

NORTH CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2016

With Independent Auditor's Report Thereon

DAVID L. HOWELL, CPA
PO BOX 598
CABIN CREEK, WEST VIRGINIA

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

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David L. Howell Member AICPA
Certified Public Accountant WVSCPA

Post Office Box 598
Cabin Creek, WV 25035
(304) 595-5212
davidhowellcpa@suddenlink.net

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the North Central West Virginia Community Action Association, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Association'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 Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Central West Virginia Community Action Association, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses, schedules of grant support, revenue and expenses - CSGB - compared to grant budgets to actual (Non-GAAP), and the schedule of revenues and expenditures of state awards are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2017, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



David L. Howell, CPA
Cabin Creek, West Virginia
February 15, 2017

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 576,195
Restricted cash	149,221
Grants receivable	1,088,061
Other receivables	13,980
Assets held for resale	186,807
Prepaid expenses and deposits	<u>97,169</u>
Total current assets	<u>2,111,433</u>

PROPERTY AND EQUIPMENT, NET

3,208,220

Total Assets

\$ 5,319,653

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Notes payable, current maturities	\$ 4,378
Accounts payable and accrued expenses	825,205
Accrued payroll and benefits	462,767
Other payables	40,429
Deferred revenue	<u>55,736</u>
Total current liabilities	<u>1,388,514</u>

LONG TERM DEBT

Note payable, long-term portion	<u>45,455</u>
Total long-term liabilities	<u>45,455</u>
Total liabilities	<u>1,433,969</u>

NET ASSETS

Temporarily restricted	389,532
Unrestricted	<u>3,496,152</u>
Total net assets	<u>3,885,684</u>
Total liabilities and net assets	<u><u>\$ 5,319,653</u></u>

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

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT:			
Grant revenue			
Federal direct	\$ 6,676,800	\$ -	\$ 6,676,800
State/pass through	2,643,309	-	2,643,309
State -- West Virginia Housing Development Fund	-	21,000	21,000
Loss on sale of houses built with West Virginia Housing Development Funds		(96,475)	(96,475)
Program income	532,026	-	532,026
In-kind matching	2,037,729	-	2,037,729
Miscellaneous income	97,353	-	97,353
Donations	79,591	-	79,591
Total revenues and other support	<u>12,066,808</u>	<u>(75,475)</u>	<u>11,991,332</u>
EXPENSES:			
Head Start	8,155,335	-	8,155,335
Early Head Start	535,892	-	535,892
Weatherization	1,293,225	-	1,293,225
CSBG	915,914	-	915,914
Continuum of Care	103,346	-	103,346
West Virginia Housing Development Fund	116,762	-	116,762
SSVF	318,776	-	318,776
Other program services	409,492	-	409,492
General and Administrative	10,686	-	10,686
Depreciation	514,218	-	514,218
Total expenses	<u>12,373,646</u>	<u>-</u>	<u>12,373,646</u>
Change in net assets	(306,838)	(75,475)	(382,313)
NET ASSETS AT BEGINNING OF YEAR	<u>3,802,990</u>	<u>465,007</u>	<u>4,267,997</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,496,152</u>	<u>\$ 389,532</u>	<u>\$ 3,885,684</u>

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

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (382,313)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	514,218
(Increase) decrease in:	
Accounts receivable	(5,396)
Grants receivable	285,826
Assets held for resale	278,200
Prepaid expenses and deposits	9,301
(Decrease) increase in:	
Accounts payable	(250,495)
Accrued payroll and benefits	131,101
Other payables	(2,152)
Deferred revenue	<u>(77,780)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>500,508</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(285,868)</u>
 NET CASH (USED) IN INVESTING ACTIVITIES	 <u>(285,868)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on long-term notes	<u>(4,443)</u>
 NET CASH (USED) IN FINANCING ACTIVITIES	 <u>(4,443)</u>

Net decrease in cash 210,197

CASH AT BEGINNING OF THE YEAR 515,219

CASH AT END OF THE YEAR \$ 725,416

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

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 1 DESCRIPTION OF ORGANIZATION

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

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

Programs include the following:

Head Start and Early Head Start

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

Community Services Block Grant Programs

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

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

LIEAP

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

Summer Feeding

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

Gardens Program

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

CHDO

Comprehensive Housing Development Associations are grants from the West Virginia Housing Development Fund for specific low income housing projects. In recent years, the Association has received funding to complete housing units in Taylor and Barbour County.

HOMELESS SHELTERS

The Association operates two homeless shelters. Scott Place Shelter is located in Marion County which provides a 39-bed facility for men, women, and children. The Randolph County Shelter is a 15-bed facility located in Elkins, West Virginia. Funding is provided from many sources including, DHHR, VETS, United Way, and other donations.

Weatherization

The Weatherization Assistance Program provides weatherization assistance utilizing

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Emergency Food and Shelter Program

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

Volunteer Income Tax Assistance

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

Continuum of Care

The Continuum of Care Program is designed to promote community wide commitment to the goal of ending homelessness by providing services to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness. The program's goal is to promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Trailco Electric Efficiency Partnership

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

SSVF

Supportive Services for Veteran Families Program purpose is to provide supportive services to very low-income Veteran families living in or transitioning to permanent housing.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Reporting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred. These financial statements are presented in accordance with Statement on Financial Accounting Standards No. 117 *Financial Statements for Nonprofit Organizations*, which requires that resources be classified for reporting purposes into three net asset categories as temporarily restricted, permanently restricted and unrestricted net assets according to the existence or absence of donor-imposed restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

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

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Inventory

In accordance with grant award budgets approved by funding sources, inventory is charged to expense in the period during which it is purchased instead of being recognized as an asset and being expensed when consumed. Management believes the effect on the financial statements are not significant.

Accounts Receivable and Grants Receivable

Management considers accounts receivable and grants receivables fully collectible at June 30, 2016, and writes off uncollectible receivables to operations.

Property and Equipment

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

Net Asset Classification

Net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets that are not subject to donor-imposed stipulations.

Temporarily and Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Association and/or the passage of time.

At June 30, 2016, the Association reported \$389,532 in Temporarily Restricted Net Assets on the Statement of Activities. The Temporarily Restricted Net Assets are the result of receiving grants from the West Virginia Housing Development Fund to build low income housing units in Taylor and Barbour County.

Donor Restrictions

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

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

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

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

Grant Revenues

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

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

Interest

All interest costs incurred during the year ended June 30, 2016, were expensed.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Advertising Costs

All advertising costs of \$25,110 were expensed during the year.

Income Taxes

Under provisions of the Internal Revenue Code, Section 501(c) 3, and the applicable income tax regulations of the State of West Virginia, the Association is exempt from taxes on income other than unrelated business income. Since the Association had no net unrelated business income during the year ended June 30, 2016, no provision for income taxes has been made.

The Association has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

The Association has no material uncertain tax positions to be accounted for in the financial statements under the new rules. The Association recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Management believes that returns filed for years prior to 2011 are no longer subject to examination.

Donated Services, Space and Other

Donated (in-kind) matching is required by certain funding sources. For the Head Start programs, donated hourly services are valued at the beginning wage of a Head Start program aide plus the applicable fringe benefit rate. For the COC program, donated hourly services are valued at a per dollar amount based on a memorandum on an understanding agreement with provider.

Donated space is valued at the estimated fair rental value determined by an independent, certified appraisal. Donated other is valued at the estimated fair market value at the date of receipt.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2016, was as follows:

Cash and cash equivalents - unrestricted	\$ 576,195
Cash and cash equivalents - restricted	<u>149,221</u>
Total cash and cash equivalents	<u>\$ 725,416</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 PROPERTY AND EQUIPMENT

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

The following summarizes assets identifiable to those grantors at June 30, 2016.

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2016</u>
Head Start program	\$ 4,444,811	\$ 285,868	\$ 1,265	\$ 4,729,414
Community Service Block Grant Program	404,507		18,000	386,507
ESGP Homeless Shelter program	124,547		-	124,547
Weatherization program	1,051,924		-	1,051,924
CHDO	1,042,267		-	1,042,267
Other	<u>1,674,851</u>	<u>-</u>	<u>-</u>	<u>1,674,851</u>
Total cost grantor property and equipment	8,742,907	285,868	19,265	9,009,509
Corporate	<u>787,464</u>	<u>-</u>	<u>-</u>	<u>787,464</u>
Total cost property and equipment	9,530,371	285,868	19,265	9,796,974
Less accumulated depreciation	<u>6,093,801</u>	<u>514,218</u>	<u>19,265</u>	<u>6,588,754</u>
Property and equipment, net	<u>\$ 3,436,570</u>	<u>\$ (228,350)</u>	<u>\$ -</u>	<u>\$ 3,208,220</u>

NOTE 5 LINE OF CREDIT

The Association has a bank line of credit with a borrowing limit of \$160,000. At June 30, 2016, the outstanding balance was \$-0-. During the year the Association did not borrow on the line of credit.

NOTE 6 LONG-TERM DEBT

Long-term debt at June 30, 2016, consists of the following:

Bank loan, payable in monthly installments of \$643 including interest of 6.25%, maturity date December, 2024 secured by deed of trust.

\$ 49,833

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual maturities of the note payable as of June 30, 2016, are as follows:

Year Ended	Principal	Interest	Total
6/30/2017	4,738	2,980	7,718
6/30/2018	5,043	2,676	7,719
6/30/2019	5,367	2,351	7,718
6/30/2020	5,713	2,006	7,719
6/30/2021	6,080	1,639	7,719
6/30/2025	22,892	2,493	25,385
	<u>49,833</u>	<u>14,145</u>	<u>63,978</u>

The roll forward of the note payable is as follows:

	Balance at 6/30/2015	Additions	Payments	Balance at 6/30/2016	Due Within One Year
Note payable	<u>\$ 54,276</u>	<u>\$ -</u>	<u>\$ 4,443</u>	<u>\$ 49,833</u>	<u>\$ 4,378</u>

NOTE 7 PENSION PLAN

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

The Association's contribution will not exceed \$2,000 per participant per year. Total contributions recognized by the Association for the year ended June 30, 2016, were \$98,748.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Cash Balances in Excess of FDIC Insurance

The Association maintains cash in demand deposit accounts with a federally insured bank. During the year, the balances in these accounts may be in excess of federally insured limits. At June 30, 2016 all balances were insured or collateralized.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Operating Leases

The Association leases various properties including office, parking, Head Start centers, and warehousing under operating leases on an annual and monthly basis. Rental expense for the year ended June 30, 2016, was \$236,239.

NOTE 9 DONATED SERVICES, SPACE AND OTHER

North Central West Virginia Community Action Association, Inc. received donated services from unpaid volunteers, the use of various facilities without charge, and other donated items during the year ended June 30, 2016.

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

	<u>Volunteers</u>	<u>Space</u>	<u>Goods and Services</u>	<u>Total</u>
Head Start	\$ 298,515	\$ 371,293	\$ 1,280,278	\$ 1,950,086
Early Head Start	36,888	31,389	25	68,302
Continuum of Care	-	-	19,341	19,341
	<u>\$ 335,403</u>	<u>\$ 402,682</u>	<u>\$ 1,299,644</u>	<u>\$ 2,037,729</u>

NOTE 10 SUBSEQUENT EVENTS

Management has considered all subsequent events through February 15, 2017, the date the financial statements were made available.

SUPPLEMENTARY INFORMATION

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

	Head Start	Early Head Start	Weatherization	CSBG	Continuum of Care	CHDO	SSVF	Other program services	General and administrative	Total
Contractual	\$ 1,107,270	\$ 5,197	\$ 5,792	\$ 10,984	\$ 1,508	\$ 64,476	\$ -	\$ 1,448	\$ 198	\$ 1,196,873
Depreciation	-	-	-	-	-	-	-	-	514,218	514,218
Facilities	192,331	13,712	34,811	66,577	16,891	4,660	3,788	23,075	165	356,010
Food	175,964	8,876	-	-	-	-	-	12,556	-	197,396
Fringes	603,910	50,889	144,433	108,046	12,558	3,655	17,570	39,581	131	980,773
In-kind	1,950,086	68,302	-	-	19,341	-	-	-	-	2,037,729
Insurance	71,315	7,458	13,686	11,186	4,337	11,102	1,820	6,124	-	127,028
Other	588,374	51,502	97,680	175,940	10,992	5,228	166,702	81,208	5,363	1,182,989
Salaries	3,100,970	305,402	590,272	492,142	35,127	25,059	113,503	221,475	492	4,884,442
Supplies	266,341	21,259	338,232	30,822	2,592	1,239	3,409	19,390	200	683,484
Travel	30,317	1,806	19,066	18,336	-	1,343	11,984	3,888	2,531	89,271
Vehicle	68,457	1,489	49,253	1,881	-	-	-	747	1,606	123,433
	<u>\$ 8,155,335</u>	<u>\$ 535,892</u>	<u>\$ 1,293,225</u>	<u>\$ 915,914</u>	<u>\$ 103,346</u>	<u>\$ 116,762</u>	<u>\$ 318,776</u>	<u>\$ 409,492</u>	<u>\$ 524,904</u>	<u>\$ 12,373,646</u>

See Independent Auditor's Report.

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

**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES - CSBG
COMPARED TO GRANT BUDGETS TO ACTUAL (NON-GAAP)**

Year Ended June 30, 2016

	Grant Number 16CSBG-F-12			Grant Number 15CSBG-F-12		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
State grants	\$ 924,089	\$ 369,619	\$ 554,470	\$ 862,747	\$ 485,787	\$ 376,960
Program and other	-	50	-	-	2,170	-
Total revenues	\$ 924,089	\$ 369,669	\$ 554,470	\$ 862,747	\$ 487,957	\$ 376,960
EXPENSES						
Salaries/Wages	\$ 524,320	\$ 266,400	\$ 257,920	\$ 468,980	\$ 225,743	\$ 243,237
Fringe Benefits	99,396	65,882	33,514	79,713	42,164	37,549
Contractual	14,655	4,568	10,087	13,365	5,056	8,309
Travel	21,515	4,460	17,055	19,169	8,639	10,530
Supplies/Materials	41,212	10,095	31,117	21,511	11,805	9,706
Equipment	-	-	-	12,683	7,769	4,914
Other Costs	91,761	33,298	58,463	109,644	63,166	46,478
Program Costs	60,500	23,262	37,238	71,110	57,200	13,910
Indirect Costs	70,729	43,323	27,406	66,572	33,670	32,902
Total expenses	\$ 924,089	\$ 451,288	\$ 472,801	\$ 862,747	\$ 455,212	\$ 407,535

See accompanying notes to schedule of grant support, revenue and expenses - CSBG compared to grant budgets and actual (non-gaap)

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES - CSBG
COMPARED TO GRANT BUDGETS TO ACTUAL (NON-GAAP)

Year Ended June 30, 2016

NOTE 1 BASIS OF PRESENTATION

The budget numbers above represent the complete program year budget. The actual numbers above represent the expenses incurred during the year ended June 30, 2016, related to the specific program year. The variance numbers represent the arithmetic difference between the budget and actual.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through ID Number</u>	<u>Subrecipient Pass-Through</u>	<u>Federal Expenditures</u>
<u>US Department of Health and Human Services</u>				
Head Start - Direct Award	93.600			\$ 5,023,687
Head Start Mon County Board of Education - Direct Award	93.600		SR 2015-2016	999,841
Early Head Start - Direct Award	93.600			482,825
				<u>6,506,353</u>
Passed through the West Virginia Office of Economic Opportunity				
Low-Income Home Energy Assistance	93.568	DHHRWX1410		301,080
Low-Income Home Energy Assistance	93.568	DHHRWX1510		483,435
Community Services Block Grant	93.569	15CSBG-F12		455,213
Community Services Block Grant	93.569	16CSBG-F12		460,926
Total passed through West Virginia OEO				<u>1,700,654</u>
Passed through the West Virginia Department of Health and Human Resources				
VITA/EITC	93.558	G150498		12,500
VITA/EITC	93.558	G160574		37,500
Total passed through West Virginia DHHR				<u>50,000</u>
Total U.S. Department of Health and Human Services				<u>8,257,007</u>
<u>U.S. Department of Energy</u>				
Passed through the West Virginia Office of Economic Opportunity				
Weatherization Assistance for Low-Income Persons	81.042	DOEWX1510		353,064
Total U.S. Department of Energy				<u>353,064</u>
<u>U.S. Department of Agriculture</u>				
Direct Awards				
Child and Adult Care Food Program	10.558			71,237
Summer Food Service Program for Children	10.559			4,584
Total U.S. Department of Agriculture				<u>75,821</u>
<u>U.S. Department of Veterans Affairs</u>				
Direct Award				
VA Homeless Providers Grant and Per Diem Program	64.024			55,384
VA Homeless Providers HCHV Program	64.024			17,743
Supportive Service for Veterans Families Program	64.033	SSVF2015-2016		80,872
Supportive Service for Veterans Families Program	64.033	SSVF2016-2017		22,474
Total U.S. Department of Veterans Affairs				<u>176,473</u>

See accompanying notes to schedule of expenditures of federal awards.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through ID Number</u>	<u>Subrecipient Pass-Through</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Awards				
Continuum of Care	14.235			103,346
Passed through the West Virginia Office of Economic Opportunity				
Emergency Solutions Grant Program	14.231			<u>12,338</u>
Total U.S. Department of Housing and Urban Development				<u>115,684</u>
<u>U.S. Department of Homeland Security</u>				
Direct Awards				
Emergency Food and Shelter National Board Program	97.024			<u>627</u>
Total U.S. Department of Homeland Security				<u>627</u>
Total Expenditures of Federal Awards				<u>\$ 8,978,676</u>

See accompanying notes to schedule of expenditures of federal awards.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

NOTE 1 BASIS OF PRESENTATION

This schedule of expenditures of federal awards includes the grant activity of the North Central West Virginia Community Action Association, Inc. and is presented on the full accrual basis of accounting. 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* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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

SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2016

<u>State Grantor/Program or Cluster Title</u>	<u>State Vendor Number</u>	<u>Agreement Number</u>	<u>Program Year</u>	<u>Expenditures</u>	<u>Revenues</u>
<u>West Virginia Department of Health & Human Services</u>					
Randolph County Homeless Shelter	201468	G160010	July 1, 2015 to June 30, 2016	\$ 77,294	\$ 77,294
Scott Place Homeless Shelter	201468	G160016	July 1, 2015 to June 30, 2016	\$ 123,544	\$ 123,544
Total State Grants				<u>\$ 200,838</u>	<u>\$ 200,838</u>

See accompanying notes to schedule of revenues and expenditures of state awards.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2016

NOTE 1 BASIS OF PRESENTATION

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Central West Virginia Community Action Association, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



David L. Howell, CPA
Cabin Creek, West Virginia
February 15, 2017

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:
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia:

Report on Compliance for Each Major Federal Program

We have audited North Central West Virginia Community Action Association, Inc.'s (the "Association") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Association's major federal programs for the year ended June 30, 2016. The Association'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 the Association'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 the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the North Central West Virginia Community Action Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association'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 the Association's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.



David L. Howell, CPA
Cabin Creek, West Virginia
February 15, 2017

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Section I- Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficienc(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficienc(ies) identified?	No

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with section 7.17(a) of the Uniform Guidance?	No
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.568	Low-Income Home Energy Assistance
93.569	Community Services Block Grant
81.042	Weatherization Assistance for Low-Income Persons

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Did auditee qualify as low-risk auditee?	Yes
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NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2016

Section II - Financial Statement Findings

No findings are reported.

Section III - Federal Award Findings and Questioned Costs

No findings or questioned costs reported.

Section IV - Corrective Action Plan

Not required as there are no findings or questioned costs.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

There were no findings or questioned costs in the prior year.