

**RALEIGH COUNTY COMMUNITY
ACTION ASSOCIATION, INC.**

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-12
Schedule of Grant Support, Revenue, and Expenses Compared to Grant Budgets (Non-GAAP Basis):	
Community Services Block Grant (CSBG) Grant #2009-0014	13
Schedule of BHHF (PATH) Funding Status (Non-GAAP Basis)	14
BHHF Cumulative Schedule of Property and Equipment	15
Schedule of State Grant Receipts and Expenditures	16
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	19-20
Schedule of Findings and Questioned Costs	21-22
Schedule of Expenditures of Federal Awards	23-24
Notes to Schedule of Expenditures of Federal Awards	25
Summary Schedule of Prior Audit Findings	26
Corrective Action Plan – (none required)	N/A



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Raleigh County Community Action Association, Inc.
Beckley, West Virginia

We have audited the accompanying statements of financial position of Raleigh County Community Action Association, Inc. (a non-profit organization), as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Raleigh County Community Action Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide 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 Raleigh County Community Action Association, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years 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 our report dated September 14, 2010, on our consideration of Raleigh County Community Action Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing, and not to provide an opinion on 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 conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* schedules of grant support, revenue and expenses compared to grant budgets (non-GAAP basis) and the schedule of state grant receipts and expenditures and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



September 14, 2010

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS

	2009	2008
Current Assets		
Cash and cash equivalents	\$ 554,255	\$ 593,718
Receivables:		
Accounts	61,672	61,793
Grants	384,306	286,095
Workers compensation deposit/overpayment	42,232	29,820
Prepaid expenses	30,186	27,228
Total current assets	<u>1,072,651</u>	<u>998,654</u>
Property and equipment – (net)	<u>883,381</u>	<u>796,068</u>
TOTAL ASSETS	\$ <u>1,956,032</u>	\$ <u>1,794,722</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 118,261	\$ 59,989
Rental deposits	320	320
Accrued salaries	83,538	56,077
Accrued payroll taxes and withholdings	25,647	17,997
Accrued annual leave and retirement	224,520	218,063
Current portion of long-term debt	11,265	-0-
Deferred revenue	44,434	23,843
Total current liabilities	<u>507,985</u>	<u>376,289</u>
Net Assets		
Unrestricted net assets:		
Operating	564,666	622,365
Fixed assets	446,225	483,847
Total unrestricted net assets	<u>1,010,891</u>	<u>1,106,212</u>
Restricted assets:		
Fixed assets – grantor restricted	437,156	312,221
Total net assets	<u>1,448,047</u>	<u>1,418,433</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,956,032</u>	\$ <u>1,794,722</u>

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

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

	2009	2008
Unrestricted Net Assets		
Support and Revenue		
Grants:		
Federal direct	\$ 3,388,879	\$ 3,006,719
State/pass through	491,144	674,625
In-kind matching	982,259	1,110,855
Contractual and client care	419,573	419,037
Other program income	224,783	249,989
Net assets released from restrictions	(132,047)	(139,397)
Total unrestricted support and revenue	<u>5,374,591</u>	<u>5,321,828</u>
Expenses		
<i>Program Services</i>		
Head Start program	3,110,919	3,202,302
Shelter Programs	1,275,576	1,267,739
Transportation Programs	600,300	556,788
Head Start ARRA – QI/COLA	70,813	-0-
HPRP - ARRA	28,270	-0-
Other programs	<u>243,650</u>	<u>158,054</u>
Total program services	5,329,528	5,184,883
Depreciation	<u>147,496</u>	<u>139,330</u>
Total expenses	<u>5,477,024</u>	<u>5,324,213</u>
Increase/(decrease) in unrestricted net assets	(102,433)	(2,385)
Changes in temporarily restricted net assets:		
Contributions restricted for property purchases	234,809	139,397
Net assets released from restriction	(102,762)	-0-
Increase/(decrease) in temporarily restricted net assets	<u>132,047</u>	<u>139,397</u>
Change in net assets	29,614	137,012
Net assets at beginning of year	<u>1,418,433</u>	<u>1,281,421</u>
Net assets at end of year	\$ <u>1,448,047</u>	\$ <u>1,418,433</u>

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

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

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	\$ 29,614	\$ 137,012
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in operating assets		
Contributions – restricted for property purchases	(132,047)	(139,397)
Depreciation	147,496	139,330
Noncash contributions of assets	(83,332)	(98,697)
Receivables:		
Accounts	121	(4,961)
Grants	(98,211)	(25,536)
Workers compensation deposit/overpayment	(12,412)	(23,815)
Prepays	(2,958)	10,235
Increase (decrease) in operating liabilities		
Accounts payable	58,272	11,360
Accrued salaries	27,461	10,966
Accrued payroll taxes and withholdings	7,650	(20,801)
Accrued annual leave and retirement	6,457	5,859
Deferred revenue	<u>20,591</u>	<u>(32,485)</u>
Net cash provided by (used in) operating activities	<u>(31,298)</u>	<u>(30,930)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(151,477)</u>	<u>(92,500)</u>
Net cash provided by (used in) investing activities	<u>(151,477)</u>	<u>(92,500)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	11,265	-0-
Payments on long-term debt	-0-	(34,059)
Contributions restricted for property purchases	<u>132,047</u>	<u>139,397</u>
Net cash provided by (used in) financing activities	<u>143,312</u>	<u>105,338</u>
Net increase (decrease) in cash and cash equivalents	(39,463)	(18,092)
Cash and cash equivalents at beginning of year	<u>593,718</u>	<u>611,810</u>
Cash and cash equivalents at end of year	\$ <u>554,255</u>	\$ <u>593,718</u>
Supplemental Disclosure:		
Interest paid	\$ <u>-0-</u>	\$ <u>1,037</u>

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

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. Summary of Significant Accounting Policies

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

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Temporarily Restricted Net Assets – The temporarily restricted category is comprised of funds whose use has been limited by donors to a specific time period and/or purpose. Temporarily restricted net assets are primarily comprised of property and equipment purchased with grant funds which restrict the use and disposition of the property and equipment. RCCAA records a release of these restrictions over the life of the assets.

Unrestricted Net Assets – The unrestricted category is comprised of funds whose use is limited only to the extent that the Organization's by-laws limit the activities of the Organization. Contributions with donor-imposed restrictions that are met in the same year in which the contribution is recognized are reported as changes in unrestricted net assets.

Property and Equipment – Raleigh County Community Action Association, Inc. purchases the majority of its property and equipment with funds provided by restrictive grants. Property and equipment purchased with funds from such grants are subject to restrictions regarding use and disposition. Property and equipment are recorded at cost and depreciated on the straight-line method over their estimated useful lives as follows:

Building	30 years
Vehicles	5 years
Other Equipment	3 to 5 years

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 as it is used.

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

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Deferred Revenue – Deferred revenue represents unexpended/unearned funds received as of December 31, 2009 and 2008.

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

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

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

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

Cash and Cash Equivalents – For purposes of the Statement of Cash Flow, the Organization considers cash to be cash and cash equivalents.

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

The Organization maintains its cash in bank deposit accounts at financial institutions. The balances in the banks are insured by the Federal Deposit Insurance Corporation or by additional pledged securities. As of December 31, 2009 the actual bank balances amounted to \$614,528, while the carrying amount was \$554,255. Furthermore, as of December 31, 2008 the actual bank balances amounted to \$645,805, while the carrying amount was \$593,718.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

2. Grant Receivables

Grant receivables consisted of the following at December 31:

Grant Description	2009	2008
DHHS – Head Start	\$ 205,944	\$ 150,365
WVDHHR	38,668	36,856
ESGP	16,661	15,439
CSBG	22,381	37,245
CSBG – ARRA	30,951	-0-
HST – ARRA	2,825	-0-
HPRP – ARRA	12,458	-0-
FTA/WVDOT	22,918	21,957
USDA	10,667	11,126
Budget Digest	<u>20,833</u>	<u>13,107</u>
Total	\$ <u>384,306</u>	\$ <u>286,095</u>

3. Property and Equipment

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

	2009		
	Temporarily Restricted	Unrestricted	Total
Head start program	\$ 1,078,791	\$ -0-	\$ 1,078,791
Community service block grant program	54,589	-0-	54,589
Homeless shelter programs	24,116	271,285	295,401
Transportation	449,934	-0-	449,934
Other	-0-	<u>633,594</u>	<u>633,594</u>
	1,607,430	904,879	2,512,309
Less accumulated depreciation	<u>1,170,274</u>	<u>458,654</u>	<u>1,628,928</u>
Property and equipment (net)	\$ <u>437,156</u>	\$ <u>446,225</u>	\$ <u>883,381</u>

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

2008

	Temporarily Restricted	Unrestricted	Total
Head start program	\$ 1,056,807	\$ -0-	\$ 1,056,807
Community service block grant program	47,091	-0-	47,091
Homeless shelter programs	24,116	271,285	295,401
Transportation	347,368	-0-	347,368
Other	-0-	652,493	652,493
	<u>1,475,382</u>	<u>923,778</u>	<u>2,399,160</u>
Less accumulated depreciation	<u>1,163,161</u>	<u>439,931</u>	<u>1,603,092</u>
Property and equipment (net)	\$ <u>312,221</u>	\$ <u>483,847</u>	\$ <u>796,068</u>

4. Long-Term Debt

2009 2008

The Organization has a promissory note with First Community Bank, N.A. secured by a 2011 Thomas Minotour School Bus. The note has an annual payment of \$11,265 with an interest rate of 5.9% per annum.

\$ 11,265 \$ -0-

5. Leases

The Organization leases various properties under operating leases on an annual and monthly basis. Total rent expense for the year ended December 31, 2009 amounted to \$72,920 and for the year ended December 31, 2008 it amounted to \$64,955.

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

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

The following is a summary of the future minimum required lease payments by year under operating leases at December 31, 2009:

	<u>Amount</u>
Year ended December 31,	
2010	\$ 61,861
2011	60,898
2012	56,938
2013	50,586
2014	50,586
Thereafter	<u>543,799</u>
Total minimum lease payments	\$ <u>824,668</u>

6. Cost Allocation

Raleigh County Community Action Association, Inc. utilizes two separate cost pools to accumulate and allocate allowable overhead costs. Costs are allocated monthly using the methodology described. Following is a description of each cost pool used by Raleigh County Community Action Association, Inc.

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

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

7. Retirement Plans

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

During 2009 the employees contributed \$53,034, while the Raleigh County Community Action Association, Inc. contributed \$101,063.

Furthermore, during 2008 the employees contributed \$56,888, while the Raleigh County Community Action Association, Inc. contributed \$91,663.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

8. Summary of Grant Awards

The following summarizes conditional grants awarded to Raleigh County Community Action Association, Inc. during the year ended December 31, 2009:

<u>Description</u>	<u>Period</u>	<u>Grant Award</u>
WV Office of Economic Opportunity		
• CSBG 2009-0014	1/1/09-12/31/09	\$ 341,857
• CSBG – ARRA 2009-0014A	7/1/09-9/30/10	519,665
• ESGP 2009-1134	7/1/09-6/30/10	40,000
• ESGP 2008-1134	7/1/08-6/30/09	40,000
WV Department of Health and Human Resources		
• Pine Haven G100244	7/1/09-6/30/10	490,105
• Pine Haven G090161	7/1/08-6/30/09	490,105
• TANF Child Mentor G090166	7/1/08-6/30/09	27,864
• TANF Child Mentor G100248	7/1/09-6/30/10	27,864
• PATH G100050	7/1/09-6/30/10	68,500
• PATH G090300	7/1/08-6/30/09	68,500
U.S. Department of Transportation		
• F – 37 – X042 – 00	7/1/09-6/30/10	145,000
• F – 37 – 4040	11/1/08-6/30/09	85,000
• F – 57 – 4040	7/1/08-6/30/09	50,000
• F – 57 – 4002	7/1/09-6/30/10	50,000
• Ptr 09025 (Capital expenditures)	7/1/08-6/30/09	40,191
• Ptr 10005 (Capital expenditures)	7/1/09-6/30/10	43,141
WV Department of Education		
• Child and Adult Care Food Program	10/1/09-9/30/10	37,413
• Child and Adult Care Food Program	10/1/08-9/30/09	82,882
U.S. Department of Health and Human Services		
• Head Start 03CH0630/44	1/1/09-12/31/09	2,397,247
• Head Start – ARRA 03SE0630/01	6/1/09-9/30/10	184,562
WV Development Office to County Commission		
• Budget Digest	7/1/08-6/30/10	24,000
Department of Homeland Security		
• FEMA – LRO#903800-006	12/1/08-11/30/09	4,550
• FEMA – LRO#903800-006	12/1/09-11/30/10	3,750
Department of Housing and Urban Development		
• Homeless Prevention and Rapid Re-Housing – S-09-04-54-0001	9/1/09-7/17/12	353,122

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

9. Donated Services, Space and Other

During the fiscal years ended December 31, 2009 and 2008, the Organization received donated services from unpaid volunteers, the use of various facilities without charge and other donated items.

As required by the grant contract, such amounts have been recorded as revenue and expenses by the following programs in the accompanying December 31, 2009 financial statements.

	<u>Volunteer/ Labor</u>	<u>Space Cost</u>	<u>Property/ Supplies</u>	<u>Total</u>
Head Start	\$ 485,994	\$ 149,431	\$ 2,059	\$ 637,484
Head Start ARRA – QI/COLA	16,292	-0-	-0-	16,292
Shelter	113,090	196	171,218	284,504
Transportation	-0-	3,210	-0-	3,210
Agency	<u>-0-</u>	<u>-0-</u>	<u>40,769</u>	<u>40,769</u>
 Total	 \$ <u>615,376</u>	 \$ <u>152,837</u>	 \$ <u>214,046</u>	 \$ <u>982,259</u>

For the Head Start Program, as of December 31, 2008 these services were reported to the grantor as in-kind contributions in order to comply with in-kind matching requirements. These services had an estimated value of \$1,110,855.

10. Concentration of Credit Risk

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

11. Contingencies

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

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

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE, AND EXPENSES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
CSBG GRANT NUMBER 2009-0014
GRANT PERIOD JANUARY 1, 2009 - DECEMBER 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>(Over)</u> <u>Under</u> <u>Budget</u>
Revenue			
WV Governor's Office of Economic Opportunity	\$ <u>341,857</u>	\$ <u>341,857</u>	\$ <u>-0-</u>
Total program receipts	<u>341,857</u>	<u>341,857</u>	<u>-0-</u>
Expenses			
Salaries/wages	234,212	231,646	2,566
Fringe benefits	62,162	63,411	(1,249)
Contractual	4,077	4,191	(114)
Travel	2,052	1,848	204
Space costs	1,176	1,134	42
Utilities	17,841	19,590	(1,749)
Supplies/materials	2,029	2,112	(83)
Equipment	8,938	8,073	865
Other costs	<u>9,370</u>	<u>9,852</u>	<u>(482)</u>
Total expenses	\$ <u>341,857</u>	<u>341,857</u>	\$ <u>-0-</u>
 Increase in Net Assets at December 31, 2009		 \$ <u>-0-</u>	

The accompanying notes are an integral part of this statement.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
 SCHEDULE OF BHHF (PATH) FUNDING STATUS (NON-GAAP BASIS) FOR
 PURCHASE ORDERS G100050 & G090300
 YEAR ENDED DECEMBER 31, 2009

<u>BHHF Account Number</u>	<u>Grant #</u>	<u>Final BHHF Award</u>	<u>Deferred Revenue from 12/31/2008</u>	<u>Amount Earned And Billed</u>	<u>Deferred Revenue 12/31/2009</u>	<u>Amount Not Billed</u>	<u>Amount Collected</u>
8723-2009-0506-096-128	G090300	\$ 68,500	\$ -0-	\$ 36,369	\$ -0-	\$ -0-	\$ 42,771
8723-2010-0506-096-128	G100050	<u>68,500</u>	<u>-0-</u>	<u>38,131</u>	<u>-0-</u>	<u>30,369</u>	<u>-0-</u>
Total		<u>\$ 137,000</u>	<u>\$ -0-</u>	<u>\$ 74,500</u>	<u>\$ -0-</u>	<u>\$ 30,369</u>	<u>\$ 42,771</u>

The accompanying notes are an integral part of this schedule.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
 BHHF CUMULATIVE SCHEDULE OF PROPERTY AND EQUIPMENT
 YEAR ENDED DECEMBER 31, 2009

<u>Property Description</u>	<u>Vendor Name</u>	<u>Acquisition Date</u>	<u>Cost</u>	<u>BHHF Account Number</u>	<u>Identification Number</u>
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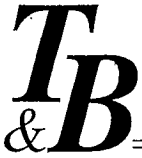
*** No equipment was purchased in the year ending December 31, 2009 for this grant.

The accompanying notes are an integral part of this schedule.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Identifying State Grant Information</u>	<u>Period of Time</u>	<u>Amount of Award</u>	<u>Receipt of Funds</u>	<u>Expenditure of Funds</u>
BHHF (PATH) #G080065	01/01/09-06/30/09	\$ 68,500	\$ -0-	\$ 38,131
BHHF (PATH) #G100050	07/01/09-12/31/09	68,500	42,771	36,369
DHHR – CHILD MENTOR #G100248	01/01/09-06/30/09	27,864	13,932	14,469
DHHR – CHILD MENTOR #G090166	07/01/09-12/31/09	27,864	13,932	14,553
DHHR – PINE HAVEN #G100244	07/01/09-12/31/09	490,105	245,052	214,598
DHHR – PINE HAVEN #G090161	01/01/09-06/30/09	<u>490,105</u>	<u>245,053</u>	<u>214,598</u>
 Total			 \$ <u>560,740</u>	 \$ <u>532,718</u>

The accompanying notes are an integral part of this schedule.



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
Raleigh County Community Action Association, Inc.
Beckley, West Virginia

We have audited the financial statements of Raleigh County Community Action Association, Inc. (a nonprofit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated September 14, 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 Raleigh County Community Action Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Raleigh County Community Action Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

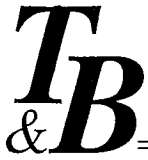
Compliance and Others Matters

As part of obtaining reasonable assurance about whether Raleigh County Community Action Association, Inc.'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 the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tetrick & Bartlett, PLLC

September 14, 2010



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

To the Board of Directors of
Raleigh County Community Action Association, Inc.
Beckley, West Virginia

Compliance

We have audited the compliance of Raleigh County Community Action Association, Inc. (a nonprofit organization) 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 December 31, 2009. Raleigh County Community Action Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Raleigh County Community Action Association, Inc.'s management. Our responsibility is to express an opinion on Raleigh County Community Action Association, Inc.'s compliance based on our audit.

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 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 Raleigh County Community Action Association, Inc.'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 of Raleigh County Community Action Association, Inc.'s compliance with those requirements.

In our opinion, Raleigh County Community Action Association, Inc. compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of Raleigh County Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Raleigh County Community Action Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Raleigh County Community Action Association, Inc.'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Raleigh County Community Action Association, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Raleigh County Community Action Association, Inc.'s responses and, accordingly, we express no opinion on the responses.

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


September 14, 2010

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

A. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

Identification of major programs:

U.S. Department of Health and Human Services

Head Start Cluster:

Head Start

ARRA – Head Start

CFDA #93.600

CFDA #93.708

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2009

U.S. Department of Health and Human Services

CSBG Cluster:

Community Service Block Grant

CFDA #93.569

ARRA – Community Service Block Grant

CFDA #93.710

Dollar threshold used to distinguish between
Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes no

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services			
<u>Program Title</u>			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	40	\$ 74,500
<i>CSBG Cluster:</i>			
Community Services Block Grant	93.569	10,20,30	341,857
ARRA – Community Services Block Grant	93.710	10,70,71	41,005
<i>Head Start Cluster:</i>			
Head Start	93.600	20	2,393,520
ARRA – Head Start	93.708	50	<u>61,721</u>
Total U.S. Department of Health and Human Services			\$ <u>2,912,603</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter – National Board Program	97.024	40	\$ <u>4,550</u>
Total U.S. Department of Homeland Security			\$ <u>4,550</u>
U.S. Department of Transportation – Federal Transit Administration			
<u>Program Title</u>			
<i>Transit Services Programs Cluster:</i>			
Passed thru the WV Division of Public Transit			
Job Access – Reverse Commute	20.516	30	\$ 172,901
New Freedom Program	20.521	30	<u>102,813</u>
Total U.S. Department of Transportation			\$ <u>275,714</u>

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<u>Program Title</u>			
Emergency Shelter Grants Program	14.231	40	\$ 42,957
ARRA – Homelessness Prevention and Rapid Re-Housing	14.257	60	<u>28,270</u>
Total U.S. Department of Housing and Urban Development			\$ <u>71,227</u>
U.S. Department of Agriculture			
<u>Program Title</u>			
Child and Adult Care Food Program	10.558	20	\$ <u>120,295</u>
Total U.S. Department of Agriculture			\$ <u>120,295</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>3,384,389</u>

The accompanying notes are an integral part of this schedule.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the grant activity of the Raleigh County Community Action Association, Inc. and is presented on the accrual basis of accounting. 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*.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Summary Schedule Of Prior Audit Findings

Reference Number:

There were no Findings and Questioned Costs relative to federal awards for the period of January 1, 2008 to December 31, 2008.