

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
(A NON-PROFIT ORGANIZATION)**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

YEAR ENDED AUGUST 31, 2013

WITH INDEPENDENT AUDITOR'S REPORTS

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
CONSOLIDATED FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION
YEAR ENDED AUGUST 31, 2013**

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**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
CONSOLIDATED FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION
YEAR ENDED AUGUST 31, 2013**

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To the Board of Directors
Community Action of South Eastern
West Virginia, Inc.
Bluefield, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action of South Eastern West Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Community Action of South Eastern West Virginia, Inc. as of August 31, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of state grant receipts and expenditures is presented for purposes of additional analysis as required by *West Virginia Code 12-4-14*, and is not a required part of the financial statements. The schedules of budget to actual grant revenues and expenses 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 May 20, 2014, on our consideration of Community Action of South Eastern West Virginia, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Community Action of South Eastern West Virginia, Inc.'s internal control over financial reporting and compliance.



Huntington, West Virginia
May 20, 2014

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2013

ASSETS

	<u>2013</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 678,244
Accounts receivable	1,299,487
Inventory	<u>243,762</u>
TOTAL CURRENT ASSETS	<u>2,221,493</u>
 PROPERTY AND EQUIPMENT, NET OF DEPRECIATION	 <u>3,508,125</u>
 OTHER ASSETS	
Prepaid expense	<u>35,615</u>
TOTAL OTHER ASSETS	<u>35,615</u>
 TOTAL ASSETS	 <u>\$ 5,765,233</u>

LIABILITIES AND NET ASSETS

	<u>2013</u>
CURRENT LIABILITIES	
Accounts payable	\$ 356,397
Accrued liabilities	217,361
Current portion of long-term liabilities	994,501
Unearned revenue	-0-
Accrued leave	<u>724,341</u>
TOTAL CURRENT LIABILITIES	<u>2,292,600</u>
 LONG-TERM LIABILITIES	
Long-term liabilities, less current portion	17,474
Other post-employment benefits	<u>2,544,817</u>
TOTAL LONG-TERM LIABILITIES	<u>2,562,291</u>
 TOTAL LIABILITIES	 <u>4,854,891</u>
 NET ASSETS	
Unrestricted	<u>910,342</u>
TOTAL NET ASSETS	<u>910,342</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,765,233</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2013

	<u>2013</u>
CHANGES IN UNRESTRICTED NET ASSETS	
UNRESTRICTED REVENUES:	
Federal	\$ 6,542,233
State	1,322,792
Other	2,638,319
In-kind	<u>1,190,639</u>
TOTAL UNRESTRICTED REVENUES	<u>11,693,983</u>
UNRESTRICTED EXPENSES:	
Salaries and wages	4,788,502
Fringe benefits	1,441,641
Travel	102,577
Space	521,736
Contractual	92,696
Supplies	523,346
Program costs	684,617
Interest	71,879
Other	1,194,715
Indirect costs	779,242
Depreciation	286,796
Other post-employment retirement benefits (OPEB)	74,065
In-kind	<u>1,190,639</u>
TOTAL UNRESTRICTED EXPENSES	<u>11,752,451</u>
DECREASE IN UNRESTRICTED NET ASSETS	<u>(58,468)</u>
NET ASSETS AT BEGINNING OF THE YEAR	<u>968,810</u>
NET ASSETS AT END OF THE YEAR	\$ <u>910,342</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2013**

	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (58,468)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	286,796
Loss on disposition of assets	18,263
Changes in operating assets and liabilities:	
Accounts receivable	(34,806)
Inventory	224,371
Prepays	(917)
Accounts payable	190,338
Accrued liabilities	(75,498)
Accrued leave	25,920
OPEB liabilities	74,065
Unearned revenue	(8,889)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>641,175</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(650,205)
Proceeds from sale of property and equipment	35,000
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(615,205)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from long-term debt	24,336
Payments on long-term debt	(56,876)
NET CASH (USED IN) FINANCING ACTIVITIES	<u>(32,540)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(6,570)</u>
CASH AND CASH EQUIVALENTS	
Beginning of year	684,814
End of year	\$ <u><u>678,244</u></u>
Supplemental Information:	
Cash payments for interest	\$ <u><u>71,879</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting entity:

The Community Action of South Eastern West Virginia, Inc. (CASE) is a private, not-for-profit organization that serves the economically disadvantaged citizens of Mercer County, Summers County, and Monroe County of West Virginia. CASE is governed by a volunteer Board of Directors that is tripartite in nature in that; 1/3 of the members are elected or appointed government officials, 1/3 are from the low-income sector, and 1/3 are from the private sector. All of CASE's programs are geared towards helping the low-income, elderly, and handicapped achieve greater self-sufficiency.

Basis of financial statement presentation:

CASE's financial statements are presented in accordance with accounting principles generally accepted in the United States of America on an accrual basis. Consequently, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In addition, CASE is required to report information regarding its financial position and activities according to the three classes of net assets; unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor imposed restrictions. All net assets at August 31, 2013 are unrestricted.

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, demand deposits, and money market funds. For purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash is held in banks located in West Virginia and is insured by the Federal Deposit Insurance Commission (FDIC) up to \$250,000 per financial institution.

Valuation of receivables:

Receivables are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Inventory:

Inventory is comprised of material supplies for the Weatherization program, stated at cost using a perpetual inventory system, and homes held for sale, built from Community Housing Development Organization (CHDO) funding, stated at their historical cost.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation:

The consolidated financial statements include the accounts of CASE and its subsidiary, Property Management Services, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Property, plant, and equipment:

Property, plant, and equipment consist of items with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated property, plant, and equipment are recorded at fair value at date of donation. The costs of normal maintenance and repairs that do not materially add to the value of an asset or its life are expensed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-30 years
Furniture and equipment	3-10 years
Vehicles	5 years

Accrued liabilities:

Accrued liabilities consist of accrued payroll and payroll taxes earned as of August 31.

Accrued leave:

Accrued leave consists of accrued vacation and sick leave time earned as of August 31. CASE allows employees to accrue up to a maximum of 480 sick, 240 vacation, and 40 personal hours.

Unearned revenue:

Unearned revenue consists of amounts received from the West Virginia Office of Economic Opportunity. The funds were provided as part of an exchange-type transaction and have been shown as unearned until the amounts have been used for their intended purpose.

In-kind contributions:

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supporting services:

Supporting service are costs for activities not directly related to the purpose for which the Organization exists. Supporting service expenses are broadly categorized as management and general purpose expenses that have not been identified as, or allocated to, program service expenses.

Income taxes:

CASE is a nonprofit corporation classified under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes derived from its nonprofit activities. For the year ended August 31, 2013, management believes that CASE has no material uncertain tax positions to be accounted for in the financial statements. As of August 31, 2013, tax years ending on or after August 31, 2010 remain subject to examination.

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation.

Concentration:

CASE received approximately 56% of its support for the year from the federal government in the form of grants and cost reimbursement programs.

Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and assets, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2013</u>
Grants receivable	\$ 1,191,371
Other receivables	<u>108,116</u>
Total	\$ <u>1,299,487</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 AUGUST 31, 2013**

NOTE 3 – INVENTORY

Inventory consists of the following:

	<u>2013</u>
Homes held for sale - CHDO	\$ 226,062
Inventory - Weatherization	<u>17,700</u>
Total	\$ <u>243,762</u>

NOTE 4 – PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following:

	<u>2013</u>
Land	\$ 709,784
Buildings	3,511,176
Vehicles and equipment	1,951,564
Construction in progress	<u>433,036</u>
	6,605,560
Less: Accumulated depreciation	<u>(3,097,435)</u>
Total	\$ <u>3,508,125</u>

NOTE 5 – LONG-TERM LIABILITIES

Details of loans payable are as follows:

	<u>2013</u>
Note payable to Branch Banking & Trust; Commission on Aging building, interest rate of 7.000% final payment September 2013, collateralized by the building.	471,029
Note payable to Branch Banking & Trust; Admin., Hinton, & Thorn St. buildings, interest rate of 5.875% final payment January 2014, collateralized by the buildings.	293,107

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2013**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

	<u>2013</u>
Note payable to Branch Banking & Trust; Hope Development Project interest rate of 5.875% final payment January 2014, collateralized by the building.	132,907
Note payable to Branch Banking & Trust; Warehouse interest rate of 5.875% final payment March 2014, collateralized by the building.	91,552
Note payable to Ramey Chevrolet, Inc.;; 2014 Jeep Patriot interest rate of 3.250% final payment May 2017, collateralized by the vehicle.	<u>23,381</u>
Total Notes Payable	1,011,976
Less current portion	<u>(994,501)</u>
NOTES PAYABLE, NET OF CURRENT PORTION	\$ <u><u>17,475</u></u>

Principal maturities on notes payable for the next five years and in the aggregate are as follows:

<u>Year ending August 31</u>	
2014	\$ 994,501
2015	5,692
2016	5,881
2017	5,902
2018 and thereafter	<u>-0-</u>
TOTAL NOTES PAYABLE	\$ <u><u>1,011,976</u></u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 6 – LINE OF CREDIT

CASE has a \$100,000 operating line of credit arrangement with a Branch Banking and Trust Corporation (BB&T). The credit line was secured by the "Security Agreement" made January 30, 2009 with an interest rate that fluctuated with changes in the prime rate.

NOTE 7 – RETIREMENT PLANS

CASE has adopted a defined contribution annuity for its employees qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees of the organization who have completed one year of service. The contributions to the plan are discretionary and are determined each year. For the year ended August 31, 2013, CASE contributed \$96,355 to the Section 403(b) plan.

CASE has also adopted a Section 457(b) deferred compensation plan for a select group of management employees. The organization's contributions to the plan are discretionary and determined each year. For the year ended August 31, 2013, CASE contributed \$38,594 to the Section 457(b) plan.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

CASE participates in the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefits post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans.

Annual OPEB Cost: CASE's annual OPEB cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation of any estimate of future postretirement costs requires consideration of 'a broad array of complex social and economic events. Future changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs option, changes in the investment rate of return, and other matters increase the level of uncertainty of such estimates. As such, the estimate of postretirement program costs contains considerable uncertainty and variability and actual experience may vary significantly by the current estimated obligation.

The following table shows the components of CASE's annual OPEB cost for the year, the amount actually contributed to the Plans, and changes in CASE's net OPEB obligations, as well as the assumptions used to calculate the net OPEB obligation.

Annual required contribution	\$	74,065
Interest on net OPEB obligation		-0-
Annual OPEB cost		<u>74,065</u>
Contributions made		<u>-0-</u>
Increase in net OPEB obligation		74,065
Net OPEB obligation, beginning of year		<u>2,470,752</u>
Net OPEB obligation, end of year	\$	<u><u>2,544,817</u></u>

An actuarial valuation report for PEIA is prepared annually in accordance with standards set forth by the Governmental Accounting Standards Board (GASB) to determine the unfunded portion of each participant's future liability. CASE's financial statements are prepared in accordance with standards set forth by the Financial Accounting Standards Board (FASB). Information valuing the liability in accordance with FASB standards is not available. Based on the GASB valuation, CASE's unfunded liability at year end was \$2,544,817. Management believes that the differences in the basis are immaterial to the financial statements. In addition to the ARC amount, CASE paid \$237,808 to PEIA during the year which is considered as the pay as you go amount.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Blvd. East, Charleston, West Virginia, 25305-0710.

The PEIA Finance Board members voted to cap the state subsidy for PEIA retiree coverage for employees hired before 2010 at current levels, with no more than 3% growth a year. By doing this, the Employer is no longer exposed to ever increasing trends in healthcare costs, significantly reducing future retiree premium subsidy costs.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Organization's programs are generally funded from federal, state, and local sources, principal of which are programs of the U.S. Department of Health and Human Services. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

NOTE 10 – RELATED PARTY TRANSACTIONS AND COMMON CONTROL

CASE is the managing partner and has a 1% interest in the Kennedy Center Limited Partnership with the authority to manage and control the partnership. This partnership was formed for the purpose of acquiring and renovating real estate and personal property to provide multifamily residential housing for low-income tenants.

CASE is the managing partner and has a 1% interest in the Hinton Center Limited Partnership. This partnership was formed for the purpose of acquiring and renovating real estate and personal property to provide multifamily residential housing for low-income tenants.

For the year ended December 31, 2013, CASE expensed \$32,080 in loan payments as a result of CASE being the guarantor on the loans for the Hinton and Kennedy Centers.

CASE employs the husband of the executive director as the supervisor of Property Management Services, a wholly-owned subsidiary of CASE, formed to perform maintenance operations on various properties belonging to CASE. For the year ended August 31, 2013, \$38,594 was paid for his services.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 11 – COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

The Organization receives grant funds from the U.S. Department of Housing and Urban Development, under the HOME Investment Partnership Program (HOME), whereas, the Organization has been recognized as a Community Housing Development Organization (CHDO). As a CHDO, the Organization may use HOME funds to construct single-family dwellings that are then sold to eligible participants below Fair Market Value. The program allows for a lien to be filed against the property for the difference between Fair Market Value and the selling price in order to protect against the participant selling the home at a gain. The lien is released after 10 years from the date of the transaction.

As of August 31, 2013, the Organization had liens totaling \$56,400.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 20, 2014, the date which the financial statements were available to be issued.

Subsequent to fieldwork, the Organization refinanced several long-term liabilities as follows:

On February 3, 2014, the note payable for the Administration, Hinton, and Thorn Street buildings was refinanced at a fixed rate of 5.875%, with a maturity date of January 28, 2019.

On October 3, 2013, the note payable for the Commission on Aging building was refinanced at a fixed rate of 5.58%, with a maturity date of September 26, 2018.

On February 3, 2014, the note payable for the Hope Development Project was refinanced at a fixed rate of 5.875%, with a maturity date of January 28, 2019.

On February 3, 2014, the note payable for the Warehouse was refinanced at a fixed rate of 6.375%, with a maturity date of January 23, 2019.

SUPPLEMENTARY INFORMATION

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF AGRICULTURE</u>		
<u>West Virginia Department of Education</u>		
Child and Adult Care Food Program	10.558	437,842
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Supportive Housing Program	14.235	126,874
<u>West Virginia Housing Development Fund</u>		
HOME Investment Partnerships Program	14.239	339,571
<u>Governor's Office of Economic Opportunity</u>		
Emergency Shelter Grants Program	14.231	182,692
<u>DEPARTMENT OF ENERGY</u>		
<u>Governor's Office of Economic Opportunity</u>		
Weatherization Assistance for Low-Income Persons	81.042	405,916
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Head Start	93.600	3,256,899
<u>West Virginia Department of Health and Human Resources</u>		
Medical Assistance Program	93.778	223,735
Title V Adolescent Health Initiative Grant	93.235	83,184
<u>Mission West Virginia</u>		
Teen Pregnancy Prevention Program	93.092	199,000
Community Based Abstinence Education	93.010	46,941
<u>West Virginia Bureau of Senior Services</u>		
Special Programs for the Aging - Title III - Part D		
Disease Prevention and Health Promotion Services	93.043	6,615
Special Programs for the Aging - Title III - Part B		
Grants for Supportive Services and Senior Centers	93.044	65,989
Special Programs for the Aging - Title III - Part C		
Nutrition Services	93.045	176,442
National Family Caregiver Support - Title III - Part E	93.052	37,302
Medicare Enrollment Assistance Program	93.071	1,616
<u>Governor's Office of Economic Opportunity</u>		
Community Services Block Grant	93.569	522,714
Low-Income Home Energy Assistance	93.568	370,693
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</u>		
Retired and Senior Volunteer Program	94.002	32,540
<u>DEPARTMENT OF HOMELAND SECURITY</u>		
<u>United Way</u>		
Emergency Food and Shelter National Board Program	97.024	6,617
Total Expenditures of Federal Awards		<u>\$ 6,523,181</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards of Community Action of South Eastern West Virginia, Inc. is presented on the basis of accounting required by the Organization's funding sources. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
HEAD START/EARLY HEAD START - GRANT 03CH0410/47
GRANT PERIOD MAY 1, 2012 TO APRIL 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE			
Federal revenue	\$ 3,281,809	\$ 3,281,809	\$ -0-
Other revenue	-0-	266,773	(266,773)
In-kind revenue	<u>820,452</u>	<u>820,452</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>4,102,261</u>	<u>4,369,034</u>	<u>(266,773)</u>
EXPENSES			
Salaries and wages	1,865,764	1,884,139	(18,375)
Fringe benefits	600,371	681,988	(81,617)
Travel	19,280	24,810	(5,530)
Contractual	15,000	25,566	(10,566)
Equipment	40,000	82,590	(42,590)
Supplies	53,900	80,042	(26,142)
Indirect cost	302,421	302,421	-0-
Other	<u>385,073</u>	<u>467,026</u>	<u>(81,953)</u>
TOTAL PROGRAM EXPENSES	<u>3,281,809</u>	<u>3,548,582</u>	<u>(266,773)</u>
In-kind expense	<u>820,452</u>	<u>820,452</u>	<u>-0-</u>
TOTAL EXPENSES	<u>4,102,261</u>	<u>4,369,034</u>	<u>(266,773)</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
COMMUNITY SERVICE BLOCK GRANT 2012-F-0005
GRANT PERIOD JANUARY 1, 2012 TO MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE			
Federal revenue	\$ 398,409	\$ 398,409	\$ -0-
TOTAL SUPPORT AND REVENUE	<u>398,409</u>	<u>398,409</u>	<u>-0-</u>
EXPENSES			
Salaries/wages	197,701	197,701	-0-
Fringe benefits	77,843	77,843	-0-
Contractual	4,658	2,137	2,521
Travel	13,300	13,796	(496)
Space costs	-0-	-0-	-0-
Utilities	-0-	-0-	-0-
Supplies/materials	8,732	8,513	219
Equipment	-0-	-0-	-0-
Other costs	45,780	48,034	(2,254)
Program costs	15,951	15,941	10
Indirect cost	34,444	34,444	-0-
TOTAL EXPENSES	<u>398,409</u>	<u>398,409</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
WEATHERIZATION PROGRAM DHHR 2011-WX-1003
GRANT PERIOD OCTOBER 1, 2011 TO SEPTEMBER 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE			
Federal revenue	\$ 319,800	\$ 319,800	\$ -0-
TOTAL SUPPORT AND REVENUE	<u>319,800</u>	<u>319,800</u>	<u>-0-</u>
EXPENSES			
Administration	20,784	20,784	-0-
Insurance	10,500	10,500	-0-
Materials	64,226	64,226	-0-
Personnel	148,347	148,347	-0-
Program support	32,804	32,804	-0-
ECIP	31,443	31,443	-0-
Electrical Upgrade	9,864	9,864	-0-
Audit	<u>1,832</u>	<u>1,832</u>	<u>-0-</u>
TOTAL EXPENSES	<u>319,800</u>	<u>319,800</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE AND EXPENSES
COMPARED TO GRANT BUDGETS (NON-GAAP BASIS)
WEATHERIZATION PROGRAM DOE 2012-WX-1003
GRANT PERIOD JULY 1, 2012 TO JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
SUPPORT AND REVENUE			
Federal revenue	\$ 405,916	\$ 405,916	\$ -0-
TOTAL SUPPORT AND REVENUE	<u>405,916</u>	<u>405,916</u>	<u>-0-</u>
EXPENSES			
Administration	32,435	32,435	-0-
Insurance	8,754	8,754	-0-
Materials	90,694	90,694	-0-
Personnel	222,041	222,041	-0-
Program support	48,826	48,827	(1)
	<u>3,166</u>	<u>3,165</u>	<u>1</u>
TOTAL EXPENSES	<u>405,916</u>	<u>405,916</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 TITLE III-B SERVICES – 21238-06
 FOR THE YEAR ENDED JUNE 30, 2013**

REVENUE:	<u>III-B</u>
State Grant Award	\$ <u>19,894</u>
EXPENSES:	
Personnel and fringe	7,797
Printing and supplies	770
Communication and utilities	3,842
Other	6,995
Indirect	<u>490</u>
TOTAL EXPENSES	<u><u>19,894</u></u>
REVENUES OVER (UNDER) EXPENSES	\$ <u><u>-0-</u></u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 TITLE III-D MED MGT – 21238-06
 FOR THE YEAR ENDED JUNE 30, 2013**

REVENUE:	<u>III-D</u>
State Grant Award	\$ <u>281</u>
EXPENSES:	
Personnel and fringe	276
Printing and supplies	-0-
Communication and utilities	-0-
Other	-0-
Indirect	<u>5</u>
TOTAL EXPENSES	<u><u>281</u></u>
REVENUES OVER (UNDER) EXPENSES	<u><u>\$ -0-</u></u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 TITLE III-E – 21238-06
 FOR THE YEAR ENDED JUNE 30, 2013**

REVENUE:	<u>III-E</u>
State Grant Award	\$ <u>21,289</u>
EXPENSES:	
Personnel and fringe	14,741
Printing and supplies	25
Communication and utilities	135
Other	5,402
Indirect	<u>986</u>
TOTAL EXPENSES	<u>21,289</u>
REVENUES OVER (UNDER) EXPENSES	\$ <u>-0-</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2013**

REVENUE:	C-1	C-2
	<u>Congregate</u>	<u>Home-Delivered</u>
State Grant Award	\$ 53,231	\$ 73,508
EXPENSES:		
Personnel and fringe	20,615	17,411
Supplies	3,311	5,445
Communication and utilities	1,728	2,302
Food	18,250	31,455
Space	7,495	6,357
Other	867	8,470
Indirect	965	2,068
TOTAL EXPENSES	<u>53,231</u>	<u>73,508</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ -0-</u>	<u>\$ -0-</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 LIFE PROGRAM – 21305-06
 FOR THE YEAR ENDED JUNE 30, 2013**

REVENUE:	<u>LIFE</u>
State Grant Award	\$ <u>202,664</u>
EXPENSES:	
Personnel and fringe	126,088
Travel	2,750
Printing and supplies	4,193
Space cost	26,728
Communication and utilities	25,041
Other	4,625
Indirect	<u>13,239</u>
TOTAL EXPENSES	<u><u>202,664</u></u>
REVENUES OVER (UNDER) EXPENSES	\$ <u><u>-0-</u></u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
IN-HOME SERVICES – 21352-06
FOR THE YEAR ENDED JUNE 30, 2013

REVENUE:	<u>In-Home Lighthouse</u>	<u>In-Home Fair</u>	<u>In-Home Data Entry</u>
State Grant Award	\$ 242,282	\$ 87,266	\$ 5,000
 EXPENSES:			
Personnel and fringe	196,034	67,914	5,000
Space	15,074	6,973	-0-
Supplies	1,436	301	-0-
Utilities	2,056	997	-0-
Other	1,567	2,371	-0-
Indirect	<u>26,115</u>	<u>8,710</u>	<u>-0-</u>
TOTAL EXPENSES	<u>242,282</u>	<u>87,266</u>	<u>5,000</u>
 REVENUES OVER (UNDER) EXPENSES	 <u>\$ -0-</u>	 <u>\$ -0-</u>	 <u>\$ -0-</u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 RIGHT FROM THE START PROJECT – G130075
 FOR THE YEAR ENDED JUNE 30, 2013**

REVENUE:	Right From The Start
State Grant Award	\$ <u>233,111</u>
 EXPENSES:	
Personnel	122,831
Fringe benefits	38,292
Equipment	-0-
Supplies	7,564
Contractual costs	1,936
Construction	-0-
Other	43,186
Indirect	19,302
TOTAL EXPENSES	<u>233,111</u>
REVENUES OVER (UNDER) EXPENSES	\$ <u><u>-0-</u></u>

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
SENIOR HEALTH INSURANCE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2013**

REVENUE:	Senior Health Insurance Program
State Grant Award	\$ <u>4,000</u>
EXPENSES:	
Personnel and fringe	<u>4,000</u>
TOTAL EXPENSES	<u>4,000</u>
REVENUES OVER (UNDER) EXPENSES	\$ <u><u>-0-</u></u>

**INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE AND
INTERNAL CONTROL**

**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***

To the Board of Directors
Community Action of South Eastern
West Virginia, Inc.
Bluefield, 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 Community Action of South Eastern West Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action of South Eastern West Virginia, Inc. '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 Community Action of South Eastern West Virginia, Inc. 's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 over was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Huntington, West Virginia
May 20, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROLOVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**To the Board of Directors
Community Action of South Eastern
West Virginia, Inc.
Bluefield, West Virginia**

Report on Compliance for Each Major Federal Program

We have audited Community Action of South Eastern West Virginia, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Community Action of South Eastern West Virginia, Inc.'s major federal programs for the year ended August 31, 2013. Community Action of South Eastern West Virginia, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action of South Eastern West Virginia, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action of South Eastern West Virginia, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Action of South Eastern West Virginia, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action of South Eastern West Virginia, Inc. 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 August 31, 2013.

Report on Internal Control Over Compliance

Management of Community Action of South Eastern West Virginia, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Community Action of South Eastern West Virginia, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action of South Eastern West Virginia, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Huntington, West Virginia
May 20, 2014

AUDIT FINDINGS

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2012**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENT IN ACCORDANCE WITH
GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS**

12-1: Internal Transactions (Significant Deficiency)

Condition

As a result of audit procedures, it was determined that internal transactions are not easily identifiable through account coding, and as a result, significant misstatement of the financial could occur. The absence of complete eliminating entries for internal transactions resulted in the overstatement of payables, receivables, revenues, and expenses in the current year. As a result, adjusting journal entries were required to fairly present the financial statements in accordance with generally accepted accounting principles.

Recommendations:

We recommend that CASE implement procedures to easily identify and eliminate all internal transactions.

Management's Response:

CASE recognizes the necessity to eliminate inter-entity transactions, and we have implemented procedures to identify and highlight these transactions in our accounting records. These transactions will be reviewed by the CFO and eliminated as part of the financial statement preparation process in the future.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013**

A. SUMMARY OF AUDITOR'S RESULTS

1. We have issued an unqualified opinion on the financial statements of Community Action of South Eastern West Virginia, Inc.
2. No deficiencies relating to the audit of financial statements is reported in the "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*."
3. No instances of noncompliance material to the financial statements of Community Action of South Eastern West Virginia, Inc. were disclosed during the audit.
4. No deficiencies relating to the audit of the major federal and state award programs are reported in the "Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The independent auditor's report on compliance for the major federal award programs expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Community Action of South Eastern West Virginia, Inc. are reported in Part C of this schedule.
7. The programs tested as a major program were:

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start	93.600
Community Services Block Grant	93.569
Low-Income Home Energy Assistance Program	93.568

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Organization qualified as a high-risk auditee due to the requirements within OMB Circular A-133 and the Organization having audit findings within the last two fiscal years.

**COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENT IN ACCORDANCE WITH
GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS**

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None