)	(31,665)
NET INCREASE IN CASH	185,613	71,692
CASH AND CASH EQUIVALENTS, beginning	668,076	596,384
CASH AND CASH EQUIVALENTS, ending	\$ 853,689	\$ 668,076
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 4,864	\$ 6,255

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

**NOTES TO FINANCIAL STATEMENTS
Years Ended October 31, 2019 and 2018**

Note 1. Description of the Organization and Summary of Significant Accounting Policies

Description 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 and cash equivalents

Cash and cash equivalents consists of demand deposits and short term investments that can be readily converted to cash. 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 which have original maturity dates in excess of ninety days.

Property and equipment

Property and equipment are stated at cost or, in the case of donated assets, at fair value based on appraisal on the date of donation. Maintenance and repairs are charged to operations as incurred and assets with a cost of \$5,000 or more with a useful life of over one year are capitalized. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	20 years
Building and fixtures	5 - 40 years
Equipment	5 - 12 years
Vehicles	4 - 10 years

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.

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended October 31, 2019 and 2018

Note 1. Description of the Organization and Summary of Significant Accounting Policies (Continued)

Service fees

NCAP has agreements with Medicaid that provide for payments to NCAP for services at predetermined rates based on the services provided. Service fees are reported net of contractual adjustments or the net realizable amounts from Medicaid under various agreements. NCAP's ability to receive future payments from these sources depends on legislation enacted and resources available to the State of West Virginia and the Medicaid program.

In-kind contributions

In-kind contributions for volunteer services related to Head Start and other programs 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 actual cost or through valuation procedures set forth as part of federal cost principles in the year received.

Net assets

The accompanying financial statements present information regarding NCAP's financial position and activities according to two classes of net assets, differentiated based on the existence or absence of donor-imposed restrictions, which are described below:

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of NCAP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no net assets with donor restrictions at October 31, 2019 and 2018.

Not-for-profit financial statement presentation

During the year ended October 31, 2019, NCAP adopted Accounting Standards Update (ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is focused on amendments to net asset classification, expense classification, and the statement of cash flows, while improving information provided in the financial statements and the notes to financial statements about liquidity and financial performance. NCAP has applied the guidance to the current presentation of the accompanying financial statements and retrospectively to the comparative period presented. Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2019 financial statements. The new guidance had the following impact on the NCAP's financial statements:

- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include new disclosures about liquidity and availability of resources (Note 2).
- The financial statements include the statement of functional expenses, which reports expenses by their natural and functional classification for the year ended October 31, 2019.

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

**NOTES TO FINANCIAL STATEMENTS
Years Ended October 31, 2019 and 2018**

Note 1. Description of the Organization and Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses

The cost of providing the various services and programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services based on direct labor costs, square footage, and other reasonable methods.

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).

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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results in the near-term could differ from the estimates used to prepare these financial statements.

Subsequent events

Subsequent events were evaluated through April 15, 2020, which is the date the financial statements were available to be issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties may have arisen which are likely to negatively impact NCAP, however, such impact cannot be reasonably estimated at this time.

Note 2. Liquidity and Availability of Resources

NCAP strives to maintain liquid financial assets sufficient enough to cover 12 months of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and high-performance money market funds. These funds are available to meet general expenditures.

The biggest percentage of expenditures for NCAP are grant related, which are reimbursed by the grantor. The administrative costs are allocated throughout the grants by using an indirect cost allocation plan. NCAP operates with a balanced budget and anticipates collecting enough revenue to cover general expenditures not covered by donor-restricted resources.

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NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended October 31, 2019 and 2018

Note 2. Liquidity and Availability of Resources (Continued)

The following reflects NCAP's financial assets as of October 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 853,689	\$ 668,076
Accounts receivables	221,813	284,423
Investments	<u>216,221</u>	<u>215,495</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,291,723</u>	<u>\$ 1,167,994</u>

Note 3. 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, certain food purchases and certain contracted services. Allocated administrative costs are as follows:

	<u>2019</u>	<u>2018</u>
Salaries	\$ 218,950	\$ 198,233
Fringe benefits	54,845	54,478
Contracted services	2,090	585
Telephone and utilities	12,186	12,912
Travel	2,820	3,715
Office supplies	11,021	8,286
Interest	1,873	2,408
Depreciation	3,704	3,704
Other	<u>20,729</u>	<u>16,375</u>
Total allocated indirect costs	<u>\$ 328,218</u>	<u>\$ 300,696</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at October 31:

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 119,760	\$ 119,760
Building and fixtures	278,388	278,388
Equipment	109,080	96,046
Vehicles	<u>1,279,357</u>	<u>1,207,202</u>
	1,786,585	1,701,396
Less accumulated depreciation	<u>(1,109,577)</u>	<u>(1,002,788)</u>
	<u>\$ 677,008</u>	<u>\$ 698,608</u>

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended October 31, 2019 and 2018

Note 5. Long-Term Debt

Long-term debt consists of a note payable to a bank, due in monthly installments of \$3,160 including interest at 4.25%, with a final payment due on July 15, 2022. The note is secured by buildings and land. Interest paid for the fiscal years ended October 31, 2019 and 2018, was \$4,864 and \$6,255, respectively, including amounts comprising indirect costs. Maturities of long-term debt are as follow at October 31:

<u>Year</u>	<u>Amount</u>
2020	\$ 34,712
2021	36,216
2022	<u>24,215</u>
	<u>\$ 95,143</u>

Note 6. In-Kind Contributions and Grant Matching Requirements

NCAP receives donated services in order to meet matching requirements of certain grants and programs which are reported as revenues and related expenses in the accompanying financial statements as \$165,511 and \$210,486 for the years ended October 31, 2019 and 2018, respectively. Services that do not meet the criteria for reporting revenue and related expenses in these financial statements under U.S. generally accepted accounting principles are not reported. The value of those unreported services, as estimated by management, amounted to \$48,346 and \$37,311, for the years ended October 31, 2019 and 2018, respectively.

Note 7. 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, 2019 and 2018 were \$18,773 and \$16,230, respectively.

Note 8. 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 received 43% and 39% 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, 2019 and 2018, respectively. Direct federal funding of the Head Start and the related school breakfast program comprises 50% and 51% of the total federal revenue received for the years ended October 31, 2019 and 2018, respectively.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended October 31, 2019 and 2018

Note 9. Functional Expenses

NCAP presented a statement of functional expenses for the year ended October 31, 2019, in accordance with ASU 2016-14 *Not-for-Profit Entities* (Note 1). Expenses related to NCAP's operation of program activities are as follows for the year ended October 31, 2018:

Program services	\$ 4,144,621
General and administrative	<u>327,902</u>
	<u>\$ 4,472,523</u>

Note 10. New Accounting Pronouncements

Revenue recognition

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which is effective for annual reporting periods beginning after December 15, 2018, or October 31, 2020 for NCAP. The standard will eliminate the transaction-specific and industry-specific revenue recognition guidance under current GAAP and replace it with a principles based approach for determining revenue recognition. Management is currently evaluating the impact of this standard on the financial statements.

Accounting for Contributions

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, was issued by the FASB in June 2018, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. This standard provides guidance in evaluating the appropriate characterization and accounting treatment for government grants, a topic that has been the subject of much professional debate. The standard will be effective for NCAP for the year ended October 31, 2020. Management is currently evaluating the impact of this standard on the financial statements.

Leases

The FASB issued ASU 2016-02, *Leases*, in February 2016, which is effective for annual reporting periods beginning after December 15, 2020, or October 31, 2022 for NCAP. Among the standard's provisions is a right-of-use (ROU) model requiring a lessee to record, for all leases exceeding 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. Lessors are required to classify leases as either sales-type, direct financing or operating, similar to existing GAAP, based on five criteria defined in the Standard. Management is currently evaluating the impact of this standard on the financial statements.

OTHER INFORMATION

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
Year Ended October 31, 2019

	<u>Head Start</u>	<u>CSBG</u>	<u>Weatherization</u>	<u>III-B</u>
REVENUES				
Federal	\$ 972,311	\$ 191,309	\$ 569,669	\$ 32,254
State	-	-	-	10,350
Service fees, net	-	-	-	-
In-kind	165,511	-	-	-
Program income	50	-	14,466	-
Auxiliary income	200,000	-	18,904	-
Interest income	-	-	-	-
Total revenues	<u>1,337,872</u>	<u>191,309</u>	<u>603,039</u>	<u>42,604</u>
EXPENSES				
Salaries	708,740	46,816	116,393	26,105
Fringe benefits	220,451	8,474	31,013	4,511
In-kind	165,511	-	-	-
Contracted services	3,534	27,104	22,464	-
Equipment	-	-	12,169	-
Food purchases	45,400	-	-	-
Indirect costs	108,777	15,167	49,719	3,804
Insurance	3,361	-	2,046	-
Materials and supplies	25,443	3,328	282,320	-
Interest	450	-	1,118	-
Program costs	6,385	21,291	20,696	-
Professional fees	-	22,827	869	-
Travel	25,238	4,540	822	99
Utilities	16,930	3,285	9,655	1,572
Vehicles	15,408	2,314	11,278	7,024
Repairs and maintenance	24,549	-	-	-
Depreciation	47,196	19,400	18,339	-
Total expenses	<u>1,417,373</u>	<u>174,546</u>	<u>578,901</u>	<u>43,115</u>
Change in net assets	(79,501)	16,763	24,138	(511)
Net assets - beginning of year	225,771	47,922	141,753	-
Support from (to) other programs	<u>28,788</u>	<u>(41,218)</u>	<u>9,171</u>	<u>511</u>
Net assets - end of year	<u>\$ 175,058</u>	<u>\$ 23,467</u>	<u>\$ 175,062</u>	<u>\$ -</u>

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

**SCHEDULE OF ACTIVITY BY PROGRAM
Year Ended October 31, 2019**

	<u>III-C</u>	<u>III-D</u>	<u>III-E</u>	<u>Emergency Food and Shelter</u>
REVENUES				
Federal	\$ 131,984	\$ 2,753	\$ 17,422	\$ 14,414
State	170,484	380	5,159	-
Service fees, net	-	-	-	-
In-kind	-	-	-	-
Program income	39,204	-	1,241	-
Auxiliary income	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>341,672</u>	<u>3,133</u>	<u>23,822</u>	<u>14,414</u>
EXPENSES				
Salaries	128,250	2,395	19,259	-
Fringe benefits	20,794	299	2,496	-
In-kind	-	-	-	-
Contracted services	2,525	-	-	-
Equipment	-	-	-	-
Food purchases	194,288	-	-	-
Indirect costs	40,313	390	2,105	1,365
Insurance	5,407	-	-	-
Materials and supplies	27,861	1,330	-	320
Interest	1,011	-	-	-
Program costs	2,008	-	-	14,092
Professional fees	-	-	-	-
Travel	747	-	22	-
Utilities	18,174	-	-	-
Vehicles	9,332	-	-	-
Repairs and maintenance	4,475	-	-	-
Depreciation	2,000	-	-	-
Total expenses	<u>457,185</u>	<u>4,414</u>	<u>23,882</u>	<u>15,777</u>
Change in net assets	(115,513)	(1,281)	(60)	(1,363)
Net assets - beginning of year	-	-	-	-
Support from (to) other programs	<u>115,513</u>	<u>1,281</u>	<u>60</u>	<u>1,363</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
Year Ended October 31, 2019

	<u>Medicaid</u>	<u>Lighthouse</u>	<u>FAIR</u>	<u>LIFE</u>
REVENUES				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	177,276	72,504	207,345
Service fees, net	1,476,374	-	-	-
In-kind	-	-	-	-
Program income	1,418	10,573	5,392	1,077
Auxiliary income	546	-	-	-
Interest income	-	-	-	-
Total revenues	<u>1,478,338</u>	<u>187,849</u>	<u>77,896</u>	<u>208,422</u>
EXPENSES				
Salaries	620,377	126,819	53,376	57,672
Fringe benefits	85,668	18,200	7,631	10,239
In-kind	-	-	-	-
Contracted services	511,634	-	-	-
Equipment	-	-	-	-
Food purchases	-	-	-	-
Indirect costs	72,875	14,414	5,887	8,775
Insurance	-	-	-	-
Materials and supplies	13,076	1,796	540	3,849
Interest	262	-	-	-
Program costs	20,557	785	317	-
Professional fees	-	-	-	-
Travel	9,875	3,871	-	145
Utilities	4,933	-	-	-
Vehicles	919	-	-	11,003
Repairs and maintenance	223	-	-	4,105
Depreciation	14,609	-	-	-
Total expenses	<u>1,355,008</u>	<u>165,885</u>	<u>67,751</u>	<u>95,788</u>
Change in net assets	123,330	21,964	10,145	112,634
Net assets - beginning of year	855,793	84,762	1,227	11,298
Support from (to) other programs	<u>(119)</u>	<u>-</u>	<u>(7,623)</u>	<u>(107,506)</u>
Net assets - end of year	<u>\$ 979,004</u>	<u>\$ 106,726</u>	<u>\$ 3,749</u>	<u>\$ 16,426</u>

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
Year Ended October 31, 2019

	CSBG		2019 Totals	2018 totals
	T&TA	General		
REVENUES				
Federal	\$ 10,923	\$ -	\$ 1,943,039	\$ 1,774,831
State	-	-	643,498	518,064
Service fees, net	-	-	1,476,374	1,689,902
In-kind	-	-	165,511	210,486
Program income	-	4,582	78,003	66,579
Auxiliary income	-	-	219,450	344,731
Interest income	-	2,078	2,078	1,146
Total revenues	<u>10,923</u>	<u>6,660</u>	<u>4,527,953</u>	<u>4,605,739</u>
EXPENSES				
Salaries	-	-	1,906,202	1,826,337
Fringe benefits	-	-	409,776	402,908
In-kind	-	-	165,511	210,486
Contracted services	-	3,024	570,285	807,281
Equipment	-	-	12,169	17,173
Food purchases	-	-	239,688	218,722
Indirect costs	1,113	3,514	328,218	300,696
Insurance	-	1,333	12,147	10,942
Materials and supplies	-	1,923	361,786	246,581
Interest	-	150	2,991	3,847
Program costs	-	4,993	91,124	108,222
Professional fees	-	-	23,696	24,767
Travel	11,708	2,877	59,944	61,794
Utilities	-	349	54,898	52,294
Vehicles	-	-	57,278	58,337
Repairs and maintenance	-	3,995	37,347	34,630
Depreciation	-	1,542	103,086	87,506
Total expenses	<u>12,821</u>	<u>23,700</u>	<u>4,436,146</u>	<u>4,472,523</u>
Change in net assets	(1,898)	(17,040)	91,807	133,216
Net assets - beginning of year	-	99,783	1,468,309	1,335,093
Support from (to) other programs	<u>1,898</u>	<u>(2,119)</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ 80,624</u>	<u>\$ 1,560,116</u>	<u>\$ 1,468,309</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ASSETS ACQUIRED WITH GRANT FUNDING (UNAUDITED)

As of October 31, 2019

<u>Program & Description</u>	<u>Purchase Date</u>	<u>Purchase Price</u>	<u>Program Total</u>
Head Start:			
2007 I-C Bus	5/19/2006	\$ 52,595	
1995 Modular - Mt. Lookout	1993	56,000 #	
1996 Modular - Panther Ck. - 50%	1996	40,000 #	
2016 I-C Bus	2/3/2015	87,962	
2005 Bus INC	8/6/2015	21,000 *	
2006 Bus I-C	8/6/2015	26,000 *	
2006 Bus I-C	8/6/2015	26,000 *	
2006 Bus I-C	8/6/2015	26,000 *	
2018 Bus I-C	1/24/2017	83,130	
2019 Bus I-C	7/12/2018	83,477	
Head Start total			\$ 502,164
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	74,105	
Ford Explorer	11/25/2014	30,975	
Xerox Copier	3/17/2015	7,408	
CSBG total			221,550
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	6,297	
2018 Dodge Ram Chassis Cab	10/17/2017	48,606	
2018 Dodge Ram Chassie (Tool Truck)	12/6/2017	45,151	
2018 Ford F-150 Pick Up Truck	12/6/2017	32,918	
Krendl Machine	12/27/2018	7,909	
2019 Ford 550	1/10/2019	52,244	
Weatherization total			259,158
Senior Programs:			
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	
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	40,000 #	
1995 Modular - Panther Ck.	3/24/2014	5,800	
Sharp Copier - MX-3640	9/11/2014	7,342	
Chevy UT	3/20/2015	21,324	
2017 Ford Escape	8/10/2016	23,562	
2006 Ford Super Duty Coach	2/7/2017	8,000	
2018 Ford 150 Hot/Cold Truck	4/26/2018	48,689	
2019 Subaru Forester	1/22/2019	19,912	
Salad Bar	9/4/2019	5,125	
Senior Programs total			352,013
TOTAL ASSETS ACQUIRED WITH GRANT FUNDING		\$ 1,334,885	\$ 1,334,885

* 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.

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

COMMUNITY SERVICES BLOCK GRANT
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET (UNAUDITED)
Program Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
Federal income	<u>\$ 218,682</u>	<u>\$ 218,682</u>	<u>\$ -</u>
EXPENSES			
Salaries	\$ 48,689	\$ 48,689	\$ -
Fringe benefits	9,199	9,199	-
Other	11,799	11,799	-
Materials and supplies	7,233	7,233	-
Program costs	61,960	61,960	-
Travel	2,687	2,687	-
Contractual	61,558	61,558	-
Indirect costs	<u>15,557</u>	<u>15,557</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 218,682</u>	<u>\$ 218,682</u>	<u>\$ -</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
State income	\$ 154,500	\$ 154,500	\$ -
Project income	8,500	8,894	(394)
	<u>\$ 163,000</u>	<u>\$ 163,394</u>	<u>\$ (394)</u>
TOTAL REVENUE			
EXPENSES			
Salaries/wages	\$ 115,000	\$ 107,729	\$ 7,271
Fringe benefits	20,000	15,939	4,061
Travel	4,000	3,423	577
Office supplies	1,500	711	789
Disposable supplies	2,000	1,496	504
Employment testing	1,000	-	1,000
Indirect costs	19,500	12,130	7,370
	<u>\$ 163,000</u>	<u>\$ 141,428</u>	<u>\$ 21,572</u>
TOTAL EXPENSES			

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
State income	\$ 59,549	\$ 59,549	\$ -
Project income	<u>4,500</u>	<u>4,204</u>	<u>296</u>
 TOTAL REVENUE	<u>\$ 64,049</u>	<u>\$ 63,753</u>	<u>\$ 296</u>
 EXPENSES			
Salaries/wages	\$ 46,049	\$ 42,098	\$ 3,951
Fringe benefits	10,000	6,204	3,796
Office supplies	1,000	792	208
Indirect costs	<u>7,000</u>	<u>4,605</u>	<u>2,395</u>
 TOTAL EXPENSES	<u>\$ 64,049</u>	<u>\$ 53,699</u>	<u>\$ 10,350</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
State income	\$ 196,800	\$ 196,800	\$ -
Support from other programs	<u>-</u>	<u>4,902</u>	<u>(4,902)</u>
TOTAL REVENUES	<u>\$ 196,800</u>	<u>\$ 201,702</u>	<u>\$ (4,902)</u>
EXPENSES			
Salaries	\$ 21,973	\$ 25,725	\$ (3,752)
Fringe benefits	4,255	5,697	(1,442)
Vehicle insurance	8,429	8,361	68
Supplies	4,500	4,500	-
Building repairs/maint.	3,000	3,000	-
Indirect costs	4,708	4,484	224
Support to senior programs	<u>149,935</u>	<u>149,935</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 196,800</u>	<u>\$ 201,702</u>	<u>\$ (4,902)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

TITLE III-B
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET (UNAUDITED)
Program Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
Federal income	\$ 32,254	\$ 32,254	\$ -
State income	10,432	10,432	-
Support from other programs	-	511	(511)
TOTAL REVENUES	<u>\$ 42,686</u>	<u>\$ 43,197</u>	<u>\$ (511)</u>
EXPENSES			
Salaries/wages	\$ 26,225	\$ 26,202	\$ 23
Fringe benefits	4,560	4,557	3
Telephone	1,500	1,504	(4)
Vehicle maintenance	3,100	3,604	(504)
Vehicle operation	2,676	2,723	(47)
Vehicle insurance	800	800	-
Indirect costs	3,825	3,807	18
TOTAL EXPENSES	<u>\$ 42,686</u>	<u>\$ 43,197</u>	<u>\$ (511)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

**TITLE III-C
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET (UNAUDITED)
Program Year Ended September 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUE			
Federal income	\$ 27,084	\$ 27,084	\$ -
State income	56,273	56,273	-
Project income	25,000	31,307	(6,307)
Support from LIFE	39,900	39,900	-
Seniors state supplement	6,821	6,821	-
Seniors life state supplement	701	701	-
TOTAL REVENUE	<u>\$ 155,779</u>	<u>\$ 162,086</u>	<u>\$ (6,307)</u>
EXPENSES			
Salaries/wages	\$ 40,277	\$ 39,473	\$ 804
Fringe benefits	7,300	6,786	514
Local travel	326	346	(20)
Office supplies	1,750	1,769	(19)
Disposable supplies	3,887	3,278	609
Permits & licenses	360	426	(66)
Employment testing	180	252	(72)
Rent	600	462	138
Utilities	8,400	7,633	767
Depreciation	960	800	160
Bldg. repairs/maint.	2,400	2,074	326
Contracted services	1,150	1,190	(40)
Advertisement	140	178	(38)
Insurance - liability	2,600	2,149	451
Food purchases	72,326	74,938	(2,612)
Indirect costs	13,123	13,691	(568)
TOTAL EXPENSES	<u>\$ 155,779</u>	<u>\$ 155,445</u>	<u>\$ 334</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, 2019

	Budget	Actual	Under (Over)
REVENUES			
Federal Income	\$ 104,900	\$ 104,900	\$ -
State income	84,410	84,410	-
Project income	10,000	8,611	1,389
Support from LIFE	64,061	64,061	-
Seniors state supplement	7,547	7,547	-
Seniors life state supplement	6,103	6,103	-
Support from other programs	52,493	11,555	40,938
TOTAL REVENUE	\$ 329,514	\$ 287,187	\$ 42,327
 EXPENSES			
Salaries/wages	\$ 91,902	\$ 87,753	\$ 4,149
Fringe benefits	35,370	14,405	20,965
Local travel	415	442	(27)
Office supplies	2,540	2,552	(12)
Disposable supplies	18,610	18,711	(101)
Permits & licenses	565	564	1
Employment testing	323	333	(10)
Rent	900	673	227
Telephone	2,100	2,056	44
Utilities	10,500	8,145	2,355
Depreciation	1,440	1,200	240
Bldg. repairs/maint.	3,600	2,084	1,516
Contracted services	1,400	1,460	(60)
Advertisement	210	200	10
Vehicle maintenance	4,360	4,380	(20)
Vehicle operation	6,500	4,905	1,595
Insurance - liability	3,900	3,223	677
Food purchase	113,055	114,870	(1,815)
Indirect costs	31,824	25,873	5,951
TOTAL EXPENSES	\$ 329,514	\$ 293,829	\$ 35,685

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

TITLE III-D

SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET (UNAUDITED)

Program Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
Federal income	\$ 2,153	\$ 2,153	\$ -
State income	380	380	-
Support from other programs	-	975	(975)
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>\$ 2,533</u>	<u>\$ 3,508</u>	<u>\$ (975)</u>
EXPENSES			
Salaries/wages	\$ 962	\$ 1,650	\$ (688)
Fringe benefits	165	218	(53)
Supplies	1,151	1,330	(179)
Indirect costs	255	310	(55)
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 2,533</u>	<u>\$ 3,508</u>	<u>\$ (975)</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
Federal income	\$ 17,422	\$ 17,422	\$ -
State income	4,641	4,641	-
Program Income	1,856	1,504	352
Support from LIFE	8,070	8,070	-
Seniors state supplement	356	356	-
Seniors life state supplement	250	250	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>\$ 32,595</u>	<u>\$ 32,243</u>	<u>\$ 352</u>
EXPENSES			
Salaries/wages	\$ 24,056	\$ 19,599	\$ 4,457
Fringe benefits	3,700	2,483	1,217
Indirect costs	4,839	2,132	2,707
Support to senior programs	-	8,029	(8,029)
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 32,595</u>	<u>\$ 32,243</u>	<u>\$ 352</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended October 31, 2019

Federal Grantor/ Pass-through Grantor Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures
Department of Health and Human Services			
Head Start (Direct Assistance)	93.600	N/A	\$ 943,988
Passed through the WV Office of			
Economic Opportunity:			
Community Services Block Grant	93.569	18CSBG-F11	53,341
Community Services Block Grant	93.569	19CSBG-F11	137,968
Community Services Block Grant	93.569	18CSBG-DT11	923
Community Services Block Grant	93.569	19CSBG-DT11	10,000
Total Community Services Block Grant			<u>202,232</u>
Low-Income Home Energy Assistance	93.568	DHHRWX1709	105,692
Low-Income Home Energy Assistance	93.568	DHHRWX1809	165,873
Low-Income Home Energy Assistance	93.568	18NHEP-F11	44,266
Low-Income Home Energy Assistance	93.568	19NHEP-F11	195,703
Total Low-Income Home Energy Assistance			<u>511,534</u>
Passed through the Appalachian Area			
Agency on Aging:			
Special Programs for the Aging - Title III B	93.044	-	32,254
Special Programs for the Aging - Title III C	93.045	-	131,984
Total Aging Cluster			<u>164,238</u>
Special Programs for the Aging - Title III D	93.043	-	2,153
National Family Caregiver Support - Title III E	93.052	-	17,422
Special Programs for the Aging - Title VII Chapter 3	93.041	-	600
Department of Agriculture			
Passed through the WV Department of			
Education :			
School Breakfast Program	10.553	N/A	28,323
Department of Energy			
Passed through the WV Office of			
Economic Opportunity:			
Weatherization Assistance for Low-Income Persons	81.042	DOEWX1808	53,477
Weatherization Assistance for Low-Income Persons	81.042	DOEWX1908	4,658
Department of Homeland Security			
Emergency Food and Shelter (Direct Assistance)	97.024	N/A	<u>14,414</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,943,039</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended October 31, 2019**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of the Nicholas Community Action Partnership, Inc. (NCAP), 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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

Note 2. Indirect Cost Rate

NCAP has elected not to use 10 percent de-minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Board of Directors
Nicholas Community Action Partnership, Inc.
Summersville, 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 Nicholas Community Action Partnership, Inc. (NCAP) (a nonprofit organization), which comprise the statement of financial position as of October 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCAP'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*.

NCAP's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCAP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
April 15, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Nicholas Community Action Partnership, Inc.'s (NCAP) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NCAP's major federal programs for the year ended October 31, 2019. NCAP'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NCAP'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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of NCAP's compliance.

Opinion on Each Major Federal Program

In our opinion, NCAP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each its major federal programs for the year ended October 31, 2019.

Report on Internal Control Over Compliance

Management of NCAP 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 NCAP'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 the Uniform Guidance, 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
April 15, 2020

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended October 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's reports issued: Unmodified

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 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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
93.568	Low-Income Home Energy Assistance

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

Section II - Financial Statement Findings

2019-001 – ACCOUNTS PAYABLE CUTOFF (MATERIAL WEAKNESS)

Condition:

Certain expenses and related liabilities were not accrued and recognized in NCAP's original general ledger for the year ended October 31, 2019.

Criteria:

Generally accepted accounting principles requires accounts payable and related expenses to be reported and recognized in the period they are incurred.

Cause:

Amounts were received and recognized as income for the reimbursement of certain eligible expenses, while the corresponding expense and accounts payable were not properly recorded during the year ended October 31, 2019.

Effect:

An audit adjustment was proposed and made by management to NCAP's financial statements for the year ended October 31, 2019, to correct expenses and liabilities that were understated by \$37,531.

Recommendation:

We recommend that Management of NCAP implement procedures and controls over financial reporting to evaluate the proper recognition of expenses and accounts payable prior to the established year-end closing and review process.

Views of Responsible Officials:

NCAP finance personnel complete a closing checklist at fiscal year-end. The review of eligible expenses as compared to their associated revenues to determine that all expenses have been properly recorded has been added to the checklist. The checklist will be reviewed by the Chief Financial Officer (CFO) and Controller. Program Managers have also implemented a checklist to ensure that all expenses are submitted to the finance department. This checklist will be reviewed by the CFO and Controller when expenses are submitted via voucher for payment. Program management has also set up notifications when revenue is received from certain payers as a prompt to complete the process of submitting completed invoicing for qualifying and eligible expenses.

Section III - Federal Award Findings and Questioned Costs

No findings were identified that are required to be reported under this section.



March 12, 2020

Nicholas Community Action Partnership, Inc.

2019-001 – Accounts Payable Cutoff (Material Weakness)

Response to Nicholas Community Action Partnership, Inc. FY 2018/2019 Financial Statement Finding:

Person responsible for corrective action: Tammy Hughes, CFO
Completion Date: 3/12/2020

Nicholas Community Action Partnership, Inc. Finance Personnel completes a Year-end closing checklist at Fiscal Year End. The review of eligible expenses as compared to their associated revenues to determine that all expenses have been properly recorded has been added to the checklist. The checklist will be reviewed by the CFO and the Controller. Program Managers have also implemented a checklist to ensure that all expenses are submitted to the finance department. This checklist will be reviewed by the CFO and Controller when expenses are submitted via voucher for payment. Program management has also set up notifications when revenue is received from certain payers as a prompt to complete the process of submitting completed invoicing for qualifying and eligible expenses.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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