

**NORTHERN WEST VIRGINIA CENTER
FOR INDEPENDENT LIVING, INC.
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

YEAR ENDED SEPTEMBER 30, 2021

WITH INDEPENDENT AUDITOR'S REPORTS

DHHR FINANCE

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**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northern West Virginia Center for Independent Living, Inc.
Morgantown, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Northern West Virginia Center for Independent Living, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 judgement, 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.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
WEST VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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 Northern West Virginia Center for Independent Living, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the year 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 schedules of expenditures of federal awards and state grant receipts and expenditures are presented for purposes of additional analysis and are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2022, on our consideration of Northern West Virginia Center for Independent Living, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern West Virginia Center for Independent Living, Inc.'s 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 Northern West Virginia Center for Independent Living, Inc.'s internal control over financial reporting and compliance.

Hess, Stewart + Campbell, PLLC

Huntington, West Virginia
February 6, 2022

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 94,947
Grants receivable	320,973
Prepaid expenses	<u>14,764</u>
TOTAL CURRENT ASSETS	430,684

PROPERTY AND EQUIPMENT, NET	<u>-0-</u>
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TOTAL ASSETS	\$ <u>430,684</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 50,094
Line-of-credit payable	38,019
Accrued payroll and payroll taxes	12,453
Refundable advances	<u>175,473</u>
TOTAL CURRENT LIABILITIES	<u>276,039</u>

NET ASSETS

Without donor restrictions	<u>154,645</u>
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TOTAL NET ASSETS	<u>154,645</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>430,684</u>
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NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Grants and contributions	\$ 5,305	\$ 1,216,659	\$ 1,221,964
Contract services revenue	11,826	-0-	11,826
Program and other income	406	-0-	406
Net assets released from restrictions:			
Satisfaction of purpose restriction	<u>1,216,659</u>	<u>(1,216,659)</u>	<u>-0-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,234,196</u>	<u>-0-</u>	<u>1,234,196</u>
EXPENSES			
PROGRAM SERVICES			
Independent Living - State Grants Part B	44,178	-0-	44,178
Community Engagement Specialist	18,771	-0-	18,771
Family and Community Support	60,137	-0-	60,137
Centers for Independent Living - HHS Covid 19	63,844	-0-	63,844
Centers for Independent Living - HHS	192,077	-0-	192,077
Affordable Housing Program - FHLB	582	-0-	582
Community Living Services Program -CLSP	194,773	-0-	194,773
Unmet Needs	208,834	-0-	208,834
Traumatic Brain Injury	166,627	-0-	166,627
Peer Support	32,066	-0-	32,066
Other Programs	<u>9,712</u>	<u>-0-</u>	<u>9,712</u>
TOTAL PROGRAM SERVICES	991,601	-0-	991,601
SUPPORTING SERVICES			
Management and General	<u>230,012</u>	<u>-0-</u>	<u>230,012</u>
TOTAL EXPENSES	<u>1,221,613</u>	<u>-0-</u>	<u>1,221,613</u>
CHANGE IN NET ASSETS	12,583	-0-	12,583
NET ASSETS BEGINNING OF YEAR	<u>142,062</u>	<u>-0-</u>	<u>142,062</u>
NET ASSETS END OF YEAR	\$ <u>154,645</u>	\$ <u>-0-</u>	\$ <u>154,645</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	Program Services					
	Independent Living-State Grants Part B	Community Engagement Specialist	Families and Community Support	Centers for Independent Living - HHS Covid 19	Centers for Independent Living - HHS	Affordable Housing Program - FHLB
Salaries and benefits	\$ 13,798	\$ -0-	\$ -0-	\$ 29,782	\$ 173,681	\$ 244
Travel and training	-0-	-0-	-0-	35	9,722	-0-
Consumable supplies	-0-	-0-	-0-	18,422	4,868	-0-
Vehicles, equipment and property	-0-	-0-	-0-	-0-	-0-	-0-
Contractual and consultants	-0-	-0-	25,435	-0-	3,825	-0-
Specific assistance to individuals	30,380	18,771	34,702	14,016	(19)	-0-
Occupancy	-0-	-0-	-0-	1,462	-0-	-0-
Insurance	-0-	-0-	-0-	-0-	-0-	-0-
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>127</u>	<u>-0-</u>	<u>338</u>
TOTAL EXPENSES	\$ <u>44,178</u>	\$ <u>18,771</u>	\$ <u>60,137</u>	\$ <u>63,844</u>	\$ <u>192,077</u>	\$ <u>582</u>

Program Services

<u>Community Living Services Program - CLSP</u>	<u>Unmet Needs</u>	<u>Traumatic Brain Injury</u>
\$ 25,397	\$ 23,326	\$ -0-
43	-0-	-0-
331	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
169,002	185,508	166,627
-0-	-0-	-0-
-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
\$ <u>194,773</u>	\$ <u>208,834</u>	\$ <u>166,627</u>

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Peer Support</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 29,737	\$ 3,476	\$ 299,441	\$ 100,000	\$ 399,441
Travel and training	1,633	836	12,269	392	12,661
Consumable supplies	696	3,990	28,307	8,642	36,949
Vehicles, equipment and property	-0-	-0-	-0-	17,399	17,399
Contractual and consultants	-0-	-0-	29,260	30,802	60,062
Specific assistance to individuals	-0-	33	619,020	-0-	619,020
Occupancy	-0-	-0-	1,462	64,375	65,837
Insurance	-0-	-0-	-0-	8,395	8,395
Other	<u>-0-</u>	<u>1,377</u>	<u>1,842</u>	<u>7</u>	<u>1,849</u>
TOTAL EXPENSES	\$ <u>32,066</u>	\$ <u>9,712</u>	\$ <u>991,601</u>	\$ <u>230,012</u>	\$ <u>1,221,613</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	12,583
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation		2,893
(Increase) decrease in operating assets:		
Grants receivable		(169,600)
Prepaid expenses		(6,752)
Increase (decrease) in operating liabilities:		
Accounts payable		33,301
Accrued payroll and payroll taxes		993
Refundable advances		(102,162)
NET CASH (USED IN) OPERATING ACTIVITIES		<u>(228,744)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net (decrease) in line-of-credit		<u>-0-</u>
NET CASH (USED IN) FINANCING ACTIVITIES		<u>-0-</u>

NET (DECREASE) IN CASH (228,744)

CASH AT BEGINNING OF YEAR 323,691

CASH AT END OF YEAR \$ 94,947

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:		
Interest	\$	<u>346</u>
Income Taxes	\$	<u>-0-</u>

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Northern West Virginia Center For Independent Living, Inc. is a non-profit corporation located in Morgantown, West Virginia, and was incorporated under the laws of the State of West Virginia on April 22, 1993. The primary purpose of the Center is to provide services necessary to enable West Virginians with disabilities to reach their goals for independent living and to enhance and promote equal access across northern West Virginia. The Center's Board of Directors shall at all times include a majority of disabled individuals. The Center's major sources of support are grants from federal and state agencies to fund core services including independent living skills, family and community support, training, information and referral, individual and systems advocacy, peer support, support for traumatic brain injury, and support for unmet needs.

GRANTS RECEIVABLE - Grants receivable are carried at their estimated collectible amounts. Grants receivable are periodically evaluated for collectibility. Once it is determined by management that the account will not be collectible, it is charged-off as bad debts.

BAD DEBTS - The Organization utilizes the direct charge-off method of accounting for bad debts for grants receivable. This method does not result in a materially different provision for bad debt expense than would result from the use of the reserve method.

PROPERTY AND EQUIPMENT - Property and equipment purchased is stated at cost. Property and equipment donated to the Organization is stated at the estimated fair value at the date of receipt. The Organization has adopted a policy to capitalize all property and equipment over \$2,500 with a useful life of more than one year. Maintenance, repairs and minor renewals are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Property and equipment acquired by Northern West Virginia Center for Independent Living, Inc. is considered to be owned by Northern West Virginia Center for Independent Living, Inc. However, funding sources may maintain a reversionary interest in the property and equipment purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

DEPRECIATION - The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method. The useful lives of property and equipment for purposes of computing depreciation are:

Furniture and Equipment	3 to 5 years
Leasehold Improvements	5 years

BASIS OF ACCOUNTING - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REFUNDABLE ADVANCES

Refundable advances represents unexpended funds received as of September 30, 2021. Refundable advances are funds owed to funding sources or are approved for use in ongoing or future programs.

INCOME TAXES

Northern West Virginia Center For Independent Living, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes the Organization is no longer subject to income tax examination for years prior to 2018.

ESTIMATES

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

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are not restricted by the donor are reported as increases in net assets without donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided, when necessary, based on management's evaluation of potential uncollectible promises receivable at year end.

CONTRACT SERVICES REVENUE - Contract services revenue represents the estimated net realizable amounts from third party payors for instruction in self advocacy (ISA) training. Contract services revenue is recognized on the statement of activities as the performance obligations of delivering ISA training is satisfied. Amounts are billed after the training is provided and are based on established contractual rates.

GRANT REVENUE - Grant revenue is recognized when the resource provider makes a promise to give to the Organization that is, in substance, unconditional. Conditional grant awards are recognized as revenue as the conditions of the resource provider are met. Conditional grant revenue received in advance of satisfying the resource providers' conditions is recorded as refundable advances. Grant revenue that is not restricted by the resource provider is recorded as increases in net assets without donor restrictions. Grant revenue that is restricted by the resource provider is reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

ADVERTISING COSTS

Advertising costs are charged to operations when incurred.

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021**

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries and wages as well as the related employee benefits which is allocated on the basis of total hours on time sheets claimed by employees for each program and supporting services; travel and training which is allocated based on the employee's function; contractual and consultants which is allocated based on types of services provided; and specific assistance to individuals which is allocated based on client eligibility. Other expenses are allocated based on actual benefits from the expenditures incurred among the programs and supporting services. Those expenses that benefit all programs are recorded as general and administration in the accompanying financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2021:

Furniture and Equipment	\$	20,890
Leasehold Improvements		<u>38,977</u>
		59,867
Less: Accumulated Depreciation		<u>(59,867)</u>
Property and Equipment, Net	\$	<u><u>-0-</u></u>

Depreciation expense for the year ended September 30, 2021 totaled \$2,893.

NOTE 3 - LINE OF CREDIT

Line of credit to a bank, maximum amount \$200,000, interest is payable at a variable rate of 2% above the Wall Street Journal U.S. prime rate (5.25% at September 30, 2021), due October, 2021 (See Note 12 - Subsequent Events), secured by a *My Choice, My Home* grant from Federal Home Loan Bank in the amount of \$650,000.

	\$	38,019
Less current maturities included in current liabilities		<u>(38,019)</u>
Long-term portion	\$	<u><u>-0-</u></u>

Interest expense for the year ended September 30, 2021 totaled \$346.

At September 30, 2021, the Organization had \$161,981 remaining unused on this line of credit.

NOTE 4 - OPERATING LEASES

Northern West Virginia Center for Independent Living, Inc. leases facilities under operating leases expiring in the fiscal year ending September 30, 2022. Total rent expense charged to operations during the year ended September 30, 2021 amounted to \$37,200.

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 4 - OPERATING LEASES (CONTINUED)

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

Northern West Virginia Center for Independent Living, Inc. also leases storage space on a quarterly and monthly basis. Total rent expense charged to operations during the year ended September 30 2021 amounted to \$4,260.

Northern West Virginia Center for Independent Living, Inc. also leases copiers and postage machines under operating leases expiring in fiscal year ending September 30, 2022. Total rent expense charged to operations during the year ended September 30, 2021 amounted to \$5,816.

NOTE 5 - RETIREMENT PLAN

The organization sponsors a tax-sheltered annuity deferred compensation plan (403(b) plan). Under the plan, the Organization contributes 4% of the salary of each eligible employee. Additionally, employees are permitted to make elective deferrals from their salary up to amounts allowed under federal law. Contributions totaling \$9,010 were charged to operations during the fiscal year ended September 30, 2021.

NOTE 6 - CONCENTRATION OF CREDIT RISK

Northern West Virginia Center for Independent Living, Inc. provides various services to individuals with disabilities in northern West Virginia on a third-party reimbursement basis. The Organization bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Grants and other receivables 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.

The Organization maintains all of its cash balances with a local financial institution. At September 30, 2021, accounts at this financial institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had no bank balances in excess of the FDIC insurance at this financial institution at September 30, 2021.

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization does not have any net assets with donor restrictions at September 30, 2021.

Net assets were released from donor restrictions during the year ended September 30, 2021 by incurring expenses satisfying the purpose restrictions specified by the donor as follows:

Purpose Restriction Accomplished	
Independent living	\$ 610,114
Affordable housing	639
Art classes	5,000
Safe and strong toolkit	1,184
Community engagement specialist	23,126
Family and community support	74,016
Traumatic brain injury	205,290
Unmet needs	257,290
Peer support - adult mental health	<u>40,000</u>
Total restrictions released	<u>\$ 1,216,659</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions with one year of the statement of financial position date:

Financial Assets at Year End

Cash	\$ 94,947
Grants Receivable	<u>320,973</u>
Total Financial Assets	415,920
Less those unavailable for general expenditures within one year	<u>-0-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 415,920</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization's revenue from contracts with customers (contract service revenue) consists of \$11,826 from the West Virginia Division of Rehabilitation Services for instruction in self advocacy (ISA) training provided by the Organization.

Revenue from contracts with customers is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing the ISA training. The revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for the performance obligations satisfied over time is recognized based on actual services provided to each participant. These services are billed and recorded after the training is provided. The invoice practical expedient within the accounting guidance for revenue recognition standards allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice and when the amount for which to invoice corresponds directly to the value transferred to the participants.

The purpose of the invoice practical expedient is to depict an entity's measure of progress toward completion of the performance obligation within a contract and can only be applied to performance obligations that are satisfied over time and when the invoice is representative of services provided to date. The Organization elected to apply the invoice practical expedient to recognize revenue for performance obligations satisfied over time as the invoices from providing instruction in self advocacy (ISA) training are representative of services provided to date to the participants.

Accounts receivable from contracts with customers are presented in the Organization's statement of financial position as grants receivable and totaled \$11,826 as of September 30, 2021.

NOTE 10 - CONTINGENCIES

In the normal course of operations, the Organization receives grant funds from various federal and state agencies. The grant programs are subject to audit by the granting authorities for the purpose of ensuring compliance with the conditions of the awards. Any liability for the reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 11 - CONCENTRATION OF GRANT REVENUE SOURCE

The Organization is funded primarily by Grant Awards from the U.S. Department of Health and Human Services, West Virginia Department of Health and Human Resources, and West Virginia Division of Rehabilitation Services. Revenues recognized under grant awards from these agencies totaled \$355,604, and \$559,722, and \$306,335, respectively for the year ended September 30, 2021. A significant reduction in the level of funding from these sources, if it were to occur, may have a material effect on the Organization's operations.

NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 12 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to September 30, 2021 through February 6, 2022 (the date the financial statements were available to be issued) for possible adjustment to, or disclosure in, the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification. The following events occurred after September 30, 2021:

On November 8, 2021, the Organization renewed its \$200,000 line of credit (see Note 3 - Line of Credit) to extend the maturity date to January 27, 2022 with an interest rate of the Wall Street Journal Prime Plus 2.0%.

ADDITIONAL INFORMATION

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number
U.S. Department of Education	
Pass-Through West Virginia Division of Rehabilitation Services:	
Independent Living - State Grants	20*3330
TOTAL U. S. DEPARTMENT OF EDUCATION	
U.S. Department of Health and Human Services	
ACL Centers for Independent Living	N/A
COVID-19 ACL Centers for Independent Living	N/A
Pass-through West Virginia Department of Health and Human Resources:	
Block grants for Community Mental Health Services	G210609
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
TOTAL EXPENDITURES OF FEDERAL AWARDS	

<u>Program Period</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
10/01/19 - 09/30/22	\$ 112,905	\$ <u>49,082</u>
		<u>49,082</u>
09/30/20 - 09/29/21	236,947	236,947
04/01/20 - 09/30/22	229,035	78,657
10/01/20 - 09/30/21	40,000	<u>40,000</u>
		<u>355,604</u>
		\$ <u>404,686</u>

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 YEAR ENDED SEPTEMBER 30, 2021**

**Grant
 Number**

West Virginia Division of Rehabilitation Services

Independent Living - State Grants	20*3330
Community Living Services Program	N/A
Community Living Services Program	20*460
Community Living Services Program	21*235
Community Living Services Program	22*980

**TOTAL WEST VIRGINIA DIVISION
 OF REHABILITATION SERVICES**

West Virginia Department of Health and Human Resources

Family and Community Support	G210246
Traumatic Brain Injury Program	G210246
Unmet Need	G210246
Family and Community Support	G220265
Traumatic Brain Injury Program	G220265
Unmet Needs	G220265

**TOTAL WEST VIRGINIA DEPARTMENT
 OF HEALTH AND HUMAN RESOURCES**

TOTAL STATE AWARDS

<u>Award Amount</u>	<u>Under (Over) Expended Beginning of Year</u>	<u>Total Current Year Revenues</u>	<u>Total Current Year Expenditures</u>	<u>Under (Over) Expended End of Year</u>
\$ 12,298	\$ -0-	\$ 5,347	\$ 5,347	\$ -0-
72,800	-0-	72,800	72,800	-0-
144,003	-0-	34,364	34,364	-0-
144,003	-0-	120,929	120,929	-0-
144,003	<u>-0-</u>	<u>11,986</u>	<u>11,986</u>	<u>-0-</u>
	<u>-0-</u>	<u>245,426</u>	<u>245,426</u>	<u>-0-</u>
230,000	-0-	86,886	86,886	-0-
250,000	-0-	194,210	194,210	-0-
350,000	-0-	228,402	228,402	-0-
230,000	-0-	10,256	10,256	-0-
250,000	-0-	3,224	3,224	-0-
350,000	<u>-0-</u>	<u>28,887</u>	<u>28,887</u>	<u>-0-</u>
	<u>-0-</u>	<u>551,865</u>	<u>551,865</u>	<u>-0-</u>
	\$ <u>-0-</u>	\$ <u>797,291</u>	\$ <u>797,291</u>	\$ <u>-0-</u>

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL AND ON COMPLIANCE**

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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*

Board of Directors
Northern West Virginia Center for Independent Living, Inc.
Morgantown, 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 Northern West Virginia Center for Independent Living, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, 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 February 6, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern West Virginia Center for Independent Living, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Northern West Virginia Center for Independent Living, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Northern West Virginia Center for Independent Living, Inc.'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 statement 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.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
WEST VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern West Virginia Center for Independent Living, Inc.'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 financial statements. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of finding as item 2021-002.

Northern West Virginia Center for Independent Living, Inc.'s Response to Findings

Northern West Virginia Center for Independent Living, Inc.'s response to the findings identified in our audit is described in the accompanying corrective action plan. Northern West Virginia Center for Independent Living, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Hess, Stewart & Campbell, PLLC

Huntington, West Virginia
February 6, 2022

SCHEDULE OF FINDINGS

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
SCHEDULE OF FINDINGS
YEAR ENDED SEPTEMBER 30, 2021**

2021-001 ACCOUNTING ERROR

Condition: An audit adjusting entry was required to be made to the Organization's financial statements which was material to the financial statements. Revenue was overstated and refundable advances was understated by \$17,450 at September 30, 2021.

Criteria: One of the objectives of an internal control system is to provide management with reasonable assurance that transactions are recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. In addition, timely accurate and complete financial reporting is an essential management tool in monitoring and controlling operations.

Cause: Review procedures were not fully implemented to ensure the balances were accurately reflected.

Effect: This resulted in inaccurate and incomplete presentation of the financial position, results of operations, and cash flows of the Organization. Management, therefore, was unable to produce financial statements presented in accordance with generally accepted accounting principles. The necessary adjusting journal entry was made during the audit to correct the error.

Recommendation: Review procedures should be strengthened to ensure that transactions are recorded completely, timely, and accurately in order to prepare financial statements in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective action: The Organization agrees with the finding and will strengthen review procedures. See current year corrective action plan.

2021-002 REPORTING - WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES INTELLECTUAL AND DEVELOPMENT PROGRAM, GRANT NUMBER G210246, GRANT PERIOD 07/01/20 - 06/30/21

Condition: In reviewing the sworn statement of expenditures for the intellectual and development disabilities program we noted that the expenditures were overstated by \$17,450.

Criteria: Section 6.01(c) requires the financial and accounting records pertaining to this grant to be closed out at the end of the grant agreement period and the grantee must identify excess of revenue and expenditures. In addition, Exhibit D requires a final report reconciling total payments received and actual expenditures incurred for the term of the agreement. Any payments received in excess of actual expenditures must be returned to the department.

Cause: Review procedures were not fully implemented to ensure the sworn statement of expenditures was prepared accurately.

Effect: Expenditures on the sworn statement of expenditures filed on September 29, 2021 were overstated by \$17,450. A corrected copy of the sworn statement of expenditures was filed on December 9, 2021 as a result of the audit indicating the correct amount of expenditures and reporting an excess of total grant revenues over expenditures of \$17,450. A check for the \$17,450 excess was written to the department to return the balance owed.

**NORTHERN WEST VIRGINIA CENTER FOR INDEPENDENT LIVING, INC.
SCHEDULE OF FINDINGS
YEAR ENDED SEPTEMBER 30, 2021**

2021-002 REPORTING - WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES INTELLECTUAL AND DEVELOPMENT PROGRAM, GRANT NUMBER G210246, GRANT PERIOD 07/01/20 - 06/30/21 (CONTINUED)

Recommendation: Review procedures should be strengthened to ensure accurate reporting on the sworn statement of expenditures.

Views of responsible officials and planned corrective action: The Organization agrees with the findings and will strengthen review procedures. See current year corrective action plan.

CORRECTIVE ACTION PLAN

Northern West Virginia Center for Independent Living, Inc.

Corrective Action Plan

Finding 2021-001 Accounting Error West Virginia Department of Health and Human Resources Intellectual and Development Program, Grant number C210246, Grant Period 07/01/20-06/30/21

Condition: An audit adjusting entry was required to be made to the Organization's financial statements which was material to the financial statements. Revenue was overstated and refundable advances was understated by \$17,450 at September 30, 2021.

Criteria: One of the objectives of an internal control system is to provide management with reasonable assurance that transactions are recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. In addition, timely accurate and complete financial reporting is an essential management tool in monitoring and controlling operations.

Cause: Review procedures were not fully implemented to ensure the balances were accurately reflected.

Effect: This resulted in inaccurate and incomplete presentation of the financial position, results of operations, and cash flows of the Organization. Management, therefore, was unable to produce financial statements presented in accordance with generally accepted accounting principles. The necessary adjusting journal entry was made during the audit to correct the error.

Recommendation: Review procedures should be strengthened to ensure that transactions are recorded completely, timely, and accurately in order to prepare financial statements in accordance with generally accepted accounting principles.

Management Response/Corrective Action:

NWVCIL is committed to ensuring that all transactions are recorded accurately and is strengthening procedures to review transactions before they are recorded in the accounting system. Working with the grantor agency, the West Virginia Department of Health and Human Services, it was decided that the most appropriate action would be to return the funds to the grantor agency. This action was taken on December 9, 2021, and the funds were returned.

NWCIL's management staff is reviewing all expenses to ensure they are properly recorded and accounted for.

Status of Prior Year's Finding:

There is no prior year finding on this matter.

Finding 2021-002 REPORTING - WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES INTELLECTUAL AND DEVELOPMENT PROGRAM, GRANT NUMBER G210246, GRANT PERIOD 07/01/20-06/30/21

Condition: In reviewing the sworn statement of expenditures for the intellectual and development disabilities program we noted that the expenditures were overstated by \$17,450.

Criteria: Section 6.01(c) requires the financial and accounting records pertaining to this grant to be closed out at the end of the grant agreement period and the grantee must identify excess of revenue and expenditures. In addition, Exhibit D requires a final report reconciling total payments received and actual expenditures incurred for the term of the agreement. Any payments received in excess of actual expenditures must be returned to the department.

Cause: Review procedures were not fully implemented to ensure the sworn statement of expenditures was prepared accurately.

Effect: Expenditures on the sworn statement of expenditures filed on September 29, 2021, were overstated by \$17,450. A corrected copy of the sworn statement of expenditures was filed on December 9, 2021, as a result of the audit indicating the correct amount of expenditures and reporting an excess of total grant revenues over expenditures of \$17,450. A check for the \$17,450 excess was written to the department to return the balance owed.

Recommendation: Review procedures should be strengthened to ensure accurate reporting on the sworn statement of expenditures.

Management Response/Corrective Action:

NWVCIL is committed to ensuring that all grants are properly managed and that they comply with the terms of the grant agreements. Working with the grantor agency, the West Virginia Department of Health and Human Services, it was decided that the most appropriate action would be to return the funds to the grantor agency and a new Sworn Statement of Expenditures be prepared. These actions were taken on December 9, 2021.

NWCIL's management staff has strengthened review procedures to ensure that they fully comply with the terms of all grant agreements. Specifically, they will ensure that reports are filed accurately and timely.

Status of Prior Year's Finding:

There is no prior year finding on this matter.