

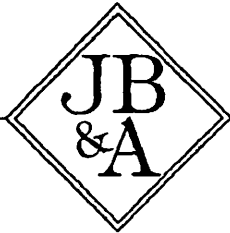
MOUNTAINHEART COMMUNITY SERVICES, INC.

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

DECEMBER 31, 2021

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JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
MountainHeart Community Services, Inc.
Oceana, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MountainHeart Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of MountainHeart Community Services, Inc. as of December 31, 2021, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 schedules 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, Schedule of Budget vs. Actual - CSBG, and Expenditures of State Awards 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 schedules of expenditures of federal awards, Schedule of Budget vs. Actual - CSBG, and Expenditures of State Awards 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 September 29, 2022, on our consideration of MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, Inc.'s internal control over financial reporting and compliance.


Buckhannon, West Virginia
September 29, 2022

**MOUNTAINHEART COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

Cash and cash equivalents	\$ 988,483
Certificate of deposit	1,138,226
Accounts receivable	160,850
Grants receivable	610,087
Inventory	43,339
Prepaid expenses	<u>45,679</u>
 Total Current Assets	 <u>2,986,664</u>
 Property and Equipment	 <u>2,749,045</u>
 TOTAL ASSETS	 <u><u>\$ 5,735,709</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ 30,237
Accounts payable	218,165
Accrued payroll, taxes and fringe benefits	<u>773,865</u>
 Total Current Liabilities	 <u>1,022,267</u>

LONG-TERM DEBT

Long-Term Debt	<u>447,877</u>
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NET ASSETS

Without donor restrictions	<u>4,265,565</u>
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TOTAL NET ASSETS	<u>4,265,565</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,735,709</u></u>
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The accompanying notes are an integral part of this financial statement.

**MOUNTAINHEART COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Donated materials, facilities and services	\$ 1,991,049	\$	\$ 1,991,049
Federal financial assistance	11,236,925		11,236,925
State grants	872,616		872,616
Program income	1,400,117		1,400,117
Interest income	13,738		13,738
Other income	137,174		137,174
Net assets released from restrictions: Restrictions satisfied by payments Expiration of time restrictions			
TOTAL REVENUE AND OTHER SUPPORT	<u>15,651,619</u>		<u>15,651,619</u>
EXPENSES			
Program services:			
Head start	6,444,442		6,444,442
Community service block grant	357,912		357,912
Birth to three	895,175		895,175
Weatherization	422,435		422,435
Earned income tax credit	109,325		109,325
Child Care	5,916,357		5,916,357
Medicaid waiver	101,400		101,400
PREP	54,575		54,575
Emergency repair and replacement	604,435		604,435
Parents as teachers	245,568		245,568
Supporting services: Management and general	<u>420,421</u>		<u>420,421</u>
TOTAL EXPENSES	<u>15,572,045</u>		<u>15,572,045</u>
CHANGE IN NET ASSETS	79,574		79,574
NET ASSETS AT BEGINNING OF YEAR	<u>4,185,991</u>		<u>4,185,991</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,265,565</u>	<u>\$</u>	<u>\$ 4,265,565</u>

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

**MOUNTAINHEART COMMUNITY SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Program Services

	<u>Head Start</u>	<u>Community Service Block Grant</u>	<u>Birth- to-Three</u>	<u>Weatherization</u>	<u>Earned Income Tax Credit</u>
Personnel costs	\$ 3,023,080	\$ 217,201	\$ 745,357	\$ 231,126	\$ 65,931
Donated services	1,991,049				
Consultants/contractual	158,551	13,199	15,592	18,690	381
Travel	18,429	749	10,044		1,454
Space costs/rent	43,739	98	43,900	7,847	2,006
Telephone and utilities	111,901	10,221	16,527	4,800	1,284
Materials and consumable supplies	338,626	43,441	38,495	78,446	26,128
Equipment lease and maintenance	106,280	18,007	3,881	38,303	336
Depreciation	309,062	10,797	1,153	27,062	
Program costs	8,380	2,775			
Conferences and training	73,372	22,422	2,662	11,740	32
Food	155,188	4,834	251		
Insurance	40,361	5,251	6,826	3,260	96
Other costs	1,685	451	2,299	274	11,513
Advertising	6,665	583	6,165	287	21
Interest					
Dues and licenses	58,074	7,883	2,023	600	143
	<u>\$ 6,444,442</u>	<u>\$ 357,912</u>	<u>\$ 895,175</u>	<u>\$ 422,435</u>	<u>\$ 109,325</u>

MOUNTAINHEART COMMUNITY SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

Program Services					Supporting Services	
Child Care	Medicaid Waiver	PREP	Emergency Repair and Replacement	Parents As Teachers	Management and General	TOTAL
\$4,430,921	\$ 38,823	\$ 20,860	\$ 83,684	\$ 193,801	\$ 155,807	\$ 9,206,591
38,451	59,365	13,184	302,244	603	2,994	1,991,049
978	482	79	8,585	2,766	684	623,254
269,305	1,217	5	9	44	623	44,250
87,022	103	103	157	7,336	39,053	368,793
223,003	519	18,320	209,370	22,182	70,205	278,507
101,894	215	44	116	1,836	42,131	1,068,735
154,016					69,671	313,043
312,375						571,761
96,898	4	580	6	4,556	1,281	323,530
					136	213,553
37,059	78	51	30	1,587	16,971	160,409
45,823	236	17	65	78	560	111,570
102,950	14	8		3,505	1,966	63,001
					16,391	122,164
15,662	344	1,324	169	7,274	1,948	16,391
<u>\$5,916,357</u>	<u>\$ 101,400</u>	<u>\$ 54,575</u>	<u>\$ 604,435</u>	<u>\$ 245,568</u>	<u>\$ 420,421</u>	<u>\$ 15,572,045</u>

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

MOUNTAINHEART COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 79,574
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	571,761
(Increase) decrease in operating assets:	
Accounts and grants receivable	819,467
Inventory	(7,701)
Prepaid expenses	(2,588)
Increase (decrease) in operating liabilities:	
Accounts payable	(241,216)
Accrued liabilities	(88,120)
	<u>1,131,177</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

1,131,177

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(526,849)
Increase of certificate of deposit	(13,169)
	<u>(540,018)</u>

NET CASH USED IN INVESTING ACTIVITIES

(540,018)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	(36,888)
	<u>(36,888)</u>

NET CASH USED IN FINANCING ACTIVITIES

(36,888)

NET INCREASE IN CASH AND CASH EQUIVALENTS

554,271

CASH AND CASH EQUIVALENTS, beginning of year

434,212

CASH AND CASH EQUIVALENTS, end of year

\$ 988,483

SUPPLEMENTAL DISCLOSURE:

Amount paid for interest	\$ 16,391
	<u>16,391</u>

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

**MOUNTAINHEART COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Principles

Nature of Activities

Mountain Heart Community Services, Inc. (formerly known as Wyoming County Opportunity Council, Inc.) is a non-profit community action agency which provides services to low income individuals, families and the elderly in Wyoming County, West Virginia. The Agency's headquarters is located in Oceana, West Virginia. Mountain Heart Community Services, Inc. also operates a number of Head Start Centers throughout Wyoming County. In addition, MountainHeart Community Services, Inc. has contracted with the West Virginia Department of Health and Human Resources to provide a resource and referral service to parents who need child care, technical assistance to providers of child care and brokering of state assisted payments to child care providers for Region V and VI of the State of West Virginia. The Organization is funded primarily through grants and other agreements with the federal and state government.

Basis of Accounting

The financial statements of Mountain Heart Community Services, 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. 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 or cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions support.

**MOUNTAIN HEART COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Principles (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.

Materials and Supplies Inventory

Materials and supplies inventory are recorded at the lower of cost or estimated fair market value on a first-in first-out basis.

Donated Facilities

The Organization has been donated either land and/or the buildings for several of their Head Start sites. The lease payments for the use of these facilities is often below market value; thus the Organization recognized this difference as in-kind donations.

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.

Cost Allocation

The Organization has adopted a cost allocation plan whereby each program is charged its fair share of the general administration costs of the Agency as a direct charge. Salaries, wages and fringe benefits are allocated to the programs based on a time study performed by the Agency. Supplies, postage, printing, utilities, telephone, insurance, travel, contractual, building maintenance, equipment and vehicle expenses are allocated to the programs based on square footage of building space used by the programs.

Income Taxes

Mountain Heart Community Services, 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.

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 estimates.

**MOUNTAIN HEART COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 2. Property and Equipment

Property and equipment consisted of the following at December 31, 2021:

Land	\$ 239,080
Buildings and improvements	2,704,291
Vehicles	3,429,417
Equipment, furniture and fixtures	733,525
	7,106,313
Accumulated depreciation	4,357,268
	\$ 2,749,045

Note 3. Restrictions on Net Assets

There are no restricted net assets at December 31, 2021.

Note 4. Revolving Line of Credit

The Organization has a \$ 100,000 revolving line of credit, of which \$ -0- was drawn down and outstanding as of December 31, 2021. Bank advances on the credit line are payable upon demand and carry an interest rate of prime. The credit line is unsecured.

Note 5. Long-Term Debt

Long-term debt at December 31, 2021 consisted of the following:

United Bank, 3.251% note due October, 2030, monthly payments of principal and interest of \$ 1,549.33, secured by real estate.	\$ 144,868
USDA, 3.375% note due June, 2035, monthly payments of principal and interest of \$ 1,018.00, secured by real estate.	138,127
First Century, 3.25% note due May, 2039, monthly payments of principal and interest of \$ 1,224.12, secured by real estate.	195,119
	478,114
Total	478,114
Less current portion	30,237
	\$ 447,877

**MOUNTAIN HEART COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 5. Long-Term Debt (Continued)

The following schedule represents the maturities as of December 31, 2021:

Year ended December 31, 2022	\$ 30,237
2023	31,244
2024	32,285
2025	33,361
2026	34,473
Thereafter	316,514

Total	\$ 478,114
	=====

Note 6. Operating Leases

The Organization leases certain buildings under long-term leases for its Head Start classrooms and Day Care office space. These leases are operating leases, ranging from five to fifteen years with renewal options at the end of the lease terms.

The following is a schedule by years of future minimum rental payments required under the operating leases as of December 31, 2021:

Year Ending December 31	Amount
-----	-----
2022	\$ 279,103
2023	258,003
2024	178,903
2025	147,903
2026	99,181

Total	\$ 963,093
	=====

The rental expense amounted to approximately \$ 368,793 for the fiscal year ended December 31, 2021, which is reflected in the space costs line item of the statement of functional expenses within the various program services based of the respective program's use.

Note 7. Donated Services

The value of donated services included in the financial statements and the corresponding expenses for the year ended December 31, 2021, is as follows:

Volunteer labor - Teachers	\$ 1,991,049
	=====

All of these donated services were used under the Head Start program.

**MOUNTAIN HEART COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 8. Profit-Sharing

The Plan is a defined contribution profit sharing plan covering all employees of the Company. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The board of trustees oversee governance of the plan.

Each year the employer may, in its sole discretion, contribute up to 15% of pretax annual compensation, as defined in the Plan. The employer contributed 10% of annual compensation in 2021. During the year ended December 31, 2021 contributions to the Plan charged to operations were \$ 694,165. Eligible employees are permitted to make a maximum elective deferral contribution of 100% of their compensation.

Note 9. Schedule of Expenditures of Federal Awards

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of MountainHeart Community Services, Inc. under programs of the federal government for the year ended December 31, 2021. 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 MountainHeart Community Services, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of MountainHeart Community Services, 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. MountainHeart Community Services, Inc. elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 10. 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	\$ 988,483
Certificate of deposits	1,138,226
Grants and accounts receivable	770,937

Total	\$ 2,897,646
	=====

Note 11. Subsequent Events

Management has evaluated subsequent events through September 29, 2022, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

MOUNTAINHEART COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Resources:			
Head Start	93.600		\$ 3,804,810
Covid-19 Head Start	93.600		261,745
Total Head Start Cluster			<u>4,066,555</u>
Pass-through WV Department of Economic Development			
Community Services Block Grant	93.569	21CSBG-DT10	15,000
Community Services Block Grant	93.569	20CSBG-F10	56,776
COVID-19 Community Services Block Grant	93.569	CSBG-CVF10	170,000
Community Services Block Grant	93.569	21CSBG-F10	205,000
Community Services Block Grant	93.569	20CSBG-DT10	6,575
Total CSBG			<u>453,351</u>
Low Income Energy Assistance Program	93.568	22ERRP-F10	121,404
Low Income Energy Assistance Program	93.568	21ERRP-F10	462,000
Low Income Energy Assistance Program	93.568	DHHRWX2207	181,404
Low Income Energy Assistance Program	93.568	DHHRWX2107	24,037
Total LIEAP			<u>788,845</u>
Pass-through WV Department of Health & Human Resources			
Child-Care & Development Block Grant	93.575	G220104	1,545,632
Child-Care & Development Block Grant	93.575	G210029	462,721
Child-Care & Development Block Grant	93.575	G220105	1,573,634
Child-Care & Development Block Grant	93.575	G210030	389,300
Child-Care & Development Mandatory and Matching Funds	93.596	G210029	667,018
Child-Care & Development Mandatory and Matching Funds	93.596	G210030	652,897
Total Child Care & Development Block Grant Cluster			<u>5,291,202</u>
Earned Income Tax Credit	93.558	G220150	8,500
Earned Income Tax Credit	93.558	G220151	9,750
Earned Income Tax Credit	93.558	G210541	25,500
Earned Income Tax Credit	93.558	G210542	29,250
Total EITC			<u>73,000</u>
Personal Responsibility Education Program	93.092	G220411	13,500
Personal Responsibility Education Program	93.092	G210552	40,503
Total PREP			<u>54,003</u>
Parents As Teachers	93.870	G210484	169,660
Parents As Teachers	93.870	G220659	73,683
Total PAT			<u>243,343</u>
Total U. S Department of Health and Human Resources			<u>10,970,299</u>
U.S. Department of Energy:			
Pass-through WV Department of Economic Development			
Weatherization	81.042	DOEWX2107	83,328
Weatherization	81.042	DOEWX2007	117,804
Total Weatherization			<u>201,132</u>
U.S. Department of Agriculture:			
Pass-through West Virginia Department of Education			
Child and Adult Care Food Program	10.558	CCC2021	65,494
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 11,236,925</u></u>

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

**MOUNTAINHEART COMMUNITY SERVICES, INC.
 SCHEDULE OF BUDGET VS. ACTUAL - CSBG
 FOR THE YEAR ENDED DECEMBER 31, 2021**

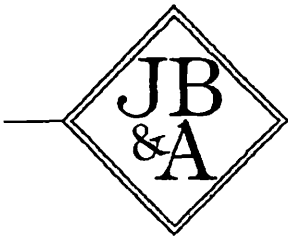
Budget Line Item	<u>Budget</u>	<u>Actual</u>	<u>Variance (Over) Under</u>
Salaries & Wages	\$ 119,504	\$ 119,273	\$ 231
Fringe Benefits	37,773	38,935	(1,162)
Contractual	10,008	10,008	
Travel	11,034	9,955	1,079
Supplies/Materials	29,162	29,320	(158)
Other Costs	17,135	17,125	10
Program Costs	3339	3339	0
	<u>\$ 227,955</u>	<u>227,955</u>	<u>\$</u>

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

**MOUNTAINHEART COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Grantor Name/ Program Title</u>	<u>Grant Number</u>	<u>Total Amount</u>	<u>Recognized Prior Year</u>	<u>Receipts 1/1/2021 - 12/31/2021</u>	<u>Expenditures 1/1/2021 - 12/31/2021</u>	<u>Grant Remaining 12/31/2021</u>
WV DHHR - Maternal, Child & Family Health						
Birth To Three - Reg. V 7/1/19 - 6/30/22	G220277	\$ 155,000	\$	\$ 80,100	\$ 80,100	\$ 74,900
Birth To Three - Reg. VI 7/1/19 - 6/30/22	G220278	155,000		85,100	85,100	69,900
Birth To Three - Reg. VII 7/1/19 - 6/30/22	G220279	165,000		89,300	89,300	75,700
Birth To Three - Reg. V 7/1/20 - 6/30/21	G210164	140,000	58,800	81,200	81,200	
Birth To Three - Reg. VI 7/1/20 - 6/30/21	G210165	140,000	58,800	81,200	81,200	
Birth To Three - Reg. VII 7/1/20 - 6/30/21	G210166	149,000	62,580	86,420	86,420	
WV DHHR - Bureau For Children & Families						
Childcare - Reg. V 7/1/21 - 6/30/22	G220104	184,648		184,648	184,648	
Childcare - Reg. VI 7/1/21 - 6/30/22	G220105	<u>184,648</u>		<u>184,648</u>	<u>184,648</u>	
Total		<u><u>\$ 1,273,296</u></u>	<u><u>\$ 180,180</u></u>	<u><u>\$ 872,616</u></u>	<u><u>\$ 872,616</u></u>	<u><u>\$ 220,500</u></u>

The accompanying independent auditor's report and notes are an integral part 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
MountainHeart Community Services, Inc.
Oceana, 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 MountainHeart Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control Over Financial Reporting

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

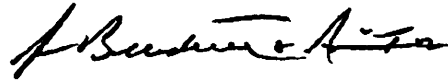
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

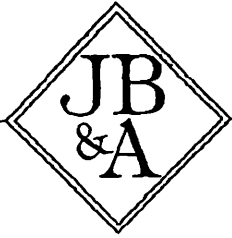
As part of obtaining reasonable assurance about whether MountainHeart Community Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Buckhannon, West Virginia
September 29, 2022



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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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
MountainHeart Community Services, Inc.
Oceana, West Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited MountainHeart Community Services, 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 MountainHeart Community Services, Inc.'s major federal programs for the year ended December 31, 2021. MountainHeart Community Services, 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, MountainHeart Community Services, 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, 2021.

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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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 MountainHeart Community Services, 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.

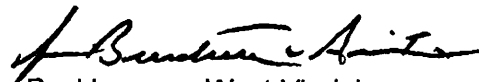
Report on Internal Control Over Compliance

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
September 29, 2022

**MOUNTAINHEART COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		Unmodified
Material weakness identified?	___ yes	<u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	<u>X</u> none reported
Noncompliance material to financial statements noted?	___ yes	<u>X</u> no

Federal Awards

Internal control over major programs?		
Material weakness identified?	___ yes	<u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	<u>X</u> no
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	<u>X</u> no

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program Cluster</u>
93.600	Head Start Cluster
93.575, 93.596	Child Care & Development Block Grant Cluster
93.568	Low Income Energy Assistance Program

Dollar threshold used to distinguish between type A and type B programs:		<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> yes	___ no

SECTION II - Financial Statements Findings

None

Section III - Federal Award Findings and Questioned Costs

None