

AUDIT REPORT AND FINANCIAL STATEMENTS

OF

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

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020



SOMERVILLE & COMPANY_{PLLC}

CPAs & CONSULTANTS

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 FINANCIAL STATEMENTS
 August 31, 2021 and 2020

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COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
FINANCIAL STATEMENTS
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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, 2021 and 2020, 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.



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, 2021 and 2020, 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 April 20, 2022, 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.

Soreville & Company, P.L.L.C.

Huntington, West Virginia
April 20, 2022

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 STATEMENTS OF FINANCIAL POSITION
 August 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 2,849,204	\$ 2,955,715
Accounts receivable	716,198	588,850
Inventory	<u>55,003</u>	<u>42,863</u>
Total Current Assets	3,620,405	3,587,428
Property and Equipment, net	5,702,031	5,602,736
Other Assets		
Prepaid expenses	<u>1,964</u>	<u>25,744</u>
Total Assets	<u>\$ 9,324,400</u>	<u>\$ 9,215,908</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 679,514	\$ 634,947
Accrued liabilities	19,258	20,282
Refundable advances	18,124	168,858
Current portion of long-term debt	137,538	141,521
Accrued leave	<u>591,882</u>	<u>595,309</u>
Total Current Liabilities	<u>1,446,316</u>	<u>1,560,917</u>
Long-term Liabilities		
Long-term debt, less current portion	390,501	527,826
Other post-employment benefits	<u>456,846</u>	<u>1,827,373</u>
Total Long-term Liabilities	<u>847,347</u>	<u>2,355,199</u>
Total Liabilities	<u>2,293,663</u>	<u>3,916,116</u>
Net Assets		
Without donor restrictions		
Unrestricted - undesignated	<u>7,030,737</u>	<u>5,299,792</u>
Total Net Assets	<u>7,030,737</u>	<u>5,299,792</u>
Total Liabilities and Net Assets	<u>\$ 9,324,400</u>	<u>\$ 9,215,908</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, 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	<u>13,424,285</u>	<u>(13,424,285)</u>	<u>-</u>
Total Increase	<u>14,070,314</u>	<u>-</u>	<u>14,070,314</u>
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	<u>919,427</u>	<u>-</u>	<u>919,427</u>
Total Supporting Services	<u>919,427</u>	<u>-</u>	<u>919,427</u>
Total Expenses	<u>13,709,896</u>	<u>-</u>	<u>13,709,896</u>
Net Increase	360,418	-	360,418
Change in other post-employment benefits (OPEB)	<u>1,370,527</u>	<u>-</u>	<u>1,370,527</u>
Change in Net Assets	1,730,945	-	1,730,945
Net Assets at Beginning of Year	<u>5,299,792</u>	<u>-</u>	<u>5,299,792</u>
Net Assets at End of Year	<u>\$ 7,030,737</u>	<u>\$ -</u>	<u>\$ 7,030,737</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

	<u>Without Donor Restrictions</u>	<u>With Donor 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
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	<hr/>	<hr/>	<hr/>
	1,132,931	-	1,132,931
Change in other post-employment benefits (OPEB)	<hr/>	<hr/>	<hr/>
	540,099	-	540,099
Change in Net Assets	<hr/>	<hr/>	<hr/>
	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 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
Total Salaries and Related Expenses	3,270,608	528,136	630,323	313,887	65,072	56,585
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
Total Program Expenses Before Depreciation	5,391,837	1,467,263	753,310	460,607	477,704	417,351
Depreciation	125,522	30,416	44,750	1,287	412	182,148
Total Expenses	\$ 5,517,359	\$ 1,497,679	\$ 798,060	\$ 461,894	\$ 478,116	\$ 599,499

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
Total Salaries and Related Expenses	314,551	144,650	318,145	95,896	227,345	93,766
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
Total Program Expenses Before Depreciation	519,741	274,717	749,415	589,398	292,697	372,761
Depreciation	978	-	20,067	-	-	2,471
Total Expenses	\$ 520,719	\$ 274,717	\$ 769,482	\$ 589,398	\$ 292,697	\$ 375,232

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
 Total Salaries and Related Expenses	 61,349	 419,501	 6,539,814	 681,350	 7,221,164
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
 Total Program Expenses Before Depreciation	 195,163	 420,454	 12,382,418	 892,527	 13,274,945
Depreciation	-	-	408,051	26,900	434,951
 Total Expenses	 \$ 195,163	 \$ 420,454	 \$ 12,790,469	 \$ 919,427	 \$ 13,709,896

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 <u>Partnership</u>	<u>Weatherization</u>	Commission on <u>Aging</u>	Right From The Start <u>Program</u>	Family Day Care Food <u>Program</u>	<u>Housing</u>
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	Community Services Block Grant	Family Stabilization	Home Visitation	Right From The Start DCC Agency
Salaries and wages	\$ 255,564	\$ 100,753	\$ 232,090	\$ 121,598	\$ 178,239	\$ 77,340
Fringe benefits	60,912	21,513	64,947	22,498	49,047	14,088
Total Salaries and Related Expenses	316,476	122,266	297,037	144,096	227,286	91,428
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	-	654
Materials	-	-	-	-	-	-
Miscellaneous program costs	24,330	505	33,160	122,909	8,886	182,694
Postage and supplies	11,374	6,062	24,735	21,870	8,956	7,297
Printing and copying	3,112	-	3,136	378	1,255	5,260
Professional fees	1,455	849	2,624	600	-	271
Provider meals	-	-	-	-	-	-
Repair and maintenance	1,708	64,376	9,755	5,931	1,600	2,806
Space cost	540	-	40	920	-	480
Telephone and utilities	12,991	11,829	27,653	21,611	10,154	12,556
Training and development	-	-	4,677	477	9,486	-
Travel	11,957	1,969	5,088	10,971	7,153	23,724
Vehicle related costs	1,422	4,924	2,750	1,726	1,434	885
Total Program Expenses Before Depreciation	402,650	366,851	417,655	409,617	277,313	328,055
Depreciation	-	-	14,268	-	-	-
Total Expenses	\$ 402,650	\$ 366,851	\$ 431,923	\$ 409,617	\$ 277,313	\$ 328,055

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		Supporting Services		
	Recovery	COVID-19	Sub- Total	Management and General	Total
Salaries and wages	\$ 25,600	\$ 175,749	\$ 5,067,772	\$ 530,594	\$ 5,598,366
Fringe benefits	3,069	13,204	1,231,222	141,912	1,373,134
Total Salaries and Related Expenses	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	-	-	23,831	1,097	24,928
Materials	-	-	445,952	-	445,952
Miscellaneous program costs	16,336	5,506	484,862	8,174	493,036
Postage and supplies	3,765	-	416,246	6,187	422,433
Printing and copying	-	-	68,621	8,602	77,223
Professional fees	-	-	31,167	-	31,167
Provider meals	-	-	496,354	-	496,354
Repair and maintenance	3,737	-	224,825	81,875	306,700
Space cost	-	-	42,945	(15,405)	27,540
Telephone and utilities	8,539	8,792	428,822	64,019	492,841
Training and development	-	-	78,540	(1,050)	77,490
Travel	1,907	-	195,508	4,081	199,589
Vehicle related costs	633	-	182,561	21,319	203,880
Total Program Expenses Before Depreciation	67,657	203,251	11,098,631	913,911	12,012,542
Depreciation	-	-	401,627	5,372	406,999
Total Expenses	\$ 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..
 STATEMENTS OF CASH FLOWS
 For the years ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 1,730,945	\$ 1,673,030
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	434,951	406,999
Gain on sale of assets	(26,440)	(800)
(Increase) Decrease in assets		
Accounts receivable	(127,348)	79,729
Inventory	(12,140)	(3,712)
Prepaid expenses	23,780	(16,848)
Increase (Decrease) in liabilities		
Accounts payable	44,567	126,912
Accrued liabilities	(1,024)	(74,699)
Refundable advances	(150,734)	168,858
Accrued leave	(3,427)	(37,228)
Other post-employment benefits	(1,370,527)	(540,099)
Total adjustments	<u>(1,188,342)</u>	<u>109,112</u>
Net Cash Provided By Operating Activities	542,603	1,782,142
Cash Flows From Investing Activities		
Acquisition of property and equipment	(568,156)	(260,776)
Proceeds from sale of property and equipment	60,350	800
Net Cash Used In Investing Activities	<u>(507,806)</u>	<u>(259,976)</u>
Cash Flows From Financing Activities		
Payments of long-term debt	<u>(141,308)</u>	<u>(61,425)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(106,511)	1,460,741
Cash and Cash Equivalents at Beginning of Year	<u>2,955,715</u>	<u>1,494,974</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,849,204</u>	<u>\$ 2,955,715</u>
Supplemental Information:		
Cash paid for interest	<u>\$ 19,837</u>	<u>\$ 24,928</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, 2021 and 2020

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 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.

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, 2021 and 2020, 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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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, 2021, tax years ending on or after August 31, 2018 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, 2021 and 2020

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, 2021 and 2020.

R. Adoption of accounting pronouncement:

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers." This standard, along with its related amendments, requires organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update was implemented by CASEWV beginning on September 1, 2020. The adoption of this standard did not have a material effect on CASEWV's financial statements. CASEWV transitioned to ASU No. 2014-09 in accordance with the modified retrospective approach. The prior-year figures were not adjusted.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 NOTES TO FINANCIAL STATEMENTS
 August 31, 2021 and 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,849,204	\$ 2,955,715
Accounts receivable	<u>716,198</u>	<u>588,850</u>
 Total	 <u>\$ 3,565,402</u>	 <u>\$ 3,544,565</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.

4. Accounts receivable:

The balance of accounts receivable at August 31, 2021 is to be received in less than one year. Accounts receivable consist of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Grants receivable	\$ 624,803	\$ 539,121
Fee for service receivable	91,247	48,485
Other receivables	<u>148</u>	<u>1,244</u>
 Total accounts receivable	 <u>\$ 716,198</u>	 <u>\$ 588,850</u>

5. Property and equipment, net:

Property and equipment at August 31, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 971,530	\$ 921,530
Buildings	9,209,775	8,918,878
Vehicles and equipment	2,527,619	2,448,020
Construction in progress	<u>90,000</u>	<u>-</u>
	12,798,924	12,288,428
Less accumulated depreciation	<u>(7,096,893)</u>	<u>(6,685,692)</u>
	 <u>\$ 5,702,031</u>	 <u>\$ 5,602,736</u>

Depreciation expense amounted to \$434,951 and \$406,999 for the years ended August 31, 2021 and 2020, respectively.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

6. Long-term debt:

The following is a summary of long-term debt at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</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.	\$ 163,480	\$ 210,902
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.	89,706	130,305
Note payable to Branch Banking & Trust, payable in monthly installments of \$1,945 including interest at 5.875%. This note was retired during 2021.	-	9,466
Note payable to Branch Banking & Trust, payable in monthly installments of \$817 including interest at 5.875%, due January 23, 2024, secured by building.	21,967	30,190
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.	61,636	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>191,250</u>	<u>213,750</u>
	528,039	669,347
Less current portion	<u>(137,538)</u>	<u>(141,521)</u>
Long-term portion	<u>\$ 390,501</u>	<u>\$ 527,826</u>

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

2022	\$ 137,538
2023	146,256
2024	97,161
2025	43,470
2026	24,864
Thereafter	<u>78,750</u>
Total	<u>\$ 528,039</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

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.

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, 2021 and 2020, CASEWV contributed \$205,332 and \$88,220, 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, 2021 and 2020, CASEWV contributed \$19,669 and \$25,071, 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.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 NOTES TO FINANCIAL STATEMENTS
 August 31, 2021 and 2020

9. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Contributions made in current year	<u>\$ 181,660</u>	<u>\$ 199,920</u>
Net OPEB obligation	<u>\$ 456,846</u>	<u>\$ 1,827,373</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 liability in accordance with FASB standards is not available. Based on the GASB valuation, CASEWV's unfunded liability at year end was \$456,846. Management believes that the differences in the basis are immaterial to the financial statements. CASEWV paid \$181,660 to PEIA during the year ended August 31, 2021. CASEWV's required annual contribution amount for the year ended August 31, 2021, was \$181,660.

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, 2021 and 2020

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, 2021 and 2020, the value of the items recorded amounted to \$1,291,184 (approximately \$1,031,610 in donated services and \$259,574 in donated time) and \$1,314,687 (approximately \$1,031,411 in donated services and \$283,276 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 \$1,474,967 at August 31, 2021.

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. 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.

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

15. Risks and uncertainties:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Therefore, while the issue may negatively impact CASEWV's business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. Management is actively managing CASEWV to maintain the cash flow and believes CASEWV has adequate liquidity.

16. Subsequent events:

CASEWV has evaluated all subsequent events through April 20, 2022, 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, 2021

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	\$ 5,466,128
COVID-19 - Head Start	93.600	N/A	<u>377,098</u>
			<u>5,843,226</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	22038-06, 22039-06	39,977
COVID-19 - Grants for Supportive Services and Senior Centers	93.044	22038-06B	44,404
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	22038-06, 22036-06B	<u>277,999</u>
Total Aging Cluster			<u>362,380</u>
Special Programs for the Aging - Title III, Part D			
Disease Prevention and Health Promotion Services	93.043	22038-06, 22036-06B, 22039-06	11,782
National Family Caregiver Support - Title III, Part E	93.052	22039-06	70,207
COVID-19 - National Family Caregiver Support - Title III, Part E	93.052	22038-06B	16,569
Pass-Through - West Virginia Bureau of Senior Services (BOSS)			
Affordable Care Act-Medicare Improvements for Patients and Providers	93.518	MIPPA2147, MIPPA2047	2,299
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	SMP2119, SMP2219	3,500
Pass-Through - West Virginia Department of Health and Human Resources			
Medical Assistance Program	93.778	G210280	253,751
Opioid STR	93.788	G200902, G220564	239,525
Affordable Care Act (ACA) Abstinence Education Program	93.235	G200537, G210559	138,164
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	G200283, G210479	322,481
Pass-Through - Mission West Virginia			
Teenage Pregnancy Prevention Program	93.297	N/A	244,780
Competitive Abstinence Education (CAE)	93.060	90SR0036	70,174
Pass-Through - West Virginia Department of Economic Development			
Community Services Block Grant	93.569	20CSBG-F04, 20CSBG-DT04, 21CSBG-F04, 21CSBG-DT04	365,977
COVID-19 - Community Services Block Grant	93.569	CSBG-CVF04	432,276
Low-Income Home Energy Assistance	93.568	DHHRWX2103 / 2103A / 1903 20NHEP-F04, 21ERRP-F04	<u>1,029,707</u>
Total U.S. Department of Health and Human Services			<u>9,406,798</u>
U.S. Department of Energy			
Pass-Through - West Virginia Department of Economic Development			
Weatherization Assistance for Low-Income Persons	81.042	DOEWX2003 / 2003A / 2103 / 2103A	<u>360,360</u>
U.S. Department of Agriculture			
Pass-Through - West Virginia Department of Education			
Child and Adult Care Food Program	10.558	N/A	<u>540,671</u>
U.S. Department of Housing and Urban Development			
Continuum of Care Program	14.267	WV0169L3E081900	76,758
Pass-Through - West Virginia Department of Economic Development			
Emergency Solutions Grant Program	14.231	ESG19CASE, ESG20CAS	339,200
COVID-19 - Emergency Solutions Grant Program	14.231	CVESG20CAS	<u>110,932</u>
Total U.S. Department of Housing and Urban Development			<u>526,890</u>
U.S. Department of Homeland Security			
Pass-Through - United Way			
Emergency Food and Shelter National Board Program	97.024	N/A	20,927
COVID-19 - Emergency Food and Shelter National Board Program	97.024	N/A	<u>18,144</u>
Total U.S. Department of Homeland Security			<u>39,071</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	21043	7,839
COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	21050	<u>11,928</u>
Total U.S. Department of Transportation			<u>19,767</u>
Total Federal Awards			<u>\$ 10,893,557</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, 2021

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, 2021. 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 03CH0110-91-02
GRANT PERIOD MAY 1, 2020 TO APRIL 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Federal revenue	\$ 3,934,433	\$ 3,496,147	\$ (438,286)
Other revenue	-	-	-
In-kind revenue	<u>939,225</u>	<u>1,051,081</u>	<u>111,856</u>
 Total Support and Revenue	 <u>4,873,658</u>	 <u>4,547,228</u>	 <u>(326,430)</u>
 Expenses			
Salaries and wages	2,322,531	2,048,955	(273,576)
Fringe benefits	622,365	538,831	(83,534)
Travel	42,657	23,838	(18,819)
Contractual	6,000	9,867	3,867
Equipment purchase	10,000	-	(10,000)
Supplies	69,200	79,421	10,221
Indirect cost	427,600	378,075	(49,525)
Other	<u>434,080</u>	<u>417,160</u>	<u>(16,920)</u>
 Total Expenses	 3,934,433	 3,496,147	 (438,286)
 In-kind expenses	 <u>939,225</u>	 <u>1,051,081</u>	 <u>111,856</u>
 Total Expenses	 <u>4,873,658</u>	 <u>4,547,228</u>	 <u>(326,430)</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)
 HEAD START / EARLY HEAD START (COVID)
 GRANT 03CH0110-91-02C3
 GRANT PERIOD MAY 1, 2020 TO APRIL 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Federal revenue	\$ 315,492	\$ 315,492	\$ -
Total Support and Revenue	<u>315,492</u>	<u>315,492</u>	<u>-</u>
Expenses			
Salaries and wages	52,265	52,889	624
Fringe benefits	8,977	10,963	1,986
Supplies	184,749	180,661	(4,088)
Training	2,580	14,941	12,361
Building Maintenance	10,030	7,504	(2,526)
Equipment purchase	40,000	21,021	(18,979)
Parent services	8,000	18,622	10,622
Indirect	8,891	8,891	-
Total Expenses	<u>315,492</u>	<u>315,492</u>	<u>-</u>
In-kind expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>315,492</u>	<u>315,492</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)
 EARLY HEAD START - CCP
 GRANT 03HP0002-28-02-02
 GRANT PERIOD JULY 1, 2020 TO JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Revenue	\$ 963,402	\$ 728,624	\$ (234,778)
In-kind revenue	<u>227,651</u>	<u>38,392</u>	<u>(189,259)</u>
 Total Support and Revenue	 <u>1,191,053</u>	 <u>767,016</u>	 <u>(424,037)</u>
 Expenses			
Wages	326,265	247,890	(78,375)
Fringe	89,160	71,461	(17,699)
Audit	7,486	7,486	-
Contracted services	354,220	299,730	(54,490)
Local travel	5,161	2,278	(2,883)
Non-local travel	3,750	-	(3,750)
Telephone	9,048	12,323	3,275
Utilities	9,047	10,064	1,017
Supplies	7,250	913	(6,337)
Classroom supplies/client services	50,610	20,271	(30,339)
Insurance	6,000	2,723	(3,277)
Training	25,722	5,070	(20,652)
Building maintenance	-	1,240	1,240
Parent services	5,363	469	(4,894)
Advertising	4,000	49	(3,951)
Indirect cost	<u>60,320</u>	<u>46,657</u>	<u>(13,663)</u>
 Total Expenses	 963,402	 728,624	 (234,778)
 In-kind expenses	 <u>227,651</u>	 <u>38,392</u>	 <u>(189,259)</u>
 Total Expenses	 <u>1,191,053</u>	 <u>767,016</u>	 <u>(424,037)</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 - CCP (COVID)
 GRANT 03HP0002-28-02-02
 GRANT PERIOD JULY 1, 2020 TO JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Revenue	\$ 49,213	\$ 49,213	\$ -
Total Support and Revenue	<u>49,213</u>	<u>49,213</u>	<u>-</u>
Expenses			
Wages	3,495	3,495	-
Fringe	598	691	93
Supplies	13,000	11,321	(1,679)
Classroom supplies/client services	31,106	31,130	24
Training	420	-	(420)
Building maintenance	-	1,225	1,225
Parent services	-	757	757
Indirect cost	594	594	-
Total Expenses	<u>49,213</u>	<u>49,213</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)
 COMMUNITY SERVICE BLOCK GRANT
 GRANT 20CSBG-F04
 GRANT PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Federal revenue	\$ 429,189	\$ 429,189	\$ -
Total Support and Revenue	<u>429,189</u>	<u>429,189</u>	<u>-</u>
Expenses			
Salaries and wages	225,796	225,796	-
Fringe benefits	71,308	71,308	-
Audit	2,505	2,505	-
Contracted services	4,020	4,020	-
Local travel	216	216	-
Non-local travel	655	652	(3)
Space cost transfers	-	160	160
Telephone	10,900	14,172	3,272
Utilities	18,136	16,178	(1,958)
Postage	300	308	8
Supplies	5,056	5,055	(1)
Copier cost	2,200	1,985	(215)
Insurance	2,822	2,821	(1)
Subscription/membership dues	4,020	4,020	-
Building maintenance	6,798	5,552	(1,246)
Crisis intervention	28,188	28,188	-
Indirect costs	45,169	45,169	-
Travel transfers	1,100	1,084	(16)
Total Expenses	<u>429,189</u>	<u>429,189</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 DHHRWX2103
 GRANT PERIOD OCTOBER 1, 2019 TO DECEMBER 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) 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 DOEWX2003
 GRANT PERIOD JULY 1, 2020 TO JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Support and Revenue			
Program support	\$ 329,620	\$ 329,620	\$ -
Total Support and Revenue	<u>329,620</u>	<u>329,620</u>	<u>-</u>
Expenses			
Administration	27,280	27,280	-
Insurance	665	665	-
Materials	78,453	78,453	-
Personnel	186,719	186,719	-
Program support	35,528	35,528	-
Audit	975	975	-
Total Expenses	<u>329,620</u>	<u>329,620</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 22038-06
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>III-B</u>
Support and Revenue	
State grant award	<u>\$ 14,346</u>
Expenses	
Wages	7,129
Fringe	1,237
Telephone	717
Utilities	181
Supplies	81
Copier cost	77
Gasoline	843
Vehicle maintenance	1,285
Insurance	875
Depreciation	699
Indirect	<u>1,222</u>
Total Expenses	<u>14,346</u>
Revenues Over (Under) Expenses	<u><u>\$ -</u></u>

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

	<u>III-D</u>
Support and Revenue	
State grant award	<u>\$ 1,165</u>
Expenses	
Wages	688
Fringe	107
Audit	6
Telephone	177
Supplies	50
Insurance	21
Indirect	<u>116</u>
Total Expenses	<u>1,165</u>
Revenues Over (Under) Expenses	<u><u>\$ -</u></u>

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

	III-E
Support and Revenue	
State grant award	\$ 25,302
State supplemental	4,514
Total Support and Revenue	29,816
Expenses	
Wages	21,767
Fringe	3,930
Audit	70
Supplies	266
Insurance	29
Indirect	3,754
Total Expenses	29,816
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, 2021

	<u>C-1</u> <u>Congregate</u>	<u>C-2</u> <u>Home-Delivered</u>
Support and Revenue		
State grant award	<u>\$ 3,570</u>	<u>\$ 101,850</u>
 Expenses		
Wages	-	40,012
Fringe	-	9,576
Food	3,570	42,804
Disposable products	-	5,368
Utilities/Phone	-	1,711
Gasoline	-	879
Insurance	-	649
Indirect	-	851
	<u>3,570</u>	<u>101,850</u>
Total Expenses		
	<u>3,570</u>	<u>101,850</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 21905-06
 FOR THE YEAR ENDED JUNE 30, 2021

	LIFE
Support and Revenue	
State grant award	\$ 197,303
Expenses	
Wages	68,533
Fringe	10,205
Audit	420
Telephone	12,419
Utilities	23,322
Postage	213
Supplies	341
Copier cost	4,925
Gasoline	904
Insurance	7,991
Subscription/membership dues	1,690
Building maintenance	13,057
Interest expense	10,380
Depreciation expense	31,399
Indirect	11,504
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 G210280
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Right From The Start</u>
Support and Revenue	
State grant award	<u>\$ 290,000</u>
Expenses	
Wages	150,251
Fringe	31,517
Audit	741
Contracted services	1,891
Local travel	2,868
Non-local travel	587
Space cost	7,040
Telephone	7,155
Utilities	7,679
Supplies	11,283
Copier cost	5,305
Insurance	918
Training	4,502
Licenses and fees	226
DCC training reimbursement	949
Building maintenance	1,685
Miscellaneous expense	76
DCC mileage	19,815
Advertising	285
Outreach	7,848
Interest expense	218
Depreciation expense	714
Travel transfers	34
Indirect	<u>26,413</u>
Total Expenses	<u>290,000</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 IH2148
FOR THE YEAR ENDED JUNE 30, 2021

	<u>In-Home Lighthouse</u>	<u>In-Home Fair</u>	<u>In-Home Client Tracking</u>
Support and Revenue			
State grant award	\$ 233,524	\$ 105,462	\$ 5,000
State supplemental	-	7,533	-
	<u>233,524</u>	<u>112,995</u>	<u>5,000</u>
Total Support and Revenue	<u>233,524</u>	<u>112,995</u>	<u>5,000</u>
Expenses			
Wages	170,100	71,922	3,789
Fringe	22,547	9,841	573
Audit	642	260	-
Telephone	535	2,229	-
Utilities	-	40	-
Supplies	888	143	-
Insurance	1,069	1,069	-
Building maintenance	66	-	-
Indirect	24,521	10,372	638
	<u>220,368</u>	<u>95,876</u>	<u>5,000</u>
Total Expenses	<u>220,368</u>	<u>95,876</u>	<u>5,000</u>
Revenues Over (Under) Expenses	<u>\$ 13,156</u>	<u>\$ 17,119</u>	<u>\$ -</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 JUSTICE REINVESTMENT
 GRANT 21-JRI-03
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Justice Reinvestment</u>
Support and Revenue	
State grant award	<u>\$ 217,485</u>
Expenses	
Wages	34,328
Fringe	4,511
Contractual	56,770
Audit	444
Local travel	917
Space cost	440
Telephone	6,335
Utilities	11,074
Supplies	1,424
Classroom supplies/client services	10,574
Food	18,349
Insurance	1,054
Building maintenance	2,507
Depreciation transfer	6,840
Indirect	<u>5,681</u>
Total Expenses	<u>161,248</u>
Revenues Over (Under) Expenses	<u><u>\$ 56,237</u></u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
SCHEDULE OF PROGRAM REVENUE AND EXPENSES - AAA
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	10/1/19- 9/30/20	10/1/19- 9/30/20	10/1/19- 9/30/20	10/1/19- 9/30/20	10/1/19- 9/30/20
Federal CFDA Number	93.044	93.045	93.045	93.043	93.052
Support and Revenue					
Grant revenue - Federal	\$ 71,928	\$ 38,184	\$ 148,516	\$ 6,601	\$ 71,124
Grant revenue - State	14,346	-	160,472	1,165	25,302
Other revenue	981	-	962	-	4,600
Total Support and Revenue	87,255	38,184	309,950	7,766	101,026
Expenses					
Wages	31,630	15,128	83,090	1,298	60,028
Fringe	5,068	2,831	14,743	548	11,362
Audit	-	-	-	-	209
Contracted services	-	1,268	-	-	-
Travel	-	701	78	-	28
Telephone and utilities	1,666	3,054	7,289	171	364
Supplies and copier	1,222	1,021	4,679	231	6
Food	-	8,802	109,049	-	-
Disposable products	-	1,794	10,705	-	-
Gasoline and vehicle maintenance	9,039	-	1,244	-	-
Insurance	1,939	1,125	2,346	2,639	264
Training/application fees	-	385	120	-	-
Equipment maintenance	-	831	10,674	-	-
Building maintenance	31,061	440	24,481	2,661	18,606
Indirect	5,630	804	15,162	218	10,159
Building maintenance transfers	-	-	1,763	-	-
Total Expenses	87,255	38,184	285,423	7,766	101,026
Revenues Over (Under) Expenses	\$ -	\$ -	\$ 24,527	\$ -	\$ -

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF SALARIES AND WAGES, FRINGES, AND INDIRECT COST CHARGED
 FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Salaries and Wages</u>	<u>Fringes</u>	<u>Indirect Cost Charged</u>
Head Start	\$ 2,157,954	\$ 554,717	\$ 397,226
Early Head Start Child Care Partnership	247,768	71,461	46,622
Early Head Start Home Visitation	180,782	46,563	29,659
Community Services Block Grant	240,069	78,076	49,580
Senior Nutrition	117,386	27,263	17,443
Weatherization	409,380	118,756	75,394
Family Day Care	51,338	13,734	8,531
Commission on Aging	405,941	59,665	62,539
Right From The Start	259,629	54,258	45,607
Other programs	772,635	125,443	63,792
Agency programs	<u>235,787</u>	<u>43,916</u>	<u>41,806</u>
 Total Expenses	 <u>\$ 5,078,669</u>	 <u>\$ 1,193,852</u>	 <u>\$ 838,199</u>

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF INDIRECT COST
 FOR THE YEAR ENDED AUGUST 31, 2021

	Indirect Cost
Expenses	
Wages	\$ 519,948
Fringe	140,656
Legal fees	75
Contracted services	58,199
Local travel	517
Space cost	260
Telephone	21,545
Utilities	12,131
Postage	853
Supplies	12,875
Food	34
Copier Cost	8,484
Gasoline	335
Vehicle maintenance	693
Insurance	5,056
Subscription/membership dues	5,689
Licenses and fees	92
Building maintenance	13,906
Advertising	612
Notes payable expense	32,402
Interest expense	3,837
	\$ 838,199
Total Expenses	\$ 838,199

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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, 2021, 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 April 20, 2022.

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 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.



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.

Somerville Company, P.L.L.C.

Huntington, West Virginia

April 20, 2022

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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, 2021. 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.



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, 2021.

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.

Somerville & Company, P.L.L.C.

Huntington, West Virginia

April 20, 2022

COMMUNITY ACTION OF SOUTH EASTERN WEST VIRGINIA, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended August 31, 2021

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 Health and Human Services CFDA 93.600 – Head Start Pass-Through – West Virginia Department of Economic Development CFDA 93.569 – Community Services Block Grant		
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, 2021

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, 2021

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