

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

YEAR ENDED JUNE 30, 2021

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NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the North Central West Virginia Community Action Association, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 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 schedule of functional expenses, schedules of grant support, revenue and expenses - CSGB - compared to grant budgets to actual (Non-GAAP), notes to schedules of grant support, revenue and expenses - CSGB - compared to grant budgets to actual (Non-GAAP), schedule of revenues and expenditures of state awards and notes to the schedule of revenues and expenditures of state awards are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of functional expenses, schedules of grant support, revenue and expenses - CSGB - compared to grant budgets to actual (Non-GAAP), notes to schedules of grant support, revenue and expenses - CSGB - compared to grant budgets to actual (Non-GAAP), schedule of revenues and expenditures of state awards, notes to the schedule of revenues and expenditures of state awards, schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are 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 March 30, 2022, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 effectiveness of the Association'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 the Association's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "David L. Howell, CPA". The signature is written in a cursive style with a large, prominent 'D' and 'H'.

David L. Howell, CPA
Cabin Creek, West Virginia
March 30, 2022

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Current assets:

Cash	\$ 745,094
Restricted cash	14,490
Grants receivable	1,761,845
Other receivables	6,989
Prepaid expenses and deposits	<u>87,085</u>

Total current assets 2,615,503

Noncurrent assets:

Property and equipment, net	<u>3,466,969</u>
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Total assets \$ 6,082,472

LIABILITIES AND NET ASSETS

Current liabilities:

Notes payable, current maturities	\$ 6,300
Accounts payable and accrued expenses	1,161,550
Accrued payroll and benefits	485,562
Other payables	89,931
Deferred revenue	<u>116,669</u>

Total current liabilities 1,860,011

Long-term liabilities:

Note payable, long-term portion	<u>17,439</u>
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Total long-term liabilities 17,439

Total liabilities 1,877,450

Net assets:

Net assets with donor restrictions	14,490
Net assets without donor restrictions	<u>4,190,532</u>
Total net assets	<u>4,205,022</u>

Total liabilities and net assets \$ 6,082,472

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

Year Ended June 30, 2021

	Net assets without Donor Restrictions	Net assets with Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:			
Grant revenue:			
Federal direct	\$ 8,284,756	-	8,284,756
State/pass through	3,479,398	-	3,479,398
State -- West Virginia Housing Development Fund - CHDO	-	106,447	106,447
Program income	201,653	-	201,653
In-kind matching	2,853,852	-	2,853,852
Miscellaneous income	121,855	-	121,855
Donations	43,516	-	43,516
Net Assets released from restrictions	-	-	-
Total revenues and other support	<u>14,985,030</u>	<u>106,447</u>	<u>15,091,477</u>
EXPENSES:			
Head Start	9,317,746	-	9,317,746
Head Start - CARES Act	634,204	-	634,204
Head Start - ARP	7,999	-	7,999
Early Head Start	782,057	-	782,057
Early Head Start - CARES Act	47,675	-	47,675
Weatherization	1,526,525	-	1,526,525
CSBG	1,373,823	-	1,373,823
Continuum of Care	106,855	-	106,855
WV Housing Development Fund	71,077	53,026	124,103
SSVF	246,951	-	246,951
Other Program Services	539,655	75,332	614,987
General & Administrative	12,147	-	12,147
Depreciation	436,129	-	436,129
Total expenses	<u>15,102,843</u>	<u>128,358</u>	<u>15,231,201</u>
Change in net assets	(117,813)	(21,911)	(139,724)
Net assets at beginning of year	<u>4,308,345</u>	<u>36,401</u>	<u>4,344,746</u>
Net assets at end of year	<u>\$ 4,190,532</u>	<u>14,490</u>	<u>4,205,022</u>

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

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (139,724)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	436,129
(Increase) decrease in:	
Accounts receivable	(590)
Grants receivable	(20,167)
Prepaid expenses and deposits	23,601
(Decrease) increase in:	
Accounts payable	122,525
Accrued payroll and benefits	(25,350)
Other payables	68,730
Deferred revenue	82,146
Net cash provided (used) by operating activities	<u>547,299</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(267,328)</u>
Net cash provided (used) in investing activities	<u>(267,328)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term notes	<u>(6,032)</u>
Net cash provided (used) in financing activities	<u>(6,032)</u>

Net increase (decrease) in cash	273,939
Cash at beginning of year	<u>485,644</u>
Cash at end of year	<u><u>\$ 759,583</u></u>

SUPPLEMENTAL CASH FLOW DISCLOSURE

Cash paid during the year for interest	<u><u>\$ 1,688</u></u>
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The accompanying notes are an integral part of these financial statements.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2021

NOTE 1 DESCRIPTION OF ORGANIZATION

North Central West Virginia Community Action Association, Inc. (the "Association") 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 Association. The Association 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 Association is funded primarily through grants and other agreements with the federal and state governments.

The Association 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 Association has been a grantee receiving Head Start funds and providing these services for several decades.

Community Services Block Grant 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 CSBG 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.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

LIEAP

The Association 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 birth to 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, and dust) to low income households. Items provided by this program help supplement the daily nutritional needs of eligible applicants.

CHDO

Comprehensive Housing Development Associations are grants from the West Virginia Housing Development Fund for specific low income housing projects. In recent years, the Association has received funding to complete housing units in Taylor and Barbour County. In December 2019, the Association completed a low-income housing project in Fairmont, West Virginia.

HOMELESS SHELTERS

The Association operates two homeless shelters. Scott Place Shelter is located in Marion County which provides a 31-bed facility for men, women, and children. The Randolph County Shelter is a 15-bed facility located in Elkins, West Virginia. Funding is provided from many sources including, DHHR, VETS, ESG, United Way, and other donations.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Weatherization

The Weatherization Assistance Program provides weatherization assistance utilizing US Department of Energy (DOE) and US Department of Health & Human Resources (DHHR) appropriations, along with utility partnership funding to increase the energy efficiency of dwellings owned or occupied by low-income persons or to provide such persons with renewable energy systems or technologies, reduce their total residential expenditures, and improve their health and safety. The funds are limited to low-income persons who are particularly vulnerable such as elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden.

Emergency Food and Shelter Program

The Emergency Food and Shelter Program (EFSP) (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. The Association is the administrator of EFSP funds in Marion, Preston, Randolph, Taylor, Tucker, Pocahontas, Greenbrier, and Harrison Counties.

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 the Association serves. The Association 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, the Association has received funding from the West Virginia Department of Health and Human Services to assist with this program.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Continuum of Care

The Continuum of Care Program is designed to promote community wide commitment to the goal of ending homelessness by providing services to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness. The program's goal is to promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Trailco Electric Efficiency Partnership

This is a program designed to reduce heating, cooling, and electric base load costs for low-income families in the power company's service territory, by improving the energy efficiency services of their homes. Participation will be restricted to those low-income customers who qualify for the U.S Department of Energy's Weatherization Assistance Program and are customers of the local power company.

SSVF

Supportive Services for Veteran Families Program purpose is to provide supportive services to very low-income Veteran families living in or transitioning to permanent housing.

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. These financial statements are presented in accordance with Statement on Financial Accounting Standards No. 117 *Financial Statements for Nonprofit Organizations*, which requires that resources be classified for reporting purposes into three net asset categories as temporarily restricted, permanently restricted and unrestricted net assets according to the existence or absence of donor-imposed restrictions.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Recently Issued Accounting Standards

In February 2016, the FASB issued Accounting Standards Update, *Leases* (Topic 842), intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the statement of assets, liabilities, and members' equity (deficit)—the new ASU will require both types of leases to be recognized on the statement of assets, liabilities, and members' equity (deficit). The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2021.

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. Management believes the effect on the financial statements are not significant.

Accounts Receivable and Grants Receivable

Management considers accounts receivable and grants receivables fully collectible at June 30, 2021.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Property and Equipment

The Association 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 Association.

Net Asset Classification

The Association reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Association and/or the passage of time.

At June 30, 2021, the Association reported \$14,490 in Net Assets With Donor Restrictions on the Statement of Activities. The Net Assets With Donor Restrictions are the result of receiving grants from the West Virginia Housing Development Fund to build low income housing units in Taylor and Barbour County.

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 Association 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 Association 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 Association 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 Association 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, 2021, were expensed.

Advertising Costs

All advertising costs of \$3,317 were expensed during the year.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Income Taxes

The Association is exempt from federal income taxes under Section 501-C3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Under US GAAP, the Association must recognize in its financial statements the financial effects of a tax position if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken by the Association have been reviewed, and management is of the opinion that material tax positions taken by the Association would more likely than not be sustained by examination.

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. For the COC program, donated hourly services are valued at a per dollar amount based on a memorandum on an understanding agreement with provider.

Donated space is valued at the estimated fair rental value determined by an independent, certified appraisal. 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, 2021, was as follows:

Cash and cash equivalents - unrestricted	\$ 745,094
Cash and cash equivalents - restricted	<u>14,490</u>
Total cash and cash equivalents	<u>\$ 759,584</u>

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 **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, 2021.

	Balance at June 30, 2020	Additions	Disposals	Balance at June 30, 2021
Head Start program	\$ 4,490,175	236,373	263,680	4,462,868
Community Service Block Grant Program	374,140	27,204	-	401,344
ESGP Homeless Shelter program	86,303	-	-	86,303
Weatherization program	1,322,596	-	426,177	896,419
CHDO	2,691,823	5,500	9,754	2,687,569
Other	1,127,991	5,442	3,193	1,130,240
Total cost grantor property and equipment	<u>10,093,028</u>	<u>274,519</u>	<u>702,804</u>	<u>9,664,743</u>
Corporate	554,755	-	-	554,755
Total cost property and equipment	<u>10,647,783</u>	<u>274,519</u>	<u>702,804</u>	<u>10,219,498</u>
Less accumulated depreciation	<u>7,012,013</u>	<u>436,130</u>	<u>695,614</u>	<u>6,752,529</u>
Property and equipment, net	<u>\$ 3,635,770</u>	<u>(161,611)</u>	<u>(7,190)</u>	<u>3,466,969</u>

NOTE 5 **LINE OF CREDIT**

The Association has a bank line of credit with a borrowing limit of \$250,000. At June 30, 2021, the outstanding balance was \$-0-. During the year the Association did not borrow on the line of credit.

NOTE 6 **LONG-TERM DEBT**

Long-term debt at June 30, 2021, consists of the following:

Bank loan, payable in monthly installments of \$643 including interest of 6.25%, maturity date December, 2024 secured by deed of trust.

\$ 23,739

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual maturities of the note payable as of June 30, 2021, are as follows:

Year Ended	Principal	Interest	Total
6/30/2022	\$ 6,417	1,302	7,719
6/30/2023	6,829	889	7,718
6/29/2024	7,269	450	7,719
6/29/2025	3,224	51	3,275
	\$ 23,739	2,692	26,431

The roll forward of the note payable is as follows:

	Balance at 6/30/2020	Additions	Payments	Balance at 6/30/2021	Due Within One Year
Note payable	\$ 29,770	-	6,031	23,739	6,300

NOTE 7 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The liquidity and availability of the Association's financial assets to fund general expenditures as of June 30, 2021, are shown below:

Financial assets:

Cash	\$ 759,584
Accounts and grants receivable	1,768,834
Total financial assets	2,528,418
Less: deferred revenue	(116,669)
Less: assets unavailable for general expenditures because of donor-imposed purpose restrictions	(14,490)

Financial assets available to meet cash needs for general expenditures within one year	\$ 2,397,259
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The Association is funded primarily through grants and other agreements with the federal and state governments. Grant revenues are typically received shortly after services are rendered, therefore the Association's goal is to have available financial resources sufficient to fund programs supported by grant revenues for approximately two months. Note 1 provides additional information about the Association's various programs. As discussed in Note 5, the Association has open lines of credit that, in the aggregate, amount to \$250,000, which it could draw upon in the event of an unanticipated liquidity need.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 **PENSION PLAN**

The Association participates in a contributory, defined contribution pension plan that covers all employees who regularly work 20 or more hours per week. Participants may begin contributing upon hire a minimum of 3%. After one-year, the Association contributions to the plan are based on a percentage of salaries as follows: 4% for 1 to 5 years of service, 6% for 5 to 10 years of service, and 10% for over 10 years of service.

The Association's contribution will not exceed \$2,000 per participant per year. Total contributions recognized by the Association for the year ended June 30, 2021, were \$106,621.

NOTE 9 **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

General Information about the OPEB Plan:

Plan description. The Association contributes to the West Virginia Other Postemployment Benefit Plan (the Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia.

Benefits provided. The Plan provides medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: 1) Self-Insured Preferred Provider Benefit Plan (primarily for non-Medicare-eligible retirees and spouses) and 2) External Managed Care Organizations (primarily for Medicare-eligible retirees and spouses).

Contributions: During the year the Association contributed approximately \$193,053 for 101 active employee and 10 retiree participants.

NOTE 10 **RELATED PARTY TRANSACTIONS**

MM Dev, Inc., a Corporation solely owned by North Central West Virginia Community Action Association, Inc., (Association) was formed for the sole purpose of partnering in a consultant capacity with Morgan Housing Partners, Inc. for the purpose of rehabilitation, developing, owning and operating a 32-unit, senior, tax credit (LIHTC), affordable housing project in the City of Lewisburg, Greenbrier County, West Virginia, generally known as Morgan Manor Apartments.

The Association received no development fees from MM Dev. or had any material transactions with MM Dev. during the 2021 fiscal year.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 **COMMITMENTS AND CONTINGENCIES**

Cash Balances in Excess of FDIC Insurance

The Association 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. At June 30, 2021 all balances were insured and/or collateralized.

Operating Leases

The Association 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, 2021, was \$149,878.91.

NOTE 12 **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, 2021.

The following summarizes the fair value of donated services, space, and other resources as determined by the Association:

	<u>Volunteers</u>	<u>Space</u>	<u>Goods and Services</u>	<u>Total</u>
Head Start	\$ 102,956	600,195	2,070,772	2,773,923
Early Head Start	25,655	53,501	773	79,929
	<u>\$ 128,611</u>	<u>653,696</u>	<u>2,071,545</u>	<u>2,853,852</u>

NOTE 13 **SUBSEQUENT EVENTS**

The Association has evaluated subsequent events occurring after the statement of financial position date through the date of March 30, 2022, the date the financial statements were available for release. Based upon this evaluation, other than previously disclosed, the Association has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Head Start	Early Head Start	Head Start CARES Act	Early Head Start CARES Act	Head Start ARP	Weatherization	CSBG	Continuum of Care	WVHD Fund - CHDO	SSVF	Other program services	General and Administrative	Total
Contractual	\$ 1,286,325	18,582	191,923	3,950	-	20,449	24,488	1,006	49,970	-	11,168	2,761	1,610,622
Depreciation	-	-	-	-	-	-	-	-	-	-	-	436,129	436,129
Facilities	171,714	20,502	483	-	-	34,674	64,959	17,227	1,375	3,013	37,405	4,615	355,967
Food	89,266	6,171	7,281	-	-	-	-	-	-	-	6,597	(19)	109,296
Fringes	585,345	80,390	11,402	-	-	133,705	116,108	11,855	6,470	14,686	44,102	-	1,004,063
In-kind	2,773,923	79,929	-	-	-	-	-	-	-	-	-	-	2,853,852
Insurance	78,579	10,940	1,449	-	-	15,934	13,079	5,451	13,356	1,129	7,840	(149)	147,608
Other	590,091	91,475	22,512	957	-	116,291	460,462	19,004	14,525	139,943	188,482	5,456	1,649,198
Salaries	3,129,655	423,680	74,142	-	-	730,065	639,501	50,371	37,102	81,199	295,257	-	5,460,972
Supplies	542,051	49,714	325,012	42,768	7,999	395,932	45,318	1,941	356	3,564	20,855	908	1,436,418
Travel	1,242	-	-	-	-	34,116	6,322	-	949	3,417	2,211	(1,076)	47,181
Vehicle	69,555	674	-	-	-	45,359	3,586	-	-	-	1,070	(349)	119,895
	<u>\$ 9,317,746</u>	<u>782,057</u>	<u>634,204</u>	<u>47,675</u>	<u>7,999</u>	<u>1,526,525</u>	<u>1,373,823</u>	<u>106,855</u>	<u>124,103</u>	<u>246,951</u>	<u>614,987</u>	<u>448,276</u>	<u>15,231,201</u>

See independent auditor's report.

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

**SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES - CSBG
COMPARED TO GRANT BUDGETS TO ACTUAL (NON-GAAP)**

Year Ended June 30, 2021

	Grant Number 21CSBG-F-12			Grant Number 20CSBG-F-12		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
State grants	\$ 1,016,110	180,314	835,796	\$ 994,641	712,424	282,217
Program and other	-	480	480	-	260	260
Total revenues	\$ 1,016,110	180,794	836,276	\$ 994,641	712,684	282,477
EXPENSES						
Salaries/Wages	\$ 524,572	129,760	394,812	\$ 583,785	367,574	216,211
Fringe Benefits	98,188	25,848	72,340	106,264	64,093	42,171
Contractual	19,650	2,366	17,284	17,472	12,220	5,252
Travel	21,000	2,011	18,989	6,644	4,275	2,369
Supplies/Materials	49,077	10,302	38,775	26,773	21,338	5,435
Equipment	34,000	5,795	28,205	21,409	21,409	-
Other Costs	112,160	17,508	94,652	109,150	74,473	34,677
Program Costs	80,000	13,846	66,154	46,456	33,457	12,999
Indirect Costs	77,463	24,006	53,457	76,688	46,932	29,756
Total expenses	\$ 1,016,110	231,442	784,668	\$ 994,641	645,771	348,870

See independent auditor's report and notes to the schedule of grant support, revenue and expenses - CSBG compared to grant budgets and actual (non-gaap).

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO THE SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES - CSBG
COMPARED TO GRANT BUDGETS TO ACTUAL (NON-GAAP)

Year Ended June 30, 2021

NOTE 1 **BASIS OF PRESENTATION**

The budget numbers above represent the complete program year budget. The actual numbers above represent the expenses incurred during the year ended June 30, 2021, related to the specific program year. The variance numbers represent the arithmetic difference between the budget and actual.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2021

<u>State Grantor/Program or Cluster Title</u>	<u>State Vendor Number</u>	<u>Agreement Number</u>	<u>Program Year</u>	<u>Expenditures</u>	<u>Revenues</u>
West Virginia Department of Health & Human Services					
Randolph County Homeless Shelter	201468	G210156RCHS	July 1, 2020 to June 30, 2021	\$ 77,294	77,294
Scott Place Homeless Shelter	201468	G210156SPS	July 1, 2020 to June 30, 2021	<u>123,544</u>	<u>123,544</u>
Total State Grants				<u>\$ 200,838</u>	<u>200,838</u>

See independent auditor's report and notes to the schedule of revenues and expenditures of state awards.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of program expenses of the North Central West Virginia Community Action Association, Inc.'s Randolph County and Scott Place Homeless Shelter programs include the grant activity that the West Virginia Department of Health & Human Resources oversees, and is presented on the accrual basis of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements.

See independent auditor's report.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

Federal Grantor Pass-through Entity Program or Cluster Title	Federal AL Number	Pass-through Grantor Identifying Number	Passed-through to Subrecipients	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the West Virginia Department of Health and Human Resources				
477 Cluster				
Temporary Assistance for Needy Families (477 Cluster)				
Temporary Assistance for Needy Families (477 Cluster)	93.558	G200602	\$ -	12,500
Temporary Assistance for Needy Families (477 Cluster)	93.558	G210543	-	37,500
<i>Total Temporary Assistance for Needy Families (477 Cluster)</i>			-	50,000
Passed Through the West Virginia Office of Economic Opportunity				
Community Services Block Grant (477 Cluster)				
Community Services Block Grant (477 Cluster)	93.569	20CSBG-F12	-	645,771
Community Services Block Grant (477 Cluster)	93.569	21CSBG-F12	-	231,442
COVID-19 - Community Services Block Grant (477 Cluster)	93.569	CSBG-CVF12	-	515,713
Community Services Block Grant (477 Cluster)	93.569	21CSBG-DT12	-	825
<i>Total Community Services Block Grant (477 Cluster)</i>			-	1,393,751
<i>Total 477 Cluster</i>			-	1,443,751
<i>Total Department of Health and Human Services</i>			-	1,443,751
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start Cluster				
Head Start				
Head Start	93.600	N/A	-	5,511,298
Head Start	93.600	N/A	1,184,880	1,184,880
Head Start	93.600	N/A	-	689,586
Head Start	93.600	N/A	-	178,655
COVID-19 - Head Start	93.600	N/A	-	522,781
COVID-19 - Head Start	93.600	N/A	159,099	159,099
COVID-19 - Head Start	93.600	N/A	-	7,999
<i>Total Head Start</i>			1,343,979	8,254,298
<i>Total Head Start Cluster-Cluster</i>			1,343,979	8,254,298
<i>Total Department of Health and Human Services</i>			1,343,979	9,698,049

See independent auditor's report and notes to the schedule of expenditures of federal awards.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2021

Federal Grantor Pass-through Entity Program or Cluster Title	Federal AL Number	Pass-through Grantor Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<i>Other Programs</i>				
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Passed Through the Marion, Preston and Taylor County United Way				
<u>Emergency Food and Shelter National Board Program</u>				
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 36TAYLOR	-	2,929
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 37PRESTON	-	3,498
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 37MARION	-	3,509
COVID-19 - Emergency Food and Shelter National Board Program	97.024	UWAYCARESMARION	-	1,967
COVID-19 - Emergency Food and Shelter National Board Program	97.024	UWAYCARESPRESTON	-	3,553
COVID-19 - Emergency Food and Shelter National Board Program	97.024	UWAYCARESTAYLOR	-	571
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 37TAYLOR	-	2,562
Emergency Food and Shelter National Board Program	97.024	UWAYPHASE 38PRESTON	-	1,194
<i>Total Emergency Food and Shelter National Board Program</i>			-	19,783
<i>Total Department of Homeland Security</i>			-	19,783
<u>DEPARTMENT OF ENERGY</u>				
Passed Through the West Virginia Office of Economic Opportunity				
<u>Weatherization Assistance for Low-Income Persons</u>				
Weatherization Assistance for Low-Income Persons	81.042	DOEWX2009	-	681,899
Weatherization Assistance for Low-Income Persons	81.042	DOEWX2009A	-	4,415
<i>Total Weatherization Assistance for Low-Income Persons</i>			-	686,314
<i>Total Department of Energy</i>			-	686,314
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through the West Virginia Office of Economic Opportunity				
<u>Low-Income Home Energy Assistance</u>				
Low-Income Home Energy Assistance	93.568	DHHRWX1910	-	557,970
Low-Income Home Energy Assistance	93.568	DHHRWX2109	-	93,886
<i>Total Low-Income Home Energy Assistance</i>			-	651,856
<i>Total Department of Health and Human Services</i>			-	651,856

See independent auditor's report and notes to the schedule of expenditures of federal awards.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2021

Federal Grantor Pass-through Entity Program or Cluster Title	Federal AL Number	Pass-through Grantor Identifying Number	Passed-through to Subrecipients	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>Emergency Solutions Grant Program</u>				
Passed Through the West Virginia Office of Economic Opportunity				
Emergency Solutions Grant Program	14.231	ESG19RAND	-	3,472
Emergency Solutions Grant Program	14.231	ESG19SCOTT	-	16,154
Emergency Solutions Grant Program	14.231	ESG20NSC	-	55,338
Emergency Solutions Grant Program	14.231	ESG20NRA	-	20,486
COVID-19 - Emergency Solutions Grant Program	14.231	CVESG20NSC	-	65,136
<i>Total Emergency Solutions Grant Program</i>			-	160,586
<u>Supportive Housing Program</u>				
Supportive Housing Program	14.235	N/A	-	106,855
<i>Total Supportive Housing Program</i>			-	106,855
<i>Total Department of Housing and Urban Development</i>			-	267,441
UNITED STATES DEPARTMENT OF AGRICULTURE				
<u>Child and Adult Care Food Program</u>				
Child and Adult Care Food Program	10.558	N/A	-	74,027
<i>Total Child and Adult Care Food Program</i>			-	74,027
<i>Total United States Department of Agriculture</i>			-	74,027
DEPARTMENT OF VETERANS AFFAIRS				
<u>VA Homeless Providers Grant and Per Diem Program</u>				
VA Homeless Providers Grant and Per Diem Program	64.024	N/A	-	33,441
VA Homeless Providers Grant and Per Diem Program	64.024	N/A	-	52,252
<i>Total VA Homeless Providers Grant and Per Diem Program</i>			-	85,693

See independent auditor's report and notes to the schedule of expenditures of federal awards.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2021

Federal Grantor Pass-through Entity Program or Cluster Title	Federal AL Number	Pass-through Grantor Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<u>VA Supportive Services for Veteran Families Program</u>				
COVID-19 - VA Supportive Services for Veteran Families Program	64.033	SSVFCARES	-	17,974
VA Supportive Services for Veteran Families Program	64.033	SSVF2020-2022	-	154,249
VA Supportive Services for Veteran Families Program	64.033	SSVF2019-2020	-	74,309
<i>Total VA Supportive Services for Veteran Families Program</i>			-	246,532
<i>Total Department of Veterans Affairs</i>			-	332,225
Total Other Programs			-	2,031,646
Total Expenditures of Federal Awards			\$ 1,343,979	11,729,695

See independent auditor's report and notes to the schedule of expenditures of federal awards.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the North Central West Virginia Community Action Association, Inc. (the "Association") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net asset, or cash flows of the Association.

NOTE 2 BASIS OF PRESENTATION

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniformed Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Association has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4 ASSISTANCE LISTING (CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA))

Assistance Listing (AL) has replaced the Catalog of Federal Domestic Assistance (CFDA) for identifying federal programs.

See independent auditor's report.



**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 of the
North Central West Virginia Community Action Association, Inc.
Fairmont, 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 the North Central West Virginia Community Action Association, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



David L. Howell, CPA
Cabin Creek, West Virginia
March 30, 2022

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

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

Report on Compliance for Each Major Federal Program

We have audited the North Central West Virginia Community Action Association, Inc.'s (the "Association") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Association's major federal programs for the year ended June 30, 2021. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



David L. Howell, CPA
Cabin Creek, West Virginia
March 30, 2022

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Section I- Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficienc(ies) identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficienc(ies) identified that is/are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any disclosed audit findings related to major programs that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance?	No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
	<u>United States Department of Health and Human Services</u>
93.600	Head Start / Early Head Start
93.558 / 93.569	477 Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Did auditee qualify as low-risk auditee?	Yes
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NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2021

Section II - Financial Statement Findings

No findings are reported.

Section III - Federal Award Findings and Questioned Costs

No findings or questioned costs reported.

Section IV - Corrective Action Plan

Not required as there are no findings or questioned costs.

NORTH CENTRAL WEST VIRGINIA
COMMUNITY ACTION ASSOCIATION, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

There were no findings or questioned costs in the prior year.