

**Independent Auditors' Report
and Related Financial Statements**

For the Year Ended June 30, 2010

**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

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Charleston, West Virginia 25304
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**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

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Teed & Associates, PLLC

Certified Public Accountants

Established 1992

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Independent Auditors' Report

To the Board of Directors
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia

We have audited the accompanying statement of financial position of the North Central West Virginia Community Action Association, Inc. (a nonprofit organization) as of June 30, 2010, and the related statement of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Central West Virginia Community Action Association, Inc. as of June 30, 2010, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2010, on our consideration of the North Central West Virginia Community Action Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and

To The Board of Directors
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia
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other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as whole. The supplementary information on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on page 18 is presented for purposes of additional analysis as required by OMB Circular A-133 and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Teed & Associates, PLLC

Charleston, West Virginia
December 31, 2010

**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

Statement of Financial Position

June 30, 2010

ASSETS

CURRENT ASSETS:

Cash	\$ 164,630
Accounts receivable	12,126
Grants receivable	2,152,051
Notes receivable, current portion	2,934
Prepaid expenses and deposits	1,545
Total current assets	<u>2,333,286</u>

PROPERTY AND EQUIPMENT, NET

4,555,205

OTHER ASSETS

Notes receivable, net of current portion	20,219
Total other assets	<u>20,219</u>
Total assets	<u>\$ 6,908,710</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Notes payable, current maturities	\$ 3,218
Bank line-of-credit	100,000
Accounts payable and accrued expenses	1,332,307
Accrued payroll and benefits	560,530
Deferred revenue	15,879
Total current liabilities	<u>2,011,934</u>

LONG-TERM DEBT:

Note payable, long-term portion	69,582
Total long-term liabilities	<u>69,582</u>
Total liabilities	<u>2,081,516</u>

NET ASSETS:

Temporarily restricted	989,712
Unrestricted	3,837,482
Total net assets	<u>4,827,194</u>
Total liabilities and net assets	<u>\$ 6,908,710</u>

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

**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT:			
Grant revenue			
Federal direct	\$ 11,765,960	\$ -	\$ 11,765,960
State/pass through	1,051,155	-	1,051,155
State -- West Virginia Housing Development Fund	-	548,878	548,878
Program income	791,535	-	791,535
In-kind matching	2,213,664	-	2,213,664
Miscellaneous income	262,127	-	262,127
Donations	141,489	-	141,489
	<u>16,225,930</u>	<u>548,878</u>	<u>16,774,808</u>
EXPENSES:			
Salaries and wages	6,434,584	-	6,434,584
Payroll taxes and employee benefits	1,241,400	-	1,241,400
Contractual services	1,512,587	-	1,512,587
Supplies	1,614,920	-	1,614,920
Travel	278,040	-	278,040
Insurance	171,074	-	171,074
Facility expenses	602,163	-	602,163
Vehicles expense	234,301	-	234,301
In-kind services	2,213,664	-	2,213,664
Depreciation	556,751	-	556,751
Food purchases	269,827	-	269,827
Other	832,357	-	832,357
	<u>15,961,668</u>	<u>-</u>	<u>15,961,668</u>
Total expenses			
Change in net assets	264,262	548,878	813,140
NET ASSETS AT BEGINNING OF YEAR	<u>3,573,220</u>	<u>440,834</u>	<u>4,014,054</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,837,482</u>	<u>\$ 989,712</u>	<u>\$ 4,827,194</u>

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

**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

Statement of Cash Flows

For the Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 813,140
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	556,751
(Increase) decrease in:	
Accounts receivable	1,561
Grants receivable	(683,034)
Prepaid expenses and deposits	98,459
(Decrease) increase in:	
Accounts payable	484,422
Accrued payroll and benefits	221,891
Deferred revenue	<u>(5,140)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,488,050</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments received on notes receivable	2,991
Purchase of temporarily restricted assets	(548,873)
Purchase of property and equipment	<u>(1,000,330)</u>
NET CASH (USED) IN INVESTING ACTIVITIES	<u>(1,546,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from note payable	75,000
Proceeds from bank line-of-credit	1,780,000
Payments on bank line-of-credit	(1,680,000)
Payments on long-term notes	<u>(2,668)</u>
NET CASH PROVIDED IN FINANCING ACTIVITIES	<u>172,332</u>
Net increase in cash	114,170
CASH AT BEGINNING OF THE YEAR	<u>50,460</u>
CASH AT END OF YEAR	<u>\$ 164,630</u>

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

NORTH CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.

Notes to the Financial Statements

For the Year Ended June 30, 2010

NOTE 1. DESCRIPTION OF ORGANIZATION

North Central West Virginia Community Action Association, Inc. ("Organization") is a private, not-for-profit organization dedicated to helping individuals and families reach their highest levels of social and economic independence, while assisting the communities served to become involved in the activities of the Organization. The Organization collaborates with local, state, and national agencies to provide a broad range of direct, anti-poverty services for moderate to low-income customers and their communities. These services include the operations of several Head Start centers throughout north central West Virginia. The Organization is funded primarily through grants and other agreements with the federal and state government.

The Organization provides services to residents and communities of Marion, Monongalia, Preston, Taylor, Tucker, Barbour, Randolph, Pocahontas, and Greenbrier counties in West Virginia. The organization also provides Head Start services in Webster County and Weatherization services in Harrison county.

Programs include the following:

Head Start and Early Head Start

Head Start is a federally funded comprehensive child development program that has served low-income children and their families since 1965. Head Start actually consists of two programs: Head Start (HS) and Early Head Start (EHS). HS is a comprehensive early childhood development program primarily serving low-income preschool-age children and their families. Early Head Start was established during the 1994 Reauthorization of HS. EHS is a comprehensive early childhood program serving primarily low-income children prenatal to age three, pregnant women, and their families. Funding for the program goes directly from the federal government to local grantees. The federal government provides 80 percent of the yearly cost to operate a HS program, and the remaining 20 percent must come from a "local match" or "in-kind" contributions, which may be in the form of monetary contributions, donations of goods or services, or volunteer hours. The Organization has been a grantee receiving Head Start funds and providing these services for several decades.

CSBG Programs

The Community Services Block Grant (CSBG) is a federal, anti-poverty block grant that funds the operation of a state-administrated network of local agencies. The purpose of the Community Service Block Grant is to provide assistance to states and local communities, working through a network of community action agencies and other neighbor-based organizations, for the reduction of poverty.

LIEAP

North Central West Virginia Community Action Association, Inc. is in partnership with the Division of Health and Human Resources to process the regular Low Income Energy Assistance Program (LIEAP) applications. This program supplements low-income individuals with their primary heating costs during the winter months. Applications are usually available in the early winter months. Upon the depletion of funds from the regular LIEAP, emergency LIEAP funds come into effect. Emergency LIEAP is for individuals who qualify for regular LIEAP and are in danger of having no heat in the immediate future. Emergency LIEAP is available through the Division of Health and Human Resources.

Summer Feeding

The Summer Feeding program meets the nutritional needs of children ages 0 – 18 that may not have access to meals during the summer months when school is not in session. Some sites provide breakfast and lunch while other sites only provide lunch. Each county establishes approved sites and locations to provide these meals. Funding occurs through Program Income, Contributions, Summer Food Income, and the Department of Education.

Gardens Program

The Gardens Program was established to help supplement an applicant's food supply, thus allowing the applicant more disposable income to address monthly household expenses. Counties use various funding sources that provide garden packages (seeds, plants, potatoes, fertilizer, dust) to low income households. Items provided by this program help supplement the daily nutritional needs of eligible applicants.

CHDO

Comprehensive Housing Development Organizations are grants from the West Virginia Housing Development Fund for specific low income housing projects.

In recent years, the Organization has received funding to complete housing units in Tucker County and Barbour County.

Home Loan Program

Home Ownership Made Easy is a loan program funded by the West Virginia Housing Development Fund. This program provides new home ownership opportunities for income-eligible individuals or families who have a steady source of income and a good credit rating. Credit payments are negotiated with the West Virginia Housing Development Fund, which lowers the payment to a percentage of the household income. Loans are given over a twenty-year period at a 0% fixed rate with the unpaid balance forgiven at the end of the period.

HELP Loan Program

The West Virginia Housing Development Fund also funds the Home Emergency Loan Program. This program provides for emergency repairs to an owner-occupied home. The program addresses repairs, such as furnaces, new roofs, and foundations. The minimum loan amount is \$1,000 and the maximum may go as high as \$10,000 with written approval from West Virginia Housing Development. Applicants who exceed 80 percent of the median family income will require approval by the Executive Director of the West Virginia Housing Development Fund. Emergency situations dictate the use of HELP funds. Structural or construction problems that threaten the health or safety of inhabitants constitute emergency situations. The Organization does not issue HELP funds for use in the 100-year flood plain or where there has been flood damage. Community Action issues HELP loans at 3% interest over eight years. Clients pay whatever the amortized amount is for their loan for that period.

Scott Place and Randolph County Shelters

North Central West Virginia Community Action, Inc. operates two homeless shelters. Scott Place Shelter in Marion County provides a 37-bed facility for men, women, and children. The Randolph County Shelter is a 16-bed facility located in Elkins, West Virginia.

Weatherization

The mission of the Weatherization Assistance Program is to reduce the heating and cooling costs for low income families-particularly for the elderly, people with disabilities, and children by improving the energy efficiency of their homes and thereby insuring their health and safety. Clients meeting 200% of the poverty guideline are eligible to receive services. In April 2009, the Weatherization Program began receiving funds from the American Recovery and Reinvestment Act (ARRA). These funds were granted for the period April 2009 through June 2011 with the probability of being extended through December 2011. These funds have doubled the number of weatherization completions during this period. The ARRA funds were used to purchase equipment, vehicles, and pay for salaries to complete the weatherization projects for the period April 2009 through December 2011.

Emergency Food and Shelter Program

The Emergency Food and Shelter Program (formerly known as FEMA) provides funding for special emergency needs. Emergency needs for this program must be economic, not disaster-related emergencies. The funding is used to supplement feeding, sheltering (including transitional sheltering), rent and mortgage, and utility payments. North Central West Virginia Community Action is the administrator of EFSP funds in Marion, Preston, Randolph, Tucker, Pocahontas, Greenbrier, and Harrison Counties.

Supportive Housing Program

The Supportive Housing Program provides funds for the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness and to promote the provision of supportive housing to homeless persons so they can live as independently as possible. Prior to June 30, 2010, the Organization acquired land for development of supportive housing and begun the pre-construction process. During fiscal year 2009, the construction of these units began in Fairmont. There are two newly constructed building (4 units) for transitional housing and one building (2 units) for permanent housing. There are also three units in a building that is being rehabilitated for permanent housing. These construction projects were completed in 2010 at which time program services began.

Volunteer Income Tax Assistance

The Volunteer Income Tax Assistance (VITA) Program offers free income tax preparation services to low to moderate-income people and assists eligible individuals in securing the Earned Income Tax Credit (EITC), a credit available to many working families in West Virginia. The EITC is a special federal tax credit for working families who meet the eligibility requirements. Eligibility generally changes from year to year. If eligible, families may receive money back from the Internal Revenue Service (IRS) even if they don't owe taxes, but a return must be filed. Working families in West Virginia may also qualify for the Child Tax Credit (CTC), depending on income and the number of dependent children in the household. Free Tax preparation is offered in every county that North Central WV Community Action serves. North Central also works with other organizations on a local and state level to ensure that free tax assistance, asset development, and financial literacy are offered to all working families. For several years, NCWCAA has received funding from the WV Department of Health and Human Services to assist with this program.

Next Step Supportive Housing Program

North Central WV Community Action's Next Step Transitional and Permanent Housing Projects signify a dramatic step forward in the organization's ability to assist recently homeless to chronically homeless individuals and families move from homelessness to self sufficiency. Through grants from the US Department of Housing and Urban Development (HUD), the West Virginia Housing Development Fund, and a generous

bequest from a private donor, a total of 17 beds of housing have been created, with accompanying comprehensive case management and supportive services for homeless individuals and families looking for a new start. The project includes 4 units of newly constructed transitional housing, 2 units of newly constructed ADA accessible permanent supportive housing, and 3 rehabilitated units of permanent supportive housing. The Supportive Housing Program provides a means for homeless individuals and families to reach the following three simple, yet often daunting, goals set forth by HUD:

- 1) Achieve residential stability,
- 2) Increase their skill levels and/or incomes; and
- 3) Obtain greater self-determination (i.e., more influence over decisions that affect their lives).

HPRP

Homeless Prevention and Rapid Re-Housing (HPRP) is funded through the American Recovery and Reinvestment Act (ARRA) and NCWVCAA is awarded funds through the Department of Housing and Urban Development via the Governor's Office for Economic Opportunity. NCWVCAA covers Barbour, Taylor, Tucker, Greenbrier, Randolph, Pocahontas, Monongalia, Marion and Preston counties. This is a time limited program, set for a maximum of 3 years by HUD, but is projected to end September 30, 2011. These funds help to provide direct financial assistance and case management services to eligible individuals or families who are at risk of becoming homeless or are already homeless. Financial assistance may be used for rent or utility payments or deposits, credit counseling services, moving costs, and other costs associated with preventing a disruption in housing. Case management focused on self-sufficiency and goal-setting, and housing search and placement assistance are also provided through these funds. The goals of HUD are to prevent households from ever becoming homeless and reduce the length of time households remain homeless in shelters or institutions. With the passage of the HEARTH (Homeless Emergency and Rapid Transition to Housing) Act, HPRP is expected to continue in some fashion in the coming years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Reporting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include cash accounts not subject to withdrawal restrictions and highly liquid instruments with an initial maturity of three months or less.

Inventory

In accordance with grant award budgets approved by funding sources, inventory is charged to expense in the period during which it is purchased instead of being recognized as an asset and being expensed when consumed.

Accounts Receivable and Grants Receivable

Management considers accounts receivable and grants receivables fully collectible at June 30, 2010, and writes off uncollectible receivables to operations.

Property and Equipment

The Organization 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. Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets. Items of property and equipment purchased with grant funds are not reported as contributions as grantors expect to receive commensurate value from the Organization.

Net Asset Classification

Net assets of the Organization and changes therein are classified and reported as follows

Unrestricted Net Assets – Unrestricted net assets that are not subject to donor-imposed stipulations.

Temporarily and Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of North Central West Virginia Community Action Association, Inc. and/or the passage of time.

Donor Restrictions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When long-lived assets are placed in service, thus satisfying purpose restrictions, the amount is included as a change in net assets, restricted and unrestricted. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

The Organization reports gifts of equipment, or other long-lived assets, as unrestricted support unless donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor restrictions about how long those long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grant Revenues

Grant revenues related to the provision of services and/or the incurrence of qualified expenses are reported as unrestricted revenues inasmuch as these grant revenues are based on the premise that the grantor, generally governmental agencies, provided the funding or transferred assets in exchange transactions whereby the grantor expects to receive commensurate value.

Long-lived assets provided by the grantor and cash provided explicitly for the purpose of acquiring long-lived assets are excluded from the excess of revenues and other support over expenses. The Organization has received substantial grant funding used for the purpose of long-lived assets, and certain obligations relating to the use of such items exist, including potential return of the respective assets to the grantor agency or proceeds received from the sale of such respective items.

Interest

All interest costs incurred during the year ended June 30, 2010, have been expensed and are included in the other operating expenses in the statement of activities.

Advertising Costs

All advertising costs of \$24,527 have been expensed and are included in other operating expenses in the statement of activities.

Income Taxes

North Central West Virginia Community Action Association, Inc. is a not-for-profit organization and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

Donated Services, Space and Other

Donated (in-kind) matching is required by certain funding sources. For the Head Start programs, donated hourly services are valued at the beginning wage of a Head Start program aide plus the applicable fringe benefit rate.

Donated space is valued at the estimated fair rental value. Donated other is valued at the estimated fair market value at the date of receipt.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2010, was \$164,630.

NOTE 4. NOTES RECEIVABLE

At June 30, 2010 the Organization had a notes receivable due of \$23,153. The revolving loan has an interest rate of 6.5%, monthly payments of \$364 through December 2016. The current maturities at June 30, 2010 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	2,934	1,438	4,372
2012	3,131	1,241	4,372
2013	3,340	1,031	4,372
2014	3,564	808	4,372
2015	3,803	569	4,372
Thereafter	6,381	5,460	11,841
	<u>\$ 23,153</u>	<u>\$ 10,546</u>	<u>\$ 33,700</u>

NOTE 5. PLEDGED ASSETS AND SMALL BUSINESS MICRO-LOAN

In prior years the Organization had pledged assets of \$160,560 to secure loans made by a local bank in connection with a Small Business Micro-Loan program. As of June 30, 2009 no loans were outstanding and the program is no longer being administered. The restricted funds were deposited into the operating accounts of the Organization during the year.

NOTE 6. PROPERTY AND EQUIPMENT

As described in Note 2, significant items of property and equipment have been funded from governmental and other grant proceeds. These grantors have residual interests in the property. The following summarizes assets identifiable to those grantors at June 30, 2010.

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2010</u>
Head Start program	\$ 3,337,898	\$ 387,516	\$ -	\$ 3,725,414
Community Service Block Grant Program	179,673	243,324	-	422,997
ESGP Homeless Shelter program	117,147	2,803	-	119,950
Weatherization program	764,589	123,890	-	888,479
CHDO	728,016	76,740	-	804,756
Other	<u>1,018,181</u>	<u>632,993</u>	-	<u>1,651,174</u>
Total cost grantor property and equipment	6,145,504	1,467,265	-	7,612,769
Corporate	<u>698,658</u>	<u>81,937</u>	-	<u>780,595</u>
Total cost property and equipment	6,844,162	1,549,203	-	8,393,365
Less accumulated depreciation	<u>3,281,409</u>	<u>556,751</u>	-	<u>3,838,160</u>
Property and equipment, net	<u>\$ 3,562,753</u>	<u>\$ 992,452</u>	<u>\$ -</u>	<u>\$ 4,555,205</u>

Approximately \$501,850 of costs related to a housing project is included as additions in the other category above.

NOTE 7 LINE OF CREDIT

The Organization has a Bank line of credit with a borrowing limit of \$160,000. At June 30, 2010 the outstanding balance was \$100,000. During the year the organization borrowed \$1,780,000 and repaid \$1,680,000 on the line of credit.

NOTE 8. LONG-TERM DEBT

Long-term debt at June 30, 2010, consists of the following:

Bank loan, payable in monthly installments of \$643 including interest of 5.00%, maturity date December 2024, secured by deed of trust. \$ 72,800

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
06/30/11	\$ 3,218	\$ 4,500	\$ 7,718
06/30/12	3,425	4,293	7,718
06/30/13	3,645	4,073	7,718
06/30/14	3,880	3,839	7,719
06/30/15	4,130	3,589	7,719
Thereafter	<u>54,502</u>	<u>20,438</u>	<u>74,940</u>
Total	<u>\$ 72,800</u>	<u>\$ 40,732</u>	<u>\$ 113,532</u>

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Loan #2486604-1	\$ 468	\$ -	\$ 468	\$ -	\$ -
Note payable	<u>-</u>	<u>75,000</u>	<u>2,200</u>	<u>72,800</u>	<u>3,218</u>
Totals	<u>\$ 468</u>	<u>\$ 75,000</u>	<u>\$ 2,668</u>	<u>\$ 72,800</u>	<u>\$ 3,218</u>

NOTE 9. PENSION PLAN

North Central West Virginia Community Action Association, Inc. participates in a contributory, defined contribution pension plan that covers all employees who regularly work 20 or more hours per week. The employee may begin contributing upon hire a minimum of 3%. After one-year, the agency contributions to the plan are based on a percentage of salaries as follows: 4% 1 to 5 years of service, 6% for 5 to 10 years of service, and 10% for over 10 years of service. The Organization's contribution will not exceed \$2,000 per employee per year. Total contributions recognized by the Organization for the year ended June 30, 2010, were \$124,209 and are included in the payroll taxes and employee benefits on the Statement of Activities and Changes in Net Assets.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Cash Balances in Excess of FDIC Insurance

North Central West Virginia Community Action Association, Inc. maintains cash in demand deposit accounts with a federally insured bank. During the year, the balances in these accounts may be in excess of federally insured limits. In management's opinion, the amounts in excess of FDIC limits do not pose a significant risk.

Operating Leases

North Central West Virginia Community Action Association, Inc. leases various properties including office, parking, Head Start centers, and warehousing under operating leases on an annual and monthly basis. Rental expense for the year ended June 30, 2010, was \$135,070 and is included in facility expenses on the Statement of Activities and Changes in Net Assets.

NOTE 11. DONATED SERVICES, SPACE AND OTHER

North Central West Virginia Community Action Association, Inc. received donated services from unpaid volunteers, the use of various facilities without charge, and other donated items during the year ended June 30, 2010. The following summarizes the fair value of donated services, space, and other resources as determined by the Organization:

	<u>Volunteers</u>	<u>Space</u>	<u>Other</u>	<u>Total</u>
Early Head Start	\$ 63,130	\$ 50,328	\$ 100	\$ 113,558
Head Start	598,036	505,485	973,604	2,077,125
Head Start ARRA	<u>22,981</u>	<u>-</u>	<u>-</u>	<u>22,981</u>
	<u>\$ 684,147</u>	<u>\$ 555,813</u>	<u>\$ 973,704</u>	<u>\$ 2,213,664</u>

NOTE 12. FUNCTIONAL EXPENSES

The Organization provides various program services to area residents and their respective communities. Expenses relating to the services are as follows:

Head Start	\$ 8,396,284
Early Head Start	668,574
Weatherization	3,178,947
CSGB	2,089,231
West Virginia Housing Development Fund	594,768
Other program services	373,994
General and administrative	103,119
Depreciation	<u>556,751</u>
	<u>\$15,961,668</u>

SUPPLEMENTARY INFORMATION

**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

**Schedule of Grant Support, Revenue and Expenses -- CSBG
Compared to Grant Budgets to Actual (Non-GAAP)**

For the Year Ended June 30, 2010

	Grant Number 2009-0012			Grant Number 2010-0012		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
State grants	\$ 908,936	\$ 550,069	\$ 358,867	\$ 908,936	\$ 349,517	\$ 559,419
Program and other	-	-	-	-	-	-
Total revenues	\$ 908,936	\$ 550,069	\$ 358,867	\$ 908,936	\$ 349,517	\$ 559,419
EXPENSES						
Salaries/Wages	\$ 530,645	\$ 301,551	\$ 229,094	\$ 498,374	\$ 211,982	\$ 286,392
Fringe Benefits	120,048	54,760	65,288	114,823	43,772	71,051
Contractual	18,000	7,365	10,635	7,000	(984)	7,984
Travel	17,993	10,577	7,416	23,000	11,502	11,498
Space Cost	25,084	24,953	131	36,300	14,652	21,648
Utilities	20,000	18,989	1,011	25,700	12,341	13,359
Supplies/Materials	18,050	16,188	1,862	18,500	7,196	11,304
Equipment	12,500	12,500	-	12,500	5,554	6,946
Other Costs	45,040	28,011	17,029	44,290	14,953	29,337
Program Costs	30,000	19,047	10,953	60,998	31,887	29,111
Indirect Costs	71,576	56,128	15,448	67,451	3,028	64,423
Total expenses	\$ 908,936	\$ 550,069	\$ 358,867	\$ 908,936	\$ 355,883	\$ 553,053

NOTE TO SCHEDULE:

The budget numbers above represent the complete program year budget. The actual numbers above represent the expenses incurred during the year ended June 30, 2010, related to the specific program year. The variance numbers represent the arithmetic difference between the budget and actual.

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

**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>US Department of Health and Human Services</u>		
Low-Income Home Energy Assistance	93.568	\$ 836,886
Community Services Block Grant	93.569	905,952
Community Services Block Grant - ARRA	93.170	1,183,279
Early Head Start	93.600	528,503
Early Head Start - ARRA	93.708	26,513
Head Start	93.600	5,894,221
Head Start - ARRA	93.708	401,927
		<u>9,777,281</u>
<u>U.S. Department of Energy</u>		
Weatherization Assistance for Low-Income Persons	81.042	23,154
Weatherization Assistance for Low-Income Persons -ARRA	81.042	2,318,907
		<u>2,342,061</u>
<u>U.S. Department of Agriculture</u>		
Child and Adult Care Food Program	10.558	<u>90,770</u>
<u>U.S. Department of Veterans Affairs</u>		
VA Homeless Providers Grant and Per diem Program	64.024	<u>53,561</u>
<u>U.S. Department of Housing and Urban Development</u>		
Supportive Housing Program	14.235	137,500
Supportive Housing Program	14.239	457,268
Homeless Prevention & Rapid Rehousing - ARRA	14.257	360,440
		<u>955,208</u>
<u>U.S. Department of Homeland Security</u>		
Emergency Food and Shelter National Board Program	97.024	39,844
Emergency Food and Shelter National Board Program - ARRA	97.114	8,149
		<u>47,993</u>
Total Federal Awards		<u>\$ 13,266,873</u>

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

NORTH CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

Basis of Presentation

This schedule of expenditures of federal awards includes the grant activity of the North Central West Virginia Community Action Association, Inc. and is presented on the basis of accounting of the various funding sources. The information in this schedule is presented in accordance with the requirements of OMB circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

Teed & Associates, PLLC

Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants
Member, West Virginia Society of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants

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

To The Board of Directors
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia

We have audited the accompanying statement of financial position of the North Central West Virginia Community Action Association, Inc. as of June 30, 2010, and the related statements of activities, and cash flows for the year then ended, and have issued our report thereon dated December 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Central West Virginia Community Action Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the North Central West Virginia Community Action Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Central West Virginia Community Action Association's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the North Central West Virginia Community Action Association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the North Central West Virginia Community Action Association's financial statements that is more than inconsequential will not be prevented or detected by the North Central West Virginia Community Action Association's internal control.

To The Board of Directors
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the North Central West Virginia Community Action Association's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operations that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Central West Virginia Community Action 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 on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Teed & Associates, PLLC

Charleston, West Virginia
December 31, 2010

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To The Board of Directors
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia

Compliance

We have audited the compliance of the North Central West Virginia Community Action Association, Inc, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The North Central West Virginia Community Action Association's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of the major federal programs is the responsibility of the North Central West Virginia Community Action Association's management. Our responsibility is to express an opinion on the North Central West Virginia Community Action Association's compliance based on our audit.

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

To The Board of Directors
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia
Page 2

In our opinion, the North Central West Virginia Community Action Association complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the North Central West Virginia Community Action Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the North Central West Virginia Community Action Association's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the North Central West Virginia Community Action Association's internal control over compliance.

A control deficiency is an entity's internal control over compliance that 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program, such that there is more than a remote likelihood that a noncompliance with a type of compliance requirement of a federal program is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance requirement of a federal program will not be prevented or detected by the North Central West Virginia Community Action Association's internal control.

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 that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness.

To The Board of Directors
North Central West Virginia Community Action Association, Inc.
Fairmont, West Virginia
Page 3

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

Teed & Associates, PLLC

Charleston, West Virginia
December 31, 2010

**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued; Unqualified

Internal control over financial reporting:

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

Reported

Noncompliance material to the financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:

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

Reported

Type of auditor's report issued on compliance for major programs; Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 _____ Yes No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number(s)
Head Start and Early Start	93.600
Head Start and Early Start -- ARRA	93.708
Weatherization program	81.042

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

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

**NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.**

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2010

Section II – Financial Statement Findings

There are no findings reported.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported.

Section IV – Corrective Action Plan

A corrective action plan is not required since there are no findings of questioned costs.

Section V – Summary Schedule of Prior Audit Findings

There were no findings or questioned costs reported.