

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

For the Year Ended June 30, 2011

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

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

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Teed & Associates, PLLC

Certified Public Accountants

Established 1992

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Independent Auditors' Report

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

We have audited the accompanying statement of financial position of the North Central West Virginia Community Action Association, Inc. (a nonprofit organization) as of June 30, 2011, and the related statement of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Central West Virginia Community Action Association, Inc. as of June 30, 2011, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2011, on our consideration of the North Central West Virginia Community Action Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and

To The Board of Directors
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia
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other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Organization. The accompanying schedule of expenditures of federal awards on page 19 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Organization. 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 supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Teed & Associates, PLLC
Charleston, West Virginia
December 31, 2011

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

Statement of Financial Position

June 30, 2011

ASSETS

CURRENT ASSETS:

Cash	\$ 356,033
Grants receivable	1,736,624
Notes receivable, current portion	3,131
Assets held for resale	269,809
Other assets	13,281
Prepaid expenses and deposits	43,832
Total current assets	<u>2,422,710</u>

PROPERTY AND EQUIPMENT, NET

4,663,497

OTHER ASSETS

Notes receivable, net of current portion	18,569
Total other assets	<u>18,569</u>
Total assets	<u>\$ 7,104,776</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Notes payable, current maturities	\$ 3,425
Accounts payable and accrued expenses	884,829
Accrued payroll and benefits	396,671
Other payables	7,070
Deferred revenue -- CHDO	269,809
Deferred revenue	357,020
Total current liabilities	<u>1,918,824</u>

LONG-TERM DEBT:

Note payable, long-term portion	66,106
Total long-term liabilities	<u>66,106</u>
Total liabilities	<u>1,984,930</u>

NET ASSETS:

Temporarily restricted	269,809
Unrestricted	4,850,037
Total net assets	<u>5,119,846</u>
Total liabilities and net assets	<u>\$ 7,104,776</u>

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

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

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT:			
Grant revenue			
Federal direct	\$ 11,913,473	\$ -	\$ 11,913,473
State/pass through	938,593	-	938,593
State -- West Virginia Housing Development Fund	-	264,090	264,090
Program income	704,197	-	704,197
In-kind matching	1,863,204	-	1,863,204
Miscellaneous income	109,804	-	109,804
Donations	168,366	-	168,366
	<u>15,697,637</u>	<u>264,090</u>	<u>15,961,727</u>
EXPENSES:			
Salaries and wages	6,380,808	-	6,380,808
Payroll taxes and employee benefits	1,191,105	-	1,191,105
Contractual services	1,451,325	-	1,451,325
Supplies	1,711,733	-	1,711,733
Travel	147,513	-	147,513
Insurance	184,038	-	184,038
Facility expenses	401,120	-	401,120
Vehicles expense	300,244	-	300,244
In-kind services	1,863,204	-	1,863,204
Depreciation	573,516	-	573,516
Food purchases	235,171	-	235,171
Other	1,229,298	-	1,229,298
	<u>15,669,074</u>	<u>-</u>	<u>15,669,074</u>
Change in net assets	28,563	264,090	292,653
NET ASSETS AT BEGINNING OF YEAR	<u>4,821,474</u>	<u>5,719</u>	<u>4,827,193</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,850,037</u>	<u>\$ 269,809</u>	<u>\$ 5,119,846</u>

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

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

Statement of Cash Flows

For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 292,653
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	573,516
Loss on asset disposals	31,047
(Increase) decrease in:	
Accounts receivable	12,126
Grants receivable	415,427
Increase in assets held for sale	(193,073)
Prepaid expenses and deposits	(42,287)
(Decrease) increase in:	
Accounts payable	(447,478)
Accrued payroll and benefits	(170,070)
Deferred revenue -- CHDO	269,809
Deferred revenue	<u>341,141</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,082,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments received on notes receivable	1,451
Purchase of property and equipment	<u>(789,590)</u>
NET CASH (USED) IN INVESTING ACTIVITIES	<u>(788,139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on bank line-of-credit	(100,000)
Payments on long-term notes	<u>(3,269)</u>
NET CASH (USED) IN FINANCING ACTIVITIES	<u>(103,269)</u>
Net increase in cash	191,403
CASH AT BEGINNING OF THE YEAR	<u>164,630</u>
CASH AT END OF YEAR	<u><u>\$ 356,033</u></u>

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

NORTH CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 1. DESCRIPTION OF ORGANIZATION

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

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

Programs include the following:

Head Start and Early Head Start

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

CSBG Programs

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

LIEAP

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

Summer Feeding

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

Gardens Program

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

CHDO

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

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

Home Loan Program

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

HELP Loan Program

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

Scott Place and Randolph County Shelters

North Central West Virginia Community Action, Inc. operates two homeless shelters. Scott Place Shelter in Marion County provides a 37-bed facility for men, women, and children. The Randolph County Shelter is a 16-bed facility located in Elkins, West Virginia.

Weatherization

The mission of the Weatherization Assistance Program is to reduce the heating and cooling costs for low income families-particularly for the elderly, people with disabilities, and children by improving the energy efficiency of their homes and thereby insuring their health and safety. Clients meeting 200% of the poverty guideline are eligible to receive services. In April 2009, the Weatherization Program began receiving funds from the American Recovery and Reinvestment Act (ARRA). These funds were granted for the period April 2009 through June 2011 with the probability of being extended through January 2012. These funds have doubled the number of weatherization completions during this period. The ARRA funds were used to purchase equipment, vehicles, and pay for salaries to complete the weatherization projects for the period April 2009 through January 2012.

Emergency Food and Shelter Program

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

Supportive Housing Program

The Supportive Housing Program provides funds for the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness and to promote the provision of supportive housing to homeless persons so they can live as independently as possible. Prior to June 30, 2010, the Organization acquired land for development of supportive housing and begun the pre-construction process. During fiscal year 2009, the construction of these units began in Fairmont. There are two newly constructed building (4 units) for transitional housing and one building (2 units) for permanent housing. There are also three units in a building that is being rehabilitated for permanent housing. These construction projects were completed in 2010 at which time program services began.

Volunteer Income Tax Assistance

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

Next Step Supportive Housing Program

North Central WV Community Action's Next Step Transitional and Permanent Housing Projects signify a dramatic step forward in the organization's ability to assist recently homeless to chronically homeless individuals and families move from homelessness to self sufficiency. Through grants from the US Department of Housing and Urban Development (HUD), the West Virginia Housing Development Fund, and a generous

bequest from a private donor, a total of 17 beds of housing have been created, with accompanying comprehensive case management and supportive services for homeless individuals and families looking for a new start. The project includes 4 units of newly constructed transitional housing, 2 units of newly constructed ADA accessible permanent supportive housing, and 3 rehabilitated units of permanent supportive housing. The Supportive Housing Program provides a means for homeless individuals and families to reach the following three simple, yet often daunting, goals set forth by HUD:

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

HPRP

Homeless Prevention and Rapid Re-Housing (HPRP) is funded through the American Recovery and Reinvestment Act (ARRA) and NCWVCAA is awarded funds through the Department of Housing and Urban Development via the Governor's Office for Economic Opportunity. NCWVCAA covers Barbour, Taylor, Tucker, Greenbrier, Randolph, Pocahontas, Monongalia, Marion and Preston counties. This is a time limited program, set for a maximum of 3 years by HUD, but is projected to end June 30, 2012. These funds help to provide direct financial assistance and case management services to eligible individuals or families who are at risk of becoming homeless or are already homeless. Financial assistance may be used for rent or utility payments or deposits, credit counseling services, moving costs, and other costs associated with preventing a disruption in housing. Case management focused on self-sufficiency and goal-setting, and housing search and placement assistance are also be provided through these funds. The goals of HUD are to prevent households from ever becoming homeless and reduce the length of time households remain homeless in shelters or institutions. With the passage of the HEARTH (Homeless Emergency and Rapid Transition to Housing) Act, HPRP is expected to continue in some fashion in the coming years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Reporting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

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

Cash and Cash Equivalents

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

Inventory

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

Accounts Receivable and Grants Receivable

Management considers accounts receivable and grants receivables fully collectible at June 30, 2011, and writes off uncollectible receivables to operations.

Property and Equipment

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

Net Asset Classification

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

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

Temporarily and Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of North Central West Virginia Community Action Association, Inc. and/or the passage of time.

Donor Restrictions

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

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When long-lived assets are placed in service, thus satisfying purpose restrictions, the amount is included as a change in net assets, restricted and unrestricted. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

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

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

Grant Revenues

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

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

Interest

All interest costs incurred during the year ended June 30, 2011, have been expensed and are included in the other operating expenses in the statement of activities.

Advertising Costs

All advertising costs of \$21,650 have been expensed and are included in other operating expenses in the statement of activities.

Income Taxes

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

Donated Services, Space and Other

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

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

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2011, was \$356,033.

NOTE 4. NOTES RECEIVABLE

At June 30, 2011 the Organization had a notes receivable due of \$21,700. The revolving loan has an interest rate of 6.5%, monthly payments of \$364 through December 2016. The current maturities at June 30, 2011 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,131	\$ 1,241	\$ 4,372
2013	3,340	1,031	4,372
2014	3,564	808	4,372
2015	3,803	569	4,372
2016	4,057	314	4,371
Thereafter	3,805	59	3,864
	<u>\$ 21,700</u>	<u>\$ 4,022</u>	<u>\$ 25,722</u>

NOTE 5. 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, 2011.

	Balance at June 30, 2010	Additions	Disposals	Balance at June 30, 2011
Head Start program	\$ 3,725,414	\$ 283,362	\$ 199,763	\$ 3,809,013
Community Service Block Grant Program	422,997	1,058	19,561	404,494
ESGP Homeless Shelter program	119,950	-	-	119,950
Weatherization program	888,479	186,324	3,415	1,071,388
CHDO	728,016	314,250	-	1,042,266
Other	<u>1,651,174</u>	<u>4,600</u>	<u>-</u>	<u>1,655,774</u>
Total cost grantor property and equipment	7,536,029	789,594	222,739	8,102,884
Corporate	<u>780,595</u>	<u>-</u>	<u>-</u>	<u>780,595</u>
Total cost property and equipment	8,316,625	789,594	222,739	8,883,480
Less accumulated depreciation	<u>3,838,160</u>	<u>573,516</u>	<u>191,693</u>	<u>4,219,983</u>
Property and equipment, net	<u>\$ 4,555,205</u>	<u>\$ 216,078</u>	<u>\$ 31,046</u>	<u>\$ 4,663,497</u>

NOTE 6. LINE OF CREDIT

The Organization has a Bank line of credit with a borrowing limit of \$160,000. At June 30, 2011 the outstanding balance was -0-. During the year the organization paid off \$100,000 on the line of credit that was outstanding at June 30, 2010.

NOTE 7. LONG-TERM DEBT

Long-term debt at June 30, 2011, consists of the following:

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

\$ 69,531

Annual maturities of the note payable as of June 30, 2011 are as follows:

06/30/12	3,425	4,293	7,718
06/30/13	3,645	4,073	7,718
06/30/14	3,880	3,839	7,719
06/30/15	4,130	3,589	7,719
06/30/16	4,395	3,323	7,718
Thereafter	<u>50,056</u>	<u>14,790</u>	<u>64,846</u>
Total	<u>\$ 69,531</u>	<u>\$ 33,907</u>	<u>\$ 103,438</u>

The roll forward of the note payable is as follows:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2011</u>	<u>Due Within One Year</u>
Note payable	\$ <u>72,800</u>	\$ <u>-</u>	\$ <u>3,269</u>	\$ <u>69,531</u>	\$ <u>3,425</u>
Totals	\$ <u>72,800</u>	\$ <u>-</u>	\$ <u>3,269</u>	\$ <u>69,531</u>	\$ <u>3,425</u>

NOTE 8. PENSION PLAN

North Central West Virginia Community Action Association, Inc. participates in a contributory, defined contribution pension plan that covers all employees who regularly work 20 or more hours per week. The employee may begin contributing upon hire a minimum of 3%. After one-year, the agency contributions to the plan are based on a percentage of salaries as follows: 4% 1 to 5 years of service, 6% for 5 to 10 years of service, and 10% for over 10 years of service. The Organization's contribution will not exceed \$2,000 per employee per year. Total contributions recognized by the Organization for the year ended June 30, 2011, were \$115,416 and are included in the payroll taxes and employee benefits on the Statement of Activities and Changes in Net Assets.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Cash Balances in Excess of FDIC Insurance

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

Operating Leases

North Central West Virginia Community Action Association, Inc. leases various properties including office, parking, Head Start centers, and warehousing under operating leases on an annual and monthly basis. Rental expense for the year ended June 30, 2011, was \$162,363 and is included in facility expenses on the Statement of Activities and Changes in Net Assets.

NOTE 10. 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, 2011. The following summarizes the fair value of donated services, space, and other resources as determined by the Organization:

	<u>Volunteers</u>	<u>Space</u>	<u>Other</u>	<u>Total</u>
Head Start	\$ 426,942	\$ 420,038	\$ 930,477	\$ 1,777,457
Early Head Start	46,136	39,612	-	85,748
	<u>\$ 473,078</u>	<u>\$ 459,650</u>	<u>\$ 930,477</u>	<u>\$ 1,863,204</u>

NOTE 11. FUNCTIONAL EXPENSES

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

Head Start	\$ 8,266,802
Early Head Start	566,166
Weatherization	3,889,220
CSGB	1,227,446
West Virginia Housing Development Fund	225,552
HPRP	503,021
Other program services	147,910
General and administrative	269,442
Depreciation	573,516
	<u>\$15,669,075</u>

SUPPLEMENTARY INFORMATION

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

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

For the Year Ended June 30, 2011

	Grant Number 2010-0012			Grant Number 2011-0012		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
State grants	\$ 908,936	\$ 349,517	\$ 559,419	\$ 910,478	\$ 349,517	\$ 560,961
Program and other	-	-	-	-	-	-
Total revenues	\$ 908,936	\$ 349,517	\$ 559,419	\$ 910,478	\$ 349,517	\$ 560,961
EXPENSES						
Salaries/Wages	\$ 510,847	\$ 298,866	\$ 211,981	\$ 533,718	\$ 170,165	\$ 363,553
Fringe Benefits	96,062	52,290	43,772	122,755	34,470	88,285
Contractual	19,658	17,642	2,016	15,000	10,833	4,167
Travel	19,708	8,206	11,502	23,127	8,902	14,225
Space Cost	43,851	29,198	14,653	37,284	10,642	26,642
Utilities	30,304	17,963	12,341	22,000	9,545	12,455
Supplies/Materials	17,099	7,009	10,090	14,481	3,627	10,854
Equipment	12,500	6,946	5,554	2,217	2,883	(666)
Other Costs	43,648	26,624	17,024	30,790	20,531	10,259
Program Costs	48,499	16,612	31,887	36,000	13,467	22,533
Indirect Costs	66,760	38,749	28,011	73,106	18,792	54,314
Total expenses	\$ 908,936	\$ 520,105	\$ 388,831	\$ 910,478	\$ 303,857	\$ 606,621

NOTE TO SCHEDULE:

The budget numbers above represent the complete program year budget. The actual numbers above represent the expenses incurred during the year ended June 30, 2011, related to the specific program year. The variance numbers represent the arithmetic difference between the budget and actual.

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

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

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through ID Number</u>	<u>Federal Expenditures</u>
<u>US Department of Health and Human Services</u>			
Low-Income Home Energy Assistance	93.568		\$ 726,550
Community Services Block Grant	93.569		819,178
Community Services Block Grant - ARRA	93.170		404,367
VITA/EITC	93.558	G110571	17,161
VITA/EITC	93.558	G100513	37,211
Early Head Start	93.600		470,729
Early Head Start - ARRA	93.709		9,690
Head Start	93.600		5,989,572
Head Start - ARRA	93.708		19,354
			<u>8,493,812</u>
<u>U.S. Department of Energy</u>			
Weatherization Assistance for Low-Income Persons	81.042		711,230
Weatherization Assistance for Low-Income Persons -ARRA	81.042		2,451,440
			<u>3,162,670</u>
<u>U.S. Department of Agriculture</u>			
Child and Adult Care Food Program	10.558		64,027
Summer Food Service Program for Children	10.559		30,724
			<u>94,751</u>
<u>U.S. Department of Veterans Affairs</u>			
VA Homeless Providers Grant and Per diem Program	64.024		<u>59,684</u>
<u>U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program	14.235		72,114
Supportive Housing Program	14.239		92,018
Homeless Prevention & Rapid Rehousing - ARRA	14.257		503,021
			<u>667,153</u>
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024		<u>22,413</u>
Total Federal Awards			<u>\$ 12,500,483</u>

NORTH CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

Basis of Presentation

This schedule of expenditures of federal awards includes the grant activity of the North Central West Virginia Community Action Association, Inc. and is presented on the basis of accounting of the various funding sources. The information in this schedule is presented in accordance with the requirements of OMB circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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

Teed & Associates, PLLC

Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants

Member, West Virginia Society of Certified Public Accountants

Member, Tennessee Society of Certified Public Accountants

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

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

We have audited the financial statements of North Central West Virginia Community Action Association, Inc., as of and for the year ended June 30, 2011, and have issued our report thereon dated December 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Central West Virginia Community Action Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Central West Virginia Community Action Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Central West Virginia Community Action Association, Inc.'s internal control over financial reporting.

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 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

Compliance and Other Matters

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

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

Teed & Associates, PLLC
Charleston, West Virginia
December 31, 2011

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

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

Compliance

We have audited the compliance of the North Central West Virginia Community Action Association, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The North Central West Virginia Community Action Association's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of the major federal programs is the responsibility of the North Central West Virginia Community Action Association's management. Our responsibility is to express an opinion on the North Central West Virginia Community Action Association's compliance based on our audit.

We conducted our audit of compliance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the North Central West Virginia Community Action Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the North Central West Virginia Community Action Association, Inc.'s compliance with those requirements.

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

In our opinion, the North Central West Virginia Community Action Association complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the North Central West Virginia Community Action Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the North Central West Virginia Community Action Association's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the North Central West Virginia Community Action Association'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 a material noncompliance requirement with type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness.

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

Teed & Associates, PLLC
Charleston, West Virginia
December 31, 2011

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

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2011

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued; Unqualified

Internal control over financial reporting:

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

Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

Reported

Type of auditor's report issued on compliance for major programs; Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 Yes No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number(s)
Head Start and Early Start	93.600
Head Start and Early Start -- ARRA	93.708
Weatherization program	81.042

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

Auditee qualified as a low-risk auditee? Yes No

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

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2011

Section II – Financial Statement Findings

There are no findings reported.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported.

Section IV – Corrective Action Plan

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

Section V – Summary Schedule of Prior Audit Findings

There were no findings or questioned costs reported.