

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

YEAR ENDED JUNE 30, 2020

DAVID L. HOWELL, CPA
200 UPPER KANAWHA VALLEY WAY
PO BOX 598
CABIN CREEK, WEST VIRGINIA 25035

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

TABLE OF CONTENTS

Year Ended June 30, 2020

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 18
Supplementary Information:	
Schedule of Functional Expenses	19
Schedules of Grant Support, Revenue and Expenses – CSBG Compared to Grant Budgets to Actual (Non-GAAP)	20
Notes to the Schedule of Grant Support, Revenue and Expenses - CSBG Compared to Grant Budgets to Actual (Non-GAAP)	21
Schedule of Revenues and Expenditures of State Awards	22
Notes to the Schedule of Revenues and Expenditures of State Awards	23
Schedule of Expenditures of Federal Awards	24 - 26
Notes to the Schedule of Expenditures of Federal Awards	27
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 <i>Government Auditing Standards</i>	28 - 29
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	30 - 31
Schedule of Findings and Questioned Costs	32 - 33
Summary Schedule of Prior Year Findings and Questioned Costs	34

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, 2020, 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 Association as of June 30, 2020, 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), notes to schedules of grant support, revenue and expenses - CSGB - compared to grant budgets to actual (Non-GAAP), schedule of revenues and expenditures of state awards and notes to 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 and notes to schedule of expenditures of federal awards are 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 are 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 March 26, 2021, 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 the effectiveness of the Association'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 Association's internal control over financial reporting and compliance.



David L. Howell, CPA
Cabin Creek, West Virginia
March 26, 2021

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

Current assets:

Cash	\$ 463,148
Restricted cash	22,496
Grants receivable	1,741,678
Other receivables	6,399
Prepaid expenses and deposits	110,686
Total current assets	<u>2,344,407</u>

Noncurrent assets:

Property and equipment, net	<u>3,635,770</u>
-----------------------------	------------------

Total assets	<u>\$ 5,980,177</u>
--------------	---------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Notes payable, current maturities	\$ 6,029
Accounts payable and accrued expenses	1,039,025
Accrued payroll and benefits	510,912
Other payables	21,201
Deferred revenue	34,523
Total current liabilities	<u>1,611,690</u>

Long-term Liabilities:

Note payable, long-term portion	<u>23,741</u>
Total long-term liabilities	<u>23,741</u>

Total liabilities	1,635,431
-------------------	-----------

NET ASSETS

Net assets without donor restrictions	4,308,345
Net assets with donor restrictions	<u>36,401</u>
Total net assets	<u>4,344,746</u>

Total liabilities and net assets	<u>\$ 5,980,177</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, 2020

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:			
Grant revenue			
Federal direct	\$ 7,305,225	-	7,305,225
State/pass through	2,279,271	-	2,279,271
State -- West Virginia Housing Development Fund - CHDO	-	667,923	667,923
Program income	202,905	-	202,905
In-kind matching	2,473,294	-	2,473,294
Miscellaneous income	1,115,340	-	1,115,340
Donations	117,614	-	117,614
Net assets released from restrictions	913,268	(913,268)	-
Total revenues and other support	14,406,917	(245,345)	14,161,572
EXPENSES:			
Head Start	8,704,659	-	8,704,659
Head Start CARES Act	31,711	-	31,711
Early Head Start	814,824	-	814,824
Weatherization	1,359,977	-	1,359,977
CSBG	963,949	-	963,949
Continuum of Care	105,536	-	105,536
WV Housing Development Fund - CHDO	45,175	75,995	121,170
SSVF	239,626	-	239,626
Other Program Services	587,001	-	587,001
General & Administrative	8,716	-	8,716
Depreciation	417,558	-	417,558
Total expenses	13,278,732	75,995	13,354,727
Change in net assets	1,128,185	(321,340)	806,845
Net assets at beginning of year	3,180,160	357,741	3,537,901
Net assets at end of year	\$ 4,308,345	36,401	4,344,746

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 806,845
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	417,558
(Increase) decrease in:	
Accounts receivable	(3,265)
Grants receivable	(680,402)
Prepaid expenses and deposits	(50,997)
(Decrease) increase in:	
Accounts payable	264,439
Accrued payroll and benefits	(22,983)
Other payables	(14,461)
Deferred revenue	19,841
Net cash provided (used) by operating activities	<u>736,575</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(1,259,657)</u>
Net cash provided (used) in investing activities	<u>(1,259,657)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on long-term notes	<u>(1,579)</u>
Net cash provided (used) in financing activities	<u>(1,579)</u>

Net decrease in cash	(524,661)
Cash at beginning of year	<u>1,010,305</u>
Cash at end of year	<u>\$ 485,644</u>

SUPPLEMENTAL CASH FLOW DISCLOSURE:

Cash paid during the year for interest	<u>\$ 2,400</u>
--	-----------------

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, 2020

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 CSBG 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.

See independent auditor's report.

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. In December 2019, the Association completed a low-income housing project in Fairmont, West Virginia.

HOMELESS SHELTERS

The Association operates two homeless shelters. Scott Place Shelter is located in Marion County which provides a 31-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, ESG, United Way, and other donations.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Weatherization

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

Emergency Food and Shelter Program

The Emergency Food and Shelter Program (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, Taylor, 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

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

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.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU"), *Revenue from Contracts with Customers*. The effective date for this Standard for nonpublic entities is annual reporting periods beginning after December 15, 2018, with early adoption permitted for annual periods beginning after December 15, 2016. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration an organization expects to receive in exchange for those goods or services. The adoption of ASC 606 resulted in an immaterial impact to the individual financial statement line items of the Association's statement of activities during the year ended June 30, 2020.

Recently Issued Accounting Standards

In February 2016, the FASB issued Accounting Standards Update, *Leases* (Topic 842), intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the statement of assets, liabilities, and members' equity (deficit)—the new ASU will require both types of leases to be recognized on the statement of assets, liabilities, and members' equity (deficit). The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2021.

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.

See independent auditor's report.

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, 2020.

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

The Association reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – 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, 2020, the Association reported \$36,401 in Net Assets With Donor Restrictions on the Statement of Activities. The Net Assets With Donor Restrictions are the result of receiving grants from the West Virginia Housing Development Fund to build low income housing units in Taylor and Barbour County.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Donor Restrictions

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

The 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, net assets with donor restrictions are reclassified as net assets without donor restrictions 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.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Interest

All interest costs incurred during the year ended June 30, 2020, were expensed.

Advertising Costs

All advertising costs of \$2,654 were expensed during the year.

Income Taxes

The Association is exempt from federal income taxes under Section 501-C3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Under US GAAP, the Association must recognize in its financial statements the financial effects of a tax position if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken by the Association have been reviewed, and management is of the opinion that material tax positions taken by the Association would more likely than not be sustained by 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, 2020, was as follows:

Cash and cash equivalents - unrestricted	\$ 463,148
Cash and cash equivalents - restricted	<u>22,496</u>
Total cash and cash equivalents	<u><u>\$ 485,644</u></u>

See independent auditor's report.

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, 2020.

	Balance at June 30, 2019	Additions	Transfers	Disposals	Balance at June 30, 2020
Head Start program	\$ 4,388,219	154,953	-	52,997	4,490,175
Community Service Block Grant Program	349,079	29,216	-	4,155	374,140
ESGP Homeless Shelter program	86,303	-	-	-	86,303
Weatherization program	987,661	334,935	-	-	1,322,596
CHDO	1,829,823	712,404	149,596	-	2,691,823
CHDO - construction in progress	149,596	-	(149,596)	-	-
Other	1,099,541	28,450	-	-	1,127,991
Total cost grantor property and equipment	<u>8,890,222</u>	<u>1,259,958</u>	<u>-</u>	<u>57,152</u>	<u>10,093,028</u>
Corporate	554,755	-	-	-	554,755
Total cost property and equipment	<u>9,444,977</u>	<u>1,259,958</u>	<u>-</u>	<u>57,152</u>	<u>10,647,783</u>
Less accumulated depreciation	<u>6,651,310</u>	<u>417,558</u>	<u>-</u>	<u>56,855</u>	<u>7,012,013</u>
Property and equipment, net	<u>\$ 2,793,667</u>	<u>842,400</u>	<u>-</u>	<u>(297)</u>	<u>3,635,770</u>

NOTE 5 **LINE OF CREDIT**

The Association has a bank line of credit with a borrowing limit of \$160,000. At June 30, 2020, 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, 2020, 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.

\$ 29,770

See independent auditor's report.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual maturities of the note payable as of June 30, 2020, are as follows:

Year Ended	Principal	Interest	Total
6/30/2021	\$ 6,029	1,690	7,719
6/30/2022	6,416	1,302	7,718
6/30/2023	6,829	889	7,718
6/29/2024	7,268	450	7,718
6/30/2025	3,228	52	3,279
	<u>\$ 29,770</u>	<u>4,383</u>	<u>34,152</u>

The roll forward of the note payable is as follows:

	Balance at 6/30/2019	Additions	Payments	Balance at 6/30/2020	Due Within One Year
Note payable	<u>\$ 31,348</u>	<u>-</u>	<u>1,578</u>	<u>29,770</u>	<u>6,029</u>

NOTE 7 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The liquidity and availability of the Association's financial assets to fund general expenditures as of June 30, 2020, are shown below:

Financial assets:

Cash	\$ 485,644
Accounts and grants receivable	1,748,077
Total financial assets	<u>2,233,721</u>
Less: deferred revenue	(34,523)
Less: assets unavailable for general expenditures because of donor-imposed purpose restrictions	<u>(36,401)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,162,797</u>
---	---------------------

The Association is funded primarily through grants and other agreements with the federal and state governments. Grant revenues are typically received shortly after services are rendered, therefore the Association's goal is to have available financial resources sufficient to fund programs supported by grant revenues for approximately two months. Note 1 provides additional information about the Association's various programs.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 **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, 2020, were \$125,831.

NOTE 9 **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

General Information about the OPEB Plan:

Plan description. The Association contributes to the West Virginia Other Postemployment Benefit Plan (the Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia.

Benefits provided. The Plan provides medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: 1) Self-Insured Preferred Provider Benefit Plan (primarily for non-Medicare-eligible retirees and spouses) and 2) External Managed Care Organizations (primarily for Medicare-eligible retirees and spouses).

Contributions: During the year the Association contributed approximately \$193,161 for 101 active employee and 10 retiree participants.

NOTE 10 **RELATED PARTY TRANSACTIONS**

MM Dev, Inc., a Corporation solely owned by North Central West Virginia Community Action Association, Inc., (Association) was formed for the sole purpose of partnering in a consultant capacity with Morgan Housing Partners, Inc. for the purpose of rehabilitation, developing, owning and operating a 32-unit, senior, tax credit (LIHTC), affordable housing project in the City of Lewisburg, Greenbrier County, West Virginia, generally known as Morgan Manor Apartments.

In February 2020, the Association received approximately \$46,029 in development fees from MM Dev, Inc..

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 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, 2020 all balances were insured and/or collateralized.

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, 2020, was \$137,826.

NOTE 12 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, 2020.

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	\$ 201,037	635,585	1,540,051	2,376,673
Early Head Start	45,254	50,789	578	96,621
	<u>\$ 246,291</u>	<u>686,374</u>	<u>1,540,629</u>	<u>2,473,294</u>

NOTE 13 RECLASSIFICATION OF NET ASSETS

In December 2019, the Association released approximately \$913,268 of net assets from with donor restrictions to net assets without donor restrictions.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 **SUBSEQUENT EVENTS**

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. Also, in March 2020, a national emergency was declared for the United States of America and a state-of-emergency was declared for the State of West Virginia due to COVID-19. Strict measures were imposed in an attempt to reduce the spread of the virus. The financial impact of these measures, COVID-19, and related emergency procedures could adversely affect subsequent years of the entity. Should these trends continue, the impact could have a material adverse effect on the Association's financial position, results of operations, and cash flows. Those amounts, if any, are uncertain at this time and, therefore, cannot be reasonably estimated.

The Association has evaluated subsequent events occurring after the statement of financial position date through the date of March 26, 2021, the date the financial statements were available for release. Based upon this evaluation, other than previously disclosed, the Association has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Head Start	Early Head Start	Head Start CARES Act	Weatherization	CSBG	Continuum of Care	CHDO	SSVF	Other program services	General and Administrative	Total
Contractual	\$ 1,227,246	7,874	-	4,324	15,008	3,066	31,014	-	30,542	810	1,319,884
Depreciation	-	-	-	-	-	-	-	-	-	417,558	417,558
Facilities	164,558	19,719	-	40,271	59,961	18,760	1,410	3,878	38,006	376	346,939
Food	112,713	9,026	-	-	-	-	-	-	6,892	-	128,631
Fringes	577,754	74,308	-	128,146	107,675	11,532	7,883	15,171	49,525	971	972,965
In-kind	2,376,673	96,620	-	-	-	-	-	-	-	-	2,473,293
Insurance	76,411	10,598	-	12,401	11,201	5,322	11,507	1,092	8,307	84	136,923
Other	454,113	96,122	-	116,987	157,460	23,504	18,260	125,797	127,456	-	1,119,699
Salaries	3,206,887	428,392	-	702,058	566,158	41,212	46,586	82,831	302,030	6,235	5,382,389
Supplies	422,917	63,115	31,711	316,621	31,549	2,079	1,316	4,487	19,118	205	893,118
Travel	21,356	8,155	-	2,302	13,856	61	3,194	6,370	3,951	29	59,274
Vehicle	64,031	895	-	36,867	1,081	-	-	-	1,174	6	104,054
	<u>\$ 8,704,659</u>	<u>814,824</u>	<u>31,711</u>	<u>1,359,977</u>	<u>963,949</u>	<u>105,536</u>	<u>121,170</u>	<u>239,626</u>	<u>587,001</u>	<u>426,274</u>	<u>13,354,727</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, 2020

	Grant Number 20CSBG-F-12			Grant Number 19CSBG-F-12		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
State grants	\$ 994,641	282,217	712,424	\$ 957,195	661,875	295,320
Program and other	-	605	605	-	205	205
Total revenues	\$ 994,641	282,822	713,029	\$ 957,195	662,080	295,525
EXPENSES						
Salaries/Wages	\$ 572,987	216,211	356,776	\$ 569,998	342,806	227,192
Fringe Benefits	104,949	42,171	62,778	108,663	64,658	44,005
Contractual	19,007	5,251	13,756	12,225	8,683	3,542
Travel	6,500	2,368	4,132	15,402	9,026	6,376
Supplies/Materials	26,700	6,316	20,384	20,384	15,956	4,428
Equipment	21,409	-	21,409	13,992	13,992	-
Other Costs	104,687	34,677	70,010	85,681	52,758	32,923
Program Costs	55,204	12,999	42,205	48,561	27,818	20,743
Indirect Costs	83,198	29,756	53,442	82,289	51,442	30,847
Total expenses	\$ 994,641	349,750	644,891	\$ 957,195	587,138	370,057

See independent auditor's report and notes to the 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 THE SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES - CSBG
COMPARED TO GRANT BUDGETS TO ACTUAL (NON-GAAP)

Year Ended June 30, 2020

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, 2020, related to the specific program year. The variance numbers represent the arithmetic difference between the budget and actual.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2020

<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>
West Virginia Department of Health & Human Services					
Randolph County Homeless Shelter	201468	G200247	July 1, 2019 to June 30, 2020	\$ 77,294	77,294
Scott Place Homeless Shelter	201468	G200246	July 1, 2019 to June 30, 2020	<u>123,544</u>	<u>123,544</u>
Total State Grants				<u>\$ 200,838</u>	<u>200,838</u>

See independent auditor's report and notes to the schedule of revenues and expenditures of state awards.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2020

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.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity ID Number	Passed Through To Subrecipient	Federal Expenditures
<u>UNITED STATES DEPARTMENT OF AGRICULTURE:</u>				
Direct Award:				
Child and Adult Care Food Program	10.558	N/A	\$ -	49,022
<i>TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE</i>			-	49,022
<u>UNITED STATES DEPARTMENT OF ENERGY:</u>				
Passed through the West Virginia Office of Economic Opportunity:				
Weatherization Assistance for Low-Income Persons	81.042	DOEWX1809	-	618,258
Total passed through the West Virginia Office of Economic Opportunity			-	618,258
<i>TOTAL UNITED STATES DEPARTMENT OF ENERGY</i>			-	618,258
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed through the West Virginia Department of Health and Human Resources:				
Temporary Assistance for Needy Families	93.558	G190512	-	11,459
Temporary Assistance for Needy Families	93.558	G200602	-	37,500
Total for CFDA #93.558			-	48,959
Total passed through the West Virginia Department of Health and Human Resources			-	48,959
Passed through the West Virginia Office of Economic Opportunity:				
Community Services Block Grant	93.569	19CSBG-F12	-	587,138
Community Services Block Grant	93.569	20CSBG-F12	-	349,750
COVID-19 Community Services Block Grant	93.569	CSBG-CVF12	-	24,341
Total for CFDA #93.569			-	961,229
Total passed through the West Virginia Office of Economic Opportunity			-	961,229

See independent auditor's report and notes to the 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, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity ID Number	Passed Through To Subrecipient	Federal Expenditures
Head Start Cluster:				
Direct Award:				
Head Start	93.600	N/A	-	5,271,361
Head Start	93.600	SR 2019-2020	1,104,915	1,104,915
Head Start	93.600	N/A	-	710,565
COVID-19 Head Start	93.600	N/A	-	31,711
Total for CFDA #93.600			1,104,915	7,118,552
Total Head Start Cluster			1,104,915	7,118,552
 Passed through the West Virginia Office of Economic Opportunity:				
Low-Income Home Energy Assistance	93.568	DHHRWX1810	-	811,281
Low-Income Home Energy Assistance	93.568	DHHRWX1910	-	75,722
Total for CFDA #93.568			-	887,003
Total passed through the West Virginia Office of Economic Opportunity			-	887,003
 TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,104,915	9,015,743
 UNITED STATES DEPARTMENT OF HOMELAND SECURITY:				
Passed through the Marion and Tyler County United Way:				
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 35	-	4,292
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 36	-	1,230
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 37MARION	-	491
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 37PRESTON	-	270
COVID-19 Emergency Food and Shelter National Board Program	97.024	UWAYCARESMARION	-	533
Total for CFDA #97.024			-	6,816
Total passed through the Marion and Tyler County United Way			-	6,816
 TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY			-	6,816

See independent auditor's report and notes to the 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, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity ID Number	Passed Through To Subrecipient	Federal Expenditures
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Award:				
Supportive Housing Program	14.235	N/A	-	105,536
Passed through the West Virginia Office of Economic Opportunity:				
Emergency Solutions Grant Program	14.231	ESG18SCOTT	-	258
Emergency Solutions Grant Program	14.231	ESG19SCOTT	-	73,906
Emergency Solutions Grant Program	14.231	ESG18RAND	-	18,591
Emergency Solutions Grant Program	14.231	ESG19RAND	-	32,229
Total for CFDA #14.231			-	124,984
Total passed through the West Virginia Office of Economic Opportunity			-	124,984
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	230,520
<u>UNITED STATES DEPARTMENT OF VETERANS AFFAIRS</u>				
Direct Award:				
VA Homeless Providers Grant and Per Diem Program	64.024	N/A	-	71,790
VA Homeless Providers Grant and Per Diem Program	64.024	N/A	-	39,367
Total for CFDA #64.024			-	111,157
VA Supportive Service for Veterans Families Program	64.033	SSVF2018-2019	-	61,378
VA Supportive Service for Veterans Families Program	64.033	SSVF2019-2020	-	113,062
COVID-19 VA Supportive Service for Veterans Families Program	64.033	SSVFCARES	-	65,186
Total for CFDA #64.033			-	239,626
TOTAL UNITED STATES DEPARTMENT OF VETERANS AFFAIRS			-	350,783
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,104,915	10,271,142

See independent auditor's report and notes to the 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, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the North Central West Virginia Community Action Association, Inc. (the "Association") under programs of the federal government for the year ended June 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net asset, or cash flows of the Association.

NOTE 2 BASIS OF PRESENTATION

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniformed Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Association's indirect cost rate allowed under Uniform Guidance is 12.25%.

See independent auditor's report.



**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 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, 2020, 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 March 26, 2021.

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
March 26, 2021

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 the 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, 2020. 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 Association 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, 2020.

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
March 26, 2021

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

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 that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficienc(ies) identified that are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any disclosed audit findings related to major programs that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	United States Department of Health and Human Services Head Start / Early Head Start

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Did auditee qualify as low-risk auditee?	Yes

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2020

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, 2020

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