



**NICHOLAS COMMUNITY ACTION  
PARTNERSHIP, INC.**

**AUDITED FINANCIAL STATEMENTS**

**Years Ended October 31, 2018 and 2017**

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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, 2018 and 2017, 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, 2018 and 2017, 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 on pages 25-26, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 24, 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 9, 2019, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
April 9, 2019

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**October 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 668,076	\$ 596,384
Investments	215,495	214,530
Accounts receivable for reimbursable program expenditures	284,423	368,776
Other assets	17,540	19,396
Property and equipment, net (Note 3)	<u>698,608</u>	<u>579,583</u>
Total assets	<u>\$ 1,884,142</u>	<u>\$ 1,778,669</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 106,310	\$ 61,133
Accrued wages	68,762	58,696
Accrued compensated absences	104,219	107,319
Refundable advances	8,343	56,564
Long-term debt (Note 4)	<u>128,199</u>	<u>159,864</u>
Total liabilities	415,833	443,576
NET ASSETS, UNRESTRICTED	<u>1,468,309</u>	<u>1,335,093</u>
Total liabilities and net assets	<u>\$ 1,884,142</u>	<u>\$ 1,778,669</u>

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

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**STATEMENTS OF ACTIVITIES**  
**Years ended October 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
Federal	\$ 1,774,831	\$ 1,656,399
State	524,514	584,898
Service fees, net	1,683,452	1,523,973
In-kind (Note 5)	210,486	176,826
Program income	66,579	63,087
Auxiliary income	344,731	341,702
Interest income	1,146	659
Total revenues	4,605,739	4,347,544
<b>EXPENSES (Note 8)</b>		
Salaries	1,826,337	1,720,715
Fringe benefits	402,908	394,761
In-kind	210,486	176,827
Contracted services	807,281	698,409
Equipment	17,173	2,272
Food purchases	218,722	204,791
Indirect costs (Note 2)	300,696	300,509
Insurance	10,942	11,422
Materials and supplies	246,581	204,541
Interest	3,847	4,668
Program costs	108,222	104,914
Professional fees	24,767	22,241
Travel	61,794	50,947
Utilities	52,294	51,881
Vehicle	58,337	52,966
Repairs and maintenance	34,630	38,549
Depreciation	87,506	68,168
Total expenses	4,472,523	4,108,581
Change in net assets	133,216	238,963
Net assets, beginning of year	1,335,093	1,096,130
Net assets, end of year	\$ 1,468,309	\$ 1,335,093

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

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended October 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 133,216	\$ 238,963
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	91,210	71,872
(Increase) decrease in:		
Accounts receivable for reimbursable program expenditures	84,353	(212,248)
Other assets	1,856	25,370
Increase (decrease) in:		
Accounts payable	45,177	12,079
Accrued wages	10,066	13,686
Accrued compensated absences	(3,100)	9,428
Refundable advances	(48,221)	4,447
	314,557	163,597
Net cash provided by operating activities	314,557	163,597
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(210,235)	(139,736)
Proceeds from sale (purchase) of investments	(965)	(486)
Net cash used in investing activities	(211,200)	(140,222)
<b>FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(31,665)	(30,330)
NET INCREASE (DECREASE) IN CASH	71,692	(6,955)
CASH, beginning	596,384	603,339
CASH, ending	\$ 668,076	\$ 596,384
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 6,255	\$ 7,590

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

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended October 31, 2018 and 2017**

**Note 1. Description of the Organization and Summary of Significant Accounting Policies**

Description 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.

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.

(Continued)



**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended October 31, 2018 and 2017**

**Note 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

The accompanying financial statements present information regarding NCAP's financial position and activities according to three classes of net assets, differentiated based on the existence or absence of donor-imposed restrictions, which are described below:

**Unrestricted** net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Expenses, revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification.

**Temporarily restricted** net assets are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of NCAP pursuant to those stipulations. There were no temporarily restricted net assets at October 31, 2018 and 2017.

**Permanently restricted** net assets are amounts required by donors to be held in perpetuity; however, the income on these assets is available to meet various restricted and other operating needs. There were no permanently restricted net assets at October 31, 2018 and 2017.

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.

(Continued)

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended October 31, 2018 and 2017**

**Note 1. Description of the Organization and Summary of Significant Accounting Policies (Continued)**

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 in the near-term could differ from the estimates used to prepare these financial statements.

Subsequent events

The date to which events occurring after October 31, 2018, have been evaluated for possible adjustment to or disclosure in the financial statements is April 9, 2019, which is the date the financial statements were available to be issued.

**Note 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, certain food purchases and certain contracted services. Allocated administrative costs are as follows:

	<u>2018</u>	<u>2017</u>
Salaries	\$ 198,233	\$ 191,870
Fringe benefits	54,478	56,793
Contracted services	585	455
Telephone and utilities	12,912	11,950
Travel	3,715	3,902
Office supplies	8,286	7,104
Interest	2,408	2,922
Depreciation	3,704	3,704
Other	<u>16,375</u>	<u>21,809</u>
Total allocated indirect costs	<u>\$ 300,696</u>	<u>\$ 300,509</u>

**Note 3. Property and Equipment**

Property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Land and land improvements	\$ 119,760	\$ 119,760
Building and fixtures	278,388	278,388
Equipment	96,046	96,046
Vehicles	<u>1,207,202</u>	<u>996,966</u>
	1,701,396	1,491,160
Less accumulated depreciation	<u>(1,002,788)</u>	<u>(911,577)</u>
	<u>\$ 698,608</u>	<u>\$ 579,583</u>

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended October 31, 2018 and 2017**

**Note 4. Long-Term Debt**

Long-term debt consists of a note payable to a bank, due in monthly installments of \$3,160 including interest at 4.25%, with a final payment due on July 15, 2022. The note is secured by buildings and land. Interest paid for the fiscal years ended October 31, 2018 and 2017, was \$6,255 and \$7,590, respectively, including amounts comprising indirect costs. Maturities of long-term debt are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 33,270
2020	34,712
2021	36,216
2022	<u>24,001</u>
	<u>\$ 128,199</u>

**Note 5. In-Kind Contributions and Grant Matching Requirements**

NCAP receives donated services in order to meet matching requirements of certain grants and programs which are reported as revenues and related expenses in the accompanying financial statements as \$210,486 and \$176,827 for the years ended October 31, 2018 and 2017, respectively. Services that do not meet the criteria for reporting revenue and related expenses in these financial statements under U.S. generally accepted accounting principles are not reported. The value of those unreported services, as estimated by management, amounted to \$37,311 and \$41,761, for the years ended October 31, 2018 and 2017, respectively.

**Note 6. 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, 2018 and 2017 were \$16,230 and \$17,078, respectively.

**Note 7. 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 received 39% and 38% 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, 2018 and 2017, respectively. Direct federal funding of the Head Start program comprises 51% and 60% of the total federal revenue received for the years ended October 31, 2018 and 2017, respectively.

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended October 31, 2018 and 2017**

**Note 8. Functional Expenses**

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

	<u>2018</u>	<u>2017</u>
Program services	\$ 4,144,621	\$ 3,735,366
General and administrative	<u>327,902</u>	<u>373,215</u>
	<u>\$ 4,472,523</u>	<u>\$ 4,108,581</u>

## **OTHER INFORMATION**

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**SCHEDULE OF ACTIVITY BY PROGRAM  
Year Ended October 31, 2018**

	<u>Head Start</u>	<u>CSBG</u>	<u>Weatherization</u>	<u>III-B</u>
<b>REVENUES</b>				
Federal	\$ 909,706	\$ 244,370	\$ 417,831	\$ 32,625
State	-	-	-	10,352
Service fees, net	-	-	-	-
In-kind	210,486	-	-	-
Program income	320	146	7,039	-
Auxiliary income	276,564	-	62,504	-
Interest income	-	-	-	-
Total revenues	<u>1,397,076</u>	<u>244,516</u>	<u>487,374</u>	<u>42,977</u>
<b>EXPENSES</b>				
Salaries	681,961	46,418	118,101	24,536
Fringe benefits	214,497	9,404	32,626	4,168
In-kind	210,486	-	-	-
Contracted services	823	40,930	29,825	-
Equipment	12,739	-	4,434	-
Food purchases	38,265	-	-	-
Indirect costs	101,979	18,091	38,664	3,759
Insurance	2,988	-	1,819	-
Materials and supplies	23,326	13,514	173,007	-
Interest	578	-	1,439	-
Program costs	6,237	32,631	7,614	9
Professional fees	-	24,208	559	-
Travel	26,051	2,212	8,196	653
Utilities	17,407	3,317	6,957	1,547
Vehicles	12,402	2,368	17,057	8,966
Repairs and maintenance	16,892	-	1,805	-
Depreciation	41,631	19,400	12,017	-
Total expenses	<u>1,408,262</u>	<u>212,493</u>	<u>454,120</u>	<u>43,638</u>
Change in net assets	(11,186)	32,023	33,254	(661)
Net assets - beginning of year	229,669	69,124	65,025	-
Support from (to) other programs	<u>7,288</u>	<u>(53,225)</u>	<u>43,474</u>	<u>661</u>
Net assets - end of year	<u>\$ 225,771</u>	<u>\$ 47,922</u>	<u>\$ 141,753</u>	<u>\$ -</u>

(Continued)

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**SCHEDULE OF ACTIVITY BY PROGRAM**  
**Year Ended October 31, 2018**

	III-C	III-D	III-E	Emergency Food and Shelter
<b>REVENUES</b>				
Federal	\$ 126,415	\$ 2,753	\$ 13,573	\$ 15,844
State	139,783	380	3,324	-
Service fees, net	-	-	-	-
In-kind	-	-	-	-
Program income	39,285	-	1,258	-
Auxiliary income	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>305,483</u>	<u>3,133</u>	<u>18,155</u>	<u>15,844</u>
<b>EXPENSES</b>				
Salaries	122,214	2,030	18,095	-
Fringe benefits	21,506	291	2,414	-
In-kind	-	-	-	-
Contracted services	2,233	-	-	-
Equipment	-	-	-	-
Food purchases	180,457	-	-	-
Indirect costs	37,222	366	1,931	1,476
Insurance	4,907	-	-	-
Materials and supplies	23,466	-	-	366
Interest	1,300	-	-	-
Program costs	3,606	1,575	-	15,492
Professional fees	-	-	-	-
Travel	800	-	-	-
Utilities	18,145	-	-	-
Vehicles	9,837	-	-	-
Repairs and maintenance	4,574	-	-	-
Depreciation	2,000	-	-	-
Total expenses	<u>432,267</u>	<u>4,262</u>	<u>22,440</u>	<u>17,334</u>
Change in net assets	(126,784)	(1,129)	(4,285)	(1,490)
Net assets - beginning of year	1,508	-	3,246	-
Support from (to) other programs	<u>125,276</u>	<u>1,129</u>	<u>1,039</u>	<u>1,490</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**  
**Year Ended October 31, 2018**

	Medicaid	Lighthouse	FAIR	LIFE
<b>REVENUES</b>				
Federal	\$ -	\$ -	\$ -	\$ -
State	6,450	122,362	47,364	194,499
Service fees, net	1,683,452	-	-	-
In-kind	-	-	-	-
Program income	141	7,256	3,870	784
Auxiliary income	2,842	-	-	-
Interest income	-	-	-	-
Total revenues	1,692,885	129,618	51,234	195,283
<b>EXPENSES</b>				
Salaries	644,409	85,347	34,600	44,504
Fringe benefits	91,029	12,643	5,138	7,915
In-kind	-	-	-	-
Contracted services	730,235	-	-	-
Equipment	-	-	-	-
Food purchases	-	-	-	-
Indirect costs	74,663	9,517	3,713	5,703
Insurance	-	-	-	-
Materials and supplies	8,350	1,609	-	800
Interest	337	-	-	-
Program costs	31,000	795	160	-
Professional fees	-	-	-	-
Travel	9,087	1,866	-	89
Utilities	4,556	-	-	-
Vehicles	249	-	-	7,458
Repairs and maintenance	8,591	-	-	-
Depreciation	10,916	-	-	-
Total expenses	1,613,422	111,777	43,611	66,469
Change in net assets	79,463	17,841	7,623	128,814
Net assets - beginning of year	769,951	66,921	9,885	(3,187)
Support from (to) other programs	6,379	-	(16,281)	(114,329)
Net assets - end of year	\$ 855,793	\$ 84,762	\$ 1,227	\$ 11,298

(Continued)



**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**SCHEDULE OF ACTIVITY BY PROGRAM  
Year Ended October 31, 2018**

	CSBG		2018 Totals	2017 totals
	T&TA	General		
<b>REVENUES</b>				
Federal	\$ 11,714	\$ -	\$ 1,774,831	\$ 1,656,399
State	-	-	524,514	584,898
Service fees, net	-	-	1,683,452	1,523,973
In-kind	-	-	210,486	176,826
Program income	-	6,480	66,579	63,087
Auxiliary income	-	2,821	344,731	341,702
Interest income	-	1,146	1,146	659
Total revenues	<u>11,714</u>	<u>10,447</u>	<u>4,605,739</u>	<u>4,347,544</u>
<b>EXPENSES</b>				
Salaries	-	4,122	1,826,337	1,720,716
Fringe benefits	-	1,277	402,908	394,761
In-kind	-	-	210,486	176,826
Contracted services	-	3,235	807,281	698,409
Equipment	-	-	17,173	2,272
Food purchases	-	-	218,722	204,791
Indirect costs	1,080	2,532	300,696	300,509
Insurance	-	1,228	10,942	11,422
Materials and supplies	-	2,143	246,581	204,541
Interest	-	193	3,847	4,668
Program costs	-	9,103	108,222	104,914
Professional fees	-	-	24,767	22,241
Travel	11,608	1,232	61,794	50,947
Utilities	-	365	52,294	51,881
Vehicles	-	-	58,337	52,966
Repairs and maintenance	-	2,768	34,630	38,549
Depreciation	-	1,542	87,506	68,168
Total expenses	<u>12,688</u>	<u>29,740</u>	<u>4,472,523</u>	<u>4,108,581</u>
Change in net assets	(974)	(19,293)	133,216	238,963
Net assets - beginning of year	-	122,951	1,335,093	1,096,130
Support from (to) other programs	<u>974</u>	<u>(3,875)</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ 99,783</u>	<u>\$ 1,468,309</u>	<u>\$ 1,335,093</u>

See Independent Auditor's Report.

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF ASSETS ACQUIRED WITH GRANT FUNDING (UNAUDITED)

As of October 31, 2018

Program & Description	Purchase Date	Purchase Price	Program Total
Head Start:			
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	26,000	*
2018 Bus I-C	1/24/2017	83,130	
2019 Bus I-C	7/12/2018	83,477	
Head Start total			\$ 502,164
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	7,408	
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	6,297	
2018 Dodge Ram Chassis Cab	10/17/2017	48,606	
2018 Dodge Ram Chassie (Tool Truck)	12/6/2017	45,151	
2018 Ford F-150 Pick Up Truck	12/6/2017	32,919	
Weatherization total			199,006
Senior Programs:			
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	
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	21,324	
2017 Ford Escape	8/10/2016	23,562	
2006 Ford Super Duty Coach	2/7/2017	8,000	
2018 Ford 150 Hot/Cold Truck	4/26/2018	48,689	
Senior Programs total			326,976
TOTAL ASSETS ACQUIRED WITH GRANT FUNDING		\$ 1,249,696	\$ 1,249,696

\* 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.

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**COMMUNITY SERVICES BLOCK GRANT  
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET (UNAUDITED)  
Program Year Ended December 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
Federal income	\$ 219,860	\$ 219,860	\$ -
EXPENSES			
Salaries	\$ 64,242	\$ 64,242	\$ -
Fringe benefits	18,269	18,269	-
Other	11,086	11,086	-
Materials and supplies	11,604	11,604	-
Program costs	70,911	70,911	-
Travel	1,541	1,541	-
Contractual	26,500	26,500	-
Indirect costs	<u>15,707</u>	<u>15,707</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 219,860</u>	<u>\$ 219,860</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
<b>REVENUES</b>			
State income	\$ 140,006	\$ 136,340	\$ 3,666
Project income	<u>8,500</u>	<u>8,467</u>	<u>33</u>
Total revenues	<u>\$ 148,506</u>	<u>\$ 144,807</u>	<u>\$ 3,699</u>
<b>EXPENSES</b>			
Salaries/wages	\$ 103,000	\$ 96,881	\$ 6,119
Fringe benefits	18,000	14,848	3,152
Travel	2,000	1,873	127
Office supplies	1,000	490	510
Disposable supplies	2,000	1,308	692
Employment testing	1,000	-	1,000
Indirect costs	<u>21,506</u>	<u>10,954</u>	<u>10,552</u>
TOTAL EXPENSES	<u>\$ 148,506</u>	<u>\$ 126,354</u>	<u>\$ 22,152</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
State income	\$ 57,677	\$ 57,677	\$ -
Project income	<u>3,000</u>	<u>4,956</u>	<u>(1,956)</u>
Total revenues	<u>\$ 60,677</u>	<u>\$ 62,633</u>	<u>\$ (1,956)</u>
EXPENSES			
Salaries/wages	\$ 48,000	\$ 43,409	\$ 4,591
Fringe benefits	7,000	6,719	281
Indirect costs	<u>5,677</u>	<u>4,774</u>	<u>903</u>
TOTAL EXPENSES	<u>\$ 60,677</u>	<u>\$ 54,902</u>	<u>\$ 5,775</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
State income	\$ 196,800	\$ 196,800	\$ -
Support from other programs	<u>-</u>	<u>4,094</u>	<u>(4,094)</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 196,800</u></b>	<b><u>\$ 200,894</u></b>	<b><u>\$ (4,094)</u></b>
EXPENSES			
Salaries	\$ 21,828	\$ 24,972	\$ (3,144)
Fringe benefits	3,815	5,268	(1,453)
Vehicle insurance	8,097	8,097	-
Vehicle purchase	32,734	32,734	-
Indirect costs	4,218	3,715	503
Support to senior programs	<u>126,109</u>	<u>126,109</u>	<u>-</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 196,801</u></b>	<b><u>\$ 200,895</u></b>	<b><u>\$ (4,094)</u></b>

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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
<b>REVENUES</b>			
Federal income	\$ 32,625	\$ 32,625	\$ -
State income	11,171	11,171	-
Support from other programs	<u>-</u>	<u>659</u>	<u>(659)</u>
TOTAL REVENUES	<u>\$ 43,796</u>	<u>\$ 44,455</u>	<u>\$ (659)</u>
<b>EXPENSES</b>			
Salaries/wages	\$ 27,056	\$ 24,776	\$ 2,280
Fringe benefits	4,822	4,467	355
Local travel	-	744	(744)
Telephone	1,500	1,628	(128)
Vehicle maintenance	2,200	2,686	(486)
Vehicle operation	2,100	2,856	(756)
Vehicle insurance	2,600	3,439	(839)
Program costs	-	9	(9)
Indirect costs	<u>3,518</u>	<u>3,852</u>	<u>(334)</u>
TOTAL EXPENSES	<u>\$ 43,796</u>	<u>\$ 44,457</u>	<u>\$ (661)</u>

See Independent Auditor's Report.

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**TITLE III-C  
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET (UNAUDITED)  
Program Year Ended September 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
<b>REVENUE</b>			
Federal income	\$ 50,560	\$ 50,560	\$ -
State income	54,028	54,028	-
Project income	25,000	30,382	(5,382)
Support from LIFE	<u>21,079</u>	<u>21,079</u>	<u>-</u>
 Total revenues	 <u>\$ 150,667</u>	 <u>\$ 156,049</u>	 <u>\$ (5,382)</u>
 <b>EXPENSES</b>			
Salaries/wages	\$ 40,000	\$ 38,597	\$ 1,403
Fringe benefits	8,400	7,288	1,112
Local travel	240	291	(51)
Office supplies	200	949	(749)
Disposable supplies	2,700	3,368	(668)
Permits & licenses	350	3	347
Employment testing	185	-	185
Rent	650	549	101
Utilities	8,400	7,573	827
Depreciation	950	800	150
Bldg. repairs/maint.	2,000	1,853	147
Contracted services	760	852	(92)
Advertisement	140	72	68
Program costs	-	1,204	(1,204)
Insurance - liability	2,600	1,955	645
Food purchases	70,000	69,359	641
Indirect costs	<u>13,092</u>	<u>12,775</u>	<u>317</u>
 TOTAL EXPENSES	 <u>\$ 150,667</u>	 <u>\$ 147,488</u>	 <u>\$ 3,179</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
<b>REVENUES</b>			
Federal Income	\$ 75,855	\$ 75,855	\$ -
State income	81,022	81,022	-
Project income	10,000	8,525	1,475
Support from LIFE	71,812	71,812	-
Support from other programs	<u>52,255</u>	<u>40,882</u>	<u>11,373</u>
TOTAL REVENUE	<u>\$ 290,944</u>	<u>\$ 278,096</u>	<u>\$ 12,848</u>
<b>EXPENSES</b>			
Salaries/wages	\$ 75,359	\$ 82,417	\$ (7,058)
Fringe benefits	22,082	14,849	7,233
Local travel	360	470	(110)
Office supplies	300	706	(406)
Disposable supplies	14,809	18,421	(3,612)
Permits & licenses	550	10	540
Employment testing	265	-	265
Rent	850	799	51
Telephone	2,100	1,863	237
Utilities	10,500	8,315	2,185
Depreciation	1,450	1,200	250
Bldg. repairs/maint.	2,000	2,611	(611)
Contracted services	1,140	1,255	(115)
Advertisement	210	88	122
Vehicle maintenance	1,000	4,947	(3,947)
Vehicle operation	6,500	4,736	1,764
Program costs	-	1,119	(1,119)
Insurance - liability	3,900	2,783	1,117
Food purchase	112,127	107,409	4,718
Indirect costs	<u>35,442</u>	<u>24,099</u>	<u>11,343</u>
TOTAL EXPENSES	<u>\$ 290,944</u>	<u>\$ 278,097</u>	<u>\$ 12,847</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
Federal income	\$ 2,153	\$ 2,153	\$ -
State income	380	380	-
Support from other programs	<u>-</u>	<u>934</u>	<u>(934)</u>
 TOTAL REVENUES	 <u>\$ 2,533</u>	 <u>\$ 3,467</u>	 <u>\$ (934)</u>
 EXPENSES			
Salaries/wages	\$ 709	\$ 1,402	\$ (693)
Fringe benefits	99	192	(93)
Program costs	1,444	1,575	(131)
Indirect costs	<u>281</u>	<u>299</u>	<u>(18)</u>
 TOTAL EXPENSES	 <u>\$ 2,533</u>	 <u>\$ 3,468</u>	 <u>\$ (935)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Under (Over)</u>
REVENUES			
Federal income	\$ 11,704	\$ 11,704	\$ -
State income	3,902	3,902	-
Program Income	1,627	995	632
Support from LIFE	<u>7,168</u>	<u>7,168</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 24,401</u>	<u>\$ 23,769</u>	<u>\$ 632</u>
EXPENSES			
Salaries/wages	\$ 18,500	\$ 18,071	\$ 429
Fringe benefits	3,200	2,706	494
Indirect costs	2,701	1,979	722
Support to senior programs	<u>-</u>	<u>1,015</u>	<u>(1,015)</u>
TOTAL EXPENSES	<u>\$ 24,401</u>	<u>\$ 23,771</u>	<u>\$ 630</u>

See Independent Auditor's Report.

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended October 31, 2018**

Federal Grantor/ Pass-through Grantor Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures
<b>Department of Health and Human Services</b>			
Head Start (Direct Assistance)	93.600	N/A	\$ 894,781
Passed through the WV Office of Economic Opportunity:			
Community Services Block Grant	93.569	17CSBG-F11	79,029
Community Services Block Grant	93.569	18CSBG-F11	165,341
Community Services Block Grant	93.569	17CSBG-DT11	2,637
Community Services Block Grant	93.569	18CSBG-DT11	9,077
Total Community Services Block Grant			<u>256,084</u>
Low-Income Home Energy Assistance	93.568	DHHRWX1609	90,085
Low-Income Home Energy Assistance	93.568	DHHRWX1709	168,202
Low-Income Home Energy Assistance	93.568	17NHEP-F11	16,173
Low-Income Home Energy Assistance	93.568	18NHEP-F011	113,247
Total Low-Income Home Energy Assistance			<u>387,707</u>
Passed through the Appalachian Area Agency on Aging:			
Special Programs for the Aging - Title III B	93.044	-	32,625
Special Programs for the Aging - Title III C	93.045	-	126,415
Total Aging Cluster			<u>159,040</u>
Special Programs for the Aging - Title III D	93.043	-	2,153
National Family Caregiver Support - Title III E	93.052	-	13,573
Special Programs for the Aging - Title VII Chapter 3	93.041	-	600
<b>Department of Agriculture</b>			
Passed through the WV Department of Education :			
School Breakfast Program	10.553	-	14,926
<b>Department of Energy</b>			
Passed through the WV Office of Economic Opportunity:			
Weatherization Assistance for Low-Income Persons	81.042	DOEWX1709	30,123
<b>Department of Homeland Security</b>			
Emergency Food and Shelter	97.024	N/A	<u>15,844</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,774,831</u>

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

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended October 31, 2018**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of the Nicholas Community Action Partnership, Inc. (NCAP), 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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

**Note 2. Indirect Cost Rate**

NCAP has elected not to use 10 percent de-minimis indirect cost rate allowed under the Uniform Guidance.



**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, 2018, 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 9, 2019.

**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 NCAP's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 NCAP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
April 9, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
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 Compliance Supplement* that could have a direct and material effect on NCAP's major federal program for the year ended October 31, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 major 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, 2018.

## **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
April 9, 2019

NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended October 31, 2018

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Section I - Summary of Auditor's Results

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*Financial Statements*

Type of auditor's reports issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)? \_\_\_\_\_ Yes  X  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: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  X  No

(Continued)

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended October 31, 2018**

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**Section II - Financial Statement Findings**

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**No findings were identified that are required to be reported under this section.**

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**Section III - Federal Award Findings and Questioned Costs**

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**No findings were identified that are required to be reported under this section.**

**NICHOLAS COMMUNITY ACTION PARTNERSHIP, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended October 31, 2018**

**2017-001 Revenue Recognition (Material Weakness)**

Condition:

Transactions related to performance obligations under a certain contract were not appropriately evaluated to ensure they were recorded in the proper accounting period.

Recommendations:

We recommended that management of NCAP implement procedures and controls over financial reporting to evaluate the proper recognition of revenue during the year end closing and review process.

Current Status:

Management adopted the recommendation during the year ended October 31, 2018, and no similar findings were noted in the current year audit.