

AUDIT REPORT AND FINANCIAL STATEMENTS

OF

**COMMUNITY ACTION OF SOUTH EASTERN
WEST VIRGINIA, INC.
(A Non-Profit Organization)**

FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019



SOMERVILLE & COMPANY^{P.L.C.}

CPAs & CONSULTANTS

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 FINANCIAL STATEMENTS
 August 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

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 statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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.



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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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 grant support, revenue, and expenses compared to grant budgets (Non-GAAP basis) 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 26, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action of South Eastern West Virginia, Inc.'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 Community Action of South Eastern West Virginia, Inc.'s internal control over financial reporting and compliance.

Somerille & Company, P.L.L.C.

Huntington, West Virginia
May 26, 2021

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 STATEMENTS OF FINANCIAL POSITION
 August 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,955,715	\$ 1,494,974
Accounts receivable	588,850	668,579
Inventory	<u>42,863</u>	<u>39,151</u>
Total Current Assets	3,587,428	2,202,704
Property and Equipment, net	5,602,736	5,748,959
Other Assets		
Prepaid expenses	<u>25,744</u>	<u>8,896</u>
Total Assets	<u>\$ 9,215,908</u>	<u>\$ 7,960,559</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 634,947	\$ 508,035
Accrued liabilities	20,282	94,981
Refundable advances	168,858	-
Current portion of long-term debt	141,521	136,509
Accrued leave	<u>595,309</u>	<u>632,537</u>
Total Current Liabilities	<u>1,560,917</u>	<u>1,372,062</u>
Long-term Liabilities		
Long-term debt, less current portion	527,826	594,263
Other post-employment benefits	<u>1,827,373</u>	<u>2,367,472</u>
Total Long-term Liabilities	<u>2,355,199</u>	<u>2,961,735</u>
Total Liabilities	<u>3,916,116</u>	<u>4,333,797</u>
Net Assets		
Without donor restrictions		
Unrestricted - undesignated	<u>5,299,792</u>	<u>3,626,762</u>
Total Net Assets	<u>5,299,792</u>	<u>3,626,762</u>
Total Liabilities and Net Assets	<u>\$ 9,215,908</u>	<u>\$ 7,960,559</u>

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
STATEMENT OF ACTIVITIES
For the year ended August 31, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support			
Grants and reimbursement contracts	\$ -	\$ 8,000,479	\$ 8,000,479
State and local grants	-	1,466,935	1,466,935
Fee for service	652,944	-	652,944
Other income	-	2,117,427	2,117,427
In-kind contributions	-	1,314,687	1,314,687
	<hr/>	<hr/>	<hr/>
Total Support	652,944	12,899,528	13,552,472
Net Assets Released From Restrictions	<hr/>	<hr/>	<hr/>
	12,899,528	(12,899,528)	-
Total Increase	<hr/>	<hr/>	<hr/>
	13,552,472	-	13,552,472
Expenses			
Program Services			
Head Start, Early Head Start, and Early Head Start			
Child Care Partnership	5,431,937	-	5,431,937
Weatherization	1,052,362	-	1,052,362
Commission on Aging	903,843	-	903,843
Right From The Start Program	519,470	-	519,470
Family Day Care Food Program	600,525	-	600,525
Housing	504,804	-	504,804
Sexual Risk Avoidance Education	402,650	-	402,650
Nutrition	366,851	-	366,851
Property Management Services	-	-	-
Community Services Block Grant	431,923	-	431,923
Family Stabilization	409,617	-	409,617
Home Visitation	277,313	-	277,313
Right From The Start DCC Agency	328,055	-	328,055
Recovery	67,657	-	67,657
COVID-19	203,251	-	203,251
	<hr/>	<hr/>	<hr/>
Total Program Services	11,500,258	-	11,500,258
Supporting Services			
Management and general	<hr/>	<hr/>	<hr/>
	919,283	-	919,283
Total Supporting Services	<hr/>	<hr/>	<hr/>
	919,283	-	919,283
Total Expenses	<hr/>	<hr/>	<hr/>
	12,419,541	-	12,419,541
Net Increase	1,132,931	-	1,132,931
Change in other post-employment benefits (OPEB)	<hr/>	<hr/>	<hr/>
	540,099	-	540,099
Change in Net Assets	1,673,030	-	1,673,030
Net Assets at Beginning of Year	<hr/>	<hr/>	<hr/>
	3,626,762	-	3,626,762
Net Assets at End of Year	<hr/>	<hr/>	<hr/>
	\$ 5,299,792	\$ -	\$ 5,299,792

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
STATEMENT OF ACTIVITIES
For the year ended August 31, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support			
Grants and reimbursement contracts	\$ -	\$ 8,481,094	\$ 8,481,094
State and local grants	-	1,168,207	1,168,207
Fee for service	667,297	-	667,297
Other income	-	1,268,178	1,268,178
In-kind contributions	-	1,521,050	1,521,050
	<hr/>	<hr/>	<hr/>
Total Support	667,297	12,438,529	13,105,826
Net Assets Released From Restrictions	<u>12,438,529</u>	<u>(12,438,529)</u>	<u>-</u>
Total Increase	<u>13,105,826</u>	<u>-</u>	<u>13,105,826</u>
Expenses			
Program Services			
Head Start, Early Head Start, and Early Head Start			
Child Care Partnership	5,925,780	-	5,925,780
Weatherization	1,073,217	-	1,073,217
Commission on Aging	943,145	-	943,145
Right From The Start Program	459,215	-	459,215
Family Day Care Food Program	691,918	-	691,918
Housing	570,608	-	570,608
Sexual Risk Avoidance Education	474,607	-	474,607
Nutrition	313,685	-	313,685
Property Management Services	151,415	-	151,415
Community Services Block Grant	360,735	-	360,735
Family Stabilization	404,235	-	404,235
Home Visitation	307,984	-	307,984
Right From The Start DCC Agency	317,190	-	317,190
Recovery	-	-	-
COVID-19	-	-	-
	<hr/>	<hr/>	<hr/>
Total Program Services	<u>11,993,734</u>	<u>-</u>	<u>11,993,734</u>
Supporting Services			
Management and general	<u>868,413</u>	<u>-</u>	<u>868,413</u>
Total Supporting Services	<u>868,413</u>	<u>-</u>	<u>868,413</u>
Total Expenses	<u>12,862,147</u>	<u>-</u>	<u>12,862,147</u>
Net Increase	243,679	-	243,679
Change in other post-employment benefits (OPEB)	<u>(37,112)</u>	<u>-</u>	<u>(37,112)</u>
Change in Net Assets	206,567	-	206,567
Net Assets at Beginning of Year	<u>3,420,195</u>	<u>-</u>	<u>3,420,195</u>
Net Assets at End of Year	<u>\$ 3,626,762</u>	<u>\$ -</u>	<u>\$ 3,626,762</u>

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2020

Program Services

	Head Start, Early Head Start, and Early Head Start Child Care Partnership	Weatherization	Commission on Aging	Right From The Start Program	Family Day Care Food Program	Housing
Salaries and wages	\$ 2,572,365	\$ 356,822	\$ 600,901	\$ 291,742	\$ 56,547	\$ 22,462
Fringe benefits	679,036	104,698	112,764	68,062	13,343	4,041
Total Salaries and Related Expenses	3,251,401	461,520	713,665	359,804	69,890	26,503
Construction related cost	297,140	42,522	-	-	-	9,461
Food and disposable products	102,383	-	-	-	-	40
In-kind expenses	966,697	-	-	-	-	-
Interest	9,800	-	12,424	342	113	-
Materials	-	429,485	-	-	-	16,467
Miscellaneous program costs	21,857	-	1,575	8,821	1,524	56,759
Postage and supplies	265,118	19,661	12,749	15,070	17,911	1,678
Printing and copying	30,521	5,016	6,790	10,405	196	2,552
Professional fees	18,111	2,511	1,813	1,100	1,529	304
Provider meals	120	-	-	-	496,234	-
Repair and maintenance	32,371	6,397	16,259	2,516	1,671	75,698
Space cost	-	12,453	14,219	13,400	240	653
Telephone and utilities	177,805	15,903	44,097	23,725	5,597	47,570
Training and development	48,695	-	2,212	11,916	403	674
Travel	45,667	1,416	5,859	70,651	4,817	4,329
Vehicle related costs	84,513	26,477	35,187	1,720	400	20,490
Total Program Expenses Before Depreciation	5,352,199	1,023,361	866,849	519,470	600,525	263,178
Depreciation	79,738	29,001	36,994	-	-	241,626
Total Expenses	\$ 5,431,937	\$ 1,052,362	\$ 903,843	\$ 519,470	\$ 600,525	\$ 504,804

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2020

Program Services

	Sexual Risk Avoidance Education	Nutrition	Property Management Services	Community Services Block Grant	Family Stabilization	Home Visitation
Salaries and wages	\$ 255,564	\$100,753	\$ -	\$ 232,090	\$ 121,598	\$ 178,239
Fringe benefits	60,912	21,513	-	64,947	22,498	49,047
Total Salaries and Related Expenses	316,476	122,266	-	297,037	144,096	227,286
Construction related cost	17,000	1,268	-	7,000	-	1,103
Food and disposable products	-	152,803	-	-	13,201	-
In-kind expenses	-	-	-	-	64,714	-
Interest	285	-	-	-	213	-
Materials	-	-	-	-	-	-
Miscellaneous program costs	24,330	505	-	33,160	122,909	8,886
Postage and supplies	11,374	6,062	-	24,735	21,870	8,956
Printing and copying	3,112	-	-	3,136	378	1,255
Professional fees	1,455	849	-	2,624	600	-
Provider meals	-	-	-	-	-	-
Repair and maintenance	1,708	64,376	-	9,755	5,931	1,600
Space cost	540	-	-	40	920	-
Telephone and utilities	12,991	11,829	-	27,653	21,611	10,154
Training and development	-	-	-	4,677	477	9,486
Travel	11,957	1,969	-	5,088	10,971	7,153
Vehicle related costs	1,422	4,924	-	2,750	1,726	1,434
Total Program Expenses Before Depreciation	402,650	366,851	-	417,655	409,617	277,313
Depreciation	-	-	-	14,268	-	-
Total Expenses	\$ 402,650	\$ 366,851	\$ -	\$ 431,923	\$ 409,617	\$ 277,313

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2020

	<u>Program Services</u>			<u>Supporting Services</u>		
	Right From The Start <u>DCC Agency</u>	<u>Recovery</u>	<u>COVID-19</u>	Sub- Total	Management and General	<u>Total</u>
Salaries and wages	\$ 77,340	\$ 25,600	\$ 175,749	\$ 5,067,772	\$ 530,594	\$ 5,598,366
Fringe benefits	14,088	3,069	13,204	1,231,222	141,912	1,373,134
Total Salaries and Related Expenses	91,428	28,669	188,953	6,298,994	672,506	6,971,500
Construction related cost	-	-	-	375,494	62,506	438,000
Food and disposable products	-	4,071	-	272,498	-	272,498
In-kind expenses	-	-	-	1,031,411	-	1,031,411
Interest	654	-	-	23,831	1,097	24,928
Materials	-	-	-	445,952	-	445,952
Miscellaneous program costs	182,694	16,336	5,506	484,862	8,174	493,036
Postage and supplies	7,297	3,765	-	416,246	6,187	422,433
Printing and copying	5,260	-	-	68,621	8,602	77,223
Professional fees	271	-	-	31,167	-	31,167
Provider meals	-	-	-	496,354	-	496,354
Repair and maintenance	2,806	3,737	-	224,825	81,875	306,700
Space cost	480	-	-	42,945	(15,405)	27,540
Telephone and utilities	12,556	8,539	8,792	428,822	64,019	492,841
Training and development	-	-	-	78,540	(1,050)	77,490
Travel	23,724	1,907	-	195,508	4,081	199,589
Vehicle related costs	885	633	-	182,561	21,319	203,880
Total Program Expenses Before Depreciation	328,055	67,657	203,251	11,098,631	913,911	12,012,542
Depreciation	-	-	-	401,627	5,372	406,999
Total Expenses	\$ 328,055	\$ 67,657	\$ 203,251	\$ 11,500,258	\$ 919,283	\$ 12,419,541

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2019

Program Services

	Head Start, Early Head Start, and Early Head Start Child Care Partnership	Weatherization	Commission on Aging	Right From The Start Program	Family Day Care Food Program	Housing
Salaries and wages	\$ 2,702,548	\$ 332,243	\$ 631,720	\$ 274,592	\$ 55,668	\$ 47,221
Fringe benefits	710,893	100,874	124,777	63,473	13,476	12,276
Total Salaries and Related Expenses	3,413,441	433,117	756,497	338,065	69,144	59,497
Construction related cost	300,074	115,136	-	-	-	72,015
Food and disposable products	161,820	-	11	-	-	-
In-kind expenses	1,299,212	-	-	-	-	-
Interest	9,947	-	14,803	-	-	-
Materials	-	396,040	-	-	-	5,945
Miscellaneous program costs	18,737	-	2,705	23,751	775	58,381
Postage and supplies	119,366	17,509	10,390	17,714	12,050	1,927
Printing and copying	28,119	4,229	6,327	8,481	59	2,676
Professional fees	2,097	-	-	-	-	1,103
Provider meals	(150)	-	-	-	587,023	-
Repair and maintenance	58,580	19,416	18,104	423	3,868	68,204
Space cost	66,925	19,925	15,281	24,519	3,772	2,126
Telephone and utilities	169,521	8,582	39,944	16,705	1,921	56,773
Training and development	55,097	-	2,363	11,508	5,288	1,984
Travel	54,273	2,840	5,347	16,551	7,730	3,086
Vehicle related costs	96,718	31,222	38,972	1,498	288	24,482
Total Program Expenses Before Depreciation	5,853,777	1,048,016	910,744	459,215	691,918	358,199
Depreciation	72,003	25,201	32,401	-	-	212,409
Total Expenses	\$ 5,925,780	\$ 1,073,217	\$ 943,145	\$ 459,215	\$ 691,918	\$ 570,608

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2019

Program Services

	Sexual Risk Avoidance Education	Nutrition	Property Management Services	Community Services Block Grant	Family Stabilization	Home Visitation
Salaries and wages	\$ 258,947	\$109,607	\$ -	\$ 201,030	\$ 98,989	\$ 181,463
Fringe benefits	71,477	25,379	-	53,262	23,731	47,876
Total Salaries and Related Expenses	330,424	134,986	-	254,292	122,720	229,339
Construction related cost	17,000	2,113	-	-	-	18,483
Food and disposable products	-	131,832	-	-	19,655	-
In-kind expenses	16,020	-	-	-	102,663	-
Interest	-	-	-	-	-	-
Materials	-	-	-	-	-	-
Miscellaneous program costs	33,192	400	6,306	13,608	86,939	3,747
Postage and supplies	30,306	4,566	1,750	7,488	18,973	8,749
Printing and copying	2,975	-	-	2,373	-	1,032
Professional fees	-	-	-	767	-	-
Provider meals	-	-	-	-	-	-
Repair and maintenance	439	14,997	61,747	11,562	17,525	1,197
Space cost	8,961	7,082	2,859	16,147	9,740	10,715
Telephone and utilities	6,188	6,704	72,801	15,567	13,764	8,088
Training and development	6,333	955	-	6,708	1,044	15,259
Travel	21,619	1,472	-	15,624	9,985	10,512
Vehicle related costs	1,150	8,578	5,952	2,198	1,227	863
Total Program Expenses Before Depreciation	474,607	313,685	151,415	346,334	404,235	307,984
Depreciation	-	-	-	14,401	-	-
Total Expenses	\$ 474,607	\$ 313,685	\$ 151,415	\$ 360,735	\$ 404,235	\$ 307,984

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2019

	<u>Program Services</u>			<u>Supporting Services</u>		
	Right From The Start <u>DCC Agency</u>	<u>Recovery</u>	<u>COVID-19</u>	Sub- Total	Management and General	<u>Total</u>
Salaries and wages	\$ 77,200	\$ -	\$ -	\$ 4,971,228	\$ 556,641	\$ 5,527,869
Fringe benefits	19,048	-	-	1,266,542	152,970	1,419,512
Total Salaries and Related Expenses	96,248	-	-	6,237,770	709,611	6,947,381
Construction related cost	-	-	-	524,821	65,556	590,377
Food and disposable products	-	-	-	313,318	505	313,823
In-kind expenses	-	-	-	1,417,895	-	1,417,895
Interest	-	-	-	24,750	4,937	29,687
Materials	-	-	-	401,985	384	402,369
Miscellaneous program costs	182,067	-	-	430,608	(48,112)	382,496
Postage and supplies	5,574	-	-	256,362	21,251	277,613
Printing and copying	4,043	-	-	60,314	8,526	68,840
Professional fees	-	-	-	3,967	239	4,206
Provider meals	-	-	-	586,873	-	586,873
Repair and maintenance	1,290	-	-	277,352	28,093	305,445
Space cost	20,879	-	-	208,931	26,613	235,544
Telephone and utilities	2,276	-	-	418,834	24,911	443,745
Training and development	297	-	-	106,836	1,866	108,702
Travel	4,123	-	-	153,162	3,634	156,796
Vehicle related costs	393	-	-	213,541	16,798	230,339
Total Program Expenses Before Depreciation	317,190	-	-	11,637,319	864,812	12,502,131
Depreciation	-	-	-	356,415	3,601	360,016
Total Expenses	\$ 317,190	\$ -	\$ -	\$ 11,993,734	\$ 868,413	\$ 12,862,147

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC..
STATEMENTS OF CASH FLOWS
For the years ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 1,673,030	\$ 206,567
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	406,999	360,016
(Gain) Loss on sale of assets	(800)	-
(Increase) Decrease in assets		
Accounts receivable	79,729	(20,978)
Inventory	(3,712)	(15,464)
Prepaid expenses	(16,848)	8,844
Increase (Decrease) in liabilities		
Accounts payable	126,912	(506,805)
Accrued liabilities	(74,699)	407,120
Refundable advances	168,858	-
Accrued leave	(37,228)	48,383
Other post-employment benefits	(540,099)	37,112
Total adjustments	<u>109,112</u>	<u>318,228</u>
Net Cash Provided By Operating Activities	1,782,142	524,795
Cash Flows From Investing Activities		
Acquisition of property and equipment	(260,776)	(339,325)
Disposition of property and equipment	800	-
Net Cash Used In Investing Activities	<u>(259,976)</u>	<u>(339,325)</u>
Cash Flows From Financing Activities		
Payments of long-term debt	<u>(61,425)</u>	<u>(61,174)</u>
Net Increase in Cash and Cash Equivalents	1,460,741	124,296
Cash and Cash Equivalents at Beginning of Year	<u>1,494,974</u>	<u>1,370,678</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,955,715</u>	<u>\$ 1,494,974</u>
Supplemental Information:		
Cash paid for interest	<u>\$ 24,928</u>	<u>\$ 29,687</u>

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

1. Nature of activities and summary of significant accounting policies:

A. Nature of activities:

Community Action of South Eastern West Virginia, Inc. (CASEWV) is a private, not-for-profit organization that serves the economically disadvantaged citizens of Mercer County, Summers County, and Monroe County of West Virginia. CASEWV 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 CASEWV's programs are geared towards helping the low-income, elderly, and handicapped achieve greater self-sufficiency.

B. Basis of presentation and accounting and financial statement presentation:

CASEWV'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.

CASEWV is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. At August 31, 2020 and 2019, the Organization only had net assets without donor restrictions and did not have any net assets with donor restrictions.

C. 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, CASEWV 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.

D. Grants receivable and concentration of credit risk:

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.

E. Inventories:

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 FINANCIAL STATEMENTS
August 31, 2020 and 2019

1. Nature of activities and summary of significant accounting policies (Continued):

F. Property and equipment:

Property 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 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.

The property and equipment acquired is owned by CASEWV while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, retain a reversionary interest in the equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations.

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

	<u>Range of Lives</u>
Buildings and improvements	10 - 40 Years
Furniture and equipment	3 - 10 Years
Vehicles	5 Years

G. Accrued liabilities:

Accrued liabilities consist of accrued payroll and payroll taxes.

H. Refundable advances:

Refundable advances consist of amounts received which have not been used for their intended purpose.

I. Revenue recognition:

Program Income

Contributions received are recorded as net assets without restrictions or net assets with restrictions depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to net assets without restrictions upon satisfaction of the time or purpose restrictions.

Gifts of land, buildings, equipment, and other long-lived assets are also reported as net assets without restrictions, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with restrictions as net assets without restrictions are reported when the long-lived assets are placed in service.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

1. Nature of activities and summary of significant accounting policies (Continued):

I. Revenue recognition (Continued):

Grants and Reimbursement Contracts

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the award. Grant awards that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Subtopic 958-605. Revenue is recognized in the account period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as refundable advances. Exchange transactions are reimbursed based on a predetermined rate for service performed. The revenue is recognized in the period the service is performed.

Contributions including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

J. 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 CASEWV to purchase similar services. Donated space is valued at the estimated fair rental value.

K. Supporting services:

Supporting services are costs for activities not directly related to the purpose for which CASEWV 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.

L. Expenses:

Expenditures for goods, services, and materials are recognized when incurred.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 NOTES TO FINANCIAL STATEMENTS
 August 31, 2020 and 2019

1. Nature of activities and summary of significant accounting policies (Continued):

M. Functional expense and cost allocation:

The costs of providing program and other activities have been listed on a function basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program and management and general expenses. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Utilities	Square footage
Property maintenance	Square footage
Insurance	Square footage
Depreciation	Occupied space

N. Income taxes:

CASEWV 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. As of August 31, 2020, tax years ending on or after August 31, 2017 remain subject to examination.

O. Net assets:

CASEWV presents its net assets and all balances and transactions based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CASEWV and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of CASEWV. These net assets may be used at the discretion of CASEWV’s management and Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CASEWV or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

P. Donated services, space, and other:

Donated hourly services are valued at the federally established minimum wage or in accordance with *FASB Accounting Standards Codification 605-10-15-3, Contributions Received*. These services are recorded at fair market value. Donated space is valued at the estimated fair rental value. Other donations are valued at the estimated fair market value at the date of receipt.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

1. Nature of activities and summary of significant accounting policies (Continued):

Q. Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

R. Accounting for uncertain tax positions:

CASEWV follows the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, relating to unrecognized tax benefits. This standard requires an entity to recognize a liability for tax positions when there is a 50% or greater likelihood that the position will not be sustained upon examination. CASEWV is liable for taxes to the extent of any unrelated business income as defined by IRS regulations. CASEWV believes that it has not engaged in any activity that would generate unrelated business income as defined by IRS regulations and that it is more likely than not that this position would be sustained upon examination. As such, there were no liabilities recorded for uncertain tax positions as of August 31, 2020 and 2019.

S. Adoption of accounting pronouncement:

The Organization adopted the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The amendments in ASU 2018-08 provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides guidance on how to determine whether a contribution is conditional and how to better distinguish a donor-imposed condition from a donor-imposed restriction. The Organization has applied ASU 2018-08 on a modified prospective basis. The timing, amount, and presentation of revenue from grants has not materially changed as a result of adopting the provisions of ASU 2018-08.

The Organization adopted the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-18, *Restricted Cash (Topic 230)*, which addresses classification and presentation of changes in restricted cash on the Statements of Cash Flows. ASU 2016-18 requires an entity's reconciliation of the beginning-of-period and end-of-period total amounts shown on the Statements of Cash Flows to include in cash and cash equivalents amounts generally described as restricted cash and restricted cash equivalents. The Organization has applied ASU 2016-18 using a retrospective transition method for each period presented.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 NOTES TO FINANCIAL STATEMENTS
 August 31, 2020 and 2019

2. Liquidity and availability:

Financial assets available for general expenditure, that is, without donor restrictions limiting their use within one year of the Statements of Financial Position date, consist of the following at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,955,715	\$ 1,494,974
Accounts receivable	<u>588,850</u>	<u>668,579</u>
Total	<u>\$ 3,544,565</u>	<u>\$ 2,163,553</u>

As part of CASEWV's liquidity management plan, cash in excess of daily requirements is invested in money market funds, short-term investments, and long-term investments.

The grant funds received from the Department of Health and Human Services Office of Head Start are required to be held in a separate bank account.

3. Accounts receivable:

The balance of accounts receivable at August 31, 2020 is to be received in less than one year. Accounts receivable consist of the following at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Grants receivable	\$ 539,121	\$ 610,657
Fee for service receivable	48,485	55,801
Other receivables	<u>1,244</u>	<u>2,121</u>
Total accounts receivable	<u>\$ 588,850</u>	<u>\$ 668,579</u>

4. Property and equipment, net:

Property and equipment at August 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 921,530	\$ 921,530
Building	8,918,878	8,618,232
Vehicles and equipment	2,448,020	2,218,892
Construction in progress	<u>-</u>	<u>281,000</u>
	12,288,428	12,039,654
Less accumulated depreciation	<u>(6,685,692)</u>	<u>(6,290,695)</u>
	<u>\$ 5,602,736</u>	<u>\$ 5,748,959</u>

Depreciation expense amounted to \$406,999 and \$360,016 for the years ended August 31, 2020 and 2019, respectively.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

5. Long-term debt:

The following is a summary of long-term debt at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Note payable to Branch Banking & Trust, payable in monthly installments of \$4,782 including interest at 5.19%, due September 26, 2024, secured by building.	\$ 210,902	\$ 255,866
Note payable to Branch Banking & Trust, payable in monthly installments of \$3,784 including interest at 4.24%, due January 28, 2024, secured by buildings.	130,305	169,194
Note payable to Branch Banking & Trust, payable in monthly installments of \$1,945 including interest at 5.875%, due January 28, 2021, secured by building.	9,466	31,528
Note payable to Branch Banking & Trust, payable in monthly installments of \$817 including interest at 5.875%, due January 23, 2024, secured by building.	30,190	37,934
Note payable to Summitt Community Bank, payable in monthly installments of \$1,368 including interest at 4.75%, due September 5, 2025, secured by building.	74,734	-
Note payable to West Virginia Housing Development Fund, payable in monthly installments of \$1,875 including interest at 0%, due February 15, 2030, secured by buildings.	<u>213,750</u>	<u>236,250</u>
	669,347	730,772
Less current portion	<u>(141,521)</u>	<u>(136,509)</u>
Long-term portion	<u>\$ 527,826</u>	<u>\$ 594,263</u>

Scheduled maturities of indebtedness for each of the next five years and thereafter are as follows:

2020	\$ 141,521
2021	137,538
2022	146,205
2023	97,144
2024	43,361
Thereafter	<u>103,578</u>
Total	<u>\$ 669,347</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

6. Line of credit:

CASEWV has a \$100,000 operating line of credit arrangement with Branch Banking and Trust Corporation. The credit line is secured by a "Security Agreement" made January 30, 2009 with an interest rate that fluctuates with changes in the prime rate.

CASEWV has a \$50,000 operating line of credit from Summit Community Bank.

CASEWV has a \$200,000 payroll line of credit with Summit Community Bank.

7. Retirement plans:

CASEWV 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 CASEWV who have completed one year of service. The contributions to the plan are discretionary and are determined each year. For the years ended August 31, 2020 and 2019, CASEWV contributed \$88,220 and \$154,518, respectively to the Section 403(b) plan.

CASEWV has also adopted a Section 457(b) deferred compensation plan for a select group of management employees. CASEWV's contributions to the plan are discretionary and determined each year. For the years ended August 31, 2020 and 2019, CASEWV contributed \$25,071 and \$29,641, respectively, to the Section 457(b) plan.

8. Other post-employment benefits (OPEB):

CASEWV participates in the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit 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: CASEWV'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 FINANCIAL STATEMENTS
 August 31, 2020 and 2019

8. Other post-employment benefits (OPEB)(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 the 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 post-retirement 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 drug options, changes in the investment rate of return, and other matters increase the level of uncertainty of such estimates. As such, the estimate of post-retirement program costs contains considerable uncertainty and variability and actual experience may vary significantly from the current estimated obligation.

The following table shows CASEWV's annual contribution amounts to the plan and net OPEB obligations as of August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Contributions made in current year	\$ <u>199,920</u>	\$ <u>226,920</u>
Net OPEB obligation	\$ <u>1,827,373</u>	\$ <u>2,367,472</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. PEIA has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. CASEWV'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, CASEWV's unfunded liability at year end was \$1,827,373. Management believes that the differences in the basis are immaterial to the financial statements. CASEWV paid \$199,920 to PEIA during the year ended August 31, 2020. CASEWV's required annual contribution amount for the year ended August 31, 2020, was \$199,920.

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.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

9. In-kind contributions:

CASEWV receives services and time from a variety of businesses and individuals throughout the area it serves. The contributions were recorded, in accordance with grant agreements, in the accompanying financial statements. At August 31, 2020 and 2019, the value of the items recorded amounted to \$1,314,687 (approximately \$1,031,411 in donated services and \$283,276 in donated time) and \$1,521,050 (approximately \$1,417,083 in donated services and \$103,967 in donated time), respectively.

10. Concentrations of credit risk:

The agency maintains several cash accounts, balances as such are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, CASEWV has an agreement with a financial institution to sweep funds from a checking account into repurchase agreements. The funds are swept daily and secured by various securities.

CASEWV received approximately 70% of its support for the year from the federal government in the form of grants and cost reimbursement programs.

Accounts receivable are principally with grantor agencies.

11. Commitments and contingencies:

CASEWV'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.

12. Community Housing Development Organization (CHDO):

CASEWV receives grant funds from the U.S. Department of Housing and Urban Development, under the HOME Investment Partnership Program (HOME), whereas CASEWV has been recognized as a Community Housing Development Organization (CHDO). As a CHDO, CASEWV may use HOME funds to construct single-family dwellings that are then sold to eligible participants below fair market value.

13. Correction of errors related to comparative year:

The accompanying financial statement's beginning net assets (September 1, 2018) have been restated to correct an error (assets understated). The effect of the restatement was to increase fixed assets by \$3,751,530, increase accumulated depreciation by \$1,668,021, increase debt by \$258,750, and increase net assets by \$1,824,759.

The accompanying financial statements for the year ended August 31, 2019 have been restated to correct an error (assets overstated). The effect of the restatement was to increase accumulated depreciation by \$90,163 and decrease net assets by \$90,163.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

14. Reclassifications:

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

15. Subsequent events:

CASEWV has evaluated all subsequent events through May 26, 2021, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended August 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Federal Awards			
U.S. Department of Health and Human Services			
Head Start	93.600	N/A	\$ <u>4,495,063</u>
Pass-Through - Appalachian Area Agency on Aging			
Aging Cluster			
Special Programs for the Aging - Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	21938-06, 22038-06	50,074
Grants for Supportive Services and Senior Centers - COVID-19	93.044	22038-06B	6,343
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	N/A	224,821
Special Programs for the Aging - Title III, Part C Nutrition Services - COVID-19	93.045	22038-06B	<u>144,406</u>
Total Aging Cluster			<u>425,644</u>
Special Programs for the Aging - Title III, Part D			
Disease Prevention and Health Promotion Services	93.043	21938-06, 22038-06	2,235
National Family Caregiver Support - Title III, Part E	93.052	21938-06, 22038-06	72,720
National Family Caregiver Support - Title III, Part E - COVID-19	93.052	22038-06B	8,956
Pass-Through - West Virginia Department of Health and Human Resources			
Medical Assistance Program	93.778	G210280, G200179	286,106
State Opioid Response	93.788	G200902	38,488
Sexual Risk Avoidance Education - Adolescent Health Initiative	93.235	G190646, G200537	123,842
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	G200283, G190732	321,262
Pass-Through - Mission West Virginia			
Teen Pregnancy Prevention Program	93.297	N/A	259,941
Sexual Risk Avoidance Education	93.060	90SR0010-01-00, 90SR0036	64,079
Pass-Through - Governor's Office of Economic Opportunity			
Community Services Block Grant	93.569	18CSBG-D12, 19CSBG-D05 / F04 20CSBG-F04	505,214
Community Services Block Grant - COVID-19	93.569	CSBG-CVF04	24,547
Low-Income Home Energy Assistance	93.568	DHHRWX1803 / 1903 19NHEP-F04, 20NHEP-F04	<u>747,359</u>
Total U.S. Department of Health and Human Services			<u>7,375,456</u>
U.S. Department of Energy			
Pass-Through - Governor's Office of Economic Opportunity			
Weatherization Assistance for Low-Income Persons	81.042	DOEWX1903, DOEWX2003	<u>307,713</u>
Total U.S. Department of Energy			<u>307,713</u>
U.S. Department of Agriculture			
Pass-Through - West Virginia Department of Education			
Child and Adult Care Food Program	10.558	N/A	<u>712,653</u>
Total U.S. Department of Agriculture			<u>712,653</u>
U.S. Department of Housing and Urban Development			
Pass-Through - West Virginia Development Office - CAD			
Emergency Solutions Grant Program	14.231	ESG18CASE/18CASE2/19CASE	<u>168,244</u>
Total U.S. Department of Housing and Urban Development			<u>168,244</u>
U.S. Department of Homeland Security			
Pass-Through - United Way			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>4,545</u>
Total U.S. Department of Homeland Security			<u>4,545</u>
U.S. Department of Transportation			
Pass-Through - West Virginia Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	21043	<u>6,489</u>
Total U.S. Department of Transportation			<u>6,489</u>
Total Federal Awards			<u>\$ 8,575,100</u>

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

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended August 31, 2020

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of CASEWV under programs of the federal government for the year ended August 31, 2020. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of CASEWV, it is not intended to and does not present the financial position, changes in net position, or cash flows of CASEWV.

NOTE B - 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.

CASEWV has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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 - 03CH0110-91-01
GRANT PERIOD JULY 1, 2019 TO APRIL 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Federal revenue	\$ 3,297,414	\$ 3,297,414	\$ -
Other revenue	-	4,026	4,026
In-kind revenue	<u>824,354</u>	<u>825,769</u>	<u>1,415</u>
Total Support and Revenue	<u>4,121,768</u>	<u>4,127,209</u>	<u>5,441</u>
Expenses			
Salaries and wages	1,949,298	1,846,411	(102,887)
Fringe benefits	558,457	486,138	(72,319)
Travel	49,800	32,179	(17,621)
Contractual	12,333	13,008	675
Vehicle purchase	40,000	56,782	16,782
Supplies	59,993	181,465	121,472
Indirect cost	326,109	326,109	-
Other	<u>301,424</u>	<u>359,348</u>	<u>57,924</u>
Total Expenses	3,297,414	3,301,440	4,026
In-kind expenses	<u>824,354</u>	<u>825,769</u>	<u>1,415</u>
Total Expenses	<u>4,121,768</u>	<u>4,127,209</u>	<u>5,441</u>
Revenues Over (Under) Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF GRANT SUPPORT, REVENUE, AND EXPENSES COMPARED TO GRANT BUDGETS
(NON-GAAP BASIS)
EARLY HEAD START - CHILD CARE PARTNERSHIP - 03HP0002-28-01
GRANT PERIOD JULY 1, 2019 TO JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Revenue	\$ 910,604	\$ 880,155	\$ (30,449)
In-kind revenue	<u>227,651</u>	<u>237,237</u>	<u>9,586</u>
 Total Support and Revenue	 <u>1,138,255</u>	 <u>1,117,392</u>	 <u>(20,863)</u>
 Expenses			
Wages	272,280	329,129	56,849
Fringe	84,888	76,536	(8,352)
Audit	12,000	4,802	(7,198)
Contracted services	346,000	323,500	(22,500)
Local travel	9,889	4,227	(5,662)
Non-local travel	4,750	12	(4,738)
Telephone	3,500	4,853	1,353
Utilities	11,800	9,526	(2,274)
Supplies	26,000	776	(25,224)
Classroom supplies/client services	39,000	56,810	17,810
Insurance	12,000	2,799	(9,201)
Training	25,722	16,653	(9,069)
Subscription/membership dues	1,000	60	(940)
Licenses and fees	1,000	425	(575)
Building maintenance	200	2,730	2,530
Parent services	10,000	742	(9,258)
Advertising	4,000	-	(4,000)
Indirect cost	<u>46,575</u>	<u>46,575</u>	<u>-</u>
 Total Expenses	 910,604	 880,155	 (30,449)
 In-kind expenses	 <u>227,651</u>	 <u>237,237</u>	 <u>9,586</u>
 Total Expenses	 <u>1,138,255</u>	 <u>1,117,392</u>	 <u>(20,863)</u>
 Revenues Over (Under) Expenses	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</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 - 19CSBG-F04
GRANT PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Federal revenue	\$ 416,817	\$ 416,817	\$ -
Total Support and Revenue	<u>416,817</u>	<u>416,817</u>	<u>-</u>
Expenses			
Salaries and wages	193,913	193,435	(478)
Fringe benefits	50,683	50,500	(183)
Audit	2,505	2,505	-
Contracted services	7,000	7,000	-
Local travel	286	846	560
Non-local travel	1,600	1,390	(210)
Telephone	12,481	12,831	350
Utilities	6,504	6,377	(127)
Postage	275	275	-
Supplies	15,475	17,886	2,411
Copier cost	2,814	3,218	404
Insurance	2,147	2,147	-
Subscription/membership dues	3,935	3,935	-
Building maintenance	5,180	5,300	120
Vehicle purchase	54,423	52,012	(2,411)
Crisis intervention	16,371	16,371	-
Indirect costs	35,504	35,419	(85)
Travel transfers	2,300	1,949	(351)
Space cost transfers	3,421	3,421	-
Total Expenses	<u>416,817</u>	<u>416,817</u>	<u>-</u>
Revenues Over (Under) Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 - DHHRWX1903
GRANT PERIOD OCTOBER 1, 2018 TO DECEMBER 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Federal revenue	\$ 397,976	\$ 397,976	\$ -
Total Support and Revenue	<u>397,976</u>	<u>397,976</u>	<u>-</u>
Expenses			
Wages	145,851	154,785	8,934
Fringe	61,719	52,785	(8,934)
Audit	1,000	1,001	1
Labor	18,000	-	(18,000)
Local travel	500	-	(500)
Non-local travel	-	500	500
Space cost	6,392	6,392	-
Telephone	7,312	6,662	(650)
Utilities	2,928	2,824	(104)
Supplies	7,587	8,340	753
Copier cost	1,981	1,556	(425)
Gasoline	6,174	4,981	(1,193)
Vehicle maintenance	4,368	4,922	554
Insurance	4,234	4,233	(1)
Equipment/maintenance	1,041	1,960	919
Tool purchase and maintenance	2,856	3,002	146
Materials	95,707	113,707	18,000
Indirect	30,326	30,326	-
Total Expenses	<u>397,976</u>	<u>397,976</u>	<u>-</u>
Revenues Over (Under) Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 - DOEWX1903
GRANT PERIOD JULY 1, 2019 TO JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Federal	\$ 307,793	\$ 307,793	\$ -
Total Support and Revenue	<u>307,793</u>	<u>307,793</u>	<u>-</u>
Expenses			
Wages	125,444	129,369	3,925
Fringe	52,567	47,522	(5,045)
Audit	1,539	1,539	-
Labor	-	4,400	4,400
Local travel	500	-	(500)
Non-local travel	100	500	400
Space cost	6,630	7,658	1,028
Telephone	2,500	2,143	(357)
Utilities	3,500	2,878	(622)
Supplies	4,516	5,655	1,139
Copier cost	2,625	3,990	1,365
Gasoline	6,000	6,000	-
Vehicle maintenance	3,000	334	(2,666)
Insurance	4,715	4,522	(193)
Building maintenance	-	131	131
Tool purchase and maintenance	1,000	2,395	1,395
Materials	70,090	65,690	(4,400)
Indirect	23,067	23,067	-
Total Expenses	<u>307,793</u>	<u>307,793</u>	<u>-</u>
Revenues Over (Under) Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 TITLE III-B SERVICES - 22038-06
 FOR THE YEAR ENDED JUNE 30, 2020

	III-B
Support and Revenue	
State grant award	\$ 14,346
Expenses	
Wages	8,271
Fringe	1,103
Telephone	491
Supplies	40
Gasoline	1,823
Vehicle maintenance	976
Insurance	390
Indirect	1,252
Total Expenses	14,346
Revenues Over (Under) Expenses	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 TITLE III-D MEDICAL MANAGEMENT - 22038-06
 FOR THE YEAR ENDED JUNE 30, 2020

	III-D
Support and Revenue	
State grant award	\$ 1,165
Expenses	
Wages	260
Fringe	110
Telephone	34
Supplies	46
Insurance	528
Building maintenance	144
Indirect	43
Total Expenses	1,165
Revenues Over (Under) Expenses	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 TITLE III-E - 22038-06
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>III-E</u>
Support and Revenue	
State grant award	<u>\$ 29,902</u>
Expenses	
Wages	21,736
Fringe	4,348
Local travel	13
Telephone	28
Supplies	2
Insurance	4
Building maintenance	19
Indirect	<u>3,752</u>
Total Expenses	<u>29,902</u>
Revenues Over (Under) Expenses	<u><u>\$ -</u></u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2020

	<u>C-1</u> <u>Congregate</u>	<u>C-2</u> <u>Home-Delivered</u>
Support and Revenue		
State grant award	<u>\$ 38,184</u>	<u>\$ 158,630</u>
Expenses		
Wages	15,128	58,276
Fringe	2,831	11,143
Contracted services	1,267	-
Local travel	-	78
Telephone	701	399
Utilities	3,054	8,269
Supplies	1,015	1,599
Classroom supplies	7	-
Food	8,802	44,448
Disposable products	1,794	6,505
Gasoline	-	948
Vehicle maintenance	-	297
Insurance	1,125	1,556
Licenses and fees	330	120
Equipment/maintenance	831	1,084
Building maintenance	440	14,411
Health screenings	55	-
Indirect	804	7,734
Travel transfers	-	1,763
Total Expenses	<u>38,184</u>	<u>158,630</u>
Revenues Over (Under) Expenses	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 LIFE PROGRAM - 21805-06
 FOR THE YEAR ENDED JUNE 30, 2020

	LIFE
Support and Revenue	
State grant award	\$ 197,303
Expenses	
Wages	65,686
Fringe	11,287
Audit	380
Local travel	120
Telephone	8,517
Utilities	25,619
Postage	500
Supplies	3,439
Copier cost	3,058
Gasoline	6,400
Insurance	4,101
Building maintenance	12,804
Interest expense	12,817
Depreciation expense	31,399
Indirect	11,176
Total Expenses	197,303
Revenues Over (Under) Expenses	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
IN-HOME SERVICES - IH2048
FOR THE YEAR ENDED JUNE 30, 2020

	<u>In-Home Lighthouse</u>	<u>In-Home Fair</u>	<u>In-Home Client Tracking</u>
Support and Revenue			
State grant award	<u>\$ 235,448</u>	<u>\$ 109,403</u>	<u>\$ 5,000</u>
Expenses			
Wages	170,834	78,747	3,497
Fringe	28,066	16,911	882
Audit	386	156	-
Telephone	2,225	-	-
Utilities	300	-	-
Supplies	1,410	451	-
Copier cost	2,742	-	-
Insurance	1,502	-	-
Building maintenance	300	-	-
Indirect	27,120	13,138	621
Building maintenance transfers	<u>563</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>235,448</u>	<u>109,403</u>	<u>5,000</u>
Revenues Over (Under) Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 RIGHT FROM THE START PROGRAM - G200179
 FOR THE YEAR ENDED JUNE 30, 2020

	Right From The Start
Support and Revenue	
State grant award	\$ 431,611
Expenses	
Wages	222,186
Fringe	52,345
Audit	825
Supplies	11,387
Copier cost	5,591
Local travel	2,726
Non-local travel	2,505
Space cost	10,931
Telephone	6,865
Utilities	10,273
Postage	5
Insurance	1,294
Training	3,198
Licenses and fees	285
DCC training reimbursement	5,797
Building maintenance	1,219
Miscellaneous expense	175
DCC mileage	46,927
Interest	212
Outreach	6,473
Depreciation expense	205
Travel transfers	325
Indirect	39,862
Total Expenses	431,611
Revenues Over (Under) Expenses	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 JUSTICE REINVESTMENT - 20-JRI-03
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Justice Reinvestment</u>
Support and Revenue	
State grant award	<u>\$ 217,485</u>
Expenses	
Wages	45,408
Fringe	6,845
Contractual	69,755
Audit	600
Supplies	8,339
Classroom supplies/client services	9,153
Furnishings	7,325
Local travel	7,302
Space cost	520
Telephone	5,285
Utilities	13,221
Food	14,306
Insurance	1,405
Building maintenance	5,262
Depreciation expense	6,840
Indirect	<u>6,537</u>
Total Expenses	<u>208,103</u>
Revenues Over (Under) Expenses	<u><u>\$ 9,382</u></u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF PROGRAM REVENUE AND EXPENSES - AAA
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Pass-Through Grantor	Appalachian Agency on Aging	Appalachian Agency on Aging	Appalachian Agency on Aging	Appalachian Agency on Aging	Appalachian Agency on Aging
Program Title	Title III-B Senior Citizens	Title III-C-1 Nutrition	Title III-C-2 Nutrition	Title III-D In-Home Services	Title III-E Family Caregiver
Program Dates	10/1/18- 9/30/19	10/1/18- 9/30/19	10/1/18- 9/30/19	10/1/18- 9/30/19	10/1/18- 9/30/19
Federal CFDA Number	93.044	93.045	93.045	93.042	93.052
Support and Revenue					
Grant revenue - Federal	\$ 57,171	\$ 46,883	\$ 126,341	\$ 6,601	\$ 39,734
Grant revenue - State	14,346	53,638	95,110	1,165	26,263
Other revenue	151	-	-	-	-
Total Support and Revenue	71,668	100,521	221,451	7,766	65,997
Expenses					
Wages	37,190	50,661	61,039	6,454	44,833
Fringe	6,384	9,555	15,535	721	8,469
Audit	165	313	536	-	152
Contracted services	-	-	1,690	-	-
Travel	200	826	712	-	-
Telephone and utilities	2,157	1,767	5,401	-	2,479
Supplies and copier	112	2,805	2,296	-	574
Food and disposable products	-	12,703	112,056	-	-
Gasoline and vehicle maintenance	14,954	-	4,223	-	-
Insurance	4,630	465	2,777	-	627
Training/application fees	-	799	531	-	40
Equipment maintenance	-	7,135	428	-	-
Building maintenance	-	2,064	263	-	1,046
Indirect	5,876	7,796	11,021	591	7,187
Space cost transfers	-	3,632	2,943	-	-
Building maintenance transfers	-	-	-	-	590
Total Expenses	71,668	100,521	221,451	7,766	65,997
Revenues Over (Under) Expenses	\$ -	\$ -	\$ -	\$ -	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF SALARIES AND WAGES, FRINGES, AND INDIRECT COST CHARGED
FOR THE YEAR ENDED AUGUST 31, 2020

	<u>Salaries and Wages</u>	<u>Fringes</u>	<u>Indirect Cost Charged</u>
Head Start	\$ 2,054,136	\$ 546,264	\$ 363,014
Early Head Start Child Care Partnership	313,444	76,091	44,280
Early Head Start Home Visitation	178,239	49,047	32,928
Community Services Block Grant	228,330	64,947	45,940
Senior Nutrition	100,753	21,513	16,689
Weatherization	343,767	104,698	63,227
Family Day Care	56,547	13,343	10,121
Commission on Aging	426,374	75,502	69,526
Right From The Start	291,742	68,062	52,289
Other programs	564,323	99,124	65,191
Agency programs	293,125	59,185	80,139
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 4,850,780</u>	<u>\$ 1,177,776</u>	<u>\$ 843,344</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF INDIRECT COST
FOR THE YEAR ENDED AUGUST 31, 2020

	Indirect Cost
Expenses	
Wages	\$ 502,994
Fringe	135,159
Contracted services	62,506
Local travel	704
Non-local travel	100
Space cost	240
Telephone	11,172
Utilities	11,711
Postage	1,332
Supplies	15,406
Copier Cost	8,602
Gasoline	765
Vehicle maintenance	719
Insurance	5,705
Training	195
Subscription/membership dues	4,522
Licenses and fees	354
Building maintenance	599
Community awareness	43,548
Notes payable expense	558
Interest expense	100
Travel transfers	31,038
Space cost transfers	5,201
Building maintenance transfers	114
 Total Expenses	 \$ 843,344

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INDEPENDENT AUDITORS' 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
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, 2020, 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 May 26, 2021.

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 Community Action of South Eastern West Virginia, Inc.'s internal control.

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

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



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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 Community Action of South Eastern West Virginia, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Somerville & Company, P.L.L.C." The signature is written in a cursive, flowing style.

Huntington, West Virginia

May 26, 2021

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

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 compliance with the types of compliance requirements described in the *OMB 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, 2020. Community Action of South Eastern West Virginia, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 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). Those standards and the Uniform Guidance 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.



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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, 2020.

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 of compliance, 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Huntington, West Virginia

May 26, 2021

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended August 31, 2020

1. SUMMARY OF AUDITORS' RESULTS

	<u>YES</u>	<u>NO</u>
FINANCIAL STATEMENTS		
Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____	_____ X _____
Significant deficiencies identified?	_____	_____ None Reported _____
Noncompliance material to financial statements noted?	_____	_____ X _____
FEDERAL AWARDS		
Internal control over major programs:		
Material weakness(es) identified?	_____	_____ X _____
Significant deficiencies identified?	_____	_____ None Reported _____
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____	_____ X _____
Major Programs:		
U.S. Department of Agriculture CFDA 10.558 – Child and Adult Care Food Program		
U.S. Department of Energy CFDA 81.042 – Weatherization Assistance for Low-Income Persons		
U.S. Department of Health and Human Services CFDA 93.568 – Low-Income Home Energy Assistance		
Dollar threshold used to distinguish between type A and type B programs:	_____ \$ 750,000 _____	
Auditee qualified as low-risk auditee?	_____ X _____	

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended August 31, 2020

2. FINDINGS – FINANCIAL STATEMENT AUDIT

None noted

3. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the year ended August 31, 2020

There are no findings from prior years that require an update in this report.