



Audited Financial Statements

Nicholas Community Action Partnership, Inc.

Years Ended October 31, 2015 and 2014

Audited Financial Statements

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

Years Ended October 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Nicholas Community Action Partnership, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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 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 from material misstatement.

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nicholas Community Action Partnership, Inc. as of October 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of activity by program on pages 11-14 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, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other information on pages 15 to 26, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2016, on our consideration of the Nicholas Community Action Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Nicholas Community Action Partnership, Inc.'s internal control over financial reporting and compliance.

Charleston, West Virginia
April 12, 2016

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENTS OF FINANCIAL POSITION

October 31, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u> <u>(As Restated)</u>
Cash	\$ 404,604	\$ 434,313
Investments	213,563	212,846
Accounts receivable for reimbursable program expenditures	226,153	141,284
Other assets	55,290	47,193
Property and equipment, net	<u>559,307</u>	<u>367,657</u>
Total assets	<u>\$ 1,458,917</u>	<u>\$ 1,203,293</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 49,471	\$ 61,234
Accrued wages	35,850	33,713
Accrued compensated absences	91,667	84,307
Refundable advances	692	318
Note payable	<u>221,573</u>	<u>249,304</u>
Total liabilities	399,253	428,876
Net assets, unrestricted	<u>1,059,664</u>	<u>774,417</u>
Total liabilities and net assets	<u>\$ 1,458,917</u>	<u>\$ 1,203,293</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENTS OF ACTIVITIES

Years Ended October 31, 2015 and 2014

	2015	2014 (As Restated)
Revenues:		
Federal	\$ 1,442,832	\$ 1,330,171
State	558,312	577,691
Service fees, net	1,136,018	827,848
In-kind	179,148	180,671
Local match	-	5,000
Program income	59,711	83,484
Interest income	2,164	1,065
Contribution of property and equipment	99,000	-
Auxiliary income	297,844	190,321
	<u>3,775,029</u>	<u>3,196,251</u>
Total revenues		
Expenses:		
Salaries	1,474,480	1,423,926
Fringe benefits	354,822	349,120
In-kind	179,148	180,671
Contracted services	488,296	246,684
Equipment	1,316	3,665
Food purchases	211,691	213,024
Indirect costs	295,675	272,183
Insurance	23,106	34,183
Materials and supplies	110,825	102,792
Interest	6,265	6,986
Program costs	87,007	82,196
Professional fees	22,144	9,875
Travel	50,261	38,326
Utilities	55,890	50,525
Vehicle	40,444	34,200
Repairs and maintenance	28,290	43,624
Depreciation	51,688	35,340
Loss on sale of property	-	101,520
Miscellaneous	8,434	10,142
	<u>3,489,782</u>	<u>3,238,982</u>
Total expenses		
Change in net assets	285,247	(42,731)
Net assets, beginning of year, as restated	<u>774,417</u>	<u>817,148</u>
Net assets, end of year	<u>\$ 1,059,664</u>	<u>\$ 774,417</u>

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

STATEMENTS OF CASH FLOWS

Years Ended October 31, 2015 and 2014

	2015	2014 (As Restated)
Cash flows from operating activities:		
Change in net assets	\$ 285,247	\$ (42,731)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	55,020	38,305
Contribution of property and equipment	(99,000)	-
Loss on sale of property	-	101,520
(Increase) decrease in:		
Accounts receivable for reimbursable program expenditures	(84,869)	19,198
Other assets	(8,097)	(6,433)
Increase (decrease) in:		
Accounts payable	(11,763)	36,779
Accrued wages	2,137	3,525
Accrued compensated absences	7,360	(1,677)
Refundable advance	374	(68,013)
Net cash provided by operating activities	<u>146,409</u>	<u>80,473</u>
Cash flows from investing activities:		
Purchase of property and equipment	(168,120)	(13,142)
Proceeds from insurance reimbursement	20,450	-
Proceeds on sale of property	-	198,480
Proceeds from sale (purchase) of investments	<u>(717)</u>	<u>73,578</u>
Net cash provided by (used in) investing activities	<u>(148,387)</u>	<u>258,916</u>
Cash flows from financing activities:		
Principal payments on notes payable	<u>(27,731)</u>	<u>(26,562)</u>
Net increase (decrease) in cash	(29,709)	312,827
Cash, beginning of year	<u>434,313</u>	<u>121,486</u>
Cash, end of year	<u>\$ 404,604</u>	<u>\$ 434,313</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 10,188</u>	<u>\$ 11,359</u>
Non cash investing activity		
Contribution of property and equipment	<u>\$ 99,000</u>	<u>\$ -</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 which have original maturity dates in excess of ninety days of NCAP's Statement of Net Position. Investments are carried at cost which approximates fair value.

Property and Equipment

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

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

Grants and Contract Support

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

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Service Fees

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

In-Kind Contributions

In-kind contributions for volunteer services related to Head Start and other programs are provided by qualified volunteers and are recognized as revenues and expenses in the year rendered based upon rates established by the Department of Labor. Revenue and the related expense for donated transportation, facility use, materials, and supplies are recorded at actual cost or through valuation procedures set forth as part of federal cost principles in the year received.

Net Assets

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).

Interfund Activity

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant estimates and assumptions that affect the reporting of amounts of assets and liabilities and revenues and expenses are those required in the determination of accumulated depreciation. Actual results in the near-term could differ from the estimates used to prepare these financial statements.

Reclassifications

Certain revenue and expense amounts presented in the 2014 financial statements have been reclassified to conform with the 2015 presentation.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Subsequent Events

The date to which events occurring after October 31, 2015, have been evaluated for possible adjustment to or disclosure in the financial statements is April 12, 2016 which is the date the financial statements were available to be issued.

2 - PRIOR PERIOD RESTATEMENT

NCAP has increased its net assets as of November 1, 2013, by \$133,929 to reflect a change in accounting principle related to the capitalization of assets to present financial statements in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounting change has been applied retrospectively to all periods presented. The effect of the restatement of amounts previously reported for the year ended October 31, 2014, resulted in an increase to property and equipment, net of accumulated depreciation of \$117,420, an increase in depreciation expense of \$29,651, and a decrease in program costs of \$13,142.

3 - ALLOCATION OF INDIRECT COSTS

NCAP allocates certain administrative costs to the various programs based upon the ratio of each program's direct costs to total direct costs, excluding capital expenditures, certain food purchases and certain contracted services. Allocated administrative costs for the years ended October 31, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Salaries	\$ 182,904	\$ 176,579
Fringe benefits	56,159	41,558
Contracted services	2,490	1,855
Telephone and utilities	10,871	12,773
Travel	4,696	5,677
Office supplies	8,119	5,677
Interest	3,923	4,373
Depreciation	3,332	2,965
Other	<u>23,181</u>	<u>20,726</u>
Total allocated indirect costs	<u>\$ 295,675</u>	<u>\$ 272,183</u>

4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at October 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land and land improvements	\$ 119,760	\$ 119,760
Building and fixtures	278,388	278,388
Equipment	96,046	88,638
Vehicles	<u>1,020,241</u>	<u>780,980</u>
	1,514,435	1,267,766
Less accumulated depreciation	<u>(955,128)</u>	<u>(900,109)</u>
	<u>\$ 559,307</u>	<u>\$ 367,657</u>

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**4 - PROPERTY AND EQUIPMENT (Continued)**

NCAP received net proceeds of \$198,480 from the sale of certain property previously donated which had a carrying value of \$300,000 during the year ended October 31, 2014.

5 - LONG-TERM DEBT

Long-term debt consists of a note payable to a bank, due in monthly installments of \$3,160 including interest, with a final payment due on July 15, 2022. The note bears interest at a fixed rate of 4.25%. The note payable is secured by buildings and land. Interest paid for the fiscal years ended October 31, 2015 and 2014, was \$10,188 and \$11,359, 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>
2016	\$ 29,294
2017	30,564
2018	31,888
2019	33,270
2020	34,712
Thereafter	<u>61,845</u>
	<u>\$ 221,573</u>

6 - IN-KIND CONTRIBUTIONS AND GRANT MATCHING REQUIREMENTS

NCAP receives donated services 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 \$39,561 and \$27,069, for the years ended October 31, 2015 and 2014, respectively.

7 - RETIREMENT PLAN

NCAP sponsors a defined contribution 401(k) retirement plan for all employees who meet the eligibility requirements of the plan. NCAP matches 50% of employee contributions up to 6% of compensation. Employer contributions for the years ended October 31, 2015 and 2014 were \$19,253 and \$17,464, respectively.

8 - CONCENTRATIONS

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

NCAP receives 38% and 42% 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, 2015 and 2014, respectively. Direct federal funding of the Head Start program comprises 57% and 64% of the total federal revenue received for the years ended October 31, 2015 and 2014, respectively.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**9 - FUNCTIONAL EXPENSES**

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

	<u>October 31</u>	
	<u>2015</u>	<u>2014</u>
Program services	\$ 3,185,785	\$ 2,854,892
General and administrative	<u>303,997</u>	<u>384,090</u>
	<u>\$ 3,489,782</u>	<u>\$ 3,238,982</u>

OTHER INFORMATION

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM

Year Ended October 31, 2015

	Head Start	CSBG	Weatherization	III-B
Revenues:				
Federal	\$ 836,888	\$ 262,685	\$ 165,218	33,118
State	-	-	-	9,917
Service fees, net	-	-	-	-
In-kind	179,148	-	-	-
Local match	-	-	-	-
Program income	250	-	2,049	-
Interest income	-	-	-	-
Contribution of property and equipment	99,000	-	-	-
Auxiliary income	267,950	-	27,386	-
Total revenues	1,383,236	262,685	194,653	43,035
Expenses:				
Salaries	610,498	68,029	75,547	28,058
Fringe benefits	175,214	18,504	24,066	5,909
In-kind	179,148	-	-	-
Contracted services	979	-	-	-
Equipment	-	-	1,316	-
Food purchases	26,743	-	-	-
Indirect costs	109,240	19,289	20,959	5,191
Insurance	9,242	1,616	6,643	-
Materials and supplies	22,379	14,245	38,573	-
Interest	941	-	2,343	-
Program costs	1,001	27,550	6,855	169
Professional fees	-	18,879	3,265	-
Travel	25,800	6,782	-	909
Utilities	15,584	2,974	8,092	1,801
Vehicles	6,812	1,397	9,175	6,649
Repairs and maintenance	13,747	-	-	-
Depreciation	19,869	19,508	-	-
Loss on sale of property	-	-	-	-
Miscellaneous	3,415	1,120	107	40
Total expenses	1,220,612	199,893	196,941	48,726
Change in net assets	162,624	62,792	(2,288)	(5,691)
Net assets - beginning of year as restated	14,519	90,127	-	-
Support from (to) other programs	5,267	(43,030)	12,639	5,691
Net assets - end of year	\$ 182,410	\$ 109,889	\$ 10,351	\$ -

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
(Continued)

Year Ended October 31, 2015

	III-C	III-D	III-E	Emergency Food and Shelter
Revenues:				
Federal	\$ 115,378	\$ 1,854	\$ 11,882	\$ 11,987
State	120,781	350	7,678	-
Service fees, net	-	-	-	-
In-kind	-	-	-	-
Local match	-	-	-	-
Program income	46,661	-	124	-
Interest income	-	-	-	-
Contribution of property and equipment	-	-	-	-
Auxiliary income	255	-	-	-
Total revenues	<u>283,075</u>	<u>2,204</u>	<u>19,684</u>	<u>11,987</u>
Expenses:				
Salaries	106,749	1,188	14,932	-
Fringe benefits	22,981	188	2,521	-
In-kind	-	-	-	-
Contracted services	-	-	-	-
Equipment	-	-	-	-
Food purchases	184,948	-	-	-
Indirect costs	47,178	391	2,102	1,421
Insurance	5,605	-	-	-
Materials and supplies	21,340	-	-	240
Interest	2,118	-	-	-
Program costs	14,372	1,380	169	11,748
Professional fees	-	-	-	-
Travel	838	92	-	-
Utilities	21,793	-	-	-
Vehicles	8,828	-	-	-
Repairs and maintenance	5,733	-	-	-
Depreciation	1,799	-	-	-
Loss on sale of property	-	-	-	-
Miscellaneous	298	-	-	-
Total expenses	<u>444,580</u>	<u>3,239</u>	<u>19,724</u>	<u>13,409</u>
Change in net assets	(161,505)	(1,035)	(40)	(1,422)
Net assets - beginning of year as restated	-	-	-	-
Support from (to) other programs	<u>161,505</u>	<u>1,035</u>	<u>40</u>	<u>1,422</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
(Continued)

Year Ended October 31, 2015

	Medicaid	Lighthouse	FAIR	Community Participation
Revenues:				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	142,075	52,897	24,602
Service fees, net	1,136,018	-	-	-
In-kind	-	-	-	-
Local match	-	-	-	-
Program income	100	6,070	4,374	-
Interest income	-	-	-	-
Contribution of property and equipment	-	-	-	-
Auxiliary income	-	-	-	-
Total revenues	<u>1,136,118</u>	<u>148,145</u>	<u>57,271</u>	<u>24,602</u>
Expenses:				
Salaries	413,162	94,224	34,236	-
Fringe benefits	73,208	17,628	6,390	-
In-kind	-	-	-	-
Contracted services	487,317	-	-	-
Equipment	-	-	-	-
Food purchases	-	-	-	-
Indirect costs	62,331	13,835	4,897	817
Insurance	-	-	-	-
Materials and supplies	11,238	79	-	-
Interest	549	-	-	-
Program costs	15,927	1,393	2,550	3,746
Professional fees	-	-	-	-
Travel	11,396	2,185	38	-
Utilities	4,897	-	-	-
Vehicles	-	-	-	-
Repairs and maintenance	551	-	-	6,745
Depreciation	6,788	1,468	-	-
Loss on sale of property	-	-	-	-
Miscellaneous	3,294	40	40	-
Total expenses	<u>1,090,658</u>	<u>130,852</u>	<u>48,151</u>	<u>11,308</u>
Change in net assets	45,460	17,293	9,120	13,294
Net assets - beginning of year as restated	524,983	47,936	-	-
Support from (to) other programs	<u>63,508</u>	<u>(41,280)</u>	<u>(2,414)</u>	<u>(13,294)</u>
Net assets - end of year	<u>\$ 633,951</u>	<u>\$ 23,949</u>	<u>\$ 6,706</u>	<u>\$ -</u>

(Continued)

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ACTIVITY BY PROGRAM
(Continued)

Year Ended October 31, 2015

	LIFE	Marketplace	Other Programs	General	2015 Totals	2014 Totals (As Restated)
Revenues:						
Federal	-	3,822	-	\$ -	\$ 1,442,832	\$ 1,330,171
State	200,012	-	-	-	558,312	577,691
Service fees, net	-	-	-	-	1,136,018	827,848
In-kind	-	-	-	-	179,148	180,671
Local match	-	-	-	-	-	5,000
Program income	-	-	83	-	59,711	83,484
Interest income	-	-	-	2,164	2,164	1,065
Contribution of property and equipmen	-	-	-	-	99,000	-
Auxiliary income	-	-	-	2,253	297,844	190,321
Total revenues	200,012	3,822	83	4,417	3,775,029	3,196,251
Expenses:						
Salaries	24,727	3,130	-	-	1,474,480	1,423,926
Fringe benefits	7,748	465	-	-	354,822	349,120
In-kind	-	-	-	-	179,148	180,671
Contracted services	-	-	-	-	488,296	246,684
Equipment	-	-	-	-	1,316	3,665
Food purchases	-	-	-	-	211,691	213,024
Indirect costs	6,587	481	95	861	295,675	272,183
Insurance	-	-	-	-	23,106	34,183
Materials and supplies	-	-	639	2,092	110,825	102,792
Interest	-	-	-	314	6,265	6,986
Program costs	-	-	74	73	87,007	82,196
Professional fees	-	-	-	-	22,144	9,875
Travel	71	-	-	2,150	50,261	38,326
Utilities	-	436	-	313	55,890	50,525
Vehicles	7,548	-	-	35	40,444	34,200
Repairs and maintenance	-	-	425	1,089	28,290	43,624
Depreciation	-	-	-	2,256	51,688	35,340
Loss on sale of property	-	-	-	-	-	101,520
Miscellaneous	-	-	80	-	8,434	10,142
Total expenses	46,681	4,512	1,313	9,183	3,489,782	3,238,982
Change in net assets	153,331	(690)	(1,230)	(4,766)	285,247	(42,731)
Net assets - beginning of year as restated	(1,311)	-	1,123	97,040	774,417	817,148
Support from (to) other programs	(155,209)	690	805	2,625	-	-
Net assets - end of year	\$ (3,189)	\$ -	\$ 698	\$ 94,899	\$ 1,059,664	\$ 774,417

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.
 SCHEDULE OF ASSETS ACQUIRED WITH GRANT FUNDING
 (UNAUDITED)

October 31, 2015

Program & Description	Purchase Date	Purchase Price	Program Total
Head Start:			
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	
1995 Modular - Mt. Lookout	1993	56,000	#
1996 Modular - Panther Ck. - 50%	1996	40,000	#
2016 I-C Bus	2/3/2015	87,962	
2005 Bus INC	8/6/2015	21,000	*
2006 Bus I-C	8/6/2015	26,000	*
2006 Bus I-C	8/6/2015	26,000	*
2006 Bus I-C	8/6/2015	<u>26,000</u>	*
Head Start total			\$ 475,633
CSBG:			
Sharp - 355N - Copier	6/1/2006	\$ 7,668	
2008 Chevrolet Equinox	11/06/2007	21,281	
Konica Minolta Copier	4/15/2010	6,008	
2011 I-C Bus	9/30/2010	74,105	
2011 I-C Bus	9/30/2010	74,105	
Ford Explorer	11/25/2014	30,975	
Xerox Copier	3/17/2015	<u>7,408</u>	
CSBG total			221,550
Weatherization:			
2001 Dodge Box Truck	5/8/2001	\$ 22,908	*
2001 Dodge Truck	5/8/2001	15,555	*
2008 Chevy Box Truck	11/30/2007	27,570	
Krendl Machine	01/02/2008	<u>6,297</u>	
Weatherization total			72,330
Senior Programs:			
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	11,056	
1996 Modular - Panther Ck. - 50%	1996	40,000	#
1995 Modular - Panther Ck.	3/24/2014	5,800	
Sharp Copier - MX-3640	9/11/2014	7,342	
Chevy UT	3/20/2015	<u>21,324</u>	
Senior Programs total			<u>293,222</u>
Total assets acquired with grant funding		<u>\$ 1,062,735</u>	<u>\$ 1,062,735</u>

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

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

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.
 COMMUNITY SERVICES BLOCK GRANT
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	<u>\$ 217,997</u>	<u>\$ 217,997</u>	<u>\$ -</u>
Expenses:			
Salaries	\$ 68,138	\$ 68,138	\$ -
Fringe benefits	15,198	15,198	-
Equipment	38,383	38,383	-
Other	8,643	8,643	-
Materials and supplies	8,528	8,528	-
Program costs	55,137	55,137	-
Travel	5,962	5,962	-
Contractual	2,522	2,522	-
Indirect costs	<u>15,486</u>	<u>15,486</u>	<u>-</u>
Totals	<u>\$ 217,997</u>	<u>\$ 217,997</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 144,344	\$ 135,696	\$ 8,648
Project income	<u>8,500</u>	<u>4,671</u>	<u>3,829</u>
Total revenues	<u>\$ 152,844</u>	<u>\$ 140,367</u>	<u>\$ 12,477</u>
Expenses:			
Salaries/wages	\$ 115,000	\$ 88,588	\$ 26,412
Fringe benefits	17,500	16,511	989
Travel	3,000	3,024	(24)
Indirect costs	<u>17,344</u>	<u>12,702</u>	<u>4,642</u>
Total expenses	<u>\$ 152,844</u>	<u>\$ 120,825</u>	<u>\$ 32,019</u>
Excess of expenses over revenues			<u>\$ 19,542</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 53,841	\$ 53,841	\$ -
Project income	<u>3,000</u>	<u>3,407</u>	<u>(407)</u>
Total revenues	<u>\$ 56,841</u>	<u>\$ 57,248</u>	<u>\$ (407)</u>
Expenses:			
Salaries/wages	\$ 43,000	\$ 34,635	\$ 8,365
Fringe benefits	6,765	6,296	469
Travel	-	33	(33)
Indirect costs	7,076	4,806	2,270
Support to senior programs	<u>-</u>	<u>708</u>	<u>(708)</u>
Total expenses	<u>\$ 56,841</u>	<u>\$ 46,478</u>	<u>\$ 10,363</u>
Excess of revenue over expenses			<u>\$ 10,770</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	<u>\$ 11,900</u>	<u>\$ 11,900</u>	<u>\$ -</u>
Expenses:			
Senior community partnership project	<u>\$ 11,900</u>	<u>\$ 12,803</u>	<u>\$ (903)</u>
Excess of expenses over revenues			<u>\$ (903)</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 196,602	\$ 196,602	\$ -
Support from other programs	<u>-</u>	<u>8,913</u>	<u>(8,913)</u>
Total revenues	<u>\$ 196,602</u>	<u>\$ 205,515</u>	<u>\$ (8,913)</u>
Expenses:			
Salaries	\$ 20,031	\$ 24,235	\$ (4,204)
Fringe benefits	4,167	7,360	(3,193)
Vehicle insurance	6,103	6,824	(721)
Indirect costs	3,545	4,507	(962)
Support to senior programs	<u>162,756</u>	<u>162,589</u>	<u>167</u>
Total expenses	<u>\$ 196,602</u>	<u>\$ 205,515</u>	<u>\$ (8,913)</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.
 SENIOR CENTERS PROGRAMS
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
 (UNAUDITED)

Program Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
State income	\$ 2,000	\$ 2,000	\$ -
Support from other programs	<u>-</u>	<u>803</u>	<u>(803)</u>
Total revenues	<u>\$ 2,000</u>	<u>\$ 2,803</u>	<u>\$ (803)</u>
Expenses:			
Building repairs	\$ 2,000	\$ 2,500	\$ (500)
Indirect costs	<u>-</u>	<u>303</u>	<u>(303)</u>
Total expenses	<u>\$ 2,000</u>	<u>\$ 2,803</u>	<u>\$ (803)</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 33,118	\$ 33,118	\$ -
State income	9,587	9,587	-
Support from other programs	<u>-</u>	<u>5,693</u>	<u>(5,693)</u>
Total revenues	<u>\$ 42,705</u>	<u>\$ 48,398</u>	<u>\$ (5,693)</u>
Expenses:			
Salaries/wages	\$ 26,626	\$ 27,537	\$ (911)
Fringe benefits	4,785	5,646	(861)
Local travel	918	768	150
Telephone	1,750	1,900	(150)
Vehicle maintenance	1,500	2,640	(1,140)
Vehicle operation	2,300	2,732	(432)
Vehicle insurance	1,826	1,826	-
Program costs	-	209	(209)
Indirect costs	<u>3,000</u>	<u>5,140</u>	<u>(2,140)</u>
Total expenses	<u>\$ 42,705</u>	<u>\$ 48,398</u>	<u>\$ (5,693)</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 46,151	\$ 46,151	\$ -
State income	47,507	47,507	-
Project income	25,000	34,126	(9,126)
Overserve meals	-	40	(40)
Support from life	<u>41,879</u>	<u>41,879</u>	<u>-</u>
Total revenues	<u>\$ 160,537</u>	<u>\$ 169,703</u>	<u>\$ (9,166)</u>
Expenses:			
Salaries/wages	\$ 35,000	\$ 34,828	\$ 172
Fringe benefits	6,500	7,788	(1,288)
Disposable supplies	5,000	3,992	1,008
Rent	1,000	863	137
Telephone	1,100	1,654	(554)
Utilities	7,500	7,947	(447)
Depreciation	1,000	640	360
Bldg.repairs/maint.	2,500	2,767	(267)
Program costs	9,937	1,814	8,123
Insurance-liability	2,500	2,323	177
Insurance-flood	1,500	1,288	212
Food purchases	70,000	74,180	(4,180)
Indirect costs	<u>17,000</u>	<u>16,617</u>	<u>383</u>
Total expenses	<u>\$ 160,537</u>	<u>\$ 156,701</u>	<u>\$ 3,836</u>
Excess of revenue over expenses			<u>\$ 13,002</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal Income	\$ 69,227	\$ 69,227	\$ -
State income	71,261	71,261	-
Project income	10,000	11,959	(1,959)
Support from LIFE	93,980	93,980	-
Overserve meals	-	216	(216)
Support from other programs	<u>-</u>	<u>25,950</u>	<u>(25,950)</u>
 Total revenue	 <u>\$ 244,468</u>	 <u>\$ 272,593</u>	 <u>\$ (28,125)</u>
Expenses:			
Salaries/wages	\$ 62,000	\$ 71,102	\$ (9,102)
Fringe benefits	10,000	14,752	(4,752)
Disposable supplies	13,000	15,741	(2,741)
Rent	1,000	1,255	(255)
Telephone	1,400	2,269	(869)
Utilities	9,000	10,986	(1,986)
Depreciation	1,500	961	539
Bldg.repairs/maint.	2,500	2,903	(403)
Vehicle maintenance	2,000	4,148	(2,148)
Vehicle operation	6,500	4,774	1,726
Program costs	1,000	11,758	(10,758)
Insurance-liability	4,000	2,833	1,167
Insurance-flood	1,400	1,298	102
Food purchases	105,000	110,519	(5,519)
Indirect costs	<u>24,168</u>	<u>30,296</u>	<u>(6,128)</u>
 Total expenses	 <u>\$ 244,468</u>	 <u>\$ 285,595</u>	 <u>\$ (41,127)</u>
 Excess expenses over revenue			 <u>\$ 13,002</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 1,978	\$ 1,978	\$ -
State income	350	350	-
Support from other programs	<u>-</u>	<u>679</u>	<u>(679)</u>
Total revenues	<u>\$ 2,328</u>	<u>\$ 3,007</u>	<u>\$ (679)</u>
Expenses:			
Salaries/wages	\$ 280	\$ 560	\$ (280)
Fringe benefits	46	89	(43)
Program costs	1,699	2,041	(342)
Indirect costs	<u>303</u>	<u>317</u>	<u>(14)</u>
Total expenses	<u>\$ 2,328</u>	<u>\$ 3,007</u>	<u>\$ (679)</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
Revenues:			
Federal income	\$ 11,882	\$ 11,882	\$ -
State income	5,516	5,516	-
Support from life	<u>4,998</u>	<u>4,998</u>	<u>-</u>
Total revenues	<u>\$ 22,396</u>	<u>\$ 22,396</u>	<u>\$ -</u>
Expenses:			
Salaries/wages	\$ 17,500	\$ 13,293	\$ 4,207
Fringe benefits	2,200	2,127	73
Program costs	-	169	(169)
Indirect costs	2,696	1,849	847
Support to senior programs (III-C)	<u>-</u>	<u>4,958</u>	<u>(4,958)</u>
Total expenses	<u>\$ 22,396</u>	<u>\$ 22,396</u>	<u>\$ -</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended October 31, 2015

Federal Grantor/ Pass-through Grantor Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures
Department of Health and Human Services			
Head Start (Direct Assistance)	93.600	N/A	\$ 826,377
Passed through the WV Office of Economic Opportunity:			
Community Services Block Grant	93.569	121-8031-07-025-13	262,685
Weatherization	93.568	121-8038-30-025-13	105,125
Passed through the Appalachian Area Agency on Aging:			
Special Programs for the Aging - Title III B	93.044	-	33,118
Special Programs for the Aging - Title III C	93.045	-	115,378
Special Programs for the Aging - Title III D	93.046	-	1,288
National Family Caregiver Support - Title III E	93.052	-	11,882
Special Programs for the Aging - Title VII, Chapter 3	93.041	-	566
Passed through the Centers for Medicare and Medicaid Services:			
State Planning and Establishment Grants for the Affordable Care Act (ACA's) Exchanges	93.525	-	3,822
Department of Agriculture			
Passed through the WV Department of Education :			
School Breakfast Program	10.553	-	10,511
Department of Energy			
Passed through the WV Office of Economic Opportunity:			
Weatherization Assistance for Low-Income Persons	81.042	-	60,093
Department of Homeland Security			
Emergency Food and Shelter	97.024	-	<u>11,987</u>
Total federal expenditures			<u>\$ 1,442,832</u>

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 expenditures 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.

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Nicholas Community Action Partnership, Inc. (NCAP) (a nonprofit organization), which comprise the statement of financial position as of October 31, 2015, 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 April 12, 2016.

Internal Control Over Financial Reporting

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

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

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

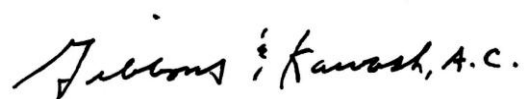
Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCAP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Charleston, West Virginia
April 12, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Nicholas Community Action Partnership, Inc.'s (NCAP) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on NCAP's major federal program for the year ended October 31, 2015. NCAP's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for NCAP's major federal program 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 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about NCAP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Program

In our opinion, NCAP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended October 31, 2015.

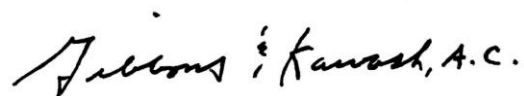
Report on Internal Control Over Compliance

Management of NCAP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NCAP's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Charleston, West Virginia
April 12, 2016

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended October 31, 2015

Section I - Summary of Auditor's Results*Financial Statements*

Type of auditor's reports issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes No*Federal Awards*

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 501(a) of Circular A-133? _____ Yes No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start

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

Auditee qualified as low-risk auditee? _____ Yes No

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended October 31, 2015

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended October 31, 2015

2014-001 Financial ReportingCondition:

Significant audit adjustments were proposed and accepted by management to correct the unaudited balances of assets, liabilities, net assets, revenues and expenses reported in the October 31, 2014 financial statements. We further noted that certain necessary allocation schedules of activity were not compiled to support the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Recommendation:

We recommend that management complete a closing checklist in accordance with existing policies, including the evaluation of journal entries, allocation of costs and a review of the final trial balance to ensure all necessary entries are posted, all transactions have been recognized in the proper period, and all supporting general ledger reports necessary for the preparation of financial statements in accordance with GAAP.

Current Status:

There was no similar finding noted in the October 31, 2015 audit.