

The Children's Home Society of West Virginia, Inc.

**Financial Statements
and
Supplementary Information**

June 30, 2023 and 2022

The Children’s Home Society of West Virginia, Inc.

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Independent Auditor's Report

To the Board of Directors
The Children's Home Society of West Virginia, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Children's Home Society of West Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Children's Home Society of West Virginia, Inc. as of June 30, 2023 and 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 The Children's Home Society of West Virginia, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 The Children's Home Society of West Virginia, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Children's Home Society of West Virginia, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Bureau for Children & Families (BCF) Funding Status, Bureau for Public Health (BPH) Funding Status, and Division of Administrative Services, Justice and Community Services are presented for purposes of additional analysis and are not a required part of the financial statements. 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*, is presented for purposes of additional analysis and is also 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

To the Board of Directors
The Children's Home Society of West Virginia, Inc.
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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 January 31, 2024 on our consideration of The Children's Home Society of 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 The Children's Home Society of 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 The Children's Home Society of West Virginia, Inc.'s internal control over financial reporting and compliance.



Charleston, West Virginia
January 31, 2024

The Children's Home Society of West Virginia, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 7,476,748	\$ 5,044,391
Receivables:		
Grant and contracts receivable	2,997,283	1,884,949
Program fees receivable, net of allowance for uncollectibles of \$1,500 in 2023 and \$1,500 in 2022	59,968	6,968
Contract revenue receivable – Medicaid	1,156,414	497,091
Other	<u>10,438</u>	<u>12,738</u>
	<u>4,224,103</u>	<u>2,401,746</u>
Prepaid expenses and other assets	281,643	201,678
Investments-at fair value	5,995,624	5,641,868
Property and equipment, net	6,828,929	6,021,804
Right of use asset, net	102,282	-0-
Beneficial interest in perpetual trusts	<u>257,203</u>	<u>259,892</u>
Total Assets	<u>\$25,166,532</u>	<u>\$19,571,379</u>
Liabilities and Net Asset		
Liabilities		
Accounts payable and accrued expenses	\$ 2,183,814	\$ 2,161,410
Deferred revenue	1,369,266	333,296
Lease liability	<u>103,692</u>	<u>-0-</u>
Total Liabilities	<u>3,656,772</u>	<u>2,494,706</u>
Net Assets		
Without Donor Restrictions		
Undesignated	18,555,787	15,006,648
Board designated endowment	<u>1,672,976</u>	<u>1,515,653</u>
Total Net Assets Without Donor Restrictions	20,228,763	16,522,301
With Donor Restrictions	<u>1,280,997</u>	<u>554,372</u>
Total Net Assets	<u>21,509,760</u>	<u>17,076,673</u>
Total Liabilities and Net Assets	<u>\$25,166,532</u>	<u>\$19,571,379</u>

See notes to financial statements.

The Children's Home Society of West Virginia, Inc.

Statement of Activities

For the Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Public support			
Contributions	\$ 2,069,500	\$ 749,041	\$ 2,818,541
In-kind contributions	720,352	-0-	720,352
Government support	16,823,464	-0-	16,823,464
Other private grants	195,513	-0-	195,513
Net assets released from restrictions	25,516	(25,516)	-0-
Total public support	<u>19,834,345</u>	<u>723,525</u>	<u>20,557,870</u>
Revenues and gains			
Contract revenues	10,797,473	-0-	10,797,473
Program service fees	132,000	-0-	132,000
Rental and royalty income	1,000	-0-	1,000
Investment income (loss)	367,147	5,789	372,936
Miscellaneous revenue	25	-0-	25
Decrease in value of beneficial interest in perpetual trusts	-0-	(2,689)	(2,689)
Total revenues and gains	<u>11,297,645</u>	<u>3,100</u>	<u>11,300,745</u>
Total Revenues, Gains and Other Support	<u>31,131,990</u>	<u>726,625</u>	<u>31,858,615</u>
Expenses			
Program services			
Shelter Services	11,754,782	-0-	11,754,782
Permanency	8,281,190	-0-	8,281,190
Safe at Home	1,042,739	-0-	1,042,739
WE CAN/Mentoring Services	297,945	-0-	297,945
Right from the Start Services	186,755	-0-	186,755
In Home Family Education	269,256	-0-	269,256
Family Support Centers	874,563	-0-	874,563
Child Advocacy Center	430,848	-0-	430,848
Birth to Three	17,175	-0-	17,175
Transitional Living	765,636	-0-	765,636
Child/Family Services	382,352	-0-	382,352
Substance Abuse Program	26,092	-0-	26,092
Other	6,752	-0-	6,752
Total program services	<u>24,336,085</u>	<u>-0-</u>	<u>24,336,081</u>
Supporting Services			
Management and General	2,948,278	-0-	2,948,278
Fundraising	141,915	-0-	141,915
Total Supporting Services	<u>3,090,193</u>	<u>-0-</u>	<u>3,090,193</u>
Total Expenses	<u>27,426,278</u>	<u>-0-</u>	<u>27,426,278</u>

See notes to financial statements.

The Children's Home Society of West Virginia, Inc.

Statement of Activities (Continued)

For the Year Ended June 30, 2023

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gain on the Sale/Abandonment of Property	<u>750</u>	<u>-0-</u>	<u>750</u>
Total Expenses and Gains	<u>27,425,528</u>	<u>-0-</u>	<u>27,425,528</u>
Change in Net Assets	3,706,642	726,625	4,433,087
Net Assets, Beginning of Year	<u>16,522,301</u>	<u>554,372</u>	<u>17,076,673</u>
Net Assets, End of Year	<u>\$20,228,763</u>	<u>\$1,280,997</u>	<u>\$21,509,760</u>

See notes to financial statements.

The Children's Home Society of West Virginia, Inc.

Statement of Activities

For the Year Ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Public support			
Contributions	\$ 2,043,099	\$25,516	\$ 2,068,615
In-kind contributions	659,717	-0-	659,717
Government support	16,752,369	-0-	16,752,369
Other private grants	369,924	-0-	369,924
Total public support	<u>19,825,109</u>	<u>25,516</u>	<u>19,850,625</u>
Revenues and gains			
Contract revenues	6,233,657	-0-	6,233,657
Program service fees	128,000	-0-	128,000
Rental and royalty income	1,000	-0-	1,000
Investment income (loss)	(469,905)	(1,462)	(471,367)
Miscellaneous revenue	15,721	-0-	15,721
Decrease in value of beneficial interest in perpetual trusts	-0-	(48,509)	(48,509)
Total revenues and gains	<u>5,908,473</u>	<u>(49,971)</u>	<u>5,858,502</u>
Total Revenues, Gains and Other Support	<u>25,733,582</u>	<u>(24,455)</u>	<u>25,709,127</u>
Expenses			
Program services			
Shelter Services	10,951,175	-0-	10,951,175
Permanency	9,191,755	-0-	9,191,755
Safe at Home	841,269	-0-	841,269
WE CAN/Mentoring Services	274,831	-0-	274,831
Right from the Start Services	164,366	-0-	164,366
In Home Family Education	261,874	-0-	261,874
Family Support Centers	228,769	-0-	228,769
Child Advocacy Center	390,367	-0-	390,367
Birth to Three	17,926	-0-	17,926
Transitional Living	502,353	-0-	502,353
Child/Family Services	361,686	-0-	361,686
Substance Abuse Program	141,232	-0-	141,232
Other	6,666	-0-	6,666
Total program services	<u>23,334,269</u>	<u>-0-</u>	<u>23,334,269</u>

See notes to financial statements.

The Children's Home Society of West Virginia, Inc.

Statement of Activities (Continued)

For the Year Ended June 30, 2022

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Expenses (Continued)			
Supporting services			
Management and general	2,937,695	-0-	2,937,695
Fund raising	<u>105,348</u>	<u>-0-</u>	<u>105,348</u>
Total supporting services	<u>3,043,043</u>	<u>-0-</u>	<u>3,043,043</u>
Total Expenses	26,377,312	-0-	26,377,312
Loss on the Sale/Abandonment of Property	<u>17,281</u>	<u>-0-</u>	<u>17,281</u>
Total Expenses and Losses	<u>26,394,593</u>	<u>-0-</u>	<u>26,394,593</u>
Change in Net Assets	(661,011)	(24,455)	(685,466)
Net Assets, Beginning of Year	<u>17,183,312</u>	<u>578,827</u>	<u>17,762,139</u>
Net Assets, End of Year	<u>\$16,522,301</u>	<u>\$554,372</u>	<u>\$17,076,673</u>

See notes to financial statements.

The Children's Home Society of West Virginia, Inc.
Statement of Functional Expenses

For the Year Ended June 30, 2023

	2023				
	Shelter Services	Permanency	Safe At Home	WE CAN/ Mentoring Services	Right From The Start Services
Salaries	\$ 5,015,839	\$ 2,424,896	\$ 502,197	\$ 105,281	\$ 110,155
Relief salaries	2,064,025	84,509	3,407	-0-	-0-
Benefits	1,150,794	563,114	116,538	12,276	20,746
Taxes	594,333	203,854	41,924	8,718	8,530
Professional fees	168,160	85,458	8,035	-0-	1,758
Supplies	370,129	205,109	38,350	14,123	3,493
Food	412,557	-0-	-0-	-0-	-0-
Telephone	94,809	97,409	20,495	-0-	5,879
Postage/shipping	7,498	11,234	476	120	839
Occupancy	635,570	283,501	82,852	7,995	17,639
Rent/maintenance-equipment	54,160	47,703	6,210	42	1,458
Printing/publishing	15,934	33,760	2,054	83	-0-
Travel	157,053	279,575	82,632	7,856	6,197
Conferences/meetings	95,242	43,389	570	848	1,968
Tuition assistance	94,156	104,468	15,142	-0-	-0-
Special assistance	288,562	238,595	83,042	89,018	770
Membership dues	1,685	2,352	616	160	-0-
Interest expense	-0-	6,907	-0-	-0-	-0-
Miscellaneous	65,205	86,615	3,804	10,241	1,634
Professional liability insurance	138,939	69,400	12,677	2,761	2,301
Foster care payments	-0-	2,890,416	-0-	-0-	-0-
Bad debt expense	6,527	1,014	-0-	-0-	-0-
In-kind donation expense	137,170	295,024	15,085	38,423	3,388
Total expenses before depreciation and amortization	11,568,347	8,058,302	1,036,106	297,945	186,755
Depreciation and amortization	186,435	222,888	6,633	-0-	-0-
Total Expenses	\$11,754,782	\$8,281,190	\$1,042,739	\$297,945	\$186,755

See notes to financial statements.

2023 (Continued)

	Program Services					Child/ Family Services
	In Home Family Education	Family Support Centers	Child Advocacy Center	Birth To Three	Transitional Living	
Salaries	\$151,109	\$ 287,578	\$238,225	\$ -	\$350,303	\$176,237
Relief salaries	-0-	50,419	5,512	-0-	29,381	19,961
Benefits	37,901	91,324	43,871	-0-	109,352	64,995
Taxes	12,332	26,428	20,517	-0-	30,805	15,759
Professional fees	-0-	-0-	3,655	16,857	165	74,364
Supplies	2,545	68,197	12,405	-0-	8,768	1,990
Food	-0-	-0-	-0-	-0-	-0-	-0-
Telephone	8,221	7,710	11,970	-0-	6,046	2,349
Postage/shipping	76	200	598	-0-	68	5
Occupancy	15,713	21,363	22,261	-0-	13,288	6,720
Rent/Maintenance/Equipment	1,671	2,294	2,444	-0-	2,698	1,349
Printing/Publishing	582	4,029	2,523	-0-	380	3,832
Travel	12,919	13,768	6,946	-0-	28,251	3,610
Conferences/Meetings	3,914	5,643	5,854	-0-	2,153	1,727
Tuition assistance	10,285	4,338	29,398	-0-	10,282	-0-
Special assistance	1,273	51,755	356	-0-	158,217	220
Membership dues	2,725	345	1,100	-0-	45	-0-
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	1,144	2,686	8,168	-0-	1,540	3,368
Professional liability insurance	3,682	5,860	5,293	-0-	8,174	4,009
Foster care payments	-0-	-0-	-0-	-0-	-0-	-0-
Bad debt expense	-0-	-0-	-0-	18	-0-	1,857
In kind donation expense	3,164	217,560	4,518	300	5,720	-0-
Total expenses before depreciation and amortization	<u>269,256</u>	<u>861,497</u>	<u>425,614</u>	<u>17,175</u>	<u>765,636</u>	<u>382,352</u>
Depreciation and amortization	-0-	13,066	5,234	-0-	-0-	-0-
Total Expenses	<u>\$269,256</u>	<u>\$874,563</u>	<u>\$430,848</u>	<u>\$17,175</u>	<u>\$765,636</u>	<u>\$382,352</u>

2023 (Continued)

	Program Services			Supporting Services			
	Substance Abuse Program	Other	Total	Management and General	Fund Raising	Total	2023 Total
Salaries	\$12,726	\$ -0-	\$9,374,546	\$1,536,799	\$ 90,741	\$1,627,540	\$11,002,086
Relief salaries	-0-	-0-	2,257,214	37,094	-0-	37,094	2,294,308
Benefits	8,618	-0-	2,219,529	403,212	18,306	421,518	2,641,047
Taxes	1,379	-0-	964,579	114,349	6,614	120,963	1,085,542
Professional fees	-0-	-0-	358,452	311,522	-0-	311,522	669,974
Supplies	43	2,620	727,772	51,953	101	52,054	779,826
Food	-0-	-0-	412,557	-0-	-0-	-0-	412,557
Telephone	1,130	-0-	256,018	30,362	-0-	30,362	286,380
Postage/shipping	-0-	-0-	21,114	30,430	525	30,955	52,069
Occupancy	540	-0-	1,107,442	74,427	-0-	74,427	1,181,869
Rent/Maintenance/Equipment	31	-0-	120,060	91,688	1,579	93,267	213,327
Printing/Publishing	-0-	2,223	65,400	44,495	20,793	65,288	130,688
Travel	889	98	599,794	37,398	1,278	38,676	638,470
Conferences/Meetings	-0-	106	161,414	41,589	-0-	41,589	203,003
Tuition assistance	-0-	-0-	268,069	10,766	-0-	10,766	278,835
Special assistance	321	-0-	912,129	-0-	-0-	-0-	912,129
Membership dues	-0-	-0-	9,028	11,595	-0-	11,595	20,623
Interest expense	-0-	-0-	6,907	-0-	-0-	-0-	6,907
Miscellaneous	-0-	1,705	186,110	22,014	1,057	23,071	209,181
Professional liability insurance	415	-0-	253,511	59,880	921	60,801	314,312
Foster care payments	-0-	-0-	2,890,416	-0-	-0-	-0-	2,890,416
Bad debt expense	-0-	-0-	9,416	-0-	-0-	-0-	9,416
In kind donation expense	-0-	-0-	720,352	-0-	-0-	-0-	720,352
Total expenses before depreciation and amortization	26,092	6,752	23,901,829	2,909,573	141,915	3,051,488	26,953,317
Depreciation and amortization	-0-	-0-	434,256	38,705	-0-	38,705	472,961
Total Expenses	\$26,092	\$6,752	\$24,336,085	\$2,948,278	\$141,915	\$3,090,193	\$27,426,278

The Children's Home Society of West Virginia, Inc.
Statement of Functional Expenses

For the Year Ended June 30, 2022

	2022				
	Shelter Services	Permanency	Safe At Home	WE CAN/ Mentoring Services	Right From The Start Services
Salaries	\$ 4,744,230	\$ 2,812,394	\$ 440,147	\$ 91,001	\$ 92,704
Relief salaries	1,952,937	60,234	-0-	-0-	-0-
Benefits	951,907	675,419	90,491	14,290	15,442
Taxes	567,998	232,913	35,897	7,651	6,806
Professional fees	169,592	12,650	10,660	-0-	1,203
Supplies	354,050	235,996	24,531	24,854	7,670
Food	388,069	-0-	-0-	-0-	-0-
Telephone	103,595	90,688	22,369	-0-	5,574
Postage/shipping	2,779	9,633	721	808	800
Occupancy	587,904	369,510	25,820	1,250	17,812
Rent/maintenance-equipment	66,709	51,583	1,315	467	1,249
Printing/publishing	12,770	40,234	158	122	-0-
Travel	162,612	267,028	83,462	5,211	7,226
Conferences/meetings	43,294	43,325	5,903	920	3,711
Tuition assistance	58,229	114,748	29,462	-0-	-0-
Special assistance	265,794	181,686	50,811	72,946	1,316
Membership dues	1,183	5,693	-0-	160	-0-
Interest expense	-0-	-0-	-0-	-0-	-0-
Miscellaneous	50,505	69,949	2,448	3,025	34
Professional liability insurance	128,832	73,843	9,818	2,192	2,025
Foster care payments	-0-	3,292,362	-0-	-0-	-0-
Bad debt expense	21,165	4,324	153	-0-	224
In-kind donation expense	103,388	459,347	-0-	49,934	570
Total expenses before depreciation and amortization	<u>10,737,542</u>	<u>9,103,559</u>	<u>834,166</u>	<u>274,831</u>	<u>164,366</u>
Depreciation and amortization	<u>213,633</u>	<u>88,196</u>	<u>7,103</u>	<u>-0-</u>	<u>-0-</u>
Total Expenses	<u>\$10,951,175</u>	<u>\$9,191,755</u>	<u>\$841,269</u>	<u>\$274,831</u>	<u>\$164,366</u>

See notes to financial statements.

2022 (Continued)

	Program Services					Child/ Family Services
	In Home Family Education	Family Support Centers	Child Advocacy Center	Birth To Three	Transitional Living	
Salaries	133,838	76,477	205,614	-0-	195,180	221,800
Relief salaries	-0-	38,901	28,149	-0-	6,548	1,328
Benefits	44,003	39,009	31,890	-0-	49,054	66,750
Taxes	10,505	9,254	19,366	-0-	15,175	18,120
Professional fees	-0-	-0-	4,661	17,643	495	22,469
Supplies	13,854	36,617	9,855	-0-	31,039	1,383
Food	-0-	-0-	-0-	-0-	-0-	-0-
Telephone	8,506	945	9,530	-0-	4,504	1,381
Postage/shipping	1,745	208	949	-0-	80	-0-
Occupancy	14,932	3,782	41,928	-0-	5,427	4,268
Rent/Maintenance/Equipment	1,529	638	3,411	-0-	574	154
Printing/Publishing	403	(279)	113	-0-	1,423	133
Travel	8,956	575	3,316	-0-	13,114	3,095
Conferences/Meetings	4,610	433	1,508	-0-	(63)	1,215
Tuition assistance	12,636	-0-	-0-	-0-	-0-	-0-
Special assistance	548	1,815	77	-0-	171,297	507
Membership dues	2,159	80	1,100	-0-	-0-	-0-
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	1,020	362	4,061	-0-	742	905
Professional liability insurance	2,430	2,025	4,861	-0-	3,668	3,788
Foster care payments	-0-	-0-	-0-	-0-	-0-	-0-
Bad debt expense	-0-	576	-0-	283	-0-	5,324
In kind donation expense	200	17,351	15,765	-0-	4,096	9,066
Total expenses before depreciation and amortization	261,874	228,769	386,154	17,926	502,353	361,686
Depreciation and amortization	-0-	-0-	4,213	-0-	-0-	-0-
Total Expenses	\$261,874	\$228,769	\$390,367	\$17,926	\$502,353	\$361,686

2022 (Continued)

	Program Services			Supporting Services			
	Substance Abuse Program	Other	Total	Management and General	Fund Raising	Total	2022 Total
Salaries	\$ 85,418	\$ -0-	\$9,098,803	\$1,529,460	\$73,547	\$1,603,007	\$10,701,810
Relief salaries	-0-	-0-	2,088,097	41,101	-0-	41,101	2,129,198
Benefits	37,494	-0-	2,015,749	346,796	13,881	360,677	2,376,426
Taxes	6,391	-0-	930,076	117,010	5,472	122,482	1,052,558
Professional fees	-0-	-0-	239,373	357,956	-0-	357,956	597,329
Supplies	127	2,887	742,863	61,931	665	62,596	805,459
Food	-0-	-0-	388,069	-0-	-0-	-0-	388,069
Telephone	2,959	-0-	250,051	31,074	-0-	31,074	281,125
Postage/shipping	-0-	-0-	17,723	31,270	240	31,510	49,233
Occupancy	1,428	-0-	1,074,061	60,267	-0-	60,267	1,134,328
Rent/Maintenance/Equipment	145	-0-	127,774	67,855	1,334	69,189	196,963
Printing/Publishing	-0-	92	55,169	37,091	7,285	44,376	99,545
Travel	4,619	-0-	559,214	37,281	1,002	38,283	597,497
Conferences/Meetings	-0-	2,284	107,140	55,217	-0-	55,217	162,357
Tuition assistance	-0-	-0-	215,075	33,741	-0-	33,741	248,816
Special assistance	613	-0-	747,410	-0-	-0-	-0-	747,410
Membership dues	-0-	-0-	10,375	12,227	-0-	12,227	22,602
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	418	1,403	134,872	18,150	1,112	19,262	154,134
Professional liability insurance	1,620	-0-	235,102	55,618	810	56,428	291,530
Foster care payments	-0-	-0-	3,292,362	-0-	-0-	-0-	3,292,362
Bad debt expense	-0-	-0-	32,049	-0-	-0-	-0-	32,049
In kind donation expense	-0-	-0-	659,717	-0-	-0-	-0-	659,717
Total expenses before depreciation and amortization	<u>141,232</u>	<u>6,666</u>	<u>23,021,124</u>	<u>2,894,045</u>	<u>105,348</u>	<u>2,999,393</u>	<u>26,020,517</u>
Depreciation and amortization	-0-	-0-	313,145	43,650	-0-	43,650	356,795
Total Expenses	<u>\$141,232</u>	<u>\$6,666</u>	<u>\$23,334,269</u>	<u>\$2,937,695</u>	<u>\$105,348</u>	<u>\$3,043,043</u>	<u>\$26,377,312</u>

The Children's Home Society of West Virginia, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 4,433,087	\$ (685,466)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	474,371	356,795
(Increase) decrease in value of beneficial interest in perpetual trusts	2,689	48,509
Net unrealized/realized loss (gain) on investments	(230,919)	628,270
(Gain) Loss on sale/abandonment of property	(750)	17,281
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Grant and contracts receivable	(1,112,334)	(247,174)
Program fees receivable	(51,500)	35,450
Contract revenue receivable – Medicaid	(659,323)	196,466
Other receivables	2,300	687
Prepaid expenses	(79,965)	(17,197)
Increase (decrease) in:		
Accounts payable and accrued expenses	22,403	337,938
Deferred revenue and grant funds received in advance	1,035,969	52,514
Net Cash Provided By (Used In) Operating Activities	3,836,028	724,073
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,169,528)	(138,960)
Purchases of investments	(2,755,082)	(931,114)
Proceeds from sale of investments	2,520,939	539,268
Net Cash Used In Investing Activities	(1,403,671)	(530,806)
Net Cash Provided By (Used In) Financing Activities	-0-	-0-
Net Increase (Decrease) in Cash and Cash Equivalents	2,432,357	193,267
Cash and Cash Equivalents, Beginning of Year	5,044,391	4,851,124
Cash and Cash Equivalents, End of Year	\$ 7,476,748	\$5,044,391
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest	\$ 6,906	\$ -0-
Noncash operating transaction:		
Unrealized gains (losses) on investments	\$ 149,144	\$ (691,831)
Right of use asset	\$ 212,842	\$ -0-
Lease Liability	\$ 212,842	\$ -0-

See notes to financial statements.

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note A – Summary of Significant Accounting Policies

Nature of Activities – The Children's Home Society of West Virginia, Inc. (the Society) is a nonprofit corporation organized under the laws of the State of West Virginia and exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Society is classified as other than a private foundation. The primary purpose of the Society is to promote the social, emotional, spiritual, and physical well-being of children and their families throughout the State of West Virginia.

Income Taxes - Management has determined that the Society does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Because tax matters are subject to some degree of uncertainty, there can be no assurance that the Society's tax returns will not be challenged by the taxing authorities and that the Society will not be subject to additional tax, penalties and interest as a result of such challenge.

The Society has exempt organization tax filings open to Internal Revenue Service audit for years ending June 30, 2020, 2021, 2022 and 2023.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Society reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Society, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are 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 restriction may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note A – Summary of Significant Accounting Policies (Continued)

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

Contributions Receivable from Perpetual Trusts – As a beneficiary under several donor established perpetual trusts, the Society has an irrevocable right to receive the income earned on trust assets in perpetuity, but never receives the corpus of the trust. Net realized gains and losses in these trusts are reported as support with donor restrictions. The carrying value of these assets is equal to the fair value of the underlying trust assets, which approximates the present value of the future cash flows to be derived from these trust accounts.

Property and Equipment – Expenditures for the acquisition of property and equipment are capitalized at cost. Depreciation is computed by the straight-line method over estimated useful lives of the assets ranging from three to forty years. The Society capitalizes all expenditures in excess of \$10,000 for property and equipment at cost.

Gifts of land, buildings, and equipment are presented as support without donor restrictions 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 support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions Receivable – Contributions receivable are recognized in the period an unconditional promise is received by the Society, less an allowance for uncollectible accounts. No allowance for uncollectible accounts was necessary at June 30, 2023 and 2022.

Donated Goods and Services – Donated materials, equipment services, and other assets are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of gift.

Revenue Recognition – Grant revenue resulting from exchange transactions is recognized when the related costs are incurred. Deferred revenue consists of grant funds that the Society has received but for which it has not incurred related expenses and/or satisfied the requirements of the grant agreements.

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note A – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents – Cash and cash equivalents consist principally of demand deposits with high credit quality financial institutions.

For purposes of reporting the statements of cash flows, the Society considers all cash accounts that are not subject to withdrawal restrictions or penalties, and all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments – Investments in debt securities and marketable equity securities are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends less investment expenses) is included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Expense Allocation – Expenses which are not specifically identified with a particular service are allocated to the various program services based upon time devoted by Society staff in performing program functions.

Subsequent Events – The Society has evaluated subsequent events through January 31, 2024, the date on which the financial statements were available to be issued. The Society believes that there have been no significant subsequent events.

Recently Issued Accounting Standards – Effective July 1, 2022, the Society adopted FASB ASC 842, Leases. The Society determines if an arrangement contains a lease at inception based on whether the Society has the right to control the asset during the contract period and other facts and circumstances. The Society elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets, net of prepaid lease payments and lease incentives, of \$212,842 and operating lease liabilities as of \$212,842 as of July 1, 2022. Results for the period beginning prior to July 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Society's Statements of Activities or Cash Flows.

During the year ended June 30, 2022, the Society adopted the provisions of the following new standard issued by the Financial Accounting Standards Board (FASB): Accounting Standards Updated (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.

ASU No. 2020-07 increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure.

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note B – Property and Equipment

Property and equipment consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,727,879	\$ 1,234,879
Buildings	3,701,924	3,258,965
Furniture and equipment	3,859,917	1,922,169
Leasehold and building improvements	1,971,365	3,859,918
Work in progress	150,500	-0-
	11,411,585	10,275,931
Less accumulated depreciation	4,582,656	4,254,127
	<u>\$ 6,828,929</u>	<u>\$ 6,021,804</u>

The Society acquired certain fixed assets with restricted grant funds. Although the grantor agency reserves the right to request the asset be returned to the grantor agency at the end of the grant period, the Society has capitalized the asset since it is probable that it will be allowed to keep the asset at the end of the grant period.

Note C – Investments

Investments consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Government obligations	\$ 430,388	\$ 397,193	\$ 305,369	\$ 271,959
Cash and cash equivalents	2,701,731	2,701,781	2,545,777	2,545,777
Corporate bonds	25,048	24,556	405,520	386,158
Other	14,307	607,774	161,620	153,937
Equities	1,289,018	1,637,164	1,756,720	2,059,346
Mutual funds	1,180,583	627,155	287,905	224,691
	<u>\$5,641,075</u>	<u>\$5,995,623</u>	<u>\$5,462,911</u>	<u>\$5,641,868</u>

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note C – Investments (Continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values for all investments are determined by reference to quoted market prices and other relevant information generated by market transactions. The Society considers the measurement of its investments to be Level 1 measurement within the fair value measurement hierarchy.

Investment income (loss) for the years ended June 30, 2023 and 2022 including the Perpetual Trust was as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$168,569	\$ 141,569
Realized gains	81,775	63,561
Unrealized (losses) gains	149,144	(691,831)
Custodial fees	<u>(29,277)</u>	<u>(33,175)</u>
	<u>\$370,211</u>	<u>\$(519,876)</u>

Note D – Fair Value Measurement – Beneficial Interest in Perpetual Trust

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	<u>Fair Value</u>	<u>Quoted Price In Active Market For Identical Assets</u>
Investments in debt and equity securities	<u>\$257,203</u>	<u>\$257,203</u>
Total assets measured at fair value on a recurring basis	<u>\$257,203</u>	<u>\$257,203</u>

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note D – Fair Value Measurement – Beneficial Interest in Perpetual Trust (Continued)

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Price In Active Market For Identical Assets</u>
Investments in debt and equity securities	\$259,892	\$259,892
Total assets measured at fair value on a recurring basis	\$259,892	\$259,892

Fair values for investments in debt and equity securities are determined by reference to quoted prices for similar securities. The Society considers the measurement of its beneficial interest in the perpetual trust to be a Level 1 measurement within the fair value measurement hierarchy.

The table below presents information about the changes in the beneficial interest in the perpetual trust, which is measured at fair value on a recurring basis:

Balance July 1, 2022	\$259,892
Change in value in beneficial interest	<u>(2,689)</u>
June 30, 2023	<u>\$257,203</u>
Balance July 1, 2021	\$308,401
Change in value in beneficial interest	<u>(48,509)</u>
June 30, 2022	<u>\$259,892</u>

The change in value in beneficial interest is included in other gains and losses in the statement of activities.

Note E – Retirement Plan

The Society has a noncontributory, defined contribution retirement plan for substantially all full-time employees. The Society contributes on behalf of each eligible employee an amount equal to 6% of the compensation of these employees from July-December 2022 and 8% of the compensation of these employees from January-June 2023. Total contributions made to the plan were \$705,908 and \$517,473 for the years ended June 30, 2023 and 2022, respectively.

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note F – Support and Revenue from Governmental Units

The Children's Home Society of West Virginia, Inc. has entered into agreements with the West Virginia Department of Health and Human Resources to provide emergency shelters for youth in crisis within the state of West Virginia. Funding for these services is provided by the West Virginia Department of Health and Human Resources.

The Society receives a substantial amount of its support and revenue from the West Virginia Department of Health and Human Resources. The program support from the West Virginia Department of Health and Human Resources includes federal financial assistance. A significant reduction in the level of this support, if this were to occur, may have a significant impact on the Society's programs and activities. Support received from this agency was \$16,823,464 and \$16,752,369 during the years ended June 30, 2023 and 2022, respectively. Funding due from this agency for program services was \$2,997,283 and \$1,884,949 as of June 30, 2023 and 2022, respectively. There is no allowance for doubtful accounts recorded as all amounts are considered collectible at June 30, 2023 and 2022, respectively.

In addition, the Society has also entered into an agreement with the West Virginia Department of Health and Human Resources to provide medical services to Medicaid eligible clients housed at the Society's shelter. Revenues from these services are provided by the West Virginia Department of Health and Human Resources' Medicaid program and recognized as services are rendered. Revenues recognized under this contractual arrangement for the years ended June 30, 2023 and 2022, were \$10,797,473 and \$6,233,657, respectively. Revenues receivable under this contract were \$1,156,414 and \$497,091, net of allowance for doubtful accounts of \$-0- and \$-0- as of June 30, 2023 and 2022, respectively.

The Society's estimate of allowance for doubtful accounts on all receivables is based on an analysis of account agings and consideration of historical collection patterns. Accounts are normally charged off after they become greater than two years old.

Note G – Debt

As of June 30, 2023 and 2022, the Society had no borrowings under a \$1,000,000 revolving line of credit. The line of credit, secured by investments of the Society, accrues interest at the prime rate and requires monthly payments of interest.

Interest paid on all borrowings was \$-0- and \$-0- during the years ended June 30, 2023 and 2022, respectively.

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note H - Endowment Funds

The Children's Home Society of West Virginia, Inc.'s endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As of June 30, 2023 and 2022, the Board of Directors had designated \$1,672,976 and \$1,515,653, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Society. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. As of June 30, 2023 and 2022, there was \$531,956 and \$528,856, respectively, in net assets with donor restrictions as these endowment funds are donor-restricted funds in that they are restricted to investment in perpetuity and only the income generated from the funds are expendable to support the general purposes of the Society.

The management of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Society considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Society, and (7) the Society's investment policies.

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note H - Endowment Funds (Continued)

Investment Return Objectives, Risk Parameters and Strategies - The Society has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets of the long-term. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in obtaining an additional 3% net return relative to the Consumer Price Index with a minimum return of 7% as a secondary objective. It is also expected that over any 3-year period the funds will achieve a net return superior to their appropriate respective benchmark. Equities, including convertible securities, may comprise up to a maximum of 70% of the endowment fund's market value with a minimum of 0%. Fixed Income securities, including preferred stocks, should not exceed a maximum of 70% of the fund's market value and may represent as little as 0%. Cash equivalents may represent a maximum of up to 100% of the fund's value, but should constitute at least 5% at all times.

The Board Designated funds may be invested in equities, fixed income securities and cash equivalents. The Donor-Restricted funds managed by the Society will hold all principal intact and may only be invested in fixed income securities.

Spending Policy - The Society has a policy that the annual spending rate for the Board Designated funds only will be recommended on an annual basis by the Finance Committee and be approved by the Board of Directors. It will be based on a spending policy of a percent of the trailing 20-quarter average of the ending quarterly market values of the fund. The percent may vary but must be prudent and consider the overall return objectives of the Investment Policy. In no case shall it exceed 5% of the trailing 20-quarter average of the ending quarterly market values of the fund. Donor trust amounts as governed by separate agreements may or may not be included in the total overall value of the fund subject to the 5% cap for distributions.

Endowment Net Asset Composition by Type of Fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ -0-	\$531,956	\$ 531,956
Board-designated endowment funds	<u>1,672,976</u>	<u>-0-</u>	<u>1,672,976</u>
Total funds	<u>\$1,672,967</u>	<u>\$531,956</u>	<u>\$2,204,932</u>

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note H - Endowment Funds (Continued)

Changes in the endowment net assets as of June 30, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$1,515,653	\$528,856	\$2,044,509
Contributions	-0-	-0-	-0-
Disbursements	-0-	-0-	-0-
Interest	37,356	6,601	43,957
Realized gain (loss)	24,790	-0-	24,790
Net appreciation (depreciation)	112,521	(812)	111,709
Net gain (loss) on perpetual trust	-0-	(2,689)	(2,689)
Amounts appropriated as expenditure	<u>(17,344)</u>	<u>-0-</u>	<u>(17,344)</u>
Endowment net assets, end of year	<u>\$1,672,976</u>	<u>\$531,956</u>	<u>\$2,204,932</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ -0-	\$528,856	\$ 528,856
Board-designated endowment funds	<u>1,515,653</u>	<u>-0-</u>	<u>1,515,653</u>
Total funds	<u>\$1,515,653</u>	<u>\$528,856</u>	<u>\$2,044,509</u>

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note H - Endowment Funds (Continued)

Changes in the endowment net assets as of June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$1,845,380	\$578,827	\$2,424,207
Contributions	-0-	-0-	-0-
Disbursements	-0-	-0-	-0-
Interest	83,422	2,652	86,074
Realized gain (loss)	50,575	-0-	50,575
Net appreciation (depreciation)	(443,928)	(4,114)	(448,042)
Net gain (loss) on perpetual trust	-0-	(48,509)	(48,509)
Amounts appropriated as expenditure	<u>(19,796)</u>	<u>-0-</u>	<u>(19,796)</u>
Endowment net assets, end of year	<u>\$1,515,653</u>	<u>\$528,856</u>	<u>\$2,044,509</u>

Note I – Net Assets

Net assets with donor restrictions are restricted to investment in perpetuity, the income from which is expendable to support the general purposes of the Society. A substantial portion of the realized and unrealized gains on these assets are not available for distribution to the Society and are reflected as changes in net assets with donor restrictions. Additionally, The Society had two ongoing capital campaigns during fiscal year end 2023. One campaign is to assist with purchasing a new office building for the Society's community based programs located in Parkersburg, WV. This campaign began in December 2020 with an approximate goal of \$550,000. The Society currently rents space for these programs and needs additional space that cannot be provided by the current landlord. The second campaign is to assist with either purchasing a building or purchasing land and constructing a new building to replace the current 5-bed Exceptional Youth Emergency Shelter that is located in Daniels, WV, and expanding that facility with an additional 5 beds. This campaign began in February 2023 with an approximate goal of \$2,500,000. The Society currently owns the existing facility that was formerly a residential home and space is limited there with no room for expansion.

Perpetual Restriction		
Investment (Note H)	\$531,956	\$528,856
Use Restriction		
Capital Campaign	<u>749,041</u>	<u>25,516</u>
Total Net assets with donor restrictions	<u>\$1,280,997</u>	<u>\$554,372</u>

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note J – Concentration of Credit Risk

Financial instruments which potentially subject the Society to concentrations of credit risk consist of cash and cash equivalents. Cash is deposited with a high credit quality financial institution and exceeds the Federal Depository Insurance Corp. (FDIC) limit of \$250,000. The amount of funds that exceed the FDIC limit at June 30, 2023 and 2022 was \$7,293,530 and \$4,829,568, respectively.

Note K – Liquidity and Availability of Financial Assets

As part of the Society's liquidity management plan, cash in excess of daily requirements are maintained in cash reserves. The Board of Directors directs all bequests to an operating reserve if they are not restricted by the donors' instructions. As of June 30, 2023 and 2022 the operating reserve was \$7,476,748 and \$5,044,391. This reserve, established by the Board of Directors, may be drawn upon if needed to meet unexpected liquidity needs or in the event of financial distress. Additionally as discussed in more detail in Note G, the Society maintains a \$1,000,000 revolving line of credit which was entirely available at June 30, 2023.

The following table reflects the Society's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year or because they have been set aside for a specific program.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 7,476,748	\$ 5,044,391
Grant and contract receivable	2,997,283	1,884,949
Program fees receivable	59,968	6,968
Contract revenue receivable	1,156,414	497,091
Investments at fair value	<u>5,995,623</u>	<u>5,641,868</u>
Financial assets, at year-end	<u>\$17,686,036</u>	<u>\$13,075,267</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions		
Restricted by donor	\$ 1,003,294	\$ 273,978
Board designations		
Primarily for long-term investing	<u>1,672,976</u>	<u>1,515,653</u>
	<u>2,676,270</u>	<u>1,789,631</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$15,009,766</u>	<u>\$11,285,636</u>

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note L – In-Kind Contributions

The Society received gifts-in-kind for the years ended June 30, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Program Support Items	\$674,506	\$599,324
Radio Air Time	41,328	55,875
Space	4,518	4,518
Total gifts-in-kind	<u>\$720,352</u>	<u>\$659,717</u>

The Children's Home Society of West Virginia's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Society. These gifts-in-kind are utilized in the same year as received and are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Gifts-in-kind will not be accepted that cannot be utilized in the Society's normal course of business which includes distribution to needy families in the community. The Society has 8 emergency shelters and 14 offices throughout the State of West Virginia that can accept gifts-in-kind. All gifts-in-kind accepted at local offices or emergency shelters will be used for the program(s) at that location and may possibly be sent to other locations if needed there.

Program support items include, but are not limited to, food, clothing, toys, books, hygiene products, school supplies and household items. Radio air time is donated by a local radio station for the Permanency program at the Princeton, WV, office to run advertising for foster parent recruitment. The value is determined by the radio station using billing estimates in like circumstances. Donated space is provided by the Morgan County Commission for office space in the Morgan County Courthouse that is utilized as a Child Advocacy Center by the Society. The value is determined by the donor on an annual basis to be \$10 per square foot for space measuring 14' X 15'10" and 13'7" X 10'5" and 8' X 11".

Note M – Leasing Activities

The Society adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Society has operating leases of buildings for corporate offices. The leases have remaining lease terms of 1 year, some of which include options to extend the leases for up to 5 years, and some of which include options to terminate the lease within 1 year. There were two leases for office space that were considered long-term leases that resulted in right-of-use (ROU) assets and lease liabilities. The Society does not report ROU assets and lease liabilities for its short-term leases (with a term of 12 months or less). Instead, the lease payments of those leases are reported as occupancy expense on a straight-line basis over the term of the lease. The Society had ten leases for office space that were considered short-term. For the long-term leases, a discount rate of 4.5% was used to discount lease payments as dictated by the current borrowing rate through the Society's financial institution. As a result of implementing ASU No. 2016-02, the Society recognized Right-of-Use assets of \$102,282 and lease liabilities totaling \$103,692 in its statement of financial position as of June 30, 2023.

The Children's Home Society of West Virginia, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note M – Leasing Activities (Continued)

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of June 30:

	<u>2023</u>	<u>2022</u>
Operating Leases		
Operating lease right-of-use-assets	<u>\$102,282</u>	<u>\$212,842</u>
Other current lease liabilities	103,692	109,150
Operating long-term lease liabilities	<u>-0-</u>	<u>103,692</u>
Total operating lease liabilities	<u>\$103,692</u>	<u>\$212,842</u>

The maturities of lease liabilities as of June 30, 2023 were as follows:

Year ending June 30:	<u>Operating</u>
2024	<u>\$103,692</u>
Total lease payments	<u>103,692</u>
Less: interest	<u>-0-</u>
Present value of lease liabilities	<u>\$103,692</u>

The Society has other various leases for buildings and equipment, which do not meet the requirements to capitalize above. Most are operating on a month-to-month basis as of June 30, 2023. Total rent expense for the years ended June 30, 2023 and 2022, were \$168,270 and \$143,800, respectively.

Supplementary Information

The Children's Home Society of West Virginia, Inc.
Schedule of Bureau for Children & Families (BCF) Funding Status
June 30, 2023

Account Number	Current Year Award Amount	Award Extended From Prior Year	Refundable Advances July 1, 2022	Amount Earned and Billed	Refundable Advances June 30, 2023	Amount Not Billed	Amount Billed But Not Collected	Amount Billed and Collected
5074-0000-2023-0511-2663-09900-3256	\$ 12,652	\$ -0-	\$ -0-	\$ 12,652	\$ -0-	\$ -0-	\$ -0-	\$ 12,652
5074-0000-2023-0511-2663-09900-3285	13,398	-0-	-0-	13,398	-0-	-0-	-0-	13,398
5362-0000-2023-0511-2790-09900-3285	2,502	-0-	-0-	2,502	-0-	-0-	-0-	2,502
5362-0000-2023-0511-2790-09900-3256	625	-0-	-0-	625	-0-	-0-	-0-	625
5362-0000-2023-0511-2573-09900-3256	13,351	-0-	-0-	13,351	-0-	-0-	-0-	13,351
5362-0000-2023-0511-3847-09900-3285	205,123	-0-	-0-	137,554	14,914	52,655	-0-	152,468
5469-0000-2023-0511-3144-09900-3256	490	-0-	-0-	-0-	-0-	490	-0-	-0-
5469-0000-2023-0511-3144-09900-3256	1,859	-0-	-0-	-0-	-0-	1,859	-0-	-0-
Sub-Total	250,000	-0-	-0-	180,082	14,914	55,004	-0-	194,996
5074-0000-2023-0511-2663-09900-3256	12,652	-0-	-0-	12,652	-0-	-0-	-0-	12,652
5074-0000-2023-0511-2663-09900-3285	13,398	-0-	-0-	13,398	-0-	-0-	-0-	13,398
5362-0000-2023-0511-2790-09900-3285	2,502	-0-	-0-	2,502	-0-	-0-	-0-	2,502
5362-0000-2023-0511-2790-09900-3256	625	-0-	-0-	625	-0-	-0-	-0-	625
5362-0000-2023-0511-2573-09900-3256	13,351	-0-	-0-	13,351	-0-	-0-	-0-	13,351
5362-0000-2023-0511-3847-09900-3285	205,123	-0-	-0-	167,289	12,681	25,153	48,336	131,634
5469-0000-2023-0511-3144-09900-3256	490	-0-	-0-	-0-	-0-	490	-0-	-0-
5469-0000-2023-0511-3144-09900-3256	1,859	-0-	-0-	-0-	-0-	1,859	-0-	-0-
Sub-Total	250,000	-0-	-0-	209,817	12,681	27,502	48,336	174,162
5074-0000-2023-0511-2663-09900-3256	12,652	-0-	-0-	12,652	-0-	-0-	-0-	12,652
5074-0000-2023-0511-2663-09900-3285	13,398	-0-	-0-	13,398	-0-	-0-	-0-	13,398
5362-0000-2023-0511-2790-09900-3285	2,502	-0-	-0-	2,502	-0-	-0-	-0-	2,502
5362-0000-2023-0511-2790-09900-3256	625	-0-	-0-	625	-0-	-0-	-0-	625
5362-0000-2023-0511-2573-09900-3256	13,351	-0-	-0-	13,351	-0-	-0-	-0-	13,351
5362-0000-2023-0511-3847-09900-3285	205,123	-0-	-0-	174,420	5,550	25,153	27,502	152,468
5469-0000-2023-0511-3144-09900-3256	490	-0-	-0-	-0-	-0-	490	-0-	-0-
5469-0000-2023-0511-3144-09900-3256	1,859	-0-	-0-	-0-	-0-	1,859	-0-	-0-
Sub-Total	250,000	-0-	-0-	216,948	5,550	27,502	27,502	194,996
5074-0000-2023-0511-3142-09900-3285	10,890	-0-	-0-	-0-	10,890	-0-	-0-	10,890
5074-0000-2023-0511-3588-09900-3285	172,140	-0-	-0-	-0-	172,140	-0-	-0-	172,140
5074-0000-2022-0511-3142-09900-3285	32,670	-0-	-0-	-0-	32,670	-0-	-0-	32,670
5074-0000-2022-0511-3588-09900-3285	516,420	-0-	-0-	168,643	347,777	-0-	-0-	516,420
Sub-Total	732,120	-0-	-0-	168,643	563,477	-0-	-0-	732,120
5074-0000-2023-0511-3142-09900-3285	6,223	-0-	-0-	-0-	6,223	-0-	-0-	6,223
5074-0000-2023-0511-3588-09900-3285	98,365	-0-	-0-	-0-	98,365	-0-	-0-	98,365
5074-0000-2022-0511-3142-09900-3285	18,669	-0-	-0-	18,669	-0-	-0-	-0-	18,669
5074-0000-2022-0511-3588-09900-3285	295,097	-0-	-0-	142,376	134,052	-0-	-0-	295,097
Sub-Total	418,354	-0-	-0-	161,045	257,309	-0-	-0-	418,354
Total	\$1,900,474	\$-0-	\$-0-	\$936,535	\$853,931	\$110,008	\$75,838	\$1,714,628

See independent Auditor's report.

The Children's Home Society of West Virginia, Inc.
Schedule of Bureau for Public Health (BPH) Funding Status

June 30, 2023

<u>Account Number</u>	<u>Current Year Award Amount</u>	<u>Award Extended From Prior Year</u>	<u>Refundable Advances July 1, 2022</u>	<u>Amount Earned and Billed</u>	<u>Refundable Advances June 30, 2023</u>	<u>Amount Not Billed</u>	<u>Amount Billed But Not Collected</u>	<u>Amount Billed and Collected</u>
0407-0000-2022-0506-2999-57500-3256	\$119,677	\$-0-	\$-0-	\$ 119,677	\$ -0-	\$ -0-	\$ -0-	\$ 119,677
5362-0000-2023-0511-2747-09900-3285	<u>119,677</u>	<u>-0-</u>	<u>-0-</u>	<u>74,974</u>	<u>18,375</u>	<u>26,328</u>	<u>52,658</u>	<u>40,691</u>
Sub-Total	<u>239,354</u>	<u>-0-</u>	<u>-0-</u>	<u>194,651</u>	<u>18,375</u>	<u>26,328</u>	<u>52,658</u>	<u>160,368</u>
8802-0000-2023-0506-2990-13000-3285	56,250	-0-	-0-	41,602	-0-	14,648	-0-	41,602
8802-0000-2022-0506-2990-13000-3285	<u>168,750</u>	<u>-0-</u>	<u>-0-</u>	<u>168,750</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>168,750</u>
Sub-Total	<u>225,000</u>	<u>-0-</u>	<u>-0-</u>	<u>210,352</u>	<u>-0-</u>	<u>14,648</u>	<u>-0-</u>	<u>210,352</u>
8802-0000-2024-0506-2990-13000-3285	56,250	-0-	-0-	-0-	-0-	56,250	-0-	-0-
8802-0000-2023-0506-2990-13000-3285	<u>93,750</u>	<u>-0-</u>	<u>-0-</u>	<u>93,750</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>93,750</u>
8802-0000-2023-0506-2990-89101-3285	<u>75,000</u>	<u>-0-</u>	<u>-0-</u>	<u>59,546</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>75,000</u>
Sub-Total	<u>225,000</u>	<u>-0-</u>	<u>-0-</u>	<u>153,296</u>	<u>-0-</u>	<u>56,250</u>	<u>-0-</u>	<u>168,750</u>
Total	<u>\$689,354</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$558,299</u>	<u>\$18,375</u>	<u>\$97,226</u>	<u>\$52,658</u>	<u>\$539,470</u>

See independent Auditor's report.

The Children's Home Society of West Virginia, Inc.
Schedule of Division of Administrative Services, Justice and Community Services

June 30, 2023

<u>Account Number</u>	<u>Current Year Award Amount</u>	<u>Award Extended From Prior Year</u>	<u>Refundable Advances July 1, 2022</u>	<u>Amount Earned and Billed</u>	<u>Refundable Advances June 30, 2023</u>	<u>Amount Not Billed</u>	<u>Amount Billed But Not Collected</u>	<u>Amount Billed and Collected</u>
0546-2023-9920-561-083 Sub-Total	\$108,672 <u>108,672</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$108,672 <u>108,672</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$108,672 <u>108,672</u>
0546-2023-9920-561-083 Sub-Total	123,512 <u>123,512</u>	-0- <u>-0-</u>	-0- <u>-0-</u>	123,512 <u>123,512</u>	-0- <u>-0-</u>	-0- <u>-0-</u>	-0- <u>-0-</u>	123,512 <u>123,512</u>
Total	\$232,184	\$ -0-	\$ -0-	\$232,184	\$ -0-	\$ -0-	\$ -0-	\$232,184

See independent Auditor's report.

**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 of
The Children's Home Society of West Virginia, Inc.

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 The Children's Home Society of West Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 January 31, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Children's Home Society of West Virginia, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Children's Home Society of West Virginia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Children's Home Society of 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.

To the Board of Directors of
The Children's Home Society of West Virginia, Inc.
Page two

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 The Children's Home Society of 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 Society'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 Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia
January 31, 2024

**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 of
The Children's Home Society of West Virginia, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Children's Home Society of West Virginia, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Children's Home Society of West Virginia, Inc.'s major federal programs for the year ended June 30, 2023. The Children's Home Society of West Virginia, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Children's Home Society of 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 June 30, 2023.

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 The Children's Home Society of West Virginia, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Children's Home Society of West Virginia, 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 The Children's Home Society of West Virginia, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

To the Board of Directors of
The Children's Home Society of West Virginia, Inc.
Page three

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

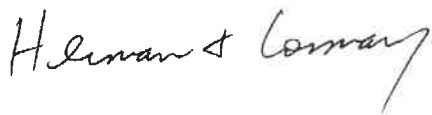
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Charleston, West Virginia
January 31, 2024

The Children's Home Society of West Virginia, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Direct Awards			
U.S. Department of Health and Human Services Transitional Living for Homeless Youth	93.550	90CX7634-01-00/ 90CX7634-02-00	\$ 192,667 <u>192,667</u>
Pass Through Awards			
U.S. Department of Health and Human Services Passed through West Virginia Department of Health and Human Resources Right From the Start Project	93.778	G230371	119,677
Bureau for Children & Families	93.556	G230398	12,719
Bureau for Children & Families	93.558	G230398	194,723
Bureau for Children & Families	93.590	G230398	2,375
 Bureau for Children & Families	 93.556	 G230397	 10,916
Bureau for Children & Families	93.558	G230397	167,127
Bureau for Children & Families	93.590	G230397	2,039
 Bureau for Children & Families	 93.556	 G230068	 13,151
Bureau for Children & Families	93.558	G230068	201,341
Bureau for Children & Families	93.590	G230068	2,456
Evidence Based Home Visiting Program	93.870	G230630/G220652	210,270
Childcare and Development Block Grant	93.575		71,356
State Court Improvement Program	93.586	22-CIP-T-2	21,435
John H. Chafee Foster Care Program	93.674	G220860	57,725
John H. Chafee Foster Care Program	93.674	G220857	50,150
Passed through Pretera Center for Mental Health Services Enhance Safety of Children Affected by Substance Abuse	93.087		33,470 <u>1,170,930</u> <u>1,363,597</u>
Total US Department of Health and Human Services			<u>1,363,597</u>
Department of Education			
Passed through Kanawha County			
Board of Education			
Education for Homeless Children and Youth	84.196	GRTAWD04022300002752/ GRTAWD04022200001861	24,348
Supply Chain Assistance	10.555	GRTAWD04022200005458/ GRTAWD04022300002885	<u>12,960</u>
Total Department of Education			<u>37,308</u>

The Children's Home Society of West Virginia, Inc.
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

<u>Federal Grantor/ Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
Department of Justice			
Passed through Division of Justice and Community Service			
Victims of Crime Assistance	16.575	20-VA-020	58,584
Juvenile Mentoring Program	16.726	2019-JU-FX-0013	2,744
Opioid Affected Youth Initiative	16.842	15PJDP-22-GG-03260-JJOP	<u>52,898</u>
Total Department of Justice			<u>114,226</u>
U.S. Department of Housing & Urban Development			
Passed through the City of Martinsburg	14.218	FY2022CDBG	9,000
Passed through the City of Parkersburg	14.239		<u>40,337</u>
Total U.S. Department of Housing & Urban Development			<u>49,337</u>
U.S. Department of Treasury			
Passed through Berkeley County Council	21.027	SGCHS-BCCARPA-0005	127,820
Passed through Mercer County Commission	21.027	MC-22-37	22,777
Passed through Parkersburg Area Community Foundation	21.027		25,000
Passed through City of Parkersburg	21.027	CPD-21-10	<u>26,700</u>
Total U.S. Department of Treasury			<u>202,297</u>
Total expenditures of federal awards			<u>\$1,766,765</u>

The Children's Home Society of West Virginia, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note A – Basis of Presentation

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Children's Home Society of West Virginia, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 The Children's Home Society of West Virginia, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Children's Home Society of West Virginia, Inc.

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.

Additionally, pass-through entities identifying numbers are presented where available.

The Children's Home Society of West Virginia, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The Children’s Home Society of West Virginia, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? ___ Yes x No
- Significant deficiencies identified? ___ Yes x None reported
- 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? ___ 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(s)

Name of Federal Program or Cluster

93.558

Temporary Assistance for Needy Families

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

x Yes ___ No

The Children’s Home Society of West Virginia, Inc.
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.