



Audited Financial Statements

Nicholas Community Action Partnership, Inc.

Years Ended October 31, 2010 and 2009

Gibbons
& Kawash
Certified Public Accountants

Audited Financial Statements

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

Years Ended October 31, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Nicholas Community Action Partnership, Inc., (a nonprofit organization) as of October 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Nicholas Community Action Partnership, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

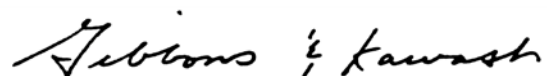
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nicholas Community Action Partnership, Inc., as of October 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2011 on our consideration of Nicholas Community Action Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Nicholas Community Action Partnership, Inc. as a whole. The accompanying information on pages 10 to 13 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and its related note is presented on pages 26 and 27 for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived

from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying information on pages 14-26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Gibson & Kawash".

March 21, 2011

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

October 31, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash	\$ 78,332	\$ 45,300
Investments	280,299	277,274
Accounts receivable for reimbursable program expenditures	283,659	346,579
Other assets	23,654	37,122
Fixed assets:		
Buildings and fixtures	346,240	346,240
Land	<u>383,760</u>	<u>83,760</u>
	730,000	430,000
Less accumulated depreciation	<u>(159,853)</u>	<u>(147,903)</u>
	<u>570,147</u>	<u>282,097</u>
 Total assets	 <u>\$ 1,236,091</u>	 <u>\$ 988,372</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 55,719	\$ 47,048
Accrued wages	69,381	71,105
Accrued compensated absences	105,020	101,372
Refundable advances	4,852	10,006
Note payable	<u>336,902</u>	<u>352,095</u>
Total liabilities	571,874	581,626
 Net assets, unrestricted	 <u>664,217</u>	 <u>406,746</u>
 Total liabilities and net assets	 <u>\$ 1,236,091</u>	 <u>\$ 988,372</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES

Years Ended October 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Federal	\$ 1,849,499	\$ 1,734,284
State	820,367	697,331
In-kind	182,064	163,525
Local match	3,155	5,350
Program income	256,320	210,532
Interest income	3,077	6,474
Contribution of land	300,000	-
Other	<u>218,508</u>	<u>128,995</u>
Total revenues	<u>3,632,990</u>	<u>2,946,491</u>
Expenses:		
Salaries	1,541,186	1,369,820
Fringe benefits	417,776	342,879
In-kind	182,064	163,525
Contracted services	23,441	14,980
Equipment	16,748	15,073
Food purchases	194,840	215,340
Indirect costs	313,033	344,294
Insurance	43,600	42,449
Materials and supplies	140,639	116,121
Interest	14,107	16,599
Program costs	110,745	89,171
Professional fees	31,541	-
Rentals	4,200	6,354
Travel	39,912	43,942
Utilities	41,563	41,345
Vehicle	174,522	82,847
Repairs and maintenance	52,783	18,804
Depreciation	7,072	8,112
Miscellaneous	<u>25,747</u>	<u>16,926</u>
Total expenses	<u>3,375,519</u>	<u>2,948,581</u>
Change in net assets	257,471	(2,090)
Net assets, beginning of year	<u>406,746</u>	<u>408,836</u>
Net assets, end of year	<u>\$ 664,217</u>	<u>\$ 406,746</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS

Years Ended October 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 257,471	\$ (2,090)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	11,950	13,704
Contribution of land	(300,000)	-
(Increase) decrease in:		
Accounts receivable for reimbursable program expenditures	62,920	(71,341)
Other assets	13,468	(15,837)
Increase (decrease) in:		
Accounts payable	8,671	6,350
Accrued wages	(1,724)	5,784
Accrued compensated absences	3,648	4,622
Refundable advance	<u>(5,154)</u>	<u>(12,814)</u>
Net cash provided by (used in) operating activities	<u>51,250</u>	<u>(71,622)</u>
Cash flows from financing activities:		
Principal payments on notes payable	<u>(15,193)</u>	<u>(11,879)</u>
Cash flows from investing activities:		
Purchase of investments	<u>(3,025)</u>	<u>(6,375)</u>
Net increase (decrease) in cash	33,032	(89,876)
Cash, beginning of year	<u>45,300</u>	<u>135,176</u>
Cash, end of year	<u>\$ 78,332</u>	<u>\$ 45,300</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

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

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

Basis of Accounting

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

Cash

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

Investments

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

Fixed Assets

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

Grants and Contract Support

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**In-Kind Contributions

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

Net Assets

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

Income Taxes

NCAP is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to taxes on income derived from its exempt activities. NCAP is classified as an organization that is not a private foundation under Section 509(a)(2).

NCAP applies the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities.

As of October 31, 2010, NCAP had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Interfund Activity

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

Use of Estimates

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

Subsequent Events

The date to which events occurring after October 31, 2010, have been evaluated for possible adjustment to or disclosure in the financial statements is March 21, 2011, which is the date the financial statements were available to be issued.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

NCAP allocates certain administrative costs to the various programs based upon the ratio of each program's direct costs to total direct costs, excluding capital expenditures and certain food purchases. Allocated administrative costs for the years ended October 31, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Salaries	\$ 191,072	\$ 195,739
Fringe benefits	58,866	60,174
Contracted services	-	27,658
Telephone and utilities	19,433	19,960
Travel	10,123	995
Office supplies	9,610	13,047
Interest	7,762	8,655
Program costs	2,285	650
Depreciation	4,878	5,593
Other	<u>9,004</u>	<u>11,823</u>
Total allocated indirect costs	<u>\$ 313,033</u>	<u>\$ 344,294</u>

3 - LONG-TERM DEBT

Long-term debt consists of a note payable to a bank, due in monthly installments of \$3,089 including interest, with a balloon payment due on May 15, 2014. The note bears interest at a fixed rate of 6.25%. The note payable is secured by buildings and land. Interest paid for the fiscal years ended October 31, 2010 and 2009, was \$21,869 and \$25,254, respectively, including amounts comprising indirect costs. Maturities of long-term debt are as follows for the years ended October 31:

<u>Year</u>	<u>Amount</u>
2011	16,492
2012	17,553
2013	18,681
2014	<u>284,176</u>
	336,902
Less current maturities	<u>16,492</u>
	<u>\$ 320,410</u>

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - IN-KIND CONTRIBUTIONS AND GRANT MATCHING REQUIREMENTS

NCAP receives donated services from non-qualified persons in order to meet matching requirements of certain programs. These services do not meet the criteria for reporting revenue and related expenses in these financial statements under U.S. generally accepted accounting principles. The value of these services as estimated by management amounted to \$39,002 and \$44,933, for the years ended October 31, 2010 and 2009, respectively.

5 - RETIREMENT PLAN

NCAP sponsors a defined contribution 401(k) pension plan for all employees who meet the eligibility requirements of the plan. NCAP matches 50% of employee contributions up to 6% of compensation. Employer contributions for the years ended October 31, 2010 and 2009 were \$17,280 and \$17,546, respectively.

6 - CONCENTRATIONS

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

NCAP receives 51% and 59% of its revenue from federal award programs, certain of which are directly funded and others which are passed through various state and local agencies, for the years ended October 31, 2010 and 2009, respectively. Direct federal funding of the Head Start program comprises 48% and 50% of the total federal revenue received for the years ended October 31, 2010 and 2009, respectively.

7 - FUNCTIONAL EXPENSES

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

	October 31	
	<u>2010</u>	<u>2009</u>
Program services	\$ 3,049,622	\$ 2,587,954
General and administrative	<u>325,897</u>	<u>360,627</u>
	<u>\$ 3,375,519</u>	<u>\$ 2,948,581</u>

ACCOMPANYING INFORMATION

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM

Year Ended October 31, 2010

	Head Start	CSBG	Non Weatherization	Weatherization	III-B
Revenues:					
Federal	\$ 887,870	\$ 480,050	\$ -	\$ 362,912	\$ 32,994
State	-	-	-	-	9,228
In-kind	182,064	-	-	-	-
Local match	-	-	-	-	-
Program income	-	-	963	-	1,705
Interest income	-	-	-	-	-
Contribution of land	-	-	-	-	-
Other	177,876	-	5,922	10,468	-
Total revenues	1,247,810	480,050	6,885	373,380	43,927
Expenses:					
Salaries	603,413	76,710	-	191,062	46,456
Fringe benefits	206,054	29,549	-	68,513	7,829
In-kind	182,064	-	-	-	-
Contracted services	1,424	20,030	-	1,205	-
Equipment	-	6,008	3,605	4,080	-
Food purchases	26,560	-	-	-	-
Indirect costs	101,518	32,731	1,513	51,616	10,530
Insurance	17,967	1,668	-	8,268	7,761
Materials and supplies	20,140	3,697	-	88,201	628
Interest	1,784	-	-	5,030	-
Program costs	2,434	87,359	1,589	1,559	523
Professional fees	6,877	15,040	-	-	584
Rentals	4,200	-	-	-	-
Travel	11,689	3,871	3,461	3,970	2,559
Utilities	15,970	726	-	6,057	1,026
Vehicles	547	148,210	-	9,540	11,353
Repairs and maintenance	38,683	2,965	-	576	1,531
Depreciation	1,104	-	-	2,748	-
Miscellaneous	13,616	8,920	-	32	121
Total expenses	1,256,044	437,484	10,168	442,457	90,901
Change in net assets	(8,234)	42,566	(3,283)	(69,077)	(46,974)
Net assets - beginning of year	-	-	-	-	-
Support from (to) other programs	8,234	(42,566)	3,283	69,077	46,974
Net assets - end of year	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM

(Continued)

Year Ended October 31, 2010

	III-C	III-D	III-E	Right from the Start	Emergency Food and Shelter
Revenues:					
Federal	\$ 66,000	\$ 1,556	\$ 14,627	\$ -	\$ 3,490
State	190,049	6,100	-	2,637	-
In-kind	-	-	-	-	-
Local match	2,400	-	-	-	-
Program income	37,046	-	-	-	-
Interest income	-	-	-	-	-
Contribution of land	-	-	-	-	-
Other	13,645	544	-	-	-
Total revenues	<u>309,140</u>	<u>8,200</u>	<u>14,627</u>	<u>2,637</u>	<u>3,490</u>
Expenses:					
Salaries	92,873	1,368	18,247	1,528	-
Fringe benefits	17,407	458	2,993	588	-
In-kind	-	-	-	-	-
Contracted services	-	-	-	-	-
Equipment	-	-	-	-	-
Food purchases	167,945	-	-	-	-
Indirect costs	25,778	954	2,811	302	399
Insurance	5,391	-	-	-	-
Materials and supplies	10,445	5,456	-	-	-
Interest	4,168	-	-	-	-
Program costs	3,018	-	-	-	3,091
Professional fees	2,963	-	216	-	-
Rentals	-	-	-	-	-
Travel	1,247	-	-	128	-
Utilities	16,419	-	-	91	-
Vehicles	4,455	-	-	-	-
Repairs and maintenance	4,520	-	-	-	-
Depreciation	2,576	-	-	-	-
Miscellaneous	66	-	-	-	-
Total expenses	<u>359,271</u>	<u>8,236</u>	<u>24,267</u>	<u>2,637</u>	<u>3,490</u>
Change in net assets	(50,131)	(36)	(9,640)	-	-
Net assets - beginning of year	-	-	-	-	-
Support from (to) other programs	<u>50,131</u>	<u>36</u>	<u>9,640</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
(Continued)

Year Ended October 31, 2010

	Life	Medicaid	FAIR	General
Revenues:				
Federal	\$ -	\$ -	\$ -	\$ -
State	203,755	243,307	41,791	-
In-kind	-	-	-	-
Local match	-	-	-	755
Program income	-	205,281	3,022	-
Interest income	-	19	-	3,058
Contribution of land	-	-	-	300,000
Other	-	-	-	7,067
Total revenues	<u>203,755</u>	<u>448,607</u>	<u>44,813</u>	<u>310,880</u>
Expenses:				
Salaries	36,675	341,866	33,202	320
Fringe benefits	7,636	55,966	5,470	108
In-kind	-	-	-	-
Contracted services	-	782	-	-
Equipment	-	3,055	-	-
Food purchases	-	-	-	335
Indirect costs	6,327	56,802	5,200	1,312
Insurance	2,545	-	-	-
Materials and supplies	-	9,961	386	140
Interest	-	1,025	-	2,100
Program costs	-	3,679	10	5,483
Professional fees	0	4,044	584	-
Rentals	-	-	-	-
Travel	-	10,690	35	-
Utilities	-	1,274	0	-
Vehicles	-	276	-	141
Repairs and maintenance	-	271	-	4,237
Depreciation	-	644	-	-
Miscellaneous	-	2,992	-	-
Total expenses	<u>53,183</u>	<u>493,327</u>	<u>44,887</u>	<u>14,176</u>
Change in net assets	150,572	(44,720)	(74)	296,704
Net assets - beginning of year	-	429,903	-	(23,157)
Support from (to) other programs	<u>(150,572)</u>	<u>45,010</u>	<u>74</u>	<u>(39,523)</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ 430,193</u>	<u>\$ -</u>	<u>\$ 234,024</u>

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
(Continued)

Year Ended October 31, 2010

	Lighthouse	Community Participation	Non Emergency Medical	2010 Totals	2009 Totals
Revenues:					
Federal	\$ -	\$ -	\$ -	\$ 1,849,499	\$ 1,734,284
State	113,420	2,000	8,080	820,367	697,331
In-kind	-	-	-	182,064	163,525
Local match	-	-	-	3,155	5,350
Program income	8,303	-	-	256,320	210,532
Interest income	-	-	-	3,077	6,474
Contribution of land	-	-	-	300,000	-
Other	2,986	-	-	218,508	128,995
Total revenues	<u>124,709</u>	<u>2,000</u>	<u>8,080</u>	<u>3,632,990</u>	<u>2,946,491</u>
Expenses:					
Salaries	91,664	-	5,802	1,541,186	1,369,820
Fringe benefits	14,233	-	972	417,776	342,879
In-kind	-	-	-	182,064	163,525
Contracted services	-	-	-	23,441	14,980
Equipment	-	-	-	16,748	15,073
Food purchases	-	-	-	194,840	215,340
Indirect costs	14,470	-	770	313,033	344,294
Insurance	-	-	-	43,600	42,449
Materials and supplies	1,585	-	-	140,639	116,121
Interest	-	-	-	14,107	16,599
Program costs	-	2,000	-	110,745	89,171
Professional fees	1,233	-	-	31,541	-
Rentals	-	-	-	4,200	6,354
Travel	1,726	-	536	39,912	43,942
Utilities	-	-	-	41,563	41,345
Vehicles	-	-	-	174,522	82,847
Repairs and maintenance	-	-	-	52,783	18,804
Depreciation	-	-	-	7,072	8,112
Miscellaneous	-	-	-	25,747	16,926
Total expenses	<u>124,911</u>	<u>2,000</u>	<u>8,080</u>	<u>3,375,519</u>	<u>2,948,581</u>
Change in net assets	(202)	-	-	257,471	(2,090)
Net assets - beginning of year	-	-	-	406,746	408,836
Support from (to) other programs	<u>202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,217</u>	<u>\$ 406,746</u>

See Independent Auditor's Report

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ASSETS ACQUIRED WITH GRANT FUNDING
(UNAUDITED)

October 31, 2010

<u>Program & Description</u>	<u>Purchase Date</u>	<u>Purchase Price</u>	<u>Program Total</u>
Head Start:			
1992 GMC Bus	12/15/1991	\$ 27,942	
1994 GMC Bus	NA	31,931	
1995 GMC Bus	6/1/1995	33,431	
1995 GMC Bus	6/1/1995	33,431	
1999 GMC Bus	5/25/1999	34,759	
2000 GMC Bus	5/17/2000	35,943	
2000 GMC Bus	5/17/2000	35,943	
2007 I-C Bus	5/19/2006	52,595	
2007 I-C Bus	5/19/2006	52,595	
2011 I-C Bus	9/30/2010	74,105	
2011 I-C Bus	9/30/2010	<u>74,105</u>	
Head Start total			\$ 486,780
CSBG:			
Sharp - 355N - Copier	6/1/2006	7,668	
2008 Chevrolet Equinox	11/6/2007	21,281	
Konica Minolta Copier	4/15/2010	<u>6,008</u>	
CSBG total			34,957
Weatherization:			
2001 Dodge Box Truck	5/8/2001	22,908 *	
2001 Dodge Truck	5/8/2001	15,555 *	
2008 Chevy Box Truck	11/30/2007	27,570	
Krendl Machine	01/02/2008	<u>6,297</u>	
Weatherization total			72,330

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ASSETS ACQUIRED WITH GRANT FUNDING
(UNAUDITED)

October 31, 2010

<u>Program & Description</u>	<u>Purchase Date</u>	<u>Purchase Price</u>	<u>Program Total</u>
Senior Programs:			
1999 Dodge Van	4/22/1999	22,890	
2000 Dodge Van	10/28/1999	23,080	
2000 Dodge Mini-Van	7/5/2000	23,800	
2003 Chevy Van	1/31/2003	22,492	
2004 Chevy Van	11/24/2003	22,000	
2009 Dodge Journey	06/26/2008	23,417	
2009 Dodge Journey	06/26/2008	23,417	
2008 Ford Ranger 4x4 Hot/Cold Truck	08/19/2008	34,753	
Sharp Copier - MX - M450N	10/14/2008	7,771	
2009 Chevy Traverse	9/18/2009	26,970	
2008 Jeep Patriot	10/27/2009	<u>11,056</u>	
Senior Programs total			<u>241,646</u>
Total assets acquired with grant funding		<u>\$ 835,713</u>	<u>\$ 835,713</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

COMMUNITY SERVICES BLOCK GRANT
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 223,258	\$ 223,258	\$ -
Expenses:			
Salaries	\$ 62,552	\$ 62,552	\$ -
Fringe benefits	17,398	17,398	-
Equipment	8,500	8,500	-
Insurance	1,763	1,763	-
Materials and supplies	2,164	2,164	-
Program costs	86,081	86,081	-
Travel	3,806	3,806	-
Utilities/telephone	500	500	-
Contractual	20,333	20,333	-
Indirect costs	<u>20,161</u>	<u>20,161</u>	<u>-</u>
Totals	<u>\$ 223,258</u>	<u>\$ 223,258</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

Program Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 49,902	\$ 49,902	\$ -
Project income	<u>1,230</u>	<u>1,230</u>	<u>-</u>
 Total revenues	 <u>\$ 51,132</u>	 <u>\$ 51,132</u>	 <u>\$ -</u>
Expenses:			
Salaries	\$ 37,416	\$ 37,416	\$ -
Fringe benefits	5,703	5,703	-
Travel	35	35	-
Office supplies	152	152	-
Disposable supplies	232	232	-
Employment testing	10	10	-
Audit	584	584	-
Indirect costs	<u>7,000</u>	<u>7,000</u>	<u>-</u>
 Total expenses	 <u>\$ 51,132</u>	 <u>\$ 51,132</u>	 <u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

Program Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 112,148	\$ 112,148	\$ -
Project income	7,336	7,336	-
Overserve	<u>2,986</u>	<u>2,986</u>	<u>-</u>
Total revenues	<u>\$ 122,470</u>	<u>\$ 122,470</u>	<u>\$ -</u>
Expenses:			
Salaries and wages	\$ 87,000	\$ 87,000	\$ -
Fringe benefits	14,700	14,700	-
Travel	2,000	2,000	-
Office supplies	1,570	1,570	-
Disposable supplies	1,000	1,000	-
Program costs	1,200	1,200	-
Indirect costs	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total expenses	<u>\$ 122,470</u>	<u>\$ 122,470</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

Program Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 32,994	\$ 32,994	\$ -
State income	11,664	11,664	-
Program income	2,500	1,915	585
Support from LIFE	47,000	47,000	
County income	<u>-</u>	<u>1,438</u>	<u>(1,438)</u>
 Total revenue	 <u>\$ 94,158</u>	 <u>\$ 95,011</u>	 <u>\$ (853)</u>
Expenses:			
Salaries	\$ 50,070	\$ 47,915	\$ 2,155
Fringe benefits	6,730	6,730	-
Audit	-	584	(584)
Vehicle insurance	8,000	8,475	(475)
Vehicle maintenance	4,000	4,174	(174)
Vehicle operation	9,000	8,690	310
Program costs	3,864	6,395	(2,531)
Indirect costs	<u>12,494</u>	<u>12,048</u>	<u>446</u>
 Total expenses	 <u>\$ 94,158</u>	 <u>\$ 95,011</u>	 <u>\$ (853)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

Program Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 123,000	\$ 123,000	\$ -
Overserve meals	-	731	(731)
Program income	<u>17,500</u>	<u>26,537</u>	<u>(9,037)</u>
 Total revenue	 <u>\$ 140,500</u>	 <u>\$ 150,268</u>	 <u>\$ (9,768)</u>
Expenses:			
Salaries and wages	\$ 38,754	\$ 36,009	\$ 2,745
Fringe benefits	5,732	5,732	-
Disposable supplies	6,000	6,264	(264)
Property insurance	1,800	1,784	16
Rent	2,000	2,258	(258)
Telephone	1,000	986	14
Utilities	6,000	10,717	(4,717)
Depreciation	-	2,955	(2,955)
Building repairs/maintenance	2,000	4,651	(2,651)
Audit	-	2,963	(2,963)
Program costs	571	2,412	(1,841)
Insurance-liability	-	2,667	(2,667)
Food purchases	58,000	58,024	(24)
Indirect costs	<u>18,643</u>	<u>12,846</u>	<u>5,797</u>
 Total expenses	 <u>\$ 140,500</u>	 <u>\$ 150,268</u>	 <u>\$ (9,768)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

Program Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 130,647	\$ 130,647	\$ -
Project income	7,017	11,091	(4,074)
Support from LIFE	50,000	50,000	-
Overserve meals	-	3,922	(3,922)
County income	<u>-</u>	<u>2,400</u>	<u>(2,400)</u>
 Total revenue	 <u>\$ 187,664</u>	 <u>\$ 198,060</u>	 <u>\$ (10,396)</u>
Expenses:			
Salaries/wages	\$ 68,790	\$ 57,202	\$ 11,588
Fringe benefits	8,255	8,255	-
Disposable supplies	6,000	3,201	2,799
Property insurance	1,800	1,784	16
Rent	2,000	2,258	(258)
Telephone	1,240	919	321
Utilities	4,000	4,000	-
Building repairs and maintenance	2,000	-	2,000
Vehicle maintenance	3,000	1,621	1,379
Vehicle operation	5,000	3,514	1,486
Program costs	677	2,274	(1,597)
Food purchases	60,000	98,100	(38,100)
Indirect costs	<u>24,902</u>	<u>14,932</u>	<u>9,970</u>
 Total expenses	 <u>\$ 187,664</u>	 <u>\$ 198,060</u>	 <u>\$ (10,396)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

Program Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 1,556	\$ 1,556	\$ -
State income	4,456	4,456	-
Medication management	<u>544</u>	<u>544</u>	<u>-</u>
Total revenue	<u>\$ 6,556</u>	<u>\$ 6,556</u>	<u>\$ -</u>
Expenses:			
Salaries and wages	\$ 1,470	\$ 1,368	\$ 102
Fringe benefits	217	458	(241)
Office supplies	4,000	4,000	-
Indirect costs	<u>869</u>	<u>730</u>	<u>139</u>
Total expenses	<u>\$ 6,556</u>	<u>\$ 6,556</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

Program Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 17,155	\$ 17,155	\$ -
Support from Life	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total revenue	<u>\$ 27,155</u>	<u>\$ 27,155</u>	<u>\$ -</u>
Expenses:			
Salaries and wages	\$ 20,450	\$ 20,450	\$ -
Fringe benefits	3,100	3,100	-
Audit	-	216	(216)
Indirect costs	<u>3,605</u>	<u>3,389</u>	<u>216</u>
Total expenses	<u>\$ 27,155</u>	<u>\$ 27,155</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

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

Program Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
County income	\$ -	\$ 3,562	\$ (3,562)
State income	<u>186,584</u>	<u>186,584</u>	<u>-</u>
 Total revenue	 <u>\$ 186,584</u>	 <u>\$ 190,146</u>	 <u>\$ (3,562)</u>
Expenses:			
Vehicle purchase	\$ 34,584	\$ 38,146	\$ (3,562)
Support to senior programs	<u>152,000</u>	<u>152,000</u>	<u>-</u>
 Total expense	 <u>\$ 186,584</u>	 <u>\$ 190,146</u>	 <u>\$ (3,562)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

COMMUNITY PARTNERSHIP PROJECT
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>
Expenses:			
Senior community partnership project	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NON-EMERGENCY MEDICAL
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 16,246	\$ 16,246	\$ -
Expenses:			
Salaries and wages	\$ 11,515	\$ 11,515	\$ -
Fringe benefits	1,775	2,005	(230)
Local travel	800	817	(17)
Indirect costs	<u>2,156</u>	<u>1,909</u>	<u>247</u>
Total expenses	<u>\$ 16,246</u>	<u>\$ 16,246</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended October 31, 2010

Federal Grantor/ Pass-through Grantor Program Title	CFDA Number	Federal Expenditures
Department of Health and Human Services		
Head Start (Direct Assistance)	93.600	\$ 823,316
ARRA - Head Start (Direct Assistance)	93.708	42,740
Passed through the WV Office of Economic Opportunity:		
Community Services Block Grant	93.569	205,027
ARRA-Community Service Block Grant	93.710	275,023
Low-Income Home Energy Assistance	93.568	62,750
Passed through the Appalachian Area Agency on Aging:		
Special Programs for the Aging - Title III D	93.043	1,556
Special Programs for the Aging - Title III B	93.044	32,994
Special Programs for the Aging - Title III C	93.045	66,000
National Family Caregiver Support - Title III E	93.052	14,627
Department of Agriculture		
Passed through the WV Department of Education :		
School Breakfast Program	10.553	21,814
Department of Energy		
Passed through the WV Office of Economic Opportunity:		
Weatherization Assistance for Low-Income Persons	81.042	98,860
ARRA - Weatherization Assistance for Low-Income Persons	81.042	201,302
Department of Homeland Security		
Emergency Food and Shelter	97.024	<u>3,490</u>
Total federal expenditures		<u><u>\$ 1,849,499</u></u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Nicholas Community Action Partnership, Inc., and is presented in conformity with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Nicholas Community Action Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Nicholas Community Action Partnership, Inc.

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

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

We have audited the financial statements of Nicholas Community Action Partnership, Inc. (NCAP) as of and for the year ended October 31, 2010, and have issued our report thereon dated March 21, 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 NCAP's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NCAP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NCAP's internal control over financial reporting.

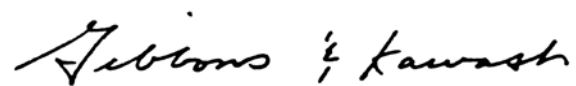
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Gibbons & Kawash". The signature is written in a cursive, flowing style.

March 21, 2011

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

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

Compliance

We have audited Nicholas Community Action Partnership, Inc.'s (NCAP), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of NCAP's major federal programs for the year ended October 31, 2010. NCAP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of NCAP's management. Our responsibility is to express an opinion on NCAP's compliance based upon our audit.

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

In our opinion, Nicholas Community Action Partnership, Inc., complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2010.

Internal Control over Compliance

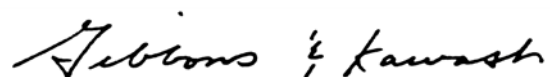
The management of NCAP, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered NCAP's internal control over compliance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

internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NCAP's internal control over compliance.

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

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

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

A handwritten signature in black ink, reading "Gibson & Kawash". The signature is written in a cursive style with a small dot above the 'i' in "Gibson".

March 21, 2011

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended October 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X 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 X No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
93.708	ARRA - Head Start
93.569	Community Services Block Grant
93.710	ARRA - Community Services Block Grant
81.042	Weatherization Assistance for Low-Income Persons
81.042	ARRA-Weatherization Assistance for Low-Income Persons

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

Auditee qualified as low-risk auditee? X Yes _____ No

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended October 31, 2010

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

None Reported.