

AUDIT REPORT AND FINANCIAL STATEMENTS

OF

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

FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021



SOMERVILLE & COMPANY<sup>P.L.C.</sup>

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COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
 Years Ended August 31, 2022 and 2021

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COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
Years Ended August 31, 2022 and 2021

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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 Audit of the Financial Statements**

#### ***Opinion***

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Action of South Eastern West Virginia, Inc. as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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



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## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Action of South Eastern West Virginia, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action of South Eastern West Virginia, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the financial statements. The schedules of state grant receipts and expenditures are presented for purposes of additional analysis as required by *West Virginia Code 12-4-14*, and are not a required part of the financial statements. The schedules of program revenue and expenses – AAAAA, salaries and wages, fringes, and indirect cost charged, and indirect cost 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedules of grant support, revenue, and expenses compared to grant budgets (non-GAAP basis) on pages 26-29 are the responsibility of management and are presented for purposes of additional analysis, and are not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, 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.

A handwritten signature in cursive script that reads "Somerville & Company, P.L.L.C.".

Huntington, West Virginia  
March 29, 2023

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 August 31, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 3,550,431	\$ 2,849,204
Accounts receivable	827,757	716,198
Inventory	<u>50,435</u>	<u>55,003</u>
Total Current Assets	<u>4,428,623</u>	<u>3,620,405</u>
Property and Equipment, net	<u>4,762,781</u>	<u>5,702,031</u>
Other Assets		
Other post-employment benefits	31,124	-
Prepaid expenses	<u>11,121</u>	<u>1,964</u>
Total Other Assets	<u>42,245</u>	<u>1,964</u>
Total Assets	<u>\$ 9,233,649</u>	<u>\$ 9,324,400</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 817,858	\$ 679,514
Accrued liabilities	56,528	19,258
Refundable advances	5,749	18,124
Current portion of long-term debt	89,687	137,538
Accrued leave	<u>546,651</u>	<u>591,882</u>
Total Current Liabilities	<u>1,516,473</u>	<u>1,446,316</u>
Long-term Liabilities		
Long-term debt, less current portion	240,457	390,501
Other post-employment benefits	<u>-</u>	<u>456,846</u>
Total Long-term Liabilities	<u>240,457</u>	<u>847,347</u>
Total Liabilities	<u>1,756,930</u>	<u>2,293,663</u>
Net Assets		
Without donor restrictions		
Unrestricted - undesignated	<u>7,476,719</u>	<u>7,030,737</u>
Total Net Assets	<u>7,476,719</u>	<u>7,030,737</u>
Total Liabilities and Net Assets	<u>\$ 9,233,649</u>	<u>\$ 9,324,400</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support			
Grants and reimbursement contracts	\$ -	\$ 9,939,795	\$ 9,939,795
State and local grants	-	1,317,901	1,317,901
Fee for service	728,030	-	728,030
Other income	-	1,398,870	1,398,870
In-kind contributions	-	1,275,686	1,275,686
	<hr/>	<hr/>	<hr/>
Total Support	728,030	13,932,252	14,660,282
Net Assets Released From Restrictions	<hr/>	<hr/>	<hr/>
	13,932,252	(13,932,252)	-
Total Increase	<hr/>	<hr/>	<hr/>
	14,660,282	-	14,660,282
Expenses			
Program Services			
Head Start, Early Head Start, and Early Head Start			
Child Care Partnership	5,946,161	-	5,946,161
Weatherization	1,728,922	-	1,728,922
Commission on Aging	876,408	-	876,408
Right From The Start Program	480,650	-	480,650
Family Day Care Food Program	447,515	-	447,515
Housing	727,914	-	727,914
Sexual Risk Avoidance Education	432,132	-	432,132
Nutrition	329,838	-	329,838
Community Services Block Grant	611,106	-	611,106
Family Stabilization	523,643	-	523,643
Home Visitation	298,885	-	298,885
Right From The Start DCC Agency	452,752	-	452,752
Recovery	197,184	-	197,184
COVID-19	-	-	-
	<hr/>	<hr/>	<hr/>
Total Program Services	13,053,110	-	13,053,110
Supporting Services			
Management and general	<hr/>	<hr/>	<hr/>
	1,048,155	-	1,048,155
Total Expenses	<hr/>	<hr/>	<hr/>
	14,101,265	-	14,101,265
Net Increase	559,017	-	559,017
Loss on sale of assets	(428,005)	-	(428,005)
Asset impairment	(173,000)	-	(173,000)
Change in other post-employment benefits (OPEB)	<hr/>	<hr/>	<hr/>
	487,970	-	487,970
Change in Net Assets	445,982	-	445,982
Net Assets at Beginning of Year	<hr/>	<hr/>	<hr/>
	7,030,737	-	7,030,737
Net Assets at End of Year	<hr/>	<hr/>	<hr/>
	\$ 7,476,719	\$ -	\$ 7,476,719

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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support			
Grants and reimbursement contracts	\$ -	\$ 9,777,326	\$ 9,777,326
State and local grants	-	1,241,858	1,241,858
Fee for service	646,029	-	646,029
Other income	-	1,113,917	1,113,917
In-kind contributions	-	1,291,184	1,291,184
	<hr/>	<hr/>	<hr/>
Total Support	646,029	13,424,285	14,070,314
Net Assets Released From Restrictions	<hr/>	<hr/>	<hr/>
	13,424,285	(13,424,285)	-
Total Increase	<hr/>	<hr/>	<hr/>
	14,070,314	-	14,070,314
Expenses			
Program Services			
Head Start, Early Head Start, and Early Head Start			
Child Care Partnership	5,517,359	-	5,517,359
Weatherization	1,497,679	-	1,497,679
Commission on Aging	798,060	-	798,060
Right From The Start Program	461,894	-	461,894
Family Day Care Food Program	478,116	-	478,116
Housing	599,499	-	599,499
Sexual Risk Avoidance Education	520,719	-	520,719
Nutrition	274,717	-	274,717
Community Services Block Grant	769,482	-	769,482
Family Stabilization	589,398	-	589,398
Home Visitation	292,697	-	292,697
Right From The Start DCC Agency	375,232	-	375,232
Recovery	195,163	-	195,163
COVID-19	420,454	-	420,454
	<hr/>	<hr/>	<hr/>
Total Program Services	12,790,469	-	12,790,469
Supporting Services			
Management and general	919,427	-	919,427
	<hr/>	<hr/>	<hr/>
Total Expenses	13,709,896	-	13,709,896
Net Increase	360,418	-	360,418
Loss on sale of assets	-	-	-
Asset impairment	-	-	-
Change in other post-employment benefits (OPEB)	1,370,527	-	1,370,527
	<hr/>	<hr/>	<hr/>
Change in Net Assets	1,730,945	-	1,730,945
Net Assets at Beginning of Year	<hr/>	<hr/>	<hr/>
	5,299,792	-	5,299,792
Net Assets at End of Year	<hr/>	<hr/>	<hr/>
	\$ 7,030,737	\$ -	\$ 7,030,737

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, 2022

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	\$ 2,633,415	\$ 454,317	\$ 550,988	\$ 251,260	\$ 28,850	\$ 33,704
Fringe benefits	620,112	126,244	91,253	45,864	11,276	4,728
<b>Total Salaries and Related Expenses</b>	<b>3,253,527</b>	<b>580,561</b>	<b>642,241</b>	<b>297,124</b>	<b>40,126</b>	<b>38,432</b>
Construction related cost	312,836	7,750	-	-	-	215,781
Food and disposable products	135,290	-	-	-	-	-
In-kind expenses	1,160,627	-	-	-	-	8,402
Interest	-	-	7,410	308	99	-
Materials	-	954,546	-	-	-	-
Miscellaneous program costs	104,631	-	566	34,458	387	146,217
Postage and supplies	202,184	16,358	18,100	16,627	9,917	2,872
Printing and copying	34,839	6,515	11,886	10,994	831	4,440
Professional fees	15,052	4,021	2,588	1,327	1,476	511
Provider meals	128	-	-	-	381,993	-
Repair and maintenance	182,334	11,604	9,689	2,425	765	51,769
Space cost	-	11,507	-	17,105	-	-
Telephone and utilities	254,970	19,493	49,164	25,656	7,644	38,992
Training and development	60,099	35,127	6,367	12,521	2,600	256
Travel	47,730	2,286	4,108	58,751	846	1,462
Vehicle related costs	111,088	42,963	45,745	2,067	419	17,520
<b>Total Program Expenses Before Depreciation</b>	<b>5,875,335</b>	<b>1,692,731</b>	<b>797,864</b>	<b>479,363</b>	<b>447,103</b>	<b>526,654</b>
Depreciation	70,826	36,191	78,544	1,287	412	201,260
<b>Total Expenses</b>	<b>\$ 5,946,161</b>	<b>\$ 1,728,922</b>	<b>\$ 876,408</b>	<b>\$ 480,650</b>	<b>\$ 447,515</b>	<b>\$ 727,914</b>

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, 2022

Program Services						
	Sexual Risk Avoidance Education	Nutrition	Community Services Block Grant	Family Stabilization	Home Visitation	Right From The Start DCC Agency
Salaries and wages	\$ 222,364	\$ 118,375	\$ 255,104	\$ 97,685	\$ 185,819	\$ 78,887
Fringe benefits	55,444	26,121	69,301	20,168	44,895	15,711
<b>Total Salaries and Related Expenses</b>	<b>277,808</b>	<b>144,496</b>	<b>324,405</b>	<b>117,853</b>	<b>230,714</b>	<b>94,598</b>
Construction related cost	14,167	-	9,419	-	-	-
Food and disposable products	-	159,270	-	15,173	-	-
In-kind expenses	-	-	-	45,761	-	-
Interest	234	-	-	-	-	592
Materials	-	-	-	-	-	-
Miscellaneous program costs	9,965	2,120	160,995	263,515	16,032	295,458
Postage and supplies	10,081	6,063	14,362	33,283	10,113	5,547
Printing and copying	2,521	-	6,531	6,878	3,511	267
Professional fees	1,376	2,183	1,469	591	-	723
Provider meals	-	-	-	-	-	-
Repair and maintenance	2,305	4,010	9,401	1,753	3,146	4,591
Space cost	86,321	-	-	-	-	440
Telephone and utilities	16,913	3,865	37,438	32,202	18,174	18,035
Training and development	-	-	17,223	1,206	5,520	-
Travel	7,947	3,715	2,256	1,774	10,298	28,948
Vehicle related costs	1,516	4,116	7,540	3,654	1,377	1,082
<b>Total Program Expenses Before Depreciation</b>	<b>431,154</b>	<b>329,838</b>	<b>591,039</b>	<b>523,643</b>	<b>298,885</b>	<b>450,281</b>
Depreciation	978	-	20,067	-	-	2,471
<b>Total Expenses</b>	<b>\$ 432,132</b>	<b>\$ 329,838</b>	<b>\$ 611,106</b>	<b>\$ 523,643</b>	<b>\$ 298,885</b>	<b>\$ 452,752</b>

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, 2022

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Recovery</u>	<u>COVID-19</u>	<u>Sub- Total</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 74,910	\$ -	\$ 4,985,678	\$ 565,007	\$ 5,550,685
Fringe benefits	8,317	-	1,139,434	141,997	1,281,431
Total Salaries and Related Expenses	83,227	-	6,125,112	707,004	6,832,116
Construction related cost	-	-	559,953	-	559,953
Food and disposable products	16,672	-	326,405	243	326,648
In-kind expenses	-	-	1,214,790	-	1,214,790
Interest	-	-	8,643	(12,875)	(4,232)
Materials	-	-	954,546	-	954,546
Miscellaneous program costs	1,399	-	1,035,743	36,733	1,072,476
Postage and supplies	31,118	-	376,625	42,081	418,706
Printing and copying	466	-	89,679	8,769	98,448
Professional fees	1,993	-	33,310	85,709	119,019
Provider meals	-	-	382,121	-	382,121
Repair and maintenance	6,196	-	289,988	(907)	289,081
Space cost	-	-	115,373	280	115,653
Telephone and utilities	48,444	-	570,990	76,945	647,935
Training and development	-	-	140,919	3,519	144,438
Travel	1,938	-	172,059	3,292	175,351
Vehicle related costs	5,731	-	244,818	58,277	303,095
Total Program Expenses Before Depreciation	197,184	-	12,641,074	1,009,070	13,650,144
Depreciation	-	-	412,036	39,085	451,121
Total Expenses	<u>\$ 197,184</u>	<u>\$ -</u>	<u>\$ 13,053,110</u>	<u>\$ 1,048,155</u>	<u>\$ 14,101,265</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, 2021

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	\$ 2,592,773	\$ 409,380	\$ 547,737	\$ 259,629	\$ 51,338	\$ 51,939
Fringe benefits	677,835	118,756	82,586	54,258	13,734	4,646
<b>Total Salaries and Related Expenses</b>	<b>3,270,608</b>	<b>528,136</b>	<b>630,323</b>	<b>313,887</b>	<b>65,072</b>	<b>56,585</b>
Construction related cost	331,584	-	-	3,318	-	60,267
Food and disposable products	54,005	-	-	-	-	-
In-kind expenses	800,969	-	-	-	-	38,944
Interest	26	-	15,577	382	122	-
Materials	-	807,328	-	-	-	-
Miscellaneous program costs	35,741	-	2,905	15,128	380	151,197
Postage and supplies	340,461	19,251	14,511	19,401	6,402	8,397
Printing and copying	29,795	5,282	6,504	9,824	-	3,114
Professional fees	20,359	2,126	2,684	1,300	-	1,065
Provider meals	102	-	-	-	393,094	-
Repair and maintenance	108,058	15,266	(5,695)	2,307	3,830	49,276
Space cost	-	11,393	-	11,650	340	-
Telephone and utilities	225,812	18,110	45,657	26,189	6,598	32,533
Training and development	60,311	24,772	1,529	8,877	707	-
Travel	27,781	(246)	2,974	46,637	768	16
Vehicle related costs	86,225	35,845	36,341	1,707	391	15,957
<b>Total Program Expenses Before Depreciation</b>	<b>5,391,837</b>	<b>1,467,263</b>	<b>753,310</b>	<b>460,607</b>	<b>477,704</b>	<b>417,351</b>
Depreciation	125,522	30,416	44,750	1,287	412	182,148
<b>Total Expenses</b>	<b>\$ 5,517,359</b>	<b>\$ 1,497,679</b>	<b>\$ 798,060</b>	<b>\$ 461,894</b>	<b>\$ 478,116</b>	<b>\$ 599,499</b>

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, 2021

Program Services						
	Sexual Risk Avoidance Education	Nutrition	Community Services Block Grant	Family Stabilization	Home Visitation	Right From The Start DCC Agency
Salaries and wages	\$ 242,239	\$ 117,387	\$ 240,069	\$ 82,345	\$ 180,782	\$ 77,340
Fringe benefits	72,312	27,263	78,076	13,551	46,563	16,426
<b>Total Salaries and Related Expenses</b>	<b>314,551</b>	<b>144,650</b>	<b>318,145</b>	<b>95,896</b>	<b>227,345</b>	<b>93,766</b>
Construction related cost	19,833	-	19,062	-	-	-
Food and disposable products	-	128,927	-	20,624	-	-
In-kind expenses	-	-	-	191,697	-	-
Interest	290	-	-	-	-	733
Materials	-	-	-	-	-	-
Miscellaneous program costs	34,421	1,037	322,544	226,191	4,709	221,884
Postage and supplies	13,034	5,404	29,681	23,333	8,120	4,396
Printing and copying	2,090	-	3,069	712	1,923	10,447
Professional fees	1,139	-	2,386	444	-	-
Provider meals	-	-	-	-	-	-
Repair and maintenance	2,563	(17,065)	7,634	1,521	7,162	4,211
Space cost	111,880	-	120	600	-	480
Telephone and utilities	15,869	5,022	35,157	22,794	16,108	15,768
Training and development	-	70	6,343	-	19,328	196
Travel	2,685	3,348	1,940	4,277	6,856	19,938
Vehicle related costs	1,386	3,324	3,334	1,309	1,146	942
<b>Total Program Expenses Before Depreciation</b>	<b>519,741</b>	<b>274,717</b>	<b>749,415</b>	<b>589,398</b>	<b>292,697</b>	<b>372,761</b>
Depreciation	978	-	20,067	-	-	2,471
<b>Total Expenses</b>	<b>\$ 520,719</b>	<b>\$ 274,717</b>	<b>\$ 769,482</b>	<b>\$ 589,398</b>	<b>\$ 292,697</b>	<b>\$ 375,232</b>

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, 2021

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Recovery</u>	<u>COVID-19</u>	<u>Sub- Total</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 53,930	\$ 391,712	\$ 5,298,600	\$ 534,365	\$ 5,832,965
Fringe benefits	7,419	27,789	1,241,214	146,985	1,388,199
<b>Total Salaries and Related Expenses</b>	<b>61,349</b>	<b>419,501</b>	<b>6,539,814</b>	<b>681,350</b>	<b>7,221,164</b>
Construction related cost	-	-	434,064	58,199	492,263
Food and disposable products	23,156	-	226,712	417	227,129
In-kind expenses	-	-	1,031,610	-	1,031,610
Interest	-	-	17,130	2,707	19,837
Materials	-	-	807,328	-	807,328
Miscellaneous program costs	13,108	268	1,029,513	4,430	1,033,943
Postage and supplies	23,577	-	515,968	8,375	524,343
Printing and copying	-	-	72,760	8,493	81,253
Professional fees	-	-	31,503	75	31,578
Provider meals	-	-	393,196	-	393,196
Repair and maintenance	11,797	-	190,865	34,343	225,208
Space cost	-	-	136,463	260	136,723
Telephone and utilities	55,444	685	521,746	74,129	595,875
Training and development	-	-	122,133	-	122,133
Travel	402	-	117,376	3,705	121,081
Vehicle related costs	6,330	-	194,237	16,044	210,281
<b>Total Program Expenses Before Depreciation</b>	<b>195,163</b>	<b>420,454</b>	<b>12,382,418</b>	<b>892,527</b>	<b>13,274,945</b>
Depreciation	-	-	408,051	26,900	434,951
<b>Total Expenses</b>	<b>\$ 195,163</b>	<b>\$ 420,454</b>	<b>\$ 12,790,469</b>	<b>\$ 919,427</b>	<b>\$ 13,709,896</b>

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 445,982	\$ 1,730,945
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	451,121	434,951
Asset impairment	173,000	-
(Gain) Loss on sale of assets	428,005	(26,440)
(Increase) Decrease in assets		
Accounts receivable	(111,559)	(127,348)
Inventory	4,568	(12,140)
Other post-employment benefits	(31,124)	-
Prepaid expenses	(9,157)	23,780
Increase (Decrease) in liabilities		
Accounts payable	138,344	44,567
Accrued liabilities	37,270	(1,024)
Refundable advances	(12,375)	(150,734)
Accrued leave	(45,231)	(3,427)
Other post-employment benefits	(456,846)	(1,370,527)
Total adjustments	<u>566,016</u>	<u>(1,188,342)</u>
Net Cash Provided By Operating Activities	1,011,998	542,603
Cash Flows From Investing Activities		
Acquisition of property and equipment	(275,319)	(568,156)
Proceeds from sale of property and equipment	162,443	60,350
Net Cash Used In Investing Activities	<u>(112,876)</u>	<u>(507,806)</u>
Cash Flows From Financing Activities		
Payments of long-term debt	(197,895)	(141,308)
Net Increase (Decrease) in Cash and Cash Equivalents	701,227	(106,511)
Cash and Cash Equivalents at Beginning of Year	<u>2,849,204</u>	<u>2,955,715</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,550,431</u>	<u>\$ 2,849,204</u>
Supplemental Information:		
Cash paid for interest	<u>\$ 12,487</u>	<u>\$ 19,837</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, 2022 and 2021

1. Organization and 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, 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.

2. Summary of significant accounting policies:

A. 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, 2022 and 2021, CASEWV only had net assets without donor restrictions and did not have any net assets with donor restrictions.

B. Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, demand deposits, and money market funds. For purposes of the Statements 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.

C. 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.

D. 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, 2022 and 2021

2. Summary of significant accounting policies (Continued):

E. 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

F. Accrued liabilities:

Accrued liabilities consist of accrued payroll and payroll taxes.

G. Refundable advances:

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

H. 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, 2022 and 2021

2. Summary of significant accounting policies (Continued):

H. 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 Accounting Standards Codification (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.

I. 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.

J. 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.

K. 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, 2022 and 2021

2. Summary of significant accounting policies (Continued):

L. 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

M. 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, 2022, tax years ending on or after August 31, 2019 remain subject to examination.

N. 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.

O. Donated services, space, and other:

Donated hourly services are valued at the federally established minimum wage or in accordance with Financial Accounting Standards Board (FASB) ASC 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, 2022 and 2021

2. Summary of significant accounting policies (Continued):

P. 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.

Q. Accounting for uncertain tax positions:

CASEWV follows the provisions of 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, 2022 and 2021.

R. Recently issued accounting pronouncements:

*Leases*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the "right-of-use" asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using the new transition alternative approach. CASEWV is currently evaluating the impact this standard will have on its financial statements.

*Contributed Nonfinancial Assets*

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. In addition to enhanced disclosures for contributed nonfinancial assets, this ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2022 and 2021

3. 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,550,431	\$ 2,849,204
Accounts receivable	<u>827,757</u>	<u>716,198</u>
<b>Total</b>	<b><u>\$ 4,378,188</u></b>	<b><u>\$ 3,565,402</u></b>

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.

4. Accounts receivable:

The balance of accounts receivable at August 31, 2022 is to be received in less than one year. Accounts receivable consist of the following at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Grants receivable	\$ 763,844	\$ 624,803
Fee for service receivable	63,913	91,247
Other receivables	<u>-</u>	<u>148</u>
<b>Total accounts receivable</b>	<b><u>\$ 827,757</u></b>	<b><u>\$ 716,198</u></b>

5. Property and equipment, net:

Property and equipment at August 31, 2022 and 2021, consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 724,564	\$ 971,530
Buildings	8,412,081	9,209,775
Vehicles and equipment	1,918,324	2,527,619
Construction in progress	<u>-</u>	<u>90,000</u>
	11,054,969	12,798,924
Less accumulated depreciation	<u>(6,292,188)</u>	<u>(7,096,893)</u>
	<b><u>\$ 4,762,781</u></b>	<b><u>\$ 5,702,031</u></b>

Depreciation expense amounted to \$451,121 and \$434,951 for the years ended August 31, 2022 and 2021, respectively.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2022 and 2021

6. Long-term debt:

The following is a summary of long-term debt at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Note payable to Truist Bank, payable in monthly installments of \$4,782 including interest at 5.19%, due September 26, 2024, secured by building.	\$ 113,501	\$ 163,480
Note payable to Truist Bank, payable in monthly installments of \$3,784 including interest at 4.24%, due January 28, 2024, secured by buildings. This note was retired during fiscal year ended August 31, 2022.	-	89,706
Note payable to Truist Bank, payable in monthly installments of \$817 including interest at 5.875%, due January 23, 2024, secured by building. This note was retired during fiscal year ended August 31, 2022.	-	21,967
Note payable to Summit Community Bank, payable in monthly installments of \$1,368 including interest at 4.75%, due September 5, 2025, secured by building.	47,893	61,636
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>168,750</u>	<u>191,250</u>
	330,144	528,039
Less current portion	<u>(89,687)</u>	<u>(137,538)</u>
Long-term portion	<u>\$ 240,457</u>	<u>\$ 390,501</u>

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

2023	\$ 89,687
2024	93,192
2025	43,601
2026	24,913
2027	22,500
Thereafter	<u>56,251</u>
Total	<u>\$ 330,144</u>

7. Line of credit:

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.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2022 and 2021

8. 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, 2022 and 2021, CASEWV contributed \$130,605 and \$205,332, 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, 2022 and 2021, CASEWV contributed \$17,988 and \$19,669, respectively, to the Section 457(b) plan.

9. 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.

*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.



COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 August 31, 2022 and 2021

9. Other post-employment benefits (OPEB)(Continued):

The following table shows CASEWV's annual contribution amounts to the plan and net OPEB obligations as of August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Contributions made in current year	\$ <u>94,038</u>	\$ <u>181,660</u>
Net OPEB asset (liability)	\$ <u>31,124</u>	\$ <u>(456,846)</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 FASB. Information valuing the asset (liability) in accordance with FASB standards is not available. Based on the GASB valuation, CASEWV's net OPEB asset at year end was \$31,124. Management believes that the differences in the basis are immaterial to the financial statements. CASEWV paid \$94,038 to PEIA during the year ended August 31, 2022. CASEWV's required annual contribution amount for the year ended August 31, 2022, was \$94,038.

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.

10. 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, 2022 and 2021, the value of the items recorded amounted to \$1,275,686 (approximately \$1,214,791 in donated services and \$60,895 in donated time) and \$1,291,184 (approximately \$1,031,610 in donated services and \$259,574 in donated time), respectively.

11. Concentrations of credit risk:

The agency maintains several cash accounts at various financial institutions; balances as such are insured by the FDIC up to \$250,000. In addition, CASEWV has an agreement with one financial institution to sweep funds from the checking account into repurchase agreements. The funds are swept daily and secured by various securities. One financial institution does not have a sweep account and cash and cash equivalents exceeding federal limits totaled \$2,049,225 at August 31, 2022.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2022 and 2021

11. Concentrations of credit risk (Continued):

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.

12. 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 requests 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.

13. 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.

14. Subsequent events:

CASEWV has evaluated all subsequent events through March 29, 2023, the date the financial statements were available to be issued.

During the months of October and November 2022 the Appalachian Area Agency on Aging (AAAA) performed a sampling review of CASEWV Title III-B, C, D, E, and LIFE program services, invoices, and related documentation in order to determine the accuracy of billings and compliance with agency and program requirements. The three primary areas of monitoring the programs included corroborating the appropriateness of billings to the grant programs, the completeness of documentation, and the adequacy of this documentation. It was determined by AAAA that CASEWV did not perform in a manner that is completely consistent with the guidelines established by the West Virginia Bureau of Senior Services (BoSS) and AAAA. Management believes that all meals were delivered to qualified individuals and that the compliance issue is related to improper documentation of the meals being delivered. Management of CASEWV continues to research these issues and is working with AAAA on a Plan of Correction.

SUPPLEMENTARY INFORMATION

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended August 31, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>Federal Awards</b>			
U.S. Department of Health and Human Services			
Head Start	93.600	N/A	\$ 6,009,223
COVID-19 - Head Start	93.600	N/A	388,510
			<u>6,397,733</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	22039-06, 22239-06	77,000
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	22039-06, 22239-06	353,389
Total Aging Cluster			<u>430,389</u>
Special Programs for the Aging - Title III, Part D			
Disease Prevention and Health Promotion Services	93.043	22039-06, 22239-06	7,504
National Family Caregiver Support - Title III, Part E	93.052	22039-06, 22239-06	84,636
Pass-Through - West Virginia Bureau of Senior Services (BoSS)			
Affordable Care Act-Medicare Improvements for Patients and Providers	93.518	MIPPA2247	3,000
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	SMP2219, SMP2319	4,169
Pass-Through - West Virginia Department of Health and Human Resources			
Medical Assistance Program	93.778	G220349	263,831
Opioid STR	93.788	G200902, G220564	297,869
Affordable Care Act (ACA) Abstinence Education Program	93.235	G210559, G220779	130,536
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	G210479, G220651	355,159
Pass-Through - Mission West Virginia			
Teenage Pregnancy Prevention Program	93.297	N/A	248,601
Competitive Abstinence Education (CAE)	93.060	90SR0036	9,854
Pass-Through - West Virginia Department of Economic Development			
Community Services Block Grant	93.569	21CSBG-F04, 22CSBG-F04	401,747
COVID-19 - Community Services Block Grant	93.569	CSBG-CVF04, CVD-02	223,232
Low-Income Home Energy Assistance	93.568	DHHRWX2103 / 2203 / 2203A 21ERRP-F04, 22ERRP-F04	1,208,710
Total U.S. Department of Health and Human Services			<u>10,066,970</u>
U.S. Department of Energy			
Pass-Through - West Virginia Department of Economic Development			
Weatherization Assistance for Low-Income Persons	81.042	DOEWX2103 / 2203 / 2103A / 2203T	442,046
U.S. Department of Agriculture			
Pass-Through - West Virginia Department of Education			
Child and Adult Care Food Program	10.558	N/A	407,793
Emergency Operational	10.558	N/A	48,814
Total U.S. Department of Agriculture			<u>456,607</u>
U.S. Department of Housing and Urban Development			
Continuum of Care Program	14.267	WV0169L3E081900 / 082001	92,188
Pass-Through - West Virginia Department of Economic Development			
Emergency Solutions Grant Program	14.231	ESG20CAS, ESG21CAS	92,326
COVID-19 - Emergency Solutions Grant Program	14.231	CVESG20CAS	306,472
Total U.S. Department of Housing and Urban Development			<u>490,986</u>
U.S. Department of Homeland Security			
Pass-Through - United Way			
Emergency Food and Shelter National Board Program	97.024	N/A	22,138
COVID-19 - Emergency Food and Shelter National Board Program	97.024	N/A	10,164
Total U.S. Department of Homeland Security			<u>32,302</u>
U.S. Department of Transportation			
Pass-Through - West Virginia Department of Transportation - Division of Public Transit			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	22043, 23043	1,108
COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	21050	32,272
Total U.S. Department of Transportation			<u>33,380</u>
Total Federal Awards			<u>\$ 11,522,291</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, 2022

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, 2022. 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  
GRANT 03CH0110-91-03  
GRANT PERIOD MAY 1, 2021 TO APRIL 30, 2022

	<u>Budget</u> <u>(Unaudited)</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
Support and Revenue			
Federal revenue	\$ 3,981,764	\$ 3,766,606	\$ (215,158)
In-kind revenue	<u>983,609</u>	<u>983,609</u>	<u>-</u>
Total Support and Revenue	<u>4,965,373</u>	<u>4,750,215</u>	<u>(215,158)</u>
Expenses			
Salaries and wages	2,397,763	2,245,223	(152,540)
Fringe benefits	605,351	530,472	(74,879)
Travel	25,943	27,085	1,142
Supplies	164,633	109,408	(55,225)
Indirect cost	438,754	411,556	(27,198)
Other	<u>349,320</u>	<u>442,862</u>	<u>93,542</u>
Total Expenses	3,981,764	3,766,606	(215,158)
In-kind expenses	<u>983,609</u>	<u>983,609</u>	<u>-</u>
Total Expenses	<u>4,965,373</u>	<u>4,750,215</u>	<u>(215,158)</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 SERVICES BLOCK GRANT  
GRANT 21CSBG-F04  
GRANT PERIOD JANUARY 1, 2021 TO MARCH 31, 2022

	<u>Budget (Unaudited)</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Federal revenue	\$ 427,281	\$ 427,281	\$ -
Total Support and Revenue	<u>427,281</u>	<u>427,281</u>	<u>-</u>
Expenses			
Salaries and wages	220,000	227,560	7,560
Fringe benefits	70,317	63,810	(6,507)
Contractual services	15,460	15,460	-
Local travel	2,040	2,040	-
Supplies	6,500	6,500	-
Program costs	28,512	28,512	-
Other	41,195	43,076	1,881
Administrative	43,257	40,323	(2,934)
Total Expenses	<u>427,281</u>	<u>427,281</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  
GRANT DHHRWX2203  
GRANT PERIOD OCTOBER 1, 2020 TO SEPTEMBER 30, 2021

	<u>Budget</u> <u>(Unaudited)</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
Support and Revenue			
Federal revenue	\$ 398,020	\$ 398,020	\$ -
Total Support and Revenue	<u>398,020</u>	<u>398,020</u>	<u>-</u>
Expenses			
Wages	135,093	135,093	-
Fringe	48,691	48,691	-
Audit	1,000	1,000	-
Local travel	541	541	-
Non-local travel	502	502	-
Space cost	5,810	5,810	-
Telephone	6,164	6,164	-
Utilities	3,029	3,029	-
Supplies	5,499	5,499	-
Copier cost	2,125	2,125	-
Gasoline	8,779	8,779	-
Vehicle maintenance	5,483	5,483	-
Insurance	4,335	4,335	-
Building maintenance	547	547	-
Tool purchase and maintenance	7,302	7,302	-
Materials	136,269	136,269	-
Indirect	26,851	26,851	-
Total Expenses	<u>398,020</u>	<u>398,020</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  
GRANT DOEWX2103  
GRANT PERIOD JULY 1, 2021 TO JUNE 30, 2022

	<u>Budget</u> <u>(Unaudited)</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
Support and Revenue			
Program support	\$ 329,786	\$ 329,786	\$ -
Total Support and Revenue	<u>329,786</u>	<u>329,786</u>	<u>-</u>
Expenses			
Administration	25,009	25,890	881
Insurance	1,250	830	(420)
Materials	99,196	48,143	(51,053)
Personnel	163,521	214,576	51,055
Program support	39,910	39,372	(538)
Audit	900	975	75
Total Expenses	<u>329,786</u>	<u>329,786</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  
 GRANT 22039-06  
 FOR THE YEAR ENDED JUNE 30, 2022

	III-B
Support and Revenue	
State grant award	\$ 13,989
Expenses	
Wages	8,912
Fringe	1,945
Audit	64
Telephone	614
Utilities	718
Supplies	55
Copier cost	173
Gasoline	1,038
Insurance	217
Indirect	253
Total Expenses	13,989
Revenues Over (Under) Expenses	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
 TITLE III-D MEDICAL MANAGEMENT  
 GRANT 22039-06  
 FOR THE YEAR ENDED JUNE 30, 2022

	III-D
Support and Revenue	
State grant award	\$ 1,165
Expenses	
Wages	701
Fringe	91
Audit	6
Telephone	38
Supplies	213
Insurance	25
Indirect	91
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  
GRANT 22039-06  
FOR THE YEAR ENDED JUNE 30, 2022

	III-E	III-E Units of Service
Support and Revenue		
State grant award	\$ 3,438	\$ 21,376
State supplemental	-	4,081
	3,438	25,457
Total Support and Revenue	3,438	25,457
Expenses		
Wages	2,519	18,488
Fringe	432	4,011
Audit	-	55
Telephone	77	-
Supplies	-	361
Insurance	77	-
Indirect	333	2,542
	3,438	25,457
Total Expenses	3,438	25,457
Revenues Over (Under) Expenses	\$ -	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>C-1</u> <u>Congregate</u>	<u>C-2</u> <u>Home-Delivered</u>
Support and Revenue		
State grant award	\$ 14,168	\$ 137,484
State supplemental	16,154	98,754
	<u>30,322</u>	<u>236,238</u>
Total Support and Revenue	<u>30,322</u>	<u>236,238</u>
Expenses		
Wages	15,005	70,263
Fringe	2,396	17,216
Audit	-	544
Supplies	1,934	1,858
Food	5,873	95,746
Disposable products	1,121	15,129
Utilities/phone	167	2,710
Gasoline	-	1,311
Insurance	24	1,787
Subscriptions/membership dues	669	242
Licenses and fees	65	242
Equipment and maintenance	224	161
Building maintenance	792	11,543
Travel transfers	-	3,047
Indirect	2,052	14,439
	<u>30,322</u>	<u>236,238</u>
Total Expenses	<u>30,322</u>	<u>236,238</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  
GRANT 22905-06  
FOR THE YEAR ENDED JUNE 30, 2022

	LIFE
Support and Revenue	
State grant award	\$ 197,303
Expenses	
Wages	57,444
Fringe	7,910
Audit	1,177
Local travel	5
Non-local travel	175
Telephone	12,383
Utilities	27,182
Supplies	2,825
Copier cost	5,620
Gasoline	1,016
Insurance	9,995
Building maintenance	25,928
Interest expense	7,846
Depreciation expense	28,103
Indirect	9,694
Total Expenses	197,303
Revenues Over (Under) Expenses	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
RIGHT FROM THE START PROGRAM  
GRANT G220349  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Right From The Start</u>
Support and Revenue	
State grant award	<u>\$ 287,500</u>
 Expenses	
Wages	141,811
Fringe	26,105
Audit	398
Local travel	3,362
Non-local travel	1,988
Space cost	8,211
Telephone	5,791
Utilities	3,036
Supplies	9,095
Copier cost	6,624
Insurance	1,144
Training	4,659
Licenses and fees	277
DCC training reimbursement	2,099
Building maintenance	1,368
DCC mileage	30,518
Outreach	13,589
Interest expense	183
Depreciation expense	734
Indirect	<u>26,508</u>
Total Expenses	<u>287,500</u>
Revenues Over (Under) Expenses	<u><u>\$ -</u></u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
IN-HOME SERVICES  
GRANT IH2248  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>In-Home Lighthouse</u>	<u>In-Home Fair</u>	<u>In-Home Client Tracking</u>
Support and Revenue			
State grant award	\$ 237,810	\$ 101,918	\$ 5,000
State supplemental	<u>-</u>	<u>6,791</u>	<u>-</u>
Total Support and Revenue	<u>237,810</u>	<u>108,709</u>	<u>5,000</u>
Expenses			
Wages	170,305	88,760	3,763
Fringe	27,130	12,140	589
Telephone	885	1,012	-
Utilities	1,885	-	-
Supplies	2,776	1,503	-
Copier cost	3,957	860	-
Insurance	1,331	1,331	-
Building maintenance	459	-	-
Indirect	<u>29,327</u>	<u>14,999</u>	<u>648</u>
Total Expenses	<u>238,055</u>	<u>120,605</u>	<u>5,000</u>
Revenues Over (Under) Expenses	<u>\$ (245)</u>	<u>\$ (11,896)</u>	<u>\$ -</u>



COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
 JUSTICE REINVESTMENT  
 GRANT 22-JRI-03  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Justice Reinvestment</u>
Support and Revenue	
State grant award	<u>\$ 217,485</u>
Expenses	
Wages	37,834
Fringe	3,913
Audit	133
Telephone	6,285
Utilities	12,693
Supplies	6,579
Classroom supplies/client services	14,747
Food	17,692
Insurance	2,615
Building maintenance	1,207
Indirect	6,204
Other	<u>9,481</u>
Total Expenses	<u>119,383</u>
Revenues Over (Under) Expenses	<u><u>\$ 98,102</u></u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
SCHEDULE OF PROGRAM REVENUE AND EXPENSES - AAAA  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Pass-Through Grantor	Appalachian Area Agency on Aging	Appalachian Area Agency on Aging	Appalachian Area Agency on Aging	Appalachian Area Agency on Aging	Appalachian Area Agency on Aging	Appalachian Area 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	Title III-E
Program Dates	10/1/20-9/30/21	10/1/20-9/30/21	10/1/20-9/30/21	10/1/20-9/30/21	10/1/20-9/30/21	10/1/20-9/30/21
Federal CFDA Number	93.044	93.045	93.045	93.043	93.052	93.052
Support and Revenue						
Grant revenue - Federal	\$ 13,989	\$ 14,168	\$ 137,484	\$ 1,165	\$ 21,376	\$ 3,438
Grant revenue - State	-	10,463	71,806	-	2,936	-
<b>Total Support and Revenue</b>	<b>13,989</b>	<b>24,631</b>	<b>209,290</b>	<b>1,165</b>	<b>24,312</b>	<b>3,438</b>
Expenses						
Wages	5,550	9,682	60,033	415	15,008	-
Fringe	678	1,812	10,652	175	3,002	2,009
Audit	-	-	-	-	63	602
Contracted services	-	811	-	-	-	-
Travel	-	448	66	-	8	-
Telephone and utilities	323	1,955	6,195	55	109	-
Supplies and copier	236	650	3,977	9	-	39
Food and disposable products	-	7,238	90,522	-	-	-
Gasoline and vehicle maintenance	3,180	-	1,058	-	-	-
Insurance	712	461	1,994	212	79	-
Training/application fees	-	246	102	-	-	319
Equipment maintenance	-	532	9,073	-	-	-
Building maintenance	2,500	282	14,930	222	2,996	-
Indirect	810	514	9,189	77	3,047	-
Space cost transfers	-	-	-	-	-	469
Travel transfers	-	-	1,499	-	-	-
<b>Total Expenses</b>	<b>13,989</b>	<b>24,631</b>	<b>209,290</b>	<b>1,165</b>	<b>24,312</b>	<b>3,438</b>
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, 2022

	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Indirect Cost Charged</u>
Head Start	\$ 2,449,712	\$ 566,461	\$ 439,781
Early Head Start Child Care Partnership	182,317	53,459	34,977
Early Head Start Home Visitation	185,820	44,894	37,664
Community Services Block Grant	255,104	69,301	43,831
Nutrition	118,375	26,121	23,834
Weatherization	454,317	126,244	94,509
Family Day Care	28,850	11,276	8,491
Commission on Aging	442,621	67,008	75,497
Right From The Start	251,260	45,864	47,013
Other programs	430,664	87,599	77,407
Agency programs	751,645	183,204	40,448
	<u>\$ 5,550,685</u>	<u>\$ 1,281,431</u>	<u>\$ 923,452</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
SCHEDULE OF INDIRECT COST  
FOR THE YEAR ENDED AUGUST 31, 2022

	Indirect Cost
Expenses	
Wages	\$ 548,495
Fringe	137,195
Audit	2,448
Contracted services	69,645
Local travel	550
Space cost	220
Telephone	22,732
Utilities	12,923
Postage	497
Supplies	31,193
Copier Cost	8,764
Gasoline	968
Vehicle maintenance	1,990
Insurance	6,180
Training	3,594
Subscription/membership dues	5,417
Licenses and fees	402
Building maintenance	16,315
Vehicle purchase	35,804
Notes payable expense	16,719
Interest expense	1,401
 Total Expenses	 \$ 923,452

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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 statements of financial position as of August 31, 2022, 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 March 29, 2023.

### Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.



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## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 "Sonerville & Company, P.L.L.C." The signature is written in a cursive, flowing style.

Huntington, West Virginia

March 29, 2023

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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**

***Opinion on Each Major Federal Program***

We have audited Community Action of South Eastern West Virginia, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Action of South Eastern West Virginia, Inc.'s major federal programs for the year ended August 31, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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



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## **Responsibilities of Management for Compliance**

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

## **Auditors' Responsibilities for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.

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

Huntington, West Virginia

March 29, 2023

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended August 31, 2022

1. SUMMARY OF AUDITORS' RESULTS

	<u>YES</u>	<u>NO</u>
<b>FINANCIAL STATEMENTS</b>		
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 _____
<b>FEDERAL AWARDS</b>		
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 Health and Human Services CFDA 93.600 – Head Start		
U.S. Department of Housing and Urban Development Pass-Through – West Virginia Department of Economic Development CFDA 14.231 – Emergency Solutions Grant Program		
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, 2022

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, 2022

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