

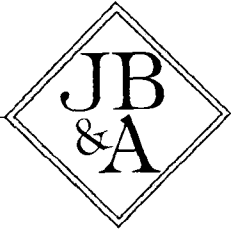
**CENTRAL WEST VIRGINIA COMMUNITY
ACTION ASSOCIATION, INC.**

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

DECEMBER 31, 2022

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6-7
Statement of Cash Flows	8
Notes to financial statements	9-14
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	15
Schedule of Budget vs. Actual - CSBG	16
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17-18
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	19-21
Schedule of Findings and Questioned Costs	22
MANAGEMENT LETTER	23



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON WV 26201 • (304) 472-3600 • FAX (304) 472-3601

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central West Virginia Community Action Association, Inc.
Clarksburg, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Central West Virginia Community Action Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central West Virginia Community Action Association, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central West Virginia Community Action Association, 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 these 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 Central West Virginia Community Action Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

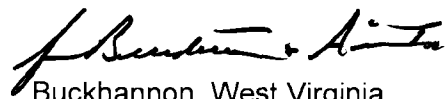
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Schedule of Budget vs. Actual - CSBG, 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 schedule of expenditures of federal awards and Schedule of Budget vs. Actual - CSBG are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2023, on our consideration of Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
May 10, 2023

CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 673,881
Certificate of deposit	61,520
Grants receivable	163,409
Accounts receivable	7,555
Prepaid expenses	<u>78,240</u>

Total Current Assets 984,605

PROPERTY AND EQUIPMENT

678,159

OPERATING LEASE RIGHT-OF-USE ASSETS

100,046

TOTAL ASSETS

\$ 1,762,810

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion operating lease liabilities	\$ 49,619
Accounts payable	116,196
Accrued payroll and taxes	<u>154,359</u>

TOTAL CURRENT LIABILITIES

320,174

LONG-TERM OPERATING LEASE LIABILITIES

50,427

NET ASSETS

Without donor restrictions	<u>1,392,209</u>
----------------------------	------------------

TOTAL NET ASSETS

1,392,209

TOTAL LIABILITIES AND NET ASSETS

\$ 1,762,810

The accompanying notes are an integral part of this financial statement.

CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Donated materials, facilities and services	\$ 698,620	\$	\$ 698,620
Donations - cash	51,432		51,432
Federal financial assistance	4,758,268		4,758,268
Other grants	74,789		74,789
Program income	64,197		64,197
Interest income	2,412		2,412
Other income	87,229		87,229
Net assets released from restrictions:			
Restrictions satisfied by payments	-	-	-
Total revenue and other support	5,736,947	-	5,736,947
 EXPENSES			
Program services:			
Headstart	4,073,126		4,073,126
Family services	349,612		349,612
Nutrition programs	310,396		310,396
Rural transportation	224,928		224,928
Community development	139,716		139,716
NHEP program	580,203		580,203
Supporting services:			
Fundraising	2,907		2,907
Management and general	7,606		7,606
Total expenses	5,688,494	-	5,688,494
Change in net assets	48,453	-	48,453
NET ASSETS AT BEGINNING OF YEAR	1,343,756	-	1,343,756
NET ASSETS AT END OF YEAR	\$ 1,392,209	\$	\$ 1,392,209

The accompanying notes are an integral part of this financial statement.

CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			
	Head Start	Family Services	Nutrition Programs	Rural Transportation
Salaries and wages	\$ 1,592,643	\$ 123,268	\$ 109,399	\$ 121,619
Fringe benefits	492,692	13,707	20,714	15,503
Donated services	669,243			
Consultants/contractual	38,420			32
Travel/transportation	36,933	2,063	239	24,790
Space costs	115,104	17,432		
Telephone and utilities	80,349	6,701		4,106
Materials and consumable supplies	298,029	14,715	31,688	783
Equipment lease and maintenance	169,232		5,341	17,496
Depreciation	156,043			9,066
Program costs	1,859	150,489		
Conferences and training	44,705	2,612	318	4,951
Food	705		125,492	
Insurance	68,059			8,136
Other costs	16,799	45	10	766
Advertising/marketing	17,441	4		157
Printing/copying	516			
Dues/registrations	2,639		800	400
Indirect cost charged to program	271,715	18,576	16,395	17,123
Total Functional Expenses	\$ 4,073,126	\$ 349,612	\$ 310,396	\$ 224,928

CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Community Development</u>	<u>NHEP Program</u>	<u>Fund Raising</u>	<u>Management and General</u>	
Salaries and wages	\$ 69,271	\$ 28,341	\$ 1,199	\$ 210,423	\$ 2,256,163
Fringe benefits	23,338	4,049	445	57,842	628,290
Donated services					669,243
Consultants/contractual	2,200			24,506	65,158
Travel/transportation	566	583	20	806	66,000
Space costs					132,536
Telephone and utilities	360	400		6,836	98,752
Materials and consumable supplies	23,748	504		19,890	389,357
Equipment lease and maintenance		17		308	192,394
Depreciation				19,390	184,499
Program costs		541,660			694,008
Conferences and training	5,119	406		3,832	61,943
Food					126,197
Insurance					76,195
Other costs	150	58		1,765	19,593
Advertising/marketing	55		14	485	18,156
Printing/copying					516
Dues/registrations	3,000		1,229	1,426	9,494
Indirect cost charged to program	11,909	4,185		(339,903)	
Total Functional Expenses	<u>\$ 139,716</u>	<u>\$ 580,203</u>	<u>\$ 2,907</u>	<u>\$ 7,606</u>	<u>\$ 5,688,494</u>

The accompanying notes are an integral part of this financial statement.

**CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 48,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	184,499
Gain on sale vehicles	(5,639)
(Increase) decrease in operating assets:	
Accounts receivable	29,966
Grants receivable	(43,077)
Prepaid expenses	(38,846)
Increase (decrease) in operating liabilities:	
Accounts payable	29,933
Accrued payroll and taxes	(5,939)

NET CASH PROVIDED BY OPERATING ACTIVITIES

199,350

CASH FLOWS FORM INVESTING ACTIVITIES

Purchase of capital assets	(170,475)
Increase Certificate of Deposit	(7)
Proceeds from sale of vehicles	5,639

NET CASH USED IN INVESTING ACTIVITIES

(164,843)

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH USED IN FINANCING ACTIVITIES

NET INCREASE IN CASH AND CASH EQUIVALENTS

34,507

CASH AND CASH EQUIVALENTS, beginning of year

639,374

CASH AND CASH EQUIVALENTS, end of year

\$ 673,881

The accompanying notes are an integral part of this financial statement.

**CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

Organization - Central West Virginia Community Action Association, Inc. is a nonstock corporation organized under the laws of the State of West Virginia and has been determined by the Internal Revenue Service to be a tax-exempt organization under Internal Revenue Service Code Section 501(c) (3). The Organization's mission is to provide pathways to economic independence for all families by leading community Initiatives that address the root causes of poverty.

Basis of Accounting

The financial statements of Central West Virginia Community Action Association, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Without donor restrictions – Consists of net assets available to support operations and not subject to donor restrictions.

With donor restrictions – Consists of net assets that are subject to donor-imposed restrictions. Some restrictions may be temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

Support that is restricted by the donor is reported as an increase in without donor restrictions net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in with donor restrictions net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give.

Gifts of land, buildings, and equipment are presented as without restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions support.

**CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

Donated Facilities

Donated facilities are recorded at fair market value as in-kind revenue and space costs. The value of donated in-kind rentals included in these financial statements is \$ 19,104.

Income Taxes

Central West Virginia Community Action Association, Inc. is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Donated Materials

Donations for materials and supplies are valued at their estimated fair market value as determined by the donor and the Organization and recorded as in-kind contributions and related expenses.

Expense Allocation

Expenses are allocated to program and supporting services on the following basis:

- a) Management and general expenses are allocated on the basis of an approved indirect cost plan whereby each program shares in the management and general expenses based upon their direct labor dollars.
- b) Personnel expenses are allocated on the basis of direct salaries.
- c) Building and occupancy costs are allocated on the basis of square footage.
- d) Depreciation is allocated on the basis of usage of the furniture and equipment.

**CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those statements.

Leases

The Organization calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Note 2. Property and Equipment

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

Building and land	\$ 400,000
Leasehold improvements	334,941
Vehicles	1,110,405
Equipment, furniture and fixtures	164,499

	2,009,845
Accumulated depreciation	1,331,686

Net property and equipment	\$ 678,159
	=====

Note 3. Restrictions on Net Assets

There are no restricted net assets at December 31, 2022.

Note 4. Operating Leases

The Organization leases classroom space under operating leases with 5 to 10 year initial terms. Most leases include renewal options which can extend the lease term up to 10 years. The exercise of these renewal options is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

**CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 4. Operating Leases (Continued)

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2022:

Operating lease right of use assets	\$ <u>100,046</u>
Current portion of operating lease liabilities	\$ 49,619
Operating lease liabilities	<u>50,427</u>
Total operating lease liabilities	<u>\$ 100,046</u>

The components of operating lease expenses that are included in space costs in the statement of functional expenses for the year ended December 31, 2022 were as follows:

Operating lease cost	\$ <u>51,000</u>
----------------------	------------------

The following summarizes the cash flow information related to operating leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ 51,000
Lease assets obtained in exchange for lease liabilities:	
Operating leases	146,409

Weighted average lease term and discount rate as of December 31, 2022 were as follows:

Weighted average remaining lease term	7.33 years
Weighted average discount rate	2.00%

The maturities of operating lease liabilities as of December 31, 2022 were as follows:

2023	\$ 51,000
2024	31,500
2025	13,800
2026	<u>8,050</u>
Total lease payments	104,350
Less: Interest	<u>(4,304)</u>
Present value of lease liability	<u>\$ 100,046</u>

CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4. Operating Leases (Continued)

As of January 1, 2022, the Organization changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases, using the modified retrospective transition method. There was no cumulative effect adjustment to the Organization's balance sheet as of January 1, 2022.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases. The Organization elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The Organization has not elected the hindsight practical expedient.

As of January 1, 2022, \$ 146,409 in operating lease right-of-use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact to the statement of activities or cash flows for the year ended December 31, 2022.

Note 5. Donated Services

The value of donated services included in the financial statements and the corresponding expenses for the year ended December 31, 2022, is as follows:

Teacher's aides	\$ 669,243
Rent	19,104
Other	10,273

Total	\$ 698,620
	=====

All of these donated services were used under the Head Start program. In addition, donated services with an estimated value of \$ 5,000 were not recognized in the financial statements because they did not meet the criteria for recognition.

Note 6. Pension Plan

The Organization has defined contribution pension plan whereby the Organization contributes \$ 55 per month for each union employee and \$ 55 per month each for other employees. Once the employee becomes eligible for participation they are immediately vested in the plan. The pension cost for 2022 was \$ 26,952 and is included in the fringe benefits line item on the statement of functional expenses.

**CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 7. Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 673,881
Certificate of deposit	61,520
Grants and accounts receivable	170,964

Total	\$ 906,365
	=====

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 8. Contingencies

The Organization receives a majority of its support from grants and contributions. Any significant reduction in the level of support from these grantors or contributors could have a material effect on the Organization's programs and activities.

Note 9. Subsequent Events

Management has evaluated subsequent events through May 10, 2023, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Pass - Through Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:			
Head Start		93.600	\$ 3,271,945
American Rescue Plan Head Start		93.600	308,586
Total Head Start Cluster			<u>3,580,531</u>
Pass-through WV Development Office - CAD			
Community Services Block Grant	22CSBG-F01	93.569	373,295
Community Services Block Grant	21CSBG-D03	93.569	56,707
Community Services Block Grant	21CSGB-DTR	93.569	12,120
Community Services Block Grant	22CSGB-DTR	93.569	4,132
COVID-19 Community Services Block Grant	CSBG-CVF01	93.569	102,277
Total Community Services Block Grant			<u>548,531</u>
Low-Income Home Energy Assistance	23ERRP-F01	93.568	67,298
Low-Income Home Energy Assistance	22ERRP-F01	93.568	481,613
Total Low-Income Home Energy Assistance			<u>548,911</u>
Total U.S. Department of Health and Human Services:			<u>4,677,973</u>
U.S. Department of Agriculture:			
Pass-through WV Department of Education			
Child and Adult Care Food Program	51098	10.558	<u>80,295</u>
Total Expenditures of Federal Awards			<u>\$ 4,758,268</u>

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Central West Virginia Community Action Association, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this 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 Central West Virginia Community Action Association, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Central West Virginia Community Action Association, Inc.

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 and/or OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Central West Virginia Community Association, Inc. elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

The accompanying independent auditor's report is in an integral part of this schedule.

CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF BUDGET VS. ACTUAL - CSBG
FOR THE YEAR ENDED DECEMBER 31, 2022

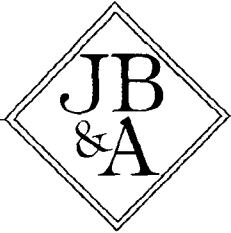
	<u>Budget</u>	<u>Actual</u>	<u>Variance (Over) Under</u>
Budget Line Item			
Wages	\$ 262,000	\$ 261,548	\$ 452
Fringe Benefits	48,000	47,852	148
Supplies/Materials	1,200	1,126	74
Contractual			
Travel			
Other Costs	12,300	12,618	(318)
Program Costs	9,500	9,929	(429)
Indirect Costs	<u>40,295</u>	<u>40,222</u>	<u>73</u>
	<u>\$ 373,295</u>	<u>373,295</u>	<u>\$</u>

Reconciliation to Revenue Recognized

CSBG-CVF01	102,277
Discretionary TTA Grant 21CSBG-D03	56,707
Discretionary TTA Grant 21CSBG-DTR	12,120
Discretionary TTA Grant 22CSBG-DTR	<u>4,132</u>

Total Revenue Recognized 2022 \$ 548,531

The accompanying independent auditor's report and notes are integral parts of this schedule.



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON WV 26201 • (304) 472-3600 • FAX (304) 472-3601

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Central West Virginia Community Action Association, Inc.
Clarksburg, 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 Central West Virginia Community Action Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 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 May 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Central West Virginia Community Action Association, 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.

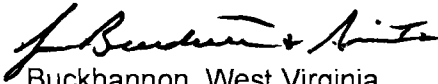
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central West Virginia Community Action Association, 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*.

We noted certain other matters that we reported to management of Central West Virginia Community Action Association, Inc. in a separate letter dated May 10, 2023 on page 22.

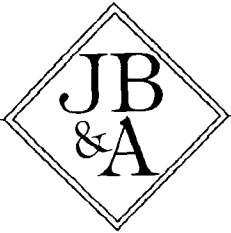
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Buckhannon, West Virginia

May 10, 2023



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON WV 26201 • (304) 472-3600 • FAX (304) 472-3601

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

To the Board of Directors
Central West Virginia Community Action Association, Inc.
Clarksburg, West Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, Inc.'s major federal programs for the year ended December 31, 2022. Central West Virginia Community Action Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central West Virginia Community Action Association, 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 December 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, Inc.'s compliance with the compliance requirements referred to above.

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 Central West Virginia Community Action Association, Inc.'s federal programs.

Auditor's Responsibilities for the Audit 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 Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, 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 judgement 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 Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, 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 Central West Virginia Community Action Association, 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.

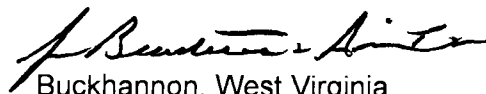
Report on Internal Control Over Compliance

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 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 Auditor's Responsibilities for the Audit 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 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.


Buckhannon, West Virginia
May 10, 2023

**CENTRAL WEST VIRGINIA COMMUNITY ACTION ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? ___ yes _X_ no

Significant deficiencies that are not considered to be material weaknesses? ___ yes _X_ no

Noncompliance material to financial statements notes? ___ yes _X_ no

Federal Awards

Internal control over major programs:

Material weakness identified? ___ yes _X_ no

Significant deficiencies identified that are not considered to be material weaknesses? ___ yes _X_ none reported

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

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

Identification of major programs:

CFDA Number	Name of Federal Program Cluster
93.600	Head Start Cluster

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

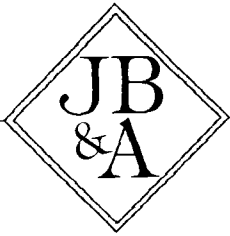
Auditee qualified as low-risk auditee? _X_ yes ___ no

Section II - Financial Statements Findings

None

Section III - Federal Award Findings and Questioned Costs

None



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON WV 26201 • (304) 472-3600 • FAX (304) 472-3601

MANAGEMENT LETTER

To the Board of Directors
Central West Virginia Community Action Association, Inc.
Clarksburg, West Virginia

In planning and performing our audit of the financial statements of Central West Virginia Community Action Association, Inc. for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter on pages 16 and 17 dated May 10, 2023, contains our communication of any significant deficiencies or material weaknesses in the Organization's internal control. This letter does not affect our report dated May 10, 2023, on the financial statements of Central West Virginia Community Action Association, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank the Executive Director and her staff for their support and assistance during our audit.

This report is intended solely for the information and use of management, Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Buckhannon, West Virginia
May 10, 2023