



Certified Public Accountants, A.C.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
Single Audit
For the Years Ended December 31, 2018 and 2017

DHHR - Finance

OCT 7 2019

Date Received

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RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC

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INDEPENDENT AUDITOR'S REPORT

September 30, 2019

Raleigh County Community Action Association, Inc.
111 Willow Lane
PO Box 3066
Beckley, WV 25801

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Raleigh County Community Action Association, Inc.** (a nonprofit organization), (the Association) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses 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 Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Auditor's Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 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

Supplementary and Other Information

Our audit was conducted to opine on the Association's financial statements taken as a whole. The accompanying supplementary information shown on pages 21-24 is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the financial statements. We subjected these schedules to the auditing procedures applied in the audit of the financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing 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 Association's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

DHHR - Finance

OCT 7 2019

Date Received

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 425,954	\$ 662,451
Cash Held for Accrued Leave	49,480	49,475
Accounts Receivable	130,909	149,847
Grants Receivable	689,047	692,146
Deposits	8,176	1,800
Prepaid Expenses	38,170	34,861
Total Current Assets	<u>1,341,736</u>	<u>1,590,580</u>
 PROPERTY AND EQUIPMENT:		
Land	103,000	103,000
Property and Equipment - (Net)	1,937,891	1,914,070
Total Property and Equipment	<u>2,040,891</u>	<u>2,017,070</u>
 TOTAL ASSETS	<u>\$ 3,382,627</u>	<u>\$ 3,607,650</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 398,783	\$ 387,557
Rental Deposits	800	800
Accrued Payroll	52,924	54,043
Accrued Payroll Taxes and Withholdings	68,772	73,399
Accrued Annual Leave and Retirement	243,484	251,633
Deferred Revenue	10,832	295,546
Total Current Liabilities	<u>775,595</u>	<u>1,062,978</u>
 TOTAL LIABILITIES	<u>775,595</u>	<u>1,062,978</u>
 NET ASSETS:		
NET ASSETS WITHOUT DONOR RESTRICTION:		
Operating	566,141	527,602
Property and Equipment	260,878	303,854
Total Net Assets Without Donor Restriction	<u>827,019</u>	<u>831,456</u>
 NET ASSETS WITH DONOR RESTRICTION:		
Property and Equipment - Grantor Restricted	1,780,013	1,713,216
Total Net Assets With Donor Restriction	<u>1,780,013</u>	<u>1,713,216</u>
 TOTAL NET ASSETS	<u>2,607,032</u>	<u>2,544,672</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,382,627</u>	<u>\$ 3,607,650</u>

The notes to the financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTION		
SUPPORT AND REVENUES:		
<i>Support and Revenue</i>		
Federal Direct	\$ 4,786,659	\$ 4,764,347
State/Pass-Through	498,027	517,960
In-Kind Matching	1,823,403	1,439,756
Contractual Income	840,382	770,127
Other Program Income	824,352	622,283
Total Unrestricted Support and Revenue	8,772,823	8,114,473
 EXPENDITURES:		
Program Services	7,930,620	7,775,058
Management & General	846,640	-
Total Expenditures	8,777,260	7,775,058
Increase/(Decrease) in Net Assets Without Donor Restriction	(4,437)	339,415
 NET ASSETS WITH DONOR RESTRICTION		
Changes in Net Assets With Donor Restriction:		
Contributions Restricted for Property Purchases	66,797	-
Increase/(Decrease) in Net Assets With Donor Restriction	66,797	-
 CHANGE IN NET ASSETS	62,360	339,415
 NET ASSETS AT BEGINNING OF YEAR (Restated - Note 5)	2,544,672	2,205,257
 NET ASSETS AT END OF YEAR	\$ 2,607,032	\$ 2,544,672

The notes to the financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 62,360	\$ 339,416
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
(Increase) Decrease in Operating Assets:		
Depreciation	244,807	187,631
Grants Receivable	3,099	(72,892)
Accounts Receivable	18,938	38,897
Prepaid Expenses	(3,309)	7,324
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	11,226	222,788
Accrued Payroll	(10,278)	(10,518)
Accrued Payroll Taxes and Withholdings	(4,627)	(7,873)
Accrued Annual Leave and Retirement	(8,149)	(7,205)
Deferred Revenue	(284,714)	202,121
Net Cash Provided by (Used in) Operating Activities	<u>29,353</u>	<u>899,689</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(265,845)</u>	<u>(573,695)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(265,845)</u>	<u>(573,695)</u>
Net Increase (Decrease in) Cash and Cash Equivalents	(236,492)	281,626
Cash and Cash Equivalents, Beginning of Year	<u>711,926</u>	<u>430,300</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 475,434</u></u>	<u><u>\$ 711,926</u></u>

The notes to the financial statements are an integral part of this statement.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM EXPENSES						Total Program Expenses	Management & General	Total
	Head Start Program	Early Head Start	Transportation Programs	Homeless Shelter	Housing Services	Other Programs			
Salaries & Wages	\$1,370,117	\$ 335,471	\$ 383,579	\$ 525,435	\$163,931	\$ 144	\$ 2,778,677	\$ 527,362	\$ 3,306,039
Fringe Benefits	380,020	92,990	134,330	166,291	30,625	18	804,274	133,245	937,519
Services & Professional Fees	31,215	247,764	2,757	4,063	3,457	6,121	295,377	63,413	358,790
Travel	20,498	23,455	1,914	7,144	5,342	1,580	59,933	26,585	86,518
Equipment	8,983	2,203	-	6,716	165	-	18,067	3,502	21,569
Supplies & Materials	317,650	91,729	9,541	99,764	8,233	11,433	538,350	22,699	561,049
Utilities & Telephone	69,124	14,765	8,789	68,720	15,692	5	177,095	17,741	194,836
Space	30,225	10,075	162	-	31,270	-	71,732	-	71,732
Training & Meetings	52,486	27,756	1,234	5,037	4,100	718	91,331	20,149	111,480
Insurance	31,172	4,577	25,341	6,049	5,836	-	72,975	10,332	83,307
Client Temporary Financial Assistance	-	-	-	-	363,689	-	363,689	-	363,689
Vehicle Gasoline & Maintenance	124,883	7,526	162,717	7,138	15,352	1,389	319,005	5,505	324,510
Building Repairs & Maintenance	160,764	19,707	-	64,824	31,241	12,495	289,031	941	289,972
Miscellaneous	1,679	1,949	-	172	206	1,229	5,235	(7,196)	(1,961)
Total Expenses Before Depreciation & In-Kind	2,598,816	879,967	730,364	961,353	679,139	35,132	5,884,771	824,278	6,709,049
Depreciation Expense	87,860	35,825	45,028	20,501	24,691	8,540	222,445	22,362	244,807
In-Kind Expense	1,384,727	265,827	7,680	139,970	-	25,200	1,823,404	-	1,823,404
Total Expenses	\$4,071,403	\$1,181,619	\$ 783,072	\$1,121,824	\$703,830	\$ 68,872	\$ 7,930,620	\$ 846,640	\$ 8,777,260

The notes to the financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	PROGRAM EXPENSES						
	Head Start Program	Early Head Start	Transportation Programs	Homeless Shelter	Housing Services	Other Programs	Total
Salaries & Wages	\$ 1,485,179	\$ 457,223	\$ 443,688	\$ 591,026	\$ 168,255	\$ 34,019	\$ 3,179,390
Fringe Benefits	400,771	119,786	138,277	171,579	51,107	4,676	886,196
Services & Professional Fees	581,758	475,073	5,169	110,738	3,137	3,075	1,178,950
Travel	24,919	24,719	433	5,018	8,164	7,399	70,652
Equipment	13,677	7,312	620	25,355	136	-	47,100
Supplies & Materials	329,219	212,153	6,228	370,416	19,521	3,250	940,787
Telephone/Internet	16,507	1,981	6,516	8,993	8,985	-	42,982
Space & Utilities	285,511	74,447	10,558	76,553	46,132	33,811	527,012
Training & Meetings	20,411	26,628	1,311	6,100	5,034	4,930	64,414
Insurance	36,660	6,692	31,145	8,710	6,456	27	89,690
Client Temporary Financial Assistance	-	-	-	-	250,230	-	250,230
Gasoline	20,256	3,851	76,563	3,822	1,285	345	106,122
Vehicle/Fleet Maintenance	59,280	1,991	59,041	2,023	4,130	11,295	137,760
Miscellaneous	38,479	9,274	3,015	6,375	5,571	3,428	66,142
Total Expenses Before Depreciation	3,312,627	1,421,130	782,564	1,386,708	578,143	106,255	7,587,427
Depreciation Expense	51,623	25,127	45,028	18,534	24,690	22,629	187,631
Total Expenses	<u>\$ 3,364,250</u>	<u>\$ 1,446,257</u>	<u>\$ 827,592</u>	<u>\$ 1,405,242</u>	<u>\$ 602,833</u>	<u>\$ 128,884</u>	<u>\$ 7,775,058</u>

The notes to the financial statements are an integral part of this statement.

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Nature of Activities – Raleigh County Community Action Association, Inc. (RCCAA) (the Association) is a non-profit community action agency, which provides services to low-income individuals and families in Raleigh County, West Virginia. Raleigh County Community Action Association, Inc.'s headquarters are located in Beckley, West Virginia. The Association is funded primarily through grants and other agreements with the federal and state government.

B. Accounting Basis

The financial statements have been prepared on the accrual basis of accounting. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Grants received in advance of incurring qualifying expenses are recorded as deferred revenue. Revenue from fee-for-service contracts is recognized in the accompanying financial statements when the services have been provided.

C. Basis of Presentation

The Association has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 958-210, Presentation of Financial Statements. Under ASC 958-210, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Association has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Net assets with voluntary designations by the governing board of the organization are considered to be without donor restriction under the guidelines of FASB ASC 958-205-45-2.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property and Equipment

Raleigh County Community Action Association, Inc. purchases the majority of its property and equipment with funds provided by restrictive grants. Property and equipment purchased with funds from such grants are subject to restrictions regarding use and disposition. The company uses a \$5,000 threshold amount to determine if an item is to be capitalized. Property and equipment are recorded at cost and depreciated on the straight-line method over their estimated useful lives as follows:

<u>Asset Category</u>	<u>Useful Life</u>
Buildings	30 Years
Vehicles	5 Years
Other Equipment	3-5 Years

E. Revenue and Expense Recognition

The financial statements have been prepared on the accrual basis of accounting. Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Grants received in advance for incurring qualifying expenses are recorded as deferred revenue. Revenue from fee-for-service contracts is recognized in the accompanying financial statements when the services have been provided.

F. Deferred Revenue

Deferred revenue represents unexpended/unearned funds received as of December 31, 2018 and 2017.

G. Tax Status

The Raleigh County Community Action Association, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States require management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Association, and has concluded that as of December 31, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Association's Federal Return of Organization Exempt from Income Tax (federal Form 990) for 2015, 2016 and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Distributions – The Association's regulatory agreement with HUD stipulates, among other things, that the Association will not make distributions of assets or income to any of its officers or directors.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Contributed Services and Space

Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. Contributed services, which are recognized, are valued at the estimated cost that would have been incurred by Raleigh County Community Action Association, Inc. to purchase similar services. Donated space is valued at the estimated fair rental value.

I. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosure. Accordingly, actual results could differ from those estimates.

J. Contributions

Contributions are recognized when the donor makes a promise to give the Association that is, in substance, unconditional. All contributions received by the Association have been unrestricted and therefore have been reported as increases in unrestricted net assets, unless specifically designated to specified programs.

K. Accounting Standards Updates

In 2018, the Association adopted ASU NO. 2016-14 – Not-for-Profit Entities: (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The main provisions of this update include: presentation of two classes of net assets (reduced from three classes); reporting expenses by both natural and functional classification; reporting investment return net of external and direct internal investment expenses; qualitative information about management of liquidity; quantitative information about financial assets available within one year; and recognition of underwater endowment funds as a reduction in net assets.

As a result of the implementation, what was formerly classified as temporarily restricted net assets and unrestricted net assets are now classified as net assets with donor restriction and net assets without donor restriction, respectively.

2. CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the Association considers cash to be cash and cash equivalents.

Concentrations of Credit Risk Arising from Cash Deposits – Cash on hand and deposits with financial institutions either in checking, savings or repurchase agreements are presented as cash in the accompanying financial statements.

The Association maintains its cash in bank deposit accounts at financial institutions. The balances in the banks are insured by the Federal Deposit Insurance Association or by additional pledged securities. As of December 31, 2018, the actual bank balances amounted to \$640,663, while the carrying amount was \$475,434. Furthermore, as of December 31, 2017, the actual bank balances amounted to \$833,794, while the carrying amount was \$711,926.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

3. GRANTS RECEIVABLE

Grant receivables consisted of the following at December 31:

Grant Description	2018	2017
DHHS - Head Start	\$ 433,954	\$ 542,463
DHHS - Early Head Start	97,321	48,158
Projects for Assistant in Transition for Homelessness (PATH)	11,162	11,374
Emergency Food and Shelter Grant (ESG) (WV BHHF)	10,590	3,588
Community Services Block Grant	2,526	-
Supportive Housing Program	21,143	6,935
Emergency Solutions Operating Grant	43,106	36,663
Homeless Leasing Program (Lease)	20,324	33,402
Supportive Services for Veterans and Families (SSVF)	3,745	4,358
United States Department of Agriculture (USDA)	3,555	5,205
Rapid Rehousing (RRH)	3,635	-
West Virginia DHHR	35,942	-
West Virginia Department of Children & Families - Child Mentor	2,044	-
Total Grants Receivable	\$ 689,047	\$ 692,146

4. PROPERTY AND EQUIPMENT

Property and Equipment at December 31, included in net assets, consisted of the following:

2018	With Donor Restriction	Without Donor Restriction	Total
Head Start Program	\$ 910,966	\$ 588,564	\$ 1,499,530
Early Head Start Program	434,847	-	434,847
Community Services Block Grant	35,773	-	35,773
Homeless Shelter Program	9,836	254,374	264,210
Transportation	241,877	260,632	502,509
Housing Services	757,164	-	757,164
Other	-	539,261	539,261
Total Property and Equipment	2,390,463	1,642,831	4,033,294
Less Accumulated Depreciation	(610,450)	(1,381,953)	(1,992,403)
Property and Equipment (Net)	\$ 1,780,013	\$ 260,878	\$ 2,040,891

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

4. PROPERTY AND EQUIPMENT (CONTINUED)

2017	With Donor Restriction	Without Donor Restriction	Total
Head Start Program	\$ 712,912	\$ 957,745	\$ 1,670,657
Early Head Start Program	410,197	-	410,197
Community Services Block Grant	14,606	-	14,606
Homeless Shelter Program	9,836	254,374	264,210
Transportation	225,141	423,180	648,321
Housing Services	757,164	-	757,164
Other	-	617,387	617,387
Total Property and Equipment	2,129,856	2,252,686	4,382,542
Less Accumulated Depreciation	(416,641)	(1,948,831)	(2,365,472)
Property and Equipment (Net)	<u>\$ 1,713,215</u>	<u>\$ 303,855</u>	<u>\$ 2,017,070</u>

Depreciation expense for the current year is \$248,692 and \$187,631 for 2017.

5. OPERATING LEASES

The Association leases various properties under operating leases on an annual and monthly basis.

Total rent expense for the year ended December 31, 2018 amounted to \$73,058 and for the year ended December 31, 2017 it amounted to \$49,908.

Certain operating leases provide for renewal options for additional periods. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Lease Start Date	Lease End Date	Location	2019	2020	2021	2022	2023	Thereafter
6/25/2018	6/30/2021	Johnstown Road	\$ 36,000	\$ 36,000	\$ 18,000	\$ -	\$ -	\$ -
9/1/2017	8/31/2022	Old Sophia Elementary	37,200	37,200	37,200	37,200	-	-
9/1/2015	8/31/2020	Central Elementary	12	12	-	-	-	-
9/28/2015	9/27/2016	Housing Offices	16,200	-	-	-	-	-
9/1/2006	9/30/2026	Pine Haven	50,586	50,586	50,586	50,586	50,586	139,112
Total Lease Requirements			<u>\$ 139,998</u>	<u>\$ 123,798</u>	<u>\$ 105,786</u>	<u>\$ 87,786</u>	<u>\$ 50,586</u>	<u>\$ 139,112</u>

A. Johnstown Road Building Lease

In June of 2018, the Association entered into a 3-year lease agreement with Romar Properties, LLC for a Johnstown Road building and property for monthly payments of \$3,000.

B. Old Sophia Elementary School Building Lease

In September of 2017, the Association entered into a 5-year lease agreement with the Town of Sophia Building Commission for the Old Sophia Elementary School Building property and playground for monthly payments of \$3,100. This lease is renewable on an annual basis

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

5. OPERATING LEASES (Continued)

C. Central Elementary Building Lease

On June 14, 2011, the Association entered into a lease agreement with the Raleigh County Board of Education for the Central Elementary building, real estate, parking lot, and improvements. The agreement was for a five-year period and called for monthly payments of \$1, the lease is renewable for 2 additional 5-year periods. Additionally, the Association is responsible for the payment of the location's utilities, insurance, personal property taxes, and any needed maintenance to the interior and exterior of the said premises.

D. Housing Offices

In September of 2015, the Association entered into a 1-year lease agreement with Denmo LLC for office space at 225 Prince Street in Beckley. The lease expired in 2016 but has a month-to-month rollover. The Housing Department occupied the space for the entire year.

E. Pine Haven Homeless Services Building Lease

In October 2006, the Association signed a 20-year lease agreement was signed with the West Virginia Department of Health and Human Resources for the Pine Haven Homeless Services Building for the Association's operation of a homeless shelter. The lease calls for monthly payments of \$1 and reimbursement of the monthly utilities. The monthly reimbursement was calculated by taking the square footage of the building times a \$1.50 per square foot which comes to \$50,586 annually or \$4,215.50 monthly.

6. NOTES PAYABLE

2017					
Long-Term Debt	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Thomas School Bus	\$ 39,460	\$ -	\$ 39,460	\$ -	\$ -
20% Match 5310 Buses	4,908	-	4,908	-	-
		\$ -	\$ 44,368	\$ -	\$ -

In December of 2015, the Association's Head Start Program purchased a 2016 Thomas School Bus. The balance of the loan was \$39,460 in January 2017. A payment on the principal was made in June of 2017 for \$20,720.42 and another principal payment in December of 2017 for \$18,739.58 paid off the loan. An Inter-company loan was made from corporate unrestricted funds to the transportation department to pay the 20% match required for 2 new 5310 vehicles in the amount of \$25,038. The beginning balance was \$4,908 and was repaid in its entirety in 2017 using MTM Medicaid Transportation funds.

7. COST ALLOCATION

Raleigh County Community Action Association, Inc. utilizes two separate cost pools to accumulate and allocate allowable overhead costs. Costs are allocated monthly using the methodology described.

The following is a description of each cost pool used by Raleigh County Community Action Association, Inc.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

7. COST ALLOCATION (CONTINUED)

Cost Pool #1 – This pool is used to accumulate general and administrative overhead costs. These costs are allocated based on the ratio of each program's number of employees to total number of (non-administrative) Raleigh County Community Action Association, Inc. employees. The ratio is revised semi-annually or more frequently if new programs are implemented or significant fluctuations in employees occur.

Cost Pool #2 – This pool is used to accumulate overhead expenses that benefit the various programs, awards, and activities to approximately the same degree and are best allocated using a percentage of direct square footage occupied as the base.

8. RETIREMENT PLANS

Effective January 1, 2006 Raleigh County Community Action Association, Inc. amended its Retirement Plan to include the provisions of a 401(K). This allows for the employees to make elective deferral contributions. The Raleigh County Community Action Association, Inc. will make matching contributions based on each employee's elective deferral agreement. The Association will make a matching contribution equal to 25% of the 401(K)-elective deferral contribution. However, elective deferrals over 8% of the employees pay are not matched. Vesting of the benefits occurs based on the participant's years of service.

During 2018 the employees contributed \$64,294, while Raleigh County Community Action Association, Inc. contributed \$137,375.

Furthermore, during 2017 the employees contributed \$52,143, while Raleigh County Community Action Association, Inc. contributed \$101,708.

9. DONATED SERVICES, SPACE AND OTHER

During the fiscal years ended December 31, 2018 and 2017, the Association received donated services from unpaid volunteers, the use of various facilities without charge and other donated items.

As required by the grant contract, such amounts have been recorded as revenue and expense by these programs in the accompanying December 31, 2018 and 2017 financial statements.

2018	Amount of	Cost of	Amount of	Total Amount
Program	Volunteer/Labor & Consultants	Donated Space	Property/Supplies	of In-Kind Contributions
Head Start	\$ 1,176,245	\$ 190,190	\$ 18,382	\$ 1,384,817
Early Head Start	216,505	26,416	22,816	265,737
Homeless Shelter	47,441	-	92,529	139,970
Transportation	-	7,680	-	7,680
Agency	-	25,200	-	25,200
Total	\$ 1,440,191	\$ 249,486	\$ 133,727	\$ 1,823,404

2017	Amount of	Cost of	Amount of	Total Amount
Program	Volunteer/Labor & Consultants	Donated Space	Property/Supplies	of In-Kind Contributions
Head Start	\$ 562,219	\$ 187,080	\$ 3,832	\$ 753,131
Early Head Start	243,611	28,903	18,772	291,286
Homeless Shelter	103,374	-	259,085	362,459
Transportation	-	7,680	-	7,680
Agency	-	25,200	-	25,200
Total	\$ 909,204	\$ 248,863	\$ 281,689	\$ 1,439,756

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

9. DONATED SERVICES, SPACE AND OTHER (CONTINUED)

For the Head Start Program, as of December 31, 2018, these services were reported to the grantor as in-kind contribution at the minimum required amount, in order to comply with in-kind matching requirements. For the Early Head Start Program, as of December 31, 2018, these services were reported to the grantor as in-kind contribution at the minimum required amount, in order to comply with in-kind matching requirements.

10. SUMMARY OF GRANT AWARDS

The following summarizes conditional grants awarded to Raleigh County Community Action Association, Inc. during the years ended December 31, 2018 and 2017:

2018 Grant Award	Grant Award or Pass Through Number	Grant Period	Grant Award Amount
WV Office of Economic Opportunity			
Community Services Block Grant (CSBG)	18CSBG-F17	1/1/18-12/31/18	\$ 340,445
Community Services Block Grant (CSBG)	17CSBG-D10	1/1/18-12/31/18	21,166
Community Services Block Grant (CSBG)	17CSBG-DT-RA	1/1/18-12/31/18	10,000
WV Department of Health and Human Resources			
Pine Haven Grant	G180123	7/1/17-6/30/18	490,105
Pine Haven Grant	G190152	7/1/18-6/30/19	490,105
Child Mentor Coach Grant	G180127	7/1/17-6/30/18	27,865
Child Mentor Coach Grant	G190156	7/1/18-6/30/19	27,865
Projects for Assistance in Transitions from Homelessness Grant (PATH)	G190239	7/1/17-6/30/18	76,074
Projects for Assistance in Transitions from Homelessness Grant (PATH)	G180249	7/1/18-6/30/19	76,074
U.S. Department of Health and Human Services			
Early Head Start	03HP0013 03	8/1/17-7/31/18	1,057,191
Early Head Start	03HP0013 04	8/1/18-7/31/19	1,084,025
Head Start	03CH3414 (05)	1/1/18-12/31/18	2,526,001
Department of Housing and Urban Development			
Emergency Services Operations Grant	ESG18RCCAA	7/1/17-9/30/18	344,824
Emergency Services Operations Grant	ESG18RCCAA	7/1/18-9/30/19	181,901
Continuum of Care - Leasing Program	WV0102L3E081603	11/1/17-10/31/18	119,476
Continuum of Care - Leasing Program	WV0102L3E081704	11/1/18-10/31/19	170,907
Continuum of Care - Supportive Housing Program	WV0061L3E081604	9/1/17-8/31/18	168,720
Continuum of Care - Supportive Housing Program	WV0061L3E081705	9/1/18-8/31/19	138,473
Continuum of Care - Supportive Housing Program	WV0044L3E081605	8/1/17-7/31/18	55,454
Continuum of Care - Supportive Housing Program	WV0044L3E081706	8/1/18-7/31/19	189,533
Continuum of Care - Rapid Rehousing	WV0139L3E081600	8/1/17-7/31/18	34,863
Continuum of Care - Rapid Rehousing	WV0139L3E081701	8/1/18-7/31/19	193,959
Continuum of Care - Rapid Rehousing	WV0151L3E081700	11/1/18-10/31/19	192,483
Department of Homeland Security			
FEMA	LRO-903800	1/1/17-12/31/17	8,000
U.S. Department of Veteran's Affairs			
Supportive Services for Veterans and Families	17-WV-305	10/1/17-9/30/18	121,610
Supportive Services for Veterans and Families	18-WV-305	10/1/18-9/30/19	161,961

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

10. SUMMARY OF GRANT AWARDS (Continued)

2017 Grant Award	Grant Award or Pass Through Number	Grant Period	Grant Award Amount
WV Office of Economic Opportunity			
Community Services Block Grant (CSBG)	17CSBG-F-14	1/1/17-12/31/17	\$ 333,479
Community Services Block Grant (CSBG)	17CSBG-DT-14	4/1/17-3/31/18	10,000
WV Department of Health and Human Resources			
Pine Haven Grant	G170089	7/1/16-6/30/17	490,105
Pine Haven Grant	G180123	7/1/17-6/30/18	490,105
Child Mentor Coach Grant	G170090	7/1/16-6/30/17	27,684
Child Mentor Coach Grant	G180127	7/1/17-6/30/18	27,684
Projects for Assistance in Transitions from Homelessness Grant (PATH)	G170214	7/1/16-6/30/17	76,074
Projects for Assistance in Transitions from Homelessness Grant (PATH)	G180249	7/1/17-6/30/18	76,074
U.S. Department of Health and Human Services			
Early Head Start	03HP0013-01 (02)	8/1/16-7/31/17	1,318,934
Early Head Start	03HP0013-01 (03)	8/1/17-7/31/18	1,046,972
Head Start	03CH3414 (04)	1/1/16-12/31/17	2,438,890
Department of Housing and Urban Development			
Emergency Services Operations Grant	ESG16RCCAA	7/1/16-6/30/17	315,935
Emergency Services Operations Grant	ESG17RCCAA	7/1/17-9/30/18	344,824
Continuum of Care - Leasing Program	WV0102L3E081502	10/1/16-9/30/17	127,805
Continuum of Care - Leasing Program	WV0102L3E081603	10/1/17-9/30/18	127,805
Continuum of Care Supportive Housing Program	WV0061B30E81503	9/1/16-8/31/17	168,720
Continuum of Care Supportive Housing Program	WV0061L3E081604	9/1/16-8/31/17	168,720
Department of Homeland Security			
FEMA	LRO-903800	1/1/17-12/31/17	8,000
U.S. Department of Veteran's Affairs			
Supportive Services for Veterans and Families	17-WV-305	10/1/16-9/30/17	240,000
Supportive Services for Veterans and Families	18-WV-305	10/1/17-9/30/18	200,000

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Association's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual restrictions within one year of the date of the statement of financial position. Amounts not available include amounts set aside for accrued leave.

Financial assets, at year end:

Cash and cash equivalents	\$ 475,434
Accounts receivable	130,909
Grants receivable	689,047
Deposits	8,176
Subtotal financial assets, at year end	1,303,566

Less those unavailable for general expenditures within one year, due to:

Grants receivable as reimbursements for prior expenditures	(689,047)
Cash held for accrued leave	(49,480)
	(738,527)

Financial assets available within one year to meet cash needs for general expenditures within one year

\$ 565,039

The Association is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

12. OTHER POST-EMPLOYMENT BENEFIT PLAN

West Virginia Retiree Health Benefit Trust Fund (RHBT)

Plan description:

The Association participates in the West Virginia Other Postemployment Benefit Plan (the Plan) a cost-sharing, multiple employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as the Chairman of the Board. Four members represent labor, education, public employees and public retirees. Four remaining members represent the public-at-large.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

12. OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

RHBT issues publicly available reports that include a full description of the other post-employment benefit plan regarding benefit provisions, assumptions and membership information that can be obtained by contacting Public Employees Insurance Agency, 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, by calling (888) 680-7342 or can be found on the PEIA website at www.peia.wv.gov.

Benefits Provided:

The Association's employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS or meet certain other eligibility requirements of other CPRB sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

Contribution requirements:

Employer contributions consist of pay as you go premiums, commonly referred to as paygo, and retiree leave conversion billings. Employees are not required to contribute to the OPEB plan.

Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. The paygo rate for fiscal years 2018 and 2017 were \$177 and \$135, respectively.

The Association's contributions to the West Virginia Retiree Health Benefit Trust Fund for the years ended December 31, 2018 and 2017 were \$0 and \$113,511, respectively. No amount was payable at year-end. Employees are not required to contribute to the OPEB plan.

13. CONCENTRATION OF CREDIT RISK

The Association provides various services to low income individuals on a third-party reimbursement basis. The Association bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Grants receivable have been adjusted for all known uncollectible accounts. An allowance for bad debts has not been set up as the amount is not considered material.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Continued)

14. CONTINGENCIES

The Raleigh County Community Action Association, Inc. receives a majority of support from grantors. Any significant reduction in the level of support from any of its grantors could have a material effect on the Association's programs and activities.

In the normal course of business, Raleigh County Community Action Association, Inc. is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the Association's financial statements.

15. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2018, it was determined that net assets were incorrectly classified for the year ended December 31, 2017. In review of the prior audit report, it was noted that the change in net assets did not agree between the statement of activities and the statement of financial position. In addition, the net unrestricted and temporarily restricted capital assets presented as part of net assets did not agree to the net property and equipment amount on the statement of financial position. The change required both a reclassification and restatement of net assets based on a review of the most current and accurate capital asset information available as shown below:

	<u>As Originally Presented</u>	<u>After Correction</u>
Net assets at December 31, 2017:		
Net assets without donor restriction:		
Operating	\$ 489,156	\$ 527,602
Property and equipment	285,928	303,854
Total net assets without donor restriction	<u>775,084</u>	<u>831,456</u>
Net assets with donor restriction:		
Property and equipment	1,774,196	1,713,216
Total net assets with donor restriction	<u>1,774,196</u>	<u>1,713,216</u>
Total net assets at December 31, 2017	<u>\$ 2,549,280</u>	<u>\$ 2,544,672</u>

Because the time period in which the classification issue first occurred could not be determined, we applied a restatement of \$4,608 to the beginning net asset balance of the December 31, 2017 financial statements.

16. EVALUATION OF SUBSEQUENT EVENTS

The Raleigh County Community Action Association, Inc. has evaluated subsequent events through September 30, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the date of the financial statements through September 30, 2019 that would require adjustment or disclosure in the financial statements.

Supplementary Information

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC
SCHEDULE OF GRANT SUPPORT, REVENUE, AND EXPENDITURES
CSBG GRANT #18CSBG-F14
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Revenues:			
WV Governor's Office of Economic Opportunity	\$ 340,130	\$ 340,130	\$ -
Expenditures:			
Salaries and Wages	149,415	157,051	7,636
Fringe Benefits	53,161	52,529	(632)
Travel	11,106	10,335	(771)
Supplies and Materials	15,146	13,769	(1,377)
Young David Program/Contract	10,000	10,000	-
Program Costs	46,102	41,911	(4,191)
Other Costs	55,515	54,850	(665)
Total Expenditures	<u>\$ 340,445</u>	<u>\$ 340,445</u>	<u>\$ -</u>

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES (PATH)
FUNDING STATUS (NON-GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

WV DHHR Account		Total Award	Amount Earned and Billed	Amount Collected	Deferred Revenue	Amount Remaining on Contract
2018-8723-0000-0506-2851 CF G180249	\$	39,238	\$ 39,238	\$ 39,238	\$ -	-
2018-0525-0000-0506-2581 G190239		25,144	25,144	25,144	-	-
2018-8723-0000-0506-2851 G190239		50,930	11,191	-	-	39,739
	\$	115,312	\$ 75,573	\$ 64,382	\$ -	39,739

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
 SCHEDULE OF BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES (PATH)
 SCHEDULE OF CUMULATIVE PROPERTY AND EQUIPMENT - DHHR
 FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Account Number</u>	<u>Property Description</u>	<u>Vendor</u>	<u>Identification Number</u>	<u>Acquisition Date</u>	<u>Cost</u>
G180123	N/A				\$ -
G190152	N/A				\$ -
G180127	N/A				\$ -
G190156	N/A				\$ -
G180249	N/A				\$ -
G190239	N/A				\$ -

N/A - No property or equipment was purchased during the year ended December 31, 2018 with DHHR or BHHF funds

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF STATE GRANT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>State Grant Name</u>	<u>Grant Number</u>	<u>Period of Availability</u>	<u>Award Amount</u>	<u>Beginning Balance Available</u>	<u>Amount Received</u>	<u>Amount Expended</u>	<u>Balance</u>
Bureau for Behavioral Health & Health Facilities							
PATH Grant	G190239	7/01/2018 - 6/30/2019	\$ 25,144	\$ -	\$ 25,144	\$ 25,144	\$ -
<i>0% Administration Charged to Grant</i>							
WV Department of Health & Human Resources							
Child Mentor Grant	G180127	7/01/2017 - 6/30/2018	-	16,164	16,164	16,164	-
<i>0% Administration Charged to Grant</i>							
Child Mentor Grant	G190156	7/01/2018 - 6/30/2019	27,864	-	9,117	11,161	16,703
<i>0% Administration Charged to Grant</i>							
Pine Haven Grant	G180123	7/01/2017 - 6/30/2018	-	284,268	284,268	284,268	-
<i>10% De Minimis Charged to Grant</i>							
Pine Haven Grant	G190152	7/01/2018 - 6/30/2019	<u>490,105</u>	<u>-</u>	<u>169,895</u>	<u>205,837</u>	<u>284,268</u>
<i>10% De Minimis Charged to Grant</i>							
			<u>\$ 543,113</u>	<u>\$ 300,432</u>	<u>\$ 504,588</u>	<u>\$ 542,574</u>	<u>\$ 300,971</u>

Other Information

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR/ <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Thru Entity Identifying Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
<i>Passed - Through West Virginia Department of Education:</i>			
Child and Adult Care Food Program	10.558	N/A	\$ 50,853
Total U.S. Department of Agriculture			<u>50,853</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<i>Passed - Through West Virginia Office of Economic Opportunity:</i>			
Emergency Solutions Grant Program	14.231	ESG17RCCAA	255,798
<i>Direct Programs:</i>			
Continuum Of Care - Supportive Housing	14.267	WV0061L3E081604	92,221
Continuum Of Care - Supportive Housing	14.267	WV0061L3E081705	23,207
Continuum Of Care - Supportive Housing - 2	14.267	WV0044L3E081605	55,454
Continuum Of Care - Supportive Housing - 2	14.267	WV0044L3E081706	41,150
Continuum Of Care - Leasing	14.267	WV0102L3E081603	100,469
Continuum Of Care - Leasing	14.267	WV0102L3E081704	20,628
Continuum Of Care - Rapid Rehousing	14.267	WV0139L3E081600	34,863
Continuum Of Care - Rapid Rehousing	14.267	WV0139L3E081701	17,973
Continuum Of Care - Rapid Rehousing - 2	14.267	WV0151L3E081700	1,953
Total Continuum of Care			<u>387,918</u>
Total U.S. Department of Housing and Urban Development			<u>643,716</u>
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS:</u>			
<i>Passed - Through West Virginia Community Action Partnerships, Inc.:</i>			
Supportive Services for Veterans and Families	64.033	17-WV-305	96,227
Supportive Services for Veterans and Families	64.033	18-WV-305	17,550
Total Supportive Services for Veterans and Families			<u>113,777</u>
Total U.S. Department of Veterans Affairs			<u>113,777</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<i>Passed - Through West Virginia Department of Health and Human Services:</i>			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	G180249	39,238
Projects for Assistance in Transition from Homelessness (PATH)	93.150	G190239	36,305
Total Projects for Assistance in Transition from Homelessness (PATH)			<u>75,543</u>
<i>Passed - Through West Virginia Office of Economic Opportunity:</i>			
Community Services Block Grant	93.569	18CSBG-F-RA-13	340,445
Community Services Block Grant	93.569	17CSBG-D10	21,166
Community Services Block Grant	93.569	17CSBG-DT-RA	10,000
Total Community Services Block Grant			<u>371,611</u>
<i>Direct Program:</i>			
Early Head Start	93.600	03HP0013 (03/04)	1,062,521
Head Start	93.600	03CH3414 (05)	2,526,001
Total Early Head Start and Head Start			<u>3,588,522</u>
Total U.S. Department of Health and Human Services			<u>4,035,676</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
<i>Direct Program:</i>			
Emergency Food and Shelter National Board Program	97.024	LRO - 903800	4,260
Total U.S. Department of Homeland Security			<u>4,260</u>
Total Expenditures of Federal Awards			<u>\$ 4,848,282</u>

The accompanying notes are an integral part of this schedule.

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Raleigh County Community Action Association, Inc. (the Association) under programs of the federal government for the year ended December 31, 2018. The information on the Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Association, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Association.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Association has elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 30, 2019

Raleigh County Community Action Association, Inc.
111 Willow Lane
PO Box 3066
Beckley, WV 25801

To the Board of Directors:

We have audited, 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, the financial statements of **Raleigh County Community Action Association, Inc.** (a nonprofit organization), (the Association), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 30, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association'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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

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

Purpose of this Report

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



Perry and Associates
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Marietta, Ohio



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

September 30, 2019

Raleigh County Community Action Association, Inc.
111 Willow Lane
PO Box 3066
Beckley, WV 25801

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the **Raleigh County Community Action Association, Inc.'s**, (a nonprofit organization), (the Association) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended December 31, 2018. The Association's major programs are identified in the *Summary of Auditor's Results* section in the accompanying schedule of audit findings.

Management's Responsibility

The Association's management is responsible for compliance with 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 the Association'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 whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on the Major Federal Program

In our opinion, the Association complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of audit findings as item 2018-001. Our opinion on the major federal program is not modified with respect to these matters.

The Association's response to our noncompliance finding is described in the accompanying schedule of audit findings and corrective action plan. We did not subject the Association's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The Association's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Association's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Association's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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.

Report on Internal Control Over Compliance (Continued)

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

DHHR - Finance

OCT 7 2019

Date Received

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA #93.600 – Head Start & Early Head Start
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
 SCHEDULE OF AUDIT FINDINGS
 2 CFR § 200.515
 FOR THE YEAR ENDED DECEMBER 31, 2018**

3. FINDINGS FOR FEDERAL AWARDS

1. ACF Approval of Capital Expenditures

Finding Number	2018-001
CFDA Title and Number	93.600 – Head Start & Early Head Start
Federal Award Identification Number/Year	2018
Federal Agency	U.S. Department of Health and Human Services
Compliance Requirement	Activities Allowed or Unallowed
Pass-Through Entity	None - Direct
Repeat Finding from Prior Audit?	No

Noncompliance

Criteria: The U.S. Department of Health and Human Services requires the Association to receive prior written approval for capital expenditures from the Office of Head Start (OHS), Administration for Children and Families (ACF). Capital expenditures include items such as construction of new facilities, purchase of new or existing facilities, major renovations of existing facilities, and purchase of vehicles used for programs conducted at the Head Start facilities (42 USC 9839(f) and (g)).

Context: The Association did not request or receive prior written approval from the ACF for the purchase of a bus for the year ended December 31, 2018.

Cause: The Program Director was under the assumption they could incur the capital expenditure without prior written approval from the ACF as long as it was designated a Board of Education transaction.

Effect: The Association did not receive prior written approval from the ACF for the capital expenditure noted above.

Recommendation: We recommend the Association implement a system to ensure that prior written approval from the ACF is obtained before capital expenditures are incurred.

Management's Response: See Corrective Action Plan.



Raleigh County Community Action Association Inc.

“Helping People Help Themselves”

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The Association will implement a process to ensure that prior written approval from the Office of Head Start (OHS), Administration for Children and Families (ACF) is obtained before capital expenditures are incurred.	10/1/2019	Ronald Cantley II Cynthia Hetzel



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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 30, 2019

Raleigh County Community Action Association, Inc.
111 Willow Lane
PO Box 3066
Beckley, WV 25801

To the Board Members:

We have audited the financial statements of Raleigh County Community Action Association, Inc. as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon dated September 30, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 15, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by Perry and Associates with your oversight are presented fairly, in all material respects, in conformity with the accrual basis of accounting. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Raleigh County Community Action Association, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding other matters noted during our audit in a separate letter to you dated September 30, 2019.

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Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Raleigh County Community Action Association, Inc. is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. The Raleigh County Community Action Association, Inc. implemented Financial Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958); Presentation of Financial Statements of Not-for-Profit Entities. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Raleigh County Community Action Association, Inc.'s financial statements relate to: Federal and State Grant Funding used for the Association's ongoing operations and programs.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The were no uncorrected misstatements found during the audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no corrected misstatements brought to the attention of management as a result of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Raleigh County Community Action Association, Inc.'s financial statements or the auditor's report.

No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 30, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Raleigh County Community Action Association, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Raleigh County Community Action Association, Inc.'s auditors.

We did note one instance of noncompliance noted below in Noncompliance with Laws and Regulations.

Noncompliance with Laws and Regulations

We have identified the following matters involving noncompliance with laws and regulations that came to our attention during the course of the audit.

We noted that the Association did not request or receive prior written approval from the Office of Head Start (OHS), Administration for Children and Families (ACF) for the purchase of a bus for the year ended December 31, 2018.

This report is intended solely for the information and use of the Association's Board and management of Raleigh County Community Action Association, Inc. and is not intended to be and should not be used by anyone other than these specified parties.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

DHHR - Finance

OCT 7 2019

Date Received