

THE WEST VIRGINIA HUMANITIES
COUNCIL, INC.

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEARS ENDED OCTOBER 31, 2016 AND 2015

with

INDEPENDENT AUDITOR'S REPORTS

CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 15
ADDITIONAL INFORMATION	
Schedules of Functional Expenses	16 - 17
Schedule of Expenditures of the NEH Federal/State Partnership Program (CFDA 45.129)	18
Schedule of Direct State Awards	19
Summary Schedule of Prior Year Audit Findings	20
REPORTS REQUIRED BY FEDERAL REGULATION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21 - 22
Independent Auditor’s Report on Compliance with Requirements that could Have a Direct and Material Effect on the NEH Federal/State Partnership Program (CFDA No. 45.129) and on Internal Control over Compliance Based on an Audit in Accordance with the NEH OIG Program-Specific Audit Guide	23 - 24
Schedule of Findings and Questioned Costs	
Financial Statement Findings	25
Federal Award Findings and Questioned Costs	26

INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Virginia Humanities Council, Inc.
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Humanities Council, Inc. (the Council), which comprise the statements of financial position as of October 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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 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 audits 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Council as of October 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years 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 schedules of functional expenses, of the NEH Federal/State Partnership Program (CFDA No. 45.129), and of direct state awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2017, on our consideration of the Council'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 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 Council's internal control over financial reporting and compliance.



Charleston, West Virginia
March 29, 2017

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 STATEMENTS OF FINANCIAL POSITION
 OCTOBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets		
Cash	\$ 95,892	\$ 198,308
Investments	578,426	591,575
Grants receivable	151,700	215,500
Other current assets	33,576	26,379
Total current assets	859,594	1,031,762
Property and equipment		
Land and land improvements	297,244	297,244
Building and renovations	1,028,018	1,026,868
Furniture, fixtures, and office equipment	523,637	460,216
Total property and equipment	1,848,899	1,784,328
Accumulated depreciation	(849,852)	(788,023)
Net property and equipment	999,047	996,305
Total assets	\$ 1,858,641	\$ 2,028,067
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 18,380	\$ 30,208
Regrants payable	204,503	236,516
Accrued expenses	33,441	32,570
Refundable advances	260,000	450,000
Total current liabilities	516,324	749,294
Net assets		
Unrestricted	1,342,317	1,278,773
Total liabilities and net assets	\$ 1,858,641	\$ 2,028,067

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED OCTOBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenue and support		
Federal awards - National Endowment for the Humanities	\$ 658,630	\$ 634,300
Federal awards - Other	36,500	-
Other grant revenue	495,000	453,000
Donations and pledges	199,249	158,487
Investment income	7,889	5,495
Encyclopedia and West Virginia - A Film History	<u>8,357</u>	<u>16,959</u>
Total revenue and support	<u>1,405,625</u>	<u>1,268,241</u>
Expenses		
Program services		
Regrants	370,100	400,914
WV Encyclopedia / e-WV	86,085	102,713
Other direct programs	<u>417,475</u>	<u>232,758</u>
Total program services	873,660	736,385
Administrative	368,872	442,530
Development	<u>99,549</u>	<u>106,925</u>
Total expenses	<u>1,342,081</u>	<u>1,285,840</u>
CHANGE IN NET ASSETS	63,544	(17,599)
Net assets - unrestricted, beginning of year	<u>1,278,773</u>	<u>1,296,372</u>
Net assets - unrestricted, end of year	<u>\$ 1,342,317</u>	<u>\$ 1,278,773</u>

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED OCTOBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 63,544	\$ (17,599)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	66,723	59,182
Loss on disposal of fixed assets	-	6,808
Investment income credited directly to investment accounts	(7,876)	(5,495)
Changes in operating assets and liabilities:		
Grants receivable	63,800	(55,500)
Other current assets	(7,197)	7,794
Accounts payable	(11,828)	14,941
Regrants payable	(32,013)	21,506
Refundable advances	(190,000)	-
Accrued expenses	871	107
	<u>(53,976)</u>	<u>31,744</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Cash paid for purchases of fixed assets	(69,465)	(81,217)
Cash (transfers to) withdrawals from investments	21,025	(1,014)
	<u>(48,440)</u>	<u>(82,231)</u>
Net cash provided (used) by investing activities		
	(102,416)	(50,487)
NET INCREASE (DECREASE) IN CASH		
Cash, beginning of year	<u>198,308</u>	<u>248,795</u>
Cash, end of year	<u>\$ 95,892</u>	<u>\$ 198,308</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS - The West Virginia Humanities Council, Inc. (the Council) is a corporation organized under the laws of the State of West Virginia for the purpose of promoting the humanities. The Council is principally funded by the National Endowment for the Humanities (NEH). It also receives funding from the State of West Virginia, other organizations, and individuals. The Council is classified by the Internal Revenue Service as a tax-exempt organization under the provisions of Code Section 501(c)(3).

BASIS OF ACCOUNTING - The accompanying financial statements have been prepared on the accrual basis of accounting.

PLEDGES RECEIVABLE - Unconditional pledges are recorded as receivables in the period made. Pledges for support of current operations are recorded as unrestricted net assets. When applicable, pledges for support of future operations and property and equipment acquisitions are recorded as temporarily restricted net assets. There were no pledges receivable outstanding at October 31, 2016 or 2015.

INVESTMENTS - Investments consist of money market funds, mutual funds, and U.S. Agency Bonds and are reported at fair value determined by quoted market prices. The net appreciation (depreciation) in investments is reported as investment income (loss) in the statements of activities and is reported net of related expenses, such as custodial fees.

PROPERTY AND EQUIPMENT - Purchases of property and equipment greater than \$500 are capitalized at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, five to forty years.

UNRESTRICTED NET ASSETS - Unrestricted net assets are 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.

TEMPORARILY RESTRICTED NET ASSETS - Temporarily restricted net assets are comprised of funds which have been limited by donors to a specific time period and/or purpose.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION - The Council records unconditional grant awards in the period granted. The Council recognizes revenue from conditional grant awards when expenses in compliance with the specific restrictions are incurred. Such amounts received or granted but not yet expended are recorded as refundable advances. Use of such cash is restricted to the purposes of the grant or contribution. Unrestricted grants and contributions are recorded as revenue in the period received. Restricted grants and contributions which are received and whose restrictions are met within the same reporting period are reported as unrestricted.

Amounts recorded as grants receivable at year end represent current valid claims due from the federal grantor at year end, for which qualifying expenditures have been incurred. Management believes that these amounts are collectible; therefore, an allowance for doubtful accounts has not been recorded.

REGRANTS - Re-grants are recorded as expense in the period in which they are approved by the Board of Directors and the grant agreement is signed by the grantee. Re-grants payable at year end consists of grants approved and awarded, but not disbursed.

INCOME TAXES - The Council is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Council has been classified as an organization that is not a private foundation.

For the year ended October 31, 2016, the Council has no material uncertain tax positions to be accounted for in the financial statements under the professional standards. The Council recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. As of October 31, 2016, tax years ending on or after October 31, 2013 remain subject to examination.

FAIR VALUE OF FINANCIAL INSTRUMENTS - Professional accounting standards establish a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach, and cost approach). The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Council accounts for its investments at fair value and are recorded on the Statement of Financial Position based on the inputs to the valuation techniques as follows:

Level 1

Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2

Financial assets are valued using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3

Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

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 certain reported amounts and disclosures. The most sensitive estimates affecting the financial statements were depreciation and investment market values. Accordingly, actual results could differ from those estimates.

SUBSEQUENT EVENTS - In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through March 29, 2017, the date the financial statements were available to be issued.

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2016 AND 2015

NOTE 2 - CASH

For purposes of the statements of cash flows, cash consists of the carrying value of cash in operating bank accounts. Cash consists of cash on hand and deposits with federally-insured banking institutions.

At October 31, 2016 and 2015, information concerning the amount of deposits with financial institutions, is as follows:

	<u>2016</u>	<u>2015</u>
Book balances at October 31	\$ <u>95,892</u>	\$ <u>198,308</u>
Bank balances at October 31	\$ 208,317	\$ 243,095
Amount insured by FDIC	<u>208,317</u>	<u>243,095</u>
Balance in excess of FDIC insurance	\$ <u> -</u>	\$ <u> -</u>

Throughout the year, the balances in the bank accounts may exceed federally insured limits. However, management believes the financial institutions are financially sound and there is little credit risk associated with the deposits.

NOTE 3 - INVESTMENTS

Investments at October 31, 2016 and 2015 were held by NTV Asset Management and Charles Schwab Institutional. Both are members of the New York Stock Exchange and Securities Investor Protection Corporation.

The net appreciation (depreciation) in investments is reported as unrestricted investment income (loss) in the statements of activities. Related expenses such as custodial fees for the years ended October 31, 2016 and 2015 were \$4,574 and \$4,596, respectively. Investment revenues were reported net of such related expenses.

Market values, determined by quoted market prices at October 31, 2016 and 2015, are summarized as follows:

	<u>2016</u>	<u>2015</u>
Cash, including money market funds	\$ 35,348	\$ 27,046
Stocks, including stock index funds	517,378	525,582
Fixed income, including bond index funds	<u>25,700</u>	<u>38,947</u>
Total investments	\$ <u>578,426</u>	\$ <u>591,575</u>

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2016 AND 2015

NOTE 3 - INVESTMENTS (Continued)

Investment income and net gains (losses) on investments were as follows for the years ended October 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 16,364	\$ 15,956
Net (losses) gains on investments	(3,914)	(5,865)
Investment fees	<u>(4,574)</u>	<u>(4,596)</u>
 Total income from investments	 <u>\$ 7,876</u>	 <u>\$ 5,495</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The Council uses fair value measurements of certain assets and liabilities to record fair value adjustments and to determine fair value disclosures. For additional information, refer to Note 1 - Summary of Significant Accounting Policies.

Fair values of assets measured on a recurring basis at October 31, 2016 and 2015 are as follows:

Fair Value Measurements at Reporting Date

<u>October 31, 2016</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 35,348	\$ 35,348	\$ -	\$ -
Stocks	517,378	517,378	-	-
Fixed income	<u>25,700</u>	<u>25,700</u>	<u>-</u>	<u>-</u>
 Total investments at fair value	 <u>\$ 578,426</u>	 <u>\$ 578,426</u>	 <u>\$ -</u>	 <u>\$ -</u>

<u>October 31, 2015</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 27,046	\$ 27,046	\$ -	\$ -
Stocks	525,582	525,582	-	-
Fixed income	<u>38,947</u>	<u>38,947</u>	<u>-</u>	<u>-</u>
 Total investments at fair value	 <u>\$ 591,575</u>	 <u>\$ 591,575</u>	 <u>\$ -</u>	 <u>\$ -</u>

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED OCTOBER 31, 2016 AND 2015

NOTE 5 - FEDERAL AND STATE FUNDING

The Council receives a substantial amount of its support from the National Endowment for the Humanities (NEH) and the State of West Virginia. A significant reduction in the level of this support, if this were to occur, may have a significant adverse effect on the Council's programs. The grants require the fulfillment of certain conditions as set forth in the instrument of the grant. The Council is required to match every dollar in federal funds provided from NEH with an equal amount of cash or in-kind cost sharing, including cash match provided by grantees. Failure to fulfill the conditions could result in the return of funds to the NEH.

The Council was awarded \$658,630 and \$634,300 in Federal funding from the NEH for the years ended October 31, 2016 and 2015, respectively. The Council was awarded \$35,000 and \$0 in Federal funding from the National Endowment for the Arts for the years ended October 31, 2016 and 2015, respectively. The Council was awarded \$1,500 and \$0 in Federal funding from the Library of Congress for the years ended October 31, 2016 and 2015, respectively. The Council was awarded \$450,000 and \$450,000 from the West Virginia Department of Education and the Arts for the years ended October 31, 2016 and 2015, respectively. A significant reduction in the level of this support would have a significant adverse effect on the Council's programs.

NOTE 6 - REFUNDABLE ADVANCES

As described in Note 1, the Council reports conditional grants received but not yet expended as refundable advances. Cash received is restricted to expenditures that satisfy the grant conditions. If the funds advanced are not expended for the specified purpose and within the specified time period, they will be returned to the grantor. Refundable advances at October 31, 2016 and 2015, respectively, consist of the following:

	<u>2016</u>	<u>2015</u>
State of West Virginia	\$ <u>260,000</u>	\$ <u>450,000</u>
Total refundable advances	\$ <u>260,000</u>	\$ <u>450,000</u>

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED OCTOBER 31, 2016 AND 2015

14

NOTE 7 - LEASE AGREEMENTS

The Council leases certain equipment on operating leases. Minimum annual rental commitments under noncancelable operating leases are as follows.

For the year ending October 31:

2017	\$	2,390
2018		2,016
2019		2,016
2020		<u>504</u>
 Total minimum rental commitments	 \$	 <u>6,926</u>

Total related rent expense for the years ended October 31, 2016 and 2015 was \$2,764 and \$2,260, respectively.

NOTE 8 - PROGRAM SERVICES

Expenses for program services conducted by or under the supervision of the Council's staff with funds provided by NEH, the State of West Virginia and private donations for the years ended October 31, 2015 and 2014 were as follows:

	<u>2016</u>	<u>2015</u>
Regrants	\$ <u>370,100</u>	\$ <u>400,914</u>
WV Encyclopedia / e-WV	<u>86,085</u>	<u>102,713</u>
Other direct programs:		
History Alive	48,838	51,692
Windows of Opportunity	26,185	17,268
Folklorist	91,798	1,457
McCreight Lecture	29,851	23,157
People and Mountains	36,841	40,893
Little Lectures	14,994	11,477
Traveling Exhibits	6,602	21,666
Center for the Book	3,781	1,411
Sesquicentennial Speakers Bureau Program	-	4,982
Hubbard House	73,879	21,840
Book Festival	27,290	26,394
Pearl Buck	44,113	-
NEH Veterans	13,303	1,300
WV Classics	<u>-</u>	<u>9,221</u>
Total direct program expense	<u>417,475</u>	<u>232,758</u>
 Total program services	 <u>\$ 873,660</u>	 <u>\$ 736,385</u>

NOTE 9 - RETIREMENT PLANS

The Council has a mandatory defined contribution retirement plan that covers all eligible employees and a voluntary tax-deferred annuity plan that covers all eligible employees who choose to utilize the plan. Employees are eligible for the plans during the first month of employment. The Council contributes 5% of each covered employee's salary to the mandatory plan. Under the voluntary plan, the Council may be required to contribute up to 8% of an eligible employee's salary. Employees are 100% vested in all contributions. For the years ended October 31, 2016 and 2015, total contributions made to the plans by the Council were \$90,231 and \$76,521, respectively.

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 SCHEDULE OF FUNCTIONAL EXPENSES
 YEAR ENDED OCTOBER 31, 2016

	Program Expenses						Total
	Regrants	WV Encyclopedia/ e-WV	Other Direct Programs	Total Program Expense	Administrative	Development	
Direct expenses							
Salaries	\$ 74,042	\$ 50,825	\$ 176,191	\$ 301,058	\$ 190,609	\$ 58,606	\$ 550,273
Taxes & benefits	21,054	10,618	53,949	85,621	60,630	18,378	164,629
Contracted svcs./honoraria	1,443	18,713	123,586	143,742	964	4,889	149,595
Major grants	124,872	-	-	124,872	-	-	124,872
Mini grants	32,701	-	-	32,701	-	-	32,701
Fellowship grants	17,500	-	-	17,500	-	-	17,500
Media/publication grants	80,000	-	-	80,000	-	-	80,000
Teacher Institute grants	20,035	-	-	20,035	-	-	20,035
TAP Grants	3,000	-	-	3,000	-	-	3,000
Regrant withdrawals	(28,113)	-	-	(28,113)	-	-	(28,113)
Board meetings & travel	4,820	76	911	5,807	16,268	158	22,233
Staff travel & meetings	1,284	105	8,525	9,914	709	50	10,673
Supplies/miscellaneous	4,260	2,286	11,092	17,638	6,667	2,510	26,815
Dues/training/develop.	2,149	504	6,556	9,209	5,705	1,740	16,654
Printing/production/postage	3,613	1,214	15,178	20,005	837	4,072	24,914
Public relations	-	496	-	496	-	2,826	3,322
Maintenance/repairs/exterior	2,115	-	6,508	8,623	5,617	1,888	16,128
Depreciation	-	-	-	-	66,723	-	66,723
Other expenses	5,325	1,248	14,979	21,552	14,143	4,432	40,127
Total expenses	\$ 370,100	\$ 86,085	\$ 417,475	\$ 873,660	\$ 368,872	\$ 99,549	\$ 1,342,081

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 SCHEDULE OF FUNCTIONAL EXPENSES
 YEAR ENDED OCTOBER 31, 2015

	Program Expenses				Administrative	Development	Total
	Regrants	WV Encyclopedia/ e-WV	Other Direct Programs	Total Program Expense			
Direct expenses							
Salaries	\$ 61,723	\$ 55,711	\$ 67,243	\$ 184,677	\$ 235,762	\$ 63,945	\$ 484,384
Taxes & benefits	19,000	17,225	20,631	56,856	70,410	19,657	146,923
Contracted svcs./honoraria	750	17,842	91,706	110,298	-	-	110,298
Major grants	178,175	-	-	178,175	-	-	178,175
Mini grants	42,107	-	-	42,107	-	-	42,107
Fellowship grants	17,500	-	-	17,500	-	-	17,500
Media/publication grants	67,600	-	-	67,600	-	-	67,600
Teacher Institute grants	2,500	-	-	2,500	-	-	2,500
Regrant withdrawals	(7,166)	-	-	(7,166)	-	-	(7,166)
Board meetings & travel	2,512	97	1,159	3,768	10,188	225	14,181
Staff travel & meetings	2,345	77	1,013	3,435	1,460	1,819	6,714
Supplies/miscellaneous	850	740	4,764	6,354	3,222	28	9,604
Dues/training/develop.	523	40	482	1,045	4,024	1,281	6,350
Printing/production/postage	2,045	1,624	28,546	32,215	1,334	6,823	40,372
Public relations	-	-	-	-	-	2,294	2,294
Maintenance/repairs/exterior	-	-	5,750	5,750	14,858	-	20,608
Depreciation	-	-	-	-	59,182	-	59,182
Other expenses	10,450	9,357	11,464	31,271	42,090	10,853	84,214
Total expenses	\$ 400,914	\$ 102,713	\$ 232,758	\$ 736,385	\$ 442,530	\$ 106,925	\$ 1,285,840

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF THE NEH FEDERAL/STATE
PARTNERSHIP PROGRAM (CFDA 45.129)
YEAR ENDED OCTOBER 31, 2016

18

Received directly from the National Endowment for the
Humanities

Promotion of the Humanities -
Federal/State Partnership \$ 658,630

Total expenditures \$ 658,630

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 SCHEDULE OF DIRECT STATE AWARDS
 YEAR ENDED OCTOBER 31, 2016

<u>Grantor Name/Program Title</u>	<u>Grant/ Fund Account Number</u>	<u>Award Amount</u>	<u>Receivable (Refundable) 10/31/2015</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Receivable (Refundable) 10/31/2016</u>
West Virginia Education and the Arts Programs and Administration	2016-BB-03	\$ 450,000	\$ (450,000)	\$ 450,000	\$ 450,000	\$ -
	2017-BB-03	250,000	-	250,000	-	(250,000)
	2017-ARTS-01	10,000	-	10,000	-	(10,000)

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED OCTOBER 31, 2016

Program	Finding / Noncompliance	Questioned Cost
	None	

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

Board of Directors
West Virginia Humanities Council, Inc.
Charleston, 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 West Virginia Humanities Council, Inc. (the Council), which comprise the statements of financial position as of October 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Council'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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 considered 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 Council'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 effective of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Seittle & Stalaker, PLLC".

Charleston, West Virginia
March 29, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON THE NEH FEDERAL/STATE PARTNERSHIP PROGRAM
(CFDA NO. 45.129) AND ON INTERNAL CONTROL OVER COMPLIANCE BASED ON AN AUDIT IN
ACCORDANCE WITH THE NEH OIG PROGRAM-SPECIFIC AUDIT GUIDE

The Board of Directors
The West Virginia Humanities Council, Inc.
Charleston, West Virginia

Report on Compliance for the NEH Federal/State Partnership Program (CFDA 45.129)

We have audited the West Virginia Humanities Council, Inc. (Council) compliance with the types of compliance requirements described in the NEH OIG Program-Specific Audit Guide that could have a direct and material effect on its NEH Federal/State Partnership Program for the year ended October 31, 2016.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the NEH Federal/State Partnership Program (CFDA 45.129).

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Council's compliance with the NEH Federal/State Partnership Program (CFDA 45.129) 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 NEH OIG Program-Specific Audit Guide. Those standards and the NEH OIG Program-Specific Audit Guide 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 the NEH Federal/State Partnership Program occurred. An audit includes examining, on a test basis, evidence about the Council'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 the Council's NEH Federal/State Partnership Program (CFDA 45.129). However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Compliance for the NEH Federal/State Partnership Program (CFDA 45.129)

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its NEH Federal/State Partnership Program for the year ended October 31, 2016.

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on the NEH Federal/State Partnership Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the NEH Federal/State Partnership Program and to test and report on internal control over compliance in accordance with the NEH OIG Program-Specific Audit Guide, 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 Council'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 a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that a 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* is a deficiency, or a combination of deficiencies in internal control over compliance 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify nonmaterial instances of noncompliance, which are discussed in the management letter that will be provided to the Council, which we expect to issue by April 5, 2017.

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.



Charleston, West Virginia
March 29, 2017

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2016

25

FINANCIAL STATEMENT FINDINGS

None

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2016

FEDERAL AWARD FINDINGS

None