
THE WEST VIRGINIA HUMANITIES
COUNCIL, INC.

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

YEARS ENDED OCTOBER 31, 2023 AND 2022

with

INDEPENDENT AUDITOR'S REPORTS



**Suttle &
Stalnaker**

Certified
Public
Accountants

A Professional Limited Liability Company



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The West Virginia Humanities Council, Inc. (the Council) (a nonprofit organization), which comprise the statements of financial position as of October 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule 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 July 30, 2024, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Charleston, West Virginia

July 30, 2024

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 STATEMENTS OF FINANCIAL POSITION
 OCTOBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current assets		
Cash	\$ 737,286	\$ 91,890
Investments	593,983	585,733
Grants receivable	324,996	303,044
Other current assets	15,171	16,529
Total current assets	1,671,436	997,196
Property and equipment		
Land and land improvements	297,244	297,244
Construction in progress	147,441	119,440
Building and renovations	1,156,415	1,156,415
Furniture, fixtures, and office equipment	503,926	499,134
Total property and equipment	2,105,026	2,072,233
Accumulated depreciation	(1,161,207)	(1,106,017)
Net property and equipment	943,819	966,216
Total assets	\$ 2,615,255	\$ 1,963,412
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 15,509	\$ 16,424
Regrants payable	246,744	249,701
Accrued expenses	65,532	59,079
Total current liabilities	327,785	325,204
Net assets		
Without donor restrictions	2,287,470	1,638,208
Total liabilities and net assets	\$ 2,615,255	\$ 1,963,412

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED OCTOBER 31, 2023 AND 2022

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	2023	2022
Revenue and support		
Direct federal awards-NEH	\$ 1,019,055	\$ 830,848
Other federal contracts and grants	190,212	112,329
Other contract and grant revenue	258,500	260,000
Donations and pledges	839,724	149,337
Investment income (loss)	8,250	(100,729)
WV Encyclopedia / e-WV	4,295	4,739
Insurance proceeds	-	22,410
Other income	7,287	-
Total revenue and support	2,327,323	1,278,934
Expenses		
Program services		
Regrants	423,703	389,493
Folklore	112,053	127,956
WV Encyclopedia / e-WV	125,932	65,866
Other direct programs	471,225	341,949
Total program services	1,132,913	925,264
Administrative	422,542	330,696
Development	122,606	124,195
Total expenses	1,678,061	1,380,155
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	649,262	(101,221)
CHANGE IN NET ASSETS	649,262	(101,221)
Net assets without donor restrictions - beginning of year	1,638,208	1,739,429
Net assets without donor restrictions - end of year	\$ 2,287,470	\$ 1,638,208

The Accompanying Notes Are An Integral
Part Of These Financial Statements

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED OCTOBER 31, 2023

	Program Expenses				Total Program Expense	Administrative	Development	Total
	Regrants	Folklore	WV Encyclopedia/ e-WV	Other Direct Programs				
Direct expenses								
Salaries	\$ 58,481	\$ 54,573	\$ 63,315	\$ 82,303	\$ 258,672	\$ 196,989	\$ 62,689	\$ 518,350
Taxes & benefits	13,501	21,226	46,401	29,998	111,126	91,952	26,371	229,449
Contracted svcs./honoraria	19,645	12,321	2,422	261,696	296,084	1,948	3,721	301,753
Major grants	230,575	-	-	-	230,575	-	-	230,575
Mini grants	25,137	-	-	-	25,137	-	-	25,137
Fellowship grants	30,000	-	-	-	30,000	-	-	30,000
Media/publication grants	29,769	-	-	-	29,769	-	-	29,769
Teacher Institute grants	32,990	-	-	-	32,990	-	-	32,990
TAP grants	7,316	-	-	-	7,316	-	-	7,316
Regrant withdrawals	(47,619)	-	-	-	(47,619)	-	-	(47,619)
Board meetings & travel	-	-	-	-	-	5,351	622	5,973
Staff travel & meetings	1,211	13,386	170	3,725	18,492	3,621	634	22,747
Supplies/miscellaneous	5,442	3,058	5,658	11,638	25,796	10,612	3,814	40,222
Dues/training/development	2,374	1,103	918	7,344	11,739	6,999	2,516	21,254
Printing/production/postage	1,196	628	1,259	24,768	27,851	960	5,530	34,341
Public relations	-	-	-	-	-	-	2,211	2,211
Maintenance/repairs/exterior	4,436	1,715	1,715	20,158	28,024	13,075	4,699	45,798
Depreciation	-	-	-	-	-	63,704	-	63,704
Other expenses	9,249	4,043	4,074	29,595	46,961	27,331	9,799	84,091
Total expenses	\$ 423,703	\$ 112,053	\$ 125,932	\$ 471,225	\$ 1,132,913	\$ 422,542	\$ 122,606	\$ 1,678,061

The Accompanying Notes Are An Integral
Part Of These Financial Statements

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED OCTOBER 31, 2022

	Program Expenses				Total Program Expense	Administrative	Development	Total
	Regrants	Folklore	WV Encyclopedia/ e-WV	Other Direct Programs				
Direct expenses								
Salaries	\$ 51,690	\$ 64,143	\$ 42,923	\$ 96,311	\$ 255,067	\$ 167,880	\$ 68,945	\$ 491,892
Taxes & benefits	11,817	23,326	11,700	35,736	82,579	54,765	27,308	164,652
Contracted svcs./honoraria	1,900	27,261	2,500	136,343	168,004	1,710	450	170,164
Major grants	172,103	-	-	-	172,103	-	-	172,103
Mini grants	23,377	-	-	-	23,377	-	-	23,377
Fellowship grants	24,000	-	-	-	24,000	-	-	24,000
Media/publication grants	58,265	-	-	-	58,265	-	-	58,265
Teacher Institute grants	16,206	-	-	-	16,206	-	-	16,206
AMPU grants	59,672	-	-	-	59,672	-	-	59,672
TAP grants	3,900	-	-	-	3,900	-	-	3,900
Regrant withdrawals	(53,519)	-	-	-	(53,519)	-	-	(53,519)
Board meetings & travel	-	-	-	-	-	4,480	459	4,939
Staff travel & meetings	425	4,763	114	1,935	7,237	752	63	8,052
Supplies/miscellaneous	3,627	1,402	1,402	15,324	21,755	10,691	3,842	36,288
Dues/training/development	2,240	1,213	866	6,062	10,381	6,603	2,373	19,357
Printing/production/postage	1,006	709	1,223	13,322	16,260	642	5,492	22,394
Public relations	-	-	-	-	-	-	1,709	1,709
Maintenance/repairs/exterior	5,748	2,419	2,418	17,856	28,441	16,943	6,100	51,484
Depreciation	-	-	-	-	-	45,491	-	45,491
Other expenses	7,036	2,720	2,720	19,060	31,536	20,739	7,454	59,729
Total expenses	\$ 389,493	\$ 127,956	\$ 65,866	\$ 341,949	\$ 925,264	\$ 330,696	\$ 124,195	\$ 1,380,155

The Accompanying Notes Are An Integral
Part Of These Financial Statements

STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 649,262	\$ (101,221)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	63,704	45,491
Investment (income) loss credited directly to investment accounts	(8,250)	100,729
Changes in operating assets and liabilities:		
Grants receivable	(21,952)	331,066
Other current assets	1,358	(1,126)
Accounts payable	(915)	(15,244)
Regrants payable	(2,957)	(36,243)
Accrued expenses	6,453	1,753
Refundable advances	-	(303,821)
	686,703	21,384
Net cash provided by operating activities		
Cash flows from investing activities:		
Cash paid for purchases of fixed assets	(41,307)	(53,155)
	(41,307)	(53,155)
Net cash used by investing activities		
Cash flows from financing activities:		
Repayments of line of credit	(80,000)	-
Borrowings from line of credit	80,000	-
	-	-
Net cash used by financing activities		
	645,396	(31,771)
NET CHANGE IN CASH		
Cash, beginning of year	91,890	123,661
Cash, end of year	\$ 737,286	\$ 91,890

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.

Cash and cash equivalents - For purposes of the statements of cash flows, the Council considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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.

Pledges receivable - Unconditional pledges are recorded as receivables in the period made. Pledges for support of current operations are recorded as net assets without donor restrictions. When applicable, pledges for support of future operations and property and equipment acquisitions are recorded as net assets with donor restrictions. There were no pledges receivable outstanding at October 31, 2023 or 2022.

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.

Net assets without donor restrictions - Net assets without donor restrictions 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 net assets without donor restrictions.

Net assets with donor restrictions - Net assets with donor restrictions are comprised of funds which have been limited by donors to a specific time period and/or purpose.

Revenue and receivables - 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 changes in net assets without donor restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Certain other revenues, such as contract services, are recognized ratably over the term of the corresponding agreements as services or goods are exchanged.

Regrants - Regrants 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 regrantee. Regrants 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, 2023, 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, 2023, tax years ending on or after October 31, 2020 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Estimates affecting the financial statements include depreciation, investment market values, valuation of receivables, and allocation of functional expenses. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain items previously reported have been reclassified to conform to the current year's classification. The reclassification had no effect on the change in net assets or total net assets.

New Accounting Standards - In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Along with the additional ASUs subsequently issued by the FASB, Topic 842 modifies the guidance used by lessors and lessees to account for leasing transactions. The Council adopted the leasing standard using the optional transition method, which allows for the prospective application of the standard. In addition, the Council elected to use all available practical expedients permitted under the transition guidance. Adoption of Topic 842 had no effect on the Council's financial statements.

Subsequent events - In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through July 30, 2024, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Council's financial assets available for general expenditure within one year after year end are as follows at October 31, 2023 and 2022:

	2023	2022
Cash	\$ 737,286	\$ 91,890
Investments	593,983	585,733
Grants receivable	324,996	303,044
Less those unavailable for general expenditure within one year: Investments, at fair value	(543,983)	(535,733)
	\$ 1,112,282	\$ 444,934

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Council considers a portion of investments to be available for general expenditure within one year after year end based on historical drawdowns.

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2023 AND 2022

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NOTE 3 - 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, 2023 and 2022, information concerning the amount of deposits with financial institutions, is as follows:

	2023	2022
Book balances at October 31	\$ 737,286	\$ 91,890
Bank balances at October 31	\$ 732,757	\$ 112,282
Amount insured by FDIC	280,026	112,282
Balance in excess of FDIC insurance	\$ 452,731	\$ -

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 4 - INVESTMENTS

Investments at October 31, 2023 and 2022 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 investment income (loss) without donor restrictions in the statements of activities. Investment revenues were reported net of such related expenses.

Market values, determined by quoted market prices at October 31, 2023 and 2022, are summarized as follows:

	2023	2022
Cash, including money market funds	\$ 29,961	\$ 40,339
Stocks, including stock index funds	491,298	502,160
Fixed income, including bond index funds	72,724	43,234
Total investments	\$ 593,983	\$ 585,733

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2023 AND 2022

NOTE 4 - INVESTMENTS (Continued)

Investment income and net gains(losses) on investments were as follows for the years ended October 31, 2023 and 2022:

	2023	2022
Interest and dividends, net of investment fees	\$ 10,266	\$ 5,223
Net gains (losses) on investments	(2,016)	(105,952)
 Total income (loss) from investments	 \$ 8,250	 \$ (100,729)

NOTE 5 - 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, 2023 and 2022 are as follows:

Fair Value Measurements at Reporting Date

		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>October 31, 2023</u>	<u>Fair Value</u>			
Cash	\$ 29,961	\$ 29,961	\$ -	\$ -
Stocks	491,298	491,298	-	-
Fixed income	72,724	72,724	-	-
Total investments at fair value	\$ 593,983	\$ 593,983	\$ -	\$ -
 <u>October 31, 2022</u>	 <u>Fair Value</u>			
Cash	\$ 40,339	\$ 40,339	\$ -	\$ -
Stocks	502,160	502,160	-	-
Fixed income	43,234	43,234	-	-
Total investments at fair value	\$ 585,733	\$ 585,733	\$ -	\$ -

NOTE 6 - REVENUE FROM GRANTS, CONTRIBUTIONS, AND CONTRACTS WITH CUSTOMERS

The majority of the Council's revenues are derived from grants, contracts, and donations.

The Council has evaluated the nature of its grants and contracts revenue and has determined that the majority of these revenues should be treated as conditional contributions in accordance with FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities*. While certain contracts fall under separate accounting guidance as disclosed below, the remaining revenue from grants and contracts will be recognized when conditions are met. For the years ended October 31, 2023 and 2022, the Council recognized revenue from grants and contracts under FASB ASU No. 2018-08 of \$1,460,767 and \$1,193,177, respectively.

The Council has evaluated the nature of its donations from donors in accordance with the guidance provided in ASU No. 2018-08. For the years ended October 31, 2023 and 2022, the Council recognized revenue from donations of \$839,724 and \$149,337, respectively.

Under ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, revenues from certain contracts are reported at the amount that reflects the consideration to which the Council expects to be entitled in exchange for providing services and goods under the terms of the contracts. These are amounts due from customers, and there is no variable component to the consideration. Generally, the Council bills under these contracts semi-annually or annually after the services are provided. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Council. Performance obligations for the Council's contracts are satisfied over time. Revenue for the Council's contracts satisfied over time is recognized based on the terms noted in the agreed-upon contract. The Council's performance obligation is satisfied when the services are rendered within the arranged service period, which generally does not exceed a time frame of one year.

The transaction price is based on an agreed-upon contract with a customer prior to the services being provided. There are no discounts or other adjustments to established charges. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

Returns and refunds related to contracts with customers are uncommon, and there were no returns or refunds for the years ended October 31, 2023 and 2022.

For the year ended October 31, 2023 and 2022, the Council recognized revenues of \$7,000 and \$10,000, respectively, related to contract services transferred to the customer over time.

The Council had no contract balances outstanding from customers at October 31, 2023 and 2022.

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2023 AND 2022

NOTE 7 - 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 generally required to cost-share 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 \$1,019,055 and \$830,848 in Federal funding directly from the NEH for the years ended October 31, 2023 and 2022, respectively. The Council was awarded \$0 and \$26,993 in Federal funding from the National Endowment for the Arts for the years ended October 31, 2023 and 2022, respectively. The Council was awarded \$153,212 and \$46,836 in Federal funding from the U.S. Department of Veterans Affairs for the years ended October 31, 2023 and 2022, respectively. The Council was awarded \$251,500 and \$250,000 from the West Virginia Department of Arts, Culture and History for the years ended October 31, 2023 and 2022, respectively. A significant reduction in the level of this support would have a significant adverse effect on the Council’s programs.

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, 2023 and 2022 were as follows:

	2023	2022
Regrants	\$ 423,703	\$ 389,493
Folklore	112,053	127,956
WV Encyclopedia / e-WV	125,932	65,866
Other direct programs:		
History Alive	42,663	37,705
McCreight Lecture	36,355	26,723
People and Mountains	43,665	44,536
Little Lectures	22,759	34,332
Hubbard House	37,989	29,219
Book Festival	26,099	27,287
Veterans	153,298	49,847
Windows of Opportunity, Broad Side, & Other	108,397	92,300
Total other direct program expense	471,225	341,949
Total program services	\$ 1,132,913	\$ 925,264

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, 2023 and 2022, total contributions made to the plans by the Council were \$46,963 and \$45,273, respectively.

NOTE 10 - LINE OF CREDIT

The Council has been extended a \$400,000 secured line of credit with a local bank. The line of credit is secured by certain assets of the Council. The interest is based on the Wall Street Journal U.S. prime rate plus 0.250 percentage points, or 4.0%, whichever is higher, and is payable monthly. At both October 31, 2023 and 2022, the Council had outstanding borrowings of \$0.

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED OCTOBER 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
National Endowment for the Humanities				
Promotion of the Humanities Federal/State Partnership	45.129	N/A	\$ 1,019,055	\$ 308,168
Passed through West Virginia Department of Arts, Culture, and History				
Promotion of the Arts Partnership Agreements	45.025	AH23-079362	<u>37,000</u>	<u>-</u>
Total for National Endowment for the Humanities			<u>1,056,055</u>	<u>308,168</u>
Department of Veterans Affairs				
Veterans Legacy Grants Program	64.204	N/A	<u>153,212</u>	<u>-</u>
Total for Department of Veterans Affairs			<u>153,212</u>	<u>-</u>
Total federal expenditures			<u>\$ 1,209,267</u>	<u>\$ 308,168</u>

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED OCTOBER 31, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 - INDIRECT COST RATE

The Council has not elected to use the 10% de minimis indirect cost rate allowed under Section 200.414 of the Uniform Guidance.

NOTE 3 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Council and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 4 - REGRANTS

Of the federal expenditures presented in this schedule, the Council provided \$308,168 in regrant awards to grantees from the Promotion of the Humanities Federal/State Partnership program.

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 SCHEDULE OF DIRECT STATE AWARDS
 YEAR ENDED OCTOBER 31, 2023

<u>Grantor Name/Program Title</u>	<u>Grant/ Fund Account Number</u>	<u>Award Amount</u>	<u>Receivable (Refundable) 10/31/2022</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Receivable (Refundable) 10/31/2023</u>
West Virginia Division of Arts, Culture and History	AH23-079362	\$ 251,500	\$ -	\$ 251,500	\$ 251,500	\$ -

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED OCTOBER 31, 2023

2022-001 FINANCIAL REPORTING

Condition: Several accounts in the general ledger required material adjustments to reconcile to supporting documentation.

Status: Finding is not resolved. See repeat finding 2023-001.

2022-002 ALLOWABILITY

Federal Program Information:	Federal Agency and Program Name	Federal Assistance Listing Number
	National Endowment for the Humanities Promotion of the Humanities Federal/State Partnership Grant Number: SO-268683-20	45.129

Condition: For three of the 40 transactions selected for testing, documentation could not be located to support approval or allowability of the expenditure.

Status: Finding is not resolved. See repeat finding 2023-002.

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
The 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) (a nonprofit organization), which comprise the statement of financial position as of October 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council’s internal control over financial reporting (internal control) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

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Suite 100
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MAIN (304) 343-4126
FAX (304) 343-8008

The Rivers Office Park
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Parkersburg, WV 26101
MAIN (304) 485-6584
FAX (304) 485-0971

Suncrest Towne Centre
453 Suncrest Towne Centre Drive
Suite 201
Morgantown, WV 26505
MAIN (304) 554-3371
FAX (304) 554-3410

The Somerville Building
501 5th Avenue
Suite 1
Huntington, WV 25701
MAIN (304) 525-0301
FAX (304) 522-1569

Report on 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 financial statements. 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*.

The Council's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Charleston, West Virginia
July 30, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The West Virginia Humanities Council, Inc.'s (the Council) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended October 31, 2023. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. During our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, and 2023-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
July 30, 2024

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED OCTOBER 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes 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? X yes none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major programs:

Federal Assistance Listing

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>45.129</u>	<u>Promotion of the Humanities Federal/State Partnership</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2023

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SECTION II - FINANCIAL STATEMENT FINDINGS

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2023

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2023-001 FINANCIAL REPORTING

Criteria:	Management of the Council is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. The Council is also responsible for having a financial management system in place to account for the receipt and expenditure of grant and other funds and to prepare accurate financial reports in a timely manner.
Condition:	Several accounts in the general ledger required material adjustments to reconcile to supporting documentation.
Context:	Total assets, liabilities, net assets, revenues, and expenses of the Council are \$2.6 million, \$328 thousand, \$2.3 million, \$2.3 million, and \$1.7 million, respectively, for the year ended October 31, 2023. The impact of adjustments to assets, liabilities, net assets, revenues, and expenses was \$(43) thousand, \$229 thousand, \$55 thousand, \$(1) thousand, and \$328 thousand, respectively, for the year ended October 31, 2023. The overall impact of audit adjustments to the change in net assets was \$(329) thousand for the year ended October 31, 2023.
Cause:	Inaccuracies in recording year-end accruals and reconciling supporting schedules to the Council's trial balance resulted in material adjustments to the financial statements for the year ended October 31, 2023.
Effect:	The financial statements for fiscal year 2023 required material audit adjustments in order to be presented in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend that management review the daily accounting functions, staffing, and financial reporting processes to establish that adequate policies and procedures are in place to ensure accurate and timely financial reporting. Management should ensure that year-end accruals are recorded, account reconciliations are prepared and reviewed in a timely manner, and supporting schedules are maintained for all account balances.
Views of Responsible Officials:	<i>Management acknowledges the finding. See corrective action plan.</i>

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2023

SECTION III - FEDERAL AWARD FINDINGS
AND QUESTIONED COSTS

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2023

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2023-002 ALLOWABILITY

Federal Program Information:	Federal Agency and Program Name	Federal Assistance Listing Number
	National Endowment for the Humanities Promotion of the Humanities Federal/State Partnership Grant Number: SO-289836-23	45.129

Criteria: 2 CFR 200.303 requires that a non-federal entity must “(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

Condition: For two of the 40 transactions selected for testing, there was no documentation of review and approval of the expenditure for allowability and payment.

Questioned Costs: None

Context: Total federal expenditures for the Promotion of the Humanities Federal/State Partnership program were \$1,019,055 for the year ended October 31, 2023.

Cause: Internal controls were not operating effectively to ensure the allowability of expenditures.

Effect: Expenditures could be made that are not allowable.

Identification as a Repeat Finding: Prior Year Finding 2022-002

Recommendation: We recommend that the Council implement controls to ensure that expenditures are properly reviewed and approved before being charged to a federal award.

Views of Responsible Officials: *Management acknowledges the finding. See corrective action plan.*

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2023

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2023-003 REPORTING

Federal Program Information:	Federal Agency and Program Name	Federal Assistance Listing Number
	National Endowment for the Humanities Promotion of the Humanities Federal/State Partnership Grant Number: SO-289836-23	45.129
Criteria:	2 CFR 200.303 requires that a non-federal entity must “(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”	
	2 CFR 200.302(b) states that “the financial management system of each non-Federal entity must provide for... accurate, current, and complete disclosure of the financial results of each Federal award or program...”	
Condition:	For both of the SF-425 reports selected for testing, there was no documentation of review and approval of the SF-425 report prior to submission. For one of the SF-425 reports selected for testing, inaccurate data was input and submitted.	
Questioned Costs:	None	
Context:	Total federal expenditures for the Promotion of the Humanities Federal/State Partnership program were \$1,019,055 for the year ended October 31, 2023.	
Cause:	The Council does not have adequate internal controls and policies and procedures in place to ensure that reports contain accurate financial information and are reviewed before submission.	
Effect:	The Council is not reporting accurate financial information to its federal grantor.	
Identification as a Repeat Finding:	This is not a repeat finding from the prior year.	
Recommendation:	We recommend that the Council implement controls and policies and procedures over financial reporting to ensure compliance with federal reporting requirements.	
Views of Responsible Officials:	<i>Management acknowledges the finding. See corrective action plan.</i>	

THE WEST VIRGINIA HUMANITIES COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2023

2023-004 SEFA REPORTING

Federal Program Information:	Federal Agency and Program Name	Federal Assistance Listing Number
	National Endowment for the Humanities Promotion of the Humanities Federal/State Partnership Grant Number: SO-289836-23	45.129
Criteria:	2 CFR 200.303 requires that a non-federal entity must “(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”	
	2 CFR 200.510(b) states that “the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee’s financial statements which must include the total Federal awards expended as determined in accordance with 2 CFR 200.502.”	
Condition:	The Council’s internal controls are not adequate to ensure the Schedule of Expenditures of Federal Awards (SEFA) accurately reports Federal assistance. The Council’s fiscal year 2023 SEFA for the Promotion of the Humanities Federal/State Partnership program included expenditures from other fiscal years.	
Questioned Costs:	\$4,015	
Context:	Total federal expenditures for the Promotion of the Humanities Federal/State Partnership program were \$1,019,055 for the year ended October 31, 2023.	
Cause:	The Council does not have adequate internal controls in place to ensure the accuracy of the SEFA.	
Effect:	The Council is not reporting accurate financial information in its SEFA.	
Identification as a Repeat Finding:	This is not a repeat finding from the prior year.	
Recommendation:	We recommend that the Council implement controls over financial reporting, including the SEFA, to ensure accuracy of financial data.	
Views of Responsible Officials:	<i>Management acknowledges the finding. See corrective action plan.</i>	



BOARD
George "Gib" Brown
President

July 30, 2024

Leslie Baker
Matthew Bond
Gregory Coble
Laurie Erickson
Cicero Fain III
Ann Farr
Patrick Felton
Rita Hedrick-Helmick
Charles Ledbetter
J. Dan McCarthy
Michele Moure-Reeves
Paul Papadopoulos
Katrena Ramsey
Karen Rice
Lisa Rose
Tom Sopher
Megan Tarbett
Pam Tarr
John Unger
Bryson VanNostrand
Lydia Warren

To Whom It May Concern:

The West Virginia Humanities Council, Inc. (the Council) respectfully submits the following corrective action plan for the year ended October 31, 2023.

Name and address of independent public accounting firm: Suttle & Stalnaker, PLLC, 1411 Virginia Street, East, Suite 100, Charleston, West Virginia 25301

Audit Period: Year ended October 31, 2023

The findings from the July 30, 2024 schedule of audit findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINANCIAL STATEMENT FINDINGS

2023-001 - FINANCIAL REPORTING

Recommendation:

We recommend that management review the daily accounting functions, staffing, and financial reporting processes to establish adequate policies and procedures for accurate and timely financial reporting. Management should also ensure that year-end accruals are recorded, account reconciliations are prepared and reviewed promptly, and supporting schedules are maintained for all account balances.

Action Taken:

The Humanities Council hired a Senior Manager at Matheny & Company AC in May 2024 to review and advise on the Fiscal Officer's work and ensure that period-end accruals are recorded, account reconciliations are prepared, and data may be reviewed promptly. The Council will retain this contract through at least the end of the current fiscal year (FY2024) and until the Council's recordkeeping reflects timely and review-ready data.

STAFF
Eric Waggoner
Executive Director
Stan Bumgardner
Media Editor/e-WV
Heather Campbell
Fiscal Officer
Katie Morris
Development Director
Erin Riebe
Grants Administrator
Tricia Stringer
Operations Manager
Kyle Warmack
Program Officer
Jennie Williams
State Folklorist

FEDERAL AWARD FINDINGS

2023-002 - ALLOWABILITYRecommendation:

We recommend the Council implement controls to ensure expenditures are properly reviewed and approved before being charged to a federal award.

Action Taken:

The Council has added an additional step to the approval/review process. Once the expenditure (invoice) has been approved, the Fiscal Officer scans the documentation and labels it by date paid. Hard copy files go into a secure file. The electronic copy is saved in a secured shared file.

2023-003 - REPORTINGRecommendation:

We recommend that the Council implement controls and policies and procedures over financial reporting to ensure compliance with federal reporting requirements.

Action Taken:

The Executive Director will review and approve all financial reporting documents before submission. Since identified in the report, the Fiscal Officer has provided the Executive Director all previous fiscal year 2023 and 2024 financial reports for review and approval, if needed.

2023-004 – SEFA REPORTINGRecommendation:

We recommend that the Council implement controls over financial reporting, including the SEFA, to ensure the accuracy of financial data.

Action Taken:

As part of the agreement with Matheny and Company, the Senior Manager will review all period-end documents and financial reports to ensure that transactions, including SEFA documentation, are recorded and reported in the correct fiscal year.

If there are any questions regarding this plan, please contact Heather Campbell at campbell@wvhumanities.org or 304-346-8500.

Sincerely,



Heather Campbell

The West Virginia Humanities Council, Inc., Fiscal Officer