

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

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

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**FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**

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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, 2011 and 2010, 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 opinions.

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, 2011 and 2010, 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 6, 2012, 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 basic financial statements as a whole.

Tetrick, <sup>1</sup>/<sub>2</sub> Bartlett,  
September 6, 2012 PLLC

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2011 AND 2010**

**ASSETS**

	<b>2011</b>	<b>2010</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 520,201	\$ 489,296
Restricted assets:		
Cash held for accrued leave	44,780	40,693
Receivables:		
Accounts	96,640	77,919
Grants	357,984	462,624
Garage inventory	7,493	10,802
Workers compensation deposit/overpayment	6,385	10,096
Prepaid expenses	<u>25,792</u>	<u>26,850</u>
Total current assets	1,059,275	1,118,280
Property and equipment – (net)	<u>1,340,505</u>	<u>1,337,565</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,399,780</u></b>	<b>\$ <u>2,455,845</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ 70,748	\$ 226,200
Rental deposits	320	320
Accrued salaries	98,072	107,452
Accrued payroll taxes and withholdings	20,346	23,979
Accrued annual leave and retirement	216,580	189,401
Deferred revenue	<u>70,456</u>	<u>9,653</u>
Total current liabilities	476,522	557,005
<b>Net Assets</b>		
Unrestricted net assets:		
Operating	582,753	561,275
Fixed assets	<u>394,339</u>	<u>434,653</u>
Total unrestricted net assets	977,092	995,928
Restricted assets:		
Fixed assets – grantor restricted	<u>946,166</u>	<u>902,912</u>
Total net assets	<u>1,923,258</u>	<u>1,898,840</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>2,399,780</u></b>	<b>\$ <u>2,455,845</u></b>

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, 2011 AND 2010**

	2011	2010
<b>Unrestricted Net Assets</b>		
<b>Support and Revenue</b>		
Grants:		
Federal direct	\$ 3,657,172	\$ 4,341,855
State/pass through	515,398	559,569
In-kind matching	1,260,068	1,282,117
Contractual and client care	337,082	419,685
Garage service revenue	282,840	129,872
Other program income	321,347	334,934
Net assets released from restrictions	<u>( 200,086)</u>	<u>( 541,787)</u>
Total unrestricted support and revenue	<u>6,173,821</u>	<u>6,526,245</u>
<b>Expenses</b>		
<i>Program Services</i>		
Head Start Program	3,581,142	3,305,704
Shelter Programs	1,166,919	1,381,674
Transportation Programs	697,870	623,640
Head Start ARRA – QI/COLA	-0-	152,690
HPRP - ARRA	128,238	119,549
Garage Training Program	305,373	374,903
Neighborhood Stabilization Program	67,598	78,527
Other programs	<u>205,203</u>	<u>390,496</u>
Total program services	6,152,343	6,427,183
Depreciation	<u>197,146</u>	<u>190,056</u>
Total expenses	<u>6,349,489</u>	<u>6,617,239</u>
Increase/(decrease) in unrestricted net assets	<u>( 175,668)</u>	<u>( 90,994)</u>
Changes in temporarily restricted net assets:		
Contributions restricted for property purchases	200,086	616,526
Net assets released from restriction	<u>-0-</u>	<u>( 74,739)</u>
Increase/(decrease) in temporarily restricted net assets	<u>200,086</u>	<u>541,787</u>
Change in net assets	24,418	450,793
Net assets at beginning of year	<u>1,898,840</u>	<u>1,448,047</u>
Net assets at end of year	<u>\$ 1,923,258</u>	<u>\$ 1,898,840</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, 2011 AND 2010

	2011	2010
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 24,418	\$ 450,793
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	(200,086)	(541,787)
Depreciation	197,146	190,056
Noncash contributions of assets	( 37,557)	( 43,141)
Receivables:		
Accounts	( 18,721)	( 16,247)
Grants	104,640	( 78,318)
Garage inventory	3,309	( 10,802)
Workers compensation deposit/overpayment	3,711	32,136
Prepays	1,058	3,336
Increase (decrease) in operating liabilities		
Accounts payable	(155,452)	107,939
Accrued salaries	( 9,380)	23,914
Accrued payroll taxes and withholdings	( 3,633)	( 1,668)
Accrued annual leave and retirement	27,179	( 35,119)
Deferred revenue	60,803	( 34,781)
Net cash provided by (used in) operating activities	<u>( 2,565)</u>	<u>46,311</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(162,529)	(601,099)
Net cash provided by (used in) investing activities	<u>(162,529)</u>	<u>(601,099)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from long-term debt	-0-	-0-
Payments on long-term debt	-0-	( 11,265)
Contributions restricted for property purchases	200,086	541,787
Net cash provided by (used in) financing activities	<u>200,086</u>	<u>530,522</u>
Net increase (decrease) in cash and cash equivalents	34,992	( 24,266)
Cash and cash equivalents at beginning of year	<u>529,989</u>	<u>554,255</u>
Cash and cash equivalents at end of year	\$ <u>564,981</u>	\$ <u>529,989</u>
<b>Supplemental Disclosure:</b>		
<i>Noncash investing and financing transaction:</i>		
Equipment obtained thru grant funding	\$ <u>37,557</u>	\$ <u>43,141</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, 2011 AND 2010

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. However, due to the nature of the program the garage inventory values have been determined on a weighted average cost method and are stated at the lower of cost or market.

**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, 2011 AND 2010

*Deferred Revenue* – Deferred revenue represents unexpended/unearned funds received as of December 31, 2011 and 2010.

*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, 2011 the actual bank balances amounted to \$639,508, while the carrying amount was \$564,981. Furthermore, as of December 31, 2010 the actual bank balances amounted to \$513,296, while the carrying amount was \$529,989.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

**2. Grant Receivables**

Grant receivables consisted of the following at December 31:

Grant Description	2011	2010
DHHS – Head Start	\$ 189,014	\$ 310,782
WVDHHR	-0-	31,787
Path and ESGP	44,184	8,592
CSBG	2,333	5,758
CSBG – ARRA	-0-	21,825
HPRP – ARRA, HPRP and CSBG	11,173	-0-
JARC and New Freedom FTA/WVDOT	63,987	40,460
NSP	22,624	26,510
USDA	-0-	6,195
Early Learning Mentor Coach - CHD	<u>24,669</u>	<u>-0-</u>
 Total	 \$ <u>357,984</u>	 \$ <u>462,624</u>

**3. Property and Equipment**

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

	2011		
	Temporarily Restricted	Unrestricted	Total
Head start program	\$ 1,112,742	\$ -0-	\$ 1,112,742
Community service block grant program	54,589	-0-	54,589
Homeless shelter programs	24,116	271,285	295,401
Transportation	550,805	-0-	550,805
Garage	110,715	-0-	110,715
Neighborhood stabilization program	496,336	-0-	496,336
Other	-0-	627,096	627,096
	<u>2,349,303</u>	<u>898,381</u>	<u>3,247,684</u>
Less accumulated depreciation	<u>1,403,137</u>	<u>504,042</u>	<u>1,907,179</u>
Property and equipment (net)	\$ <u>946,166</u>	\$ <u>394,339</u>	\$ <u>1,340,505</u>

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

2010

	Temporarily Restricted	Unrestricted	Total
Head start program	\$ 1,065,376	\$ -0-	\$ 1,065,376
Community service block grant program	54,589	-0-	54,589
Homeless shelter programs	24,116	271,285	295,401
Transportation	513,249	-0-	513,249
Garage	110,715	-0-	110,715
Neighborhood stabilization program	381,172	-0-	381,172
Other	<u>-0-</u>	<u>627,096</u>	<u>627,096</u>
	<u>2,149,217</u>	<u>898,381</u>	<u>3,047,598</u>
Less accumulated depreciation	<u>1,246,305</u>	<u>463,728</u>	<u>1,710,033</u>
Property and equipment (net)	\$ <u>902,912</u>	\$ <u>434,653</u>	\$ <u>1,337,565</u>

4. Leases

The Organization leases various properties under operating leases on an annual and monthly basis. Total rent expense for the year ended December 31, 2011 amounted to \$101,886 and for the year ended December 31, 2010 it amounted to \$100,361.

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.

The following is a summary of the future minimum required lease payments by year under operating leases at December 31, 2011:

	<u>Amount</u>
Year ended December 31,	
2012	\$ 83,586
2013	74,586
2014	74,586
2015	52,586
2016	50,586
Thereafter	<u>442,628</u>
Total minimum lease payments	\$ <u>778,558</u>

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

**5. 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.

**6. 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 2011 the employees contributed \$52,215, while the Raleigh County Community Action Association, Inc. contributed \$98,453.

Furthermore, during 2010 the employees contributed \$60,978, while the Raleigh County Community Action Association, Inc. contributed \$104,865.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

7. Summary of Grant Awards

The following summarizes conditional grants awarded to Raleigh County Community Action Association, Inc. during the year ended December 31, 2011:

<u>Description</u>	<u>Period</u>	<u>Grant Award</u>
<b>WV Office of Economic Opportunity</b>		
• CSBG 2011-F-0014	01/01/11-12/31/11	\$ 332,336
• CSBG – Discretionary (Contract Services)	05/01/11-12/31/11	10,000
<b>WV Department of Health and Human Resources</b>		
• Pine Haven G110147	7/1/11-6/30/12	490,105
• Pine Haven G110151	7/1/10-6/30/11	490,105
• TANF Child Mentor G120245	7/1/11-6/30/12	27,864
• TANF Child Mentor G110151	7/1/10-6/30/11	27,864
• PATH G120113	7/1/11-6/30/12	68,500
• PATH G110053	7/1/10-6/30/11	68,500
• Emergency Shelter Grants S-11-06-54-001	7/1/11-6/30/12	42,000
• Emergency Shelter Grants S-10-06-54-001	7/1/10-6/30/11	42,000
<b>U.S. Department of Transportation</b>		
• F – 37 – 4044	7/1/11-6/30/12	145,000
• F – 37 – X042	7/1/10-6/30/11	145,000
• F – 57 – 4001	7/1/11-6/30/12	65,000
• F – 57 – 4001	7/1/10-6/30/11	65,000
<b>WV Department of Education</b>		
• Child and Adult Care Food Program	10/01/11-9/30/12	78,352
• Child and Adult Care Food Program	10/01/10-9/30/11	69,629
<b>U.S. Department of Health and Human Services</b>		
• Head Start 03CH0630/46	1/1/11-12/31/11	2,360,279

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

<u>Description</u>	<u>Period</u>	<u>Grant Award</u>
<b>WV Development Office to County Commission</b>		
• Budget Digest	7/1/09-6/30/11	\$ 9,000
<b>Department of Homeland Security</b>		
• FEMA – LRO#903800-006	12/1/10-11/30/11	3,970
<b>Department of Housing and Urban Development</b>		
• Homeless Prevention and Rapid Re-Housing – S09-04-54-001	9/1/09-7/17/12	353,122

**8. Donated Services, Space and Other**

During the fiscal years ended December 31, 2011 and 2010, 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, 2011 financial statements.

	<u>Volunteer/ Labor &amp; Consultants</u>	<u>Space Cost</u>	<u>Property/ Supplies</u>	<u>Total</u>
Head Start	\$ 678,748	\$ 151,631	\$ 3,582	\$ 833,961
Early Learning Mentor Coach	26,610	12,366	-0-	38,976
Shelter	132,386	196	188,581	321,163
Transportation	-0-	4,815	-0-	4,815
Agency	<u>-0-</u>	<u>-0-</u>	<u>61,153</u>	<u>61,153</u>
<b>Total</b>	<b>\$ <u>837,744</u></b>	<b>\$ <u>169,008</u></b>	<b>\$ <u>253,316</u></b>	<b>\$ <u>1,260,068</u></b>

For the Head Start Program and the Head Start ARRA – QI/COLA – Programs combined, as of December 31, 2010 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 \$839,699.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

**9. 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.

**10. 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.

**11. Evaluation of Subsequent Events**

The Raleigh County Community Action Association, Inc. has evaluated subsequent events through September 6, 2012, the date the financial statements were available to be issued.

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.**  
**SCHEDULE OF GRANT SUPPORT, REVENUE, AND EXPENSES**  
**COMPARED TO BUDGETS (NON-GAAP BASIS)**  
**CSBG GRANT NUMBER 2011-F-0014**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>Revenue</b>			
WV Governor's Office of Economic Opportunity	\$ <u>332,336</u>	\$ <u>332,336</u>	\$ <u>-0-</u>
<b>Expenses</b>			
Salaries and wages	222,891	222,891	-0-
Fringe benefits	71,098	71,098	-0-
Contractual services	6,927	6,876	51
Travel	1,491	1,571	( 80)
Space costs	1,025	1,092	( 67)
Utilities	15,716	15,722	( 6)
Supplies and materials	3,140	2,811	329
Equipment	-0-	288	(288)
Other costs	<u>10,048</u>	<u>9,987</u>	<u>61</u>
Total expenses	\$ <u>332,336</u>	<u>332,336</u>	\$ <u>-0-</u>
Increase in Net Assets at December 31, 2011		\$ <u>-0-</u>	

The accompanying notes are an integral part of this schedule.

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
 SCHEDULE OF BUREAU FOR BEHAVIORAL HEALTH &  
 HEALTH FACILITIES (PATH) FUNDING STATUS (NON-GAAP BASIS)  
 FOR PURCHASE ORDERS G110053 & G120113  
 YEAR ENDED DECEMBER 31, 2011

<u>WV DHHR Account</u>		<u>Total</u>	<u>Amount</u>	<u>Amount</u>	<u>Deferred</u>	<u>Amount</u>
		<u>Award</u>	<u>Earned</u>	<u>Collected</u>	<u>Revenue</u>	<u>Remaining</u>
			<u>and Billed</u>			<u>on Contract</u>
8723-2011-0506-096-128	G110053	\$ 68,500	\$ 30,301	\$ 68,500	\$ -0-	\$ -0-
8723-2012-0506-096-128	G120113	<u>68,500</u>	<u>30,305</u>	<u>22,306</u>	<u>-0-</u>	<u>38,195</u>
Total		<u>\$ 137,000</u>	<u>\$ 60,606</u>	<u>\$ 90,806</u>	<u>\$ -0-</u>	<u>\$ 38,195</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, 2011**

<u>Property Description</u>	<u>Vendor Name</u>	<u>Acquisition Date</u>	<u>Cost</u>	<u>BHHF Account Number</u>	<u>Identification Number</u>
None			\$ -0-	8723-2011-0506-096-128	
None			<u>-0-</u>	8723-2012-0506-096-128	
			\$ <u>-0-</u>		

\*\*\* No equipment was purchased in the year ending December 31, 2011 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, 2011

<u>Identifying State Grant Information</u>	<u>Period of Availability</u>	<u>Award Amount</u>	<u>Beginning Balance Available</u>	<u>Amount Received</u>	<u>Amount Expended</u>
Bureau for Behavioral Health & Health Facilities					
PATH Grant #G110053	01/01/11-06/30/11	\$ 68,500	\$ 30,301	\$ 30,301	\$ 30,301
PATH Grant #G120113	07/01/11-12/31/11	68,500	68,500	22,306	30,305
WV Department of Health & Human Resources					
Child Mentor Grant #G110151	01/01/11-06/30/11	27,864	13,765	13,765	13,765
Child Mentor Grant #G120245	07/01/11-12/31/11	27,864	27,864	8,331	8,331
Pine Haven Grant #G100244	01/01/10-06/30/10	490,105	254,873	254,873	254,873
Pine Haven Grant #G110147	07/01/10-12/31/10	<u>490,105</u>	490,105	<u>231,030</u>	<u>231,030</u>
Total		\$ <u>1,172,938</u>		\$ <u>560,606</u>	\$ <u>568,605</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, 2011, and have issued our report thereon dated September 6, 2012. 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**

Management of Raleigh County Community Action Association, Inc. is responsible for establishing and maintaining effective 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 previously.

### **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.

  
September 6, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON 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 Raleigh County Community Action Association, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Raleigh County Community Action Association, Inc.'s major federal programs for the year ended December 31, 2011. 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. complied, 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, 2011.

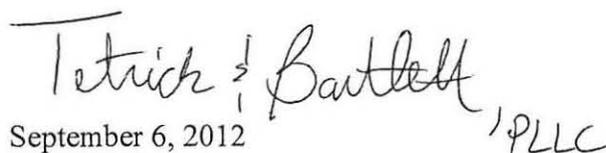
### Internal Control Over Compliance

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.

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 6, 2012

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

**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 CFDA #93.600

Community Services Block Grant CFDA #93.569

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

Auditee qualified as low-risk auditee?  X  yes    \_\_\_ no

RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011

<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>
<b>U.S. Department of Health and Human Services</b>			
<u>Program Title</u>			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	40	\$ 60,606
<b>Passed through the WV Office of Economic Opportunity</b>			
Community Services Block Grant	93.569	10,20,30	341,739
Head Start	93.600	20	<u>2,360,279</u>
Total U.S. Department of Health and Human Services			\$ <u>2,762,624</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Food and Shelter – National Board Program	97.024	40	\$ <u>3,180</u>
Total U.S. Department of Homeland Security			\$ <u>3,180</u>
<b>U.S. Department of Transportation – Federal Transit Administration</b>			
<u>Program Title</u>			
<b>Passed through the WV Division of Public Transit</b>			
<b><i>Transit Services Programs Cluster:</i></b>			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	30	\$ 37,557
Job Access – Reverse Commute	20.516	30	170,981
New Freedom Program	20.521	30	<u>77,621</u>
Total U.S. Department of Transportation			\$ <u>286,159</u>

**RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<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>
<b>U.S. Department of Housing and Urban Development</b>			
<u>Program Title</u>			
Emergency Shelter Grants Program	14.231	40	\$ 42,099
ARRA – Neighborhood Stabilization Program	14.256	80	182,761
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257	60	<u>115,878</u>
Total U.S. Department of Housing and Urban Development			\$ <u>340,738</u>
<b>U.S. Department of Agriculture</b>			
<u>Program Title</u>			
<b>Passed through the West Virginia Department of Education</b>			
Child and Adult Care Food Program	10.558	20	\$ <u>152,590</u>
Total U.S. Department of Agriculture			\$ <u>152,590</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>3,545,291</u></b>

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, 2011

**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, 2011

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, 2010 to December 31, 2010.