

ASSET IMPAIRMENTS

Policy

Long-lived assets of the Agency include personal property and equipment, land, buildings, intangible assets, and other noncurrent assets. In connection with long-lived assets, the Agency will record an impairment loss when the carrying amount (book value, net of any accumulated depreciation or amortization) is both:

1. Not recoverable (through sale, etc.); and
2. In excess of the asset's fair value.

Long-lived assets will be tested for impairment whenever events or changes in circumstances indicate that an asset's carrying value may be impaired. Examples of such events or circumstances that the Agency will consider include:

1. A significant decrease in the market price of a long-lived asset.
2. A significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition.
3. A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action by a regulator.
4. An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset.
5. A current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that indicates continuing losses associated with the use of a long-lived asset.
6. A current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

If the Agency records an impairment loss in connection with a long-lived asset subject to depreciation or amortization, the reduced basis resulting from recording the loss will be used as a new basis for calculating future periods' depreciation or amortization.

FAIR VALUE ACCOUNTING

Scope

Throughout this manual, numerous references are made to fair value accounting issues valuation of publicly traded securities held as investments, valuation of contributed services, other contributed noncash assets, recording of asset impairment losses based on fair value declining below book value.

For purposes of this manual, the term "fair value" will be defined as it is in FASB Accounting Standards Codification 820, Fair Value Measurement, as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value will be performed by the individuals identified in this manual associated with each type of fair value accounting issues. All fair value determinations in excess of \$500 will be reviewed and approved by the Controller.

Disclosures

Eastern Action will comply with the disclosure requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement, in that it will disclose information in the footnotes to the financial statements that enable readers of the financial statements to assess the inputs and valuation techniques used to develop all material fair value measurements associated with assets and liabilities of the Agency.

In accordance with FASB ASC 820, the level of inputs (Level 1, Level 2, Level 3) are defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. (Example: price for purchase of comparable asset.)
- Level 3 – Unobservable inputs for the asset or liability. (Example: value based on internal data.)

For any asset impairment losses recorded as a result of the policy described earlier, the Agency will disclose the reason for recording the impairment, in addition to the preceding disclosures.

POLICIES PERTAINING TO SPECIFIC LIABILITY AND NET ASSET ACCOUNTS

ACCRUED LIABILITIES

Identification of Liabilities

The Finance Department will establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that will be accrued by Eastern Action at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Paid leave (see policy below)
- Rent
- Interest on notes payable

In addition, Eastern Action will record a liability for deferred revenue (revenue received but not yet earned) in accordance with the REVENUE RECOGNITION policies described elsewhere in this manual. Adjustments to deferred revenue accounts will be made monthly.

Accrued Leave

Personnel policies permit employees to carry forward up to 80 of unused annual leave from calendar year to calendar year. Such unused leave is payable to an employee upon termination of employment.

Accordingly, Eastern Action records a liability for accrued leave to which employees are entitled. The total liability at the end of the fiscal year will equal the total earned but unused hours of leave multiplied by each employee's current hourly pay rate.

Leave that does not "vest" with employees (i.e., leave that is not paid to employees if unused at the time of termination of employment), such as sick leave, will not be accrued as a liability.

FINANCING ARRANGEMENTS

General Policy

Eastern Action requires that all financing arrangements be approved by the Board of Directors and signed by the Chief Executive Officer. The parameters of each financing arrangement will be provided to the Board of Directors prior to approval. The Agency's policies in this section apply to all term notes, lines of credit, credit cards, charge accounts, and other financing arrangements.

The Board of Directors will receive a monthly reporting of the outstanding balances on all financing arrangements each month, including a projection of expected cash flow for the next 60 months.

Also see LEASES and CREDIT CARDS sections of this manual.

Credit Cards and Charge Accounts

Eastern Action may utilize agency-issued credit cards and contractor charge accounts to pay small allowable Agency business expenses and small dollar operating costs. Credit cards and charge accounts will not be used to finance long-term purchases or expenses.

Outstanding credit balances will be reported in the financial statements at the end of each month to properly report the Agency's liabilities. Payment of current operating expenses and outstanding current liabilities will be prioritized to minimize financing cost.

Also see CREDIT CARDS/ PURCHASING CARDS/ CHARGE ACCOUNTS section of this manual.

Operating Line of Credit

Eastern Action may utilize an operating line of credit with a financial institution to meet its current operating expenses and will not be used to finance long-term purchases or expenses. The Chief Executive Officer, Controller, and designated Board member are authorized to draw funds on the line of credit as necessary. Eastern Action currently does not have a line of credit. (June 2021)

Outstanding line of credit balances will be reported in the financial statements at the end of each month to properly report the Agency's liabilities. Payment of current operating expenses and outstanding current liabilities will be prioritized to minimize financing cost.

Term Loans

Eastern Action may utilize term loans (note payable, mortgage payable) to finance long-term purchases to be repaid in predictable installment amounts for an established period of time.

Outstanding term loan balances will be reported in the financial statements at the end of each month to properly report the Agency's liabilities. Payment of outstanding term loans will be made in accordance with agreed payment terms using unrestricted funds. The Agency will make effort to pay down term loan balances to minimize financing costs.

Recordkeeping

Eastern Action maintains a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule will be based on the underlying loan documents and will include all of the following information:

1. Name and address of lender/creditor
2. Date of agreement or renewal/extension; date account opened
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender
11. Other information deemed important

Accounting and Classification

An amortization schedule will be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due within the next year will be classified as a current liability in the statement of financial position. The principal portion of payments due beyond one year will be classified as a long-term/noncurrent liability in the statement of financial position.

Demand notes and any other notes without established repayment dates will always be classified as current liabilities.

Unpaid interest expense will be accrued as a liability at the end of each fiscal year.

A detailed record of all principal and interest payments made over the entire term will be maintained with respect to each note payable. The amounts reflected as current and long-term notes payable per the general ledger will be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender annually. All differences will be investigated.

Non-Interest-Bearing Notes Payable

As a charitable organization, Eastern Action may, from time to time, receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, Eastern Action will record contribution revenue for any unpaid interest.

For demand loans, interest expense and contribution revenue will be recorded at the end of each accounting period, based on the outstanding principal balance of the loan during that period, multiplied by the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid. Determination of the appropriate interest rate will be performed by the Controller.

For loans with fixed maturities or payment dates, the note payable will be recorded at the present value of the future principal payments, using as a discount rate equal to the difference between a normal interest rate for that type of loan and the rate, if any, required to be paid. The difference between the cash proceeds of the note and the present value will be recorded as contribution revenue in the period the loan is made. Thereafter, interest expense will be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that will be repaid.

INCOME TAXES PAYABLE

Accrual of Income Taxes

Eastern Action is exempt from federal income taxes. However, if Eastern Action generates taxable income from unrelated trade or business activities, a liability for income taxes payable will be accrued at the applicable corporate income tax rates.

All income taxes payable will be paid by the due date of the returns on which such income taxes are to be reported. If Eastern Action becomes subject to a requirement to remit estimated income taxes on a quarterly basis, such amounts will be accrued and paid quarterly.

Income Tax Positions

Eastern Action takes income tax positions as reflected in the Agency's financial statements. The primary income tax positions of Eastern Action are:

1. That Eastern Action qualifies for its exemption from income taxes under IRC section 501(c)(3) meaning it has not engaged in any activity that could result in revocation of this exemption, including but not limited to:
 - a. Not providing net distributions of profits or paying compensation that was not earned or is excessive.
 - b. Not making political contributions or engaging in political activities.
 - c. Not exceeding the appropriate lobbying limitations.
2. That none of Eastern Action's forms of revenue is subject to the unrelated business income tax (UBIT).
3. That Eastern Action has properly determined which forms of revenue are subject to the unrelated business income tax and which forms of revenue are exempt from UBIT.
4. That the calculations of income, deductions, tax credits, and other amounts reported on Form 990-T are in compliance with the Internal Revenue Code and IRS regulations.
5. That Eastern Action's calculations of revenue, deductions, etc. reported on its state income tax return are in compliance with state laws and regulations.
6. That Eastern Action's allocation of gross taxable income by state is in compliance with all applicable state laws and regulations (i.e., the Agency is filing state returns in each state that would require a return).

It is the policy of Eastern Action that all income tax positions taken by the Agency will meet the "more likely than not" criterion of FASB ASC 740-10, meaning the Agency's management believes that it is more likely than not that the applicable taxing authorities would concur with the position taken by the Organization. In reaching this determination, the Controller will perform whatever tax research is considered necessary and will have the authority to engage the Agency's independent financial statement auditor or other outside experts for advice on such matters.

If the Agency receives advice and/or research from an outside party in connection with this policy, the Agency will make its own final determination of whether or not to take a particular income tax position. In doing so, it will not blindly rely on outside advice. Rather, the Agency will gain a complete understanding of the conclusions reached by any outside parties in providing counsel to the Agency in connection with this policy. Gaining this understanding and forming the income tax positions of Eastern Action will be the responsibility of the Controller.

The Controller will provide a briefing to the Finance Committee and obtain the committee's concurrence each time an income tax position is established or changed.

LEASES

Classification of Leases - Lessee

Eastern Action classifies all leases in which the Agency is a lessee as either financing or operating leases. Eastern Action will utilize the following criteria to determine if the lease should be classified as a finance lease:

1. The lease transfers ownership of the leased asset to Eastern Action on or before the end of the lease term.
2. The lease grants Eastern Action an option to purchase the underlying asset and the Agency is reasonably certain to exercise.
3. The lease term is for a major part of the remaining economic life of the leased asset.
4. The present value of the sum of the lease payments and any residual value guaranteed by Eastern Action not already reflected in the lease payments equals or exceeds substantially all of the fair value of the leased asset.
5. The leased asset is so specialized, it is expected to have no alternative use to Eastern Action at the end of the lease term.

Leases that do not possess any of the preceding characteristics will be treated as operating leases. In addition, all leases that are immaterial in nature or with a term of 12 months or less will be accounted for as operating leases. Eastern Action will recognize these leases on a straight-line basis over the lease term.

Reasonableness of Leases

Eastern Action assesses the value of leases according to the requirements of 2 CFR Part 200.465, Rental Costs of Real Property and Equipment, considering the following factors:

- The rate is reasonable when compared to similar property in the same area;
- The rate of any alternatives; and
- The type, life expectancy, condition, and value of the property leased.

Rental arrangements will be reviewed every 3 to 5 years to determine if circumstances have changed and other options are available.

Accounting for Leases

All operating leases and financing leases with a term of less than 12 months will be accounted for as expenses in the period in which the lease payment is due. (See CLASSIFICATION OF LEASES section elsewhere in this manual.) Operating and financing leases with terms greater than 12 months will be reported on the balance sheet as a right-of-use asset and a lease liability, initially recorded at the present value of the lease payments (plus other payments, including variable lease payments and amounts probable of being owed by Eastern Action under residual value guarantees).

Financing leases

Eastern Action will record a right-of-use asset and lease liability for the present value of payments to be paid over the lease term. Amortization of the asset will be on a straight-line basis over:

- The shorter of the lease term or an estimated useful life that is consistent with the Agency's capital asset policy; or
- Through the end of the useful life of the asset if the lease transfers ownership of the leased asset to the Agency or the Agency is reasonably certain to exercise an option to purchase the asset.

Interest expense will be calculated using the effective interest method and will be reported separately from the amortization of the right-of-use asset. Interest payments and variable lease payments will be reported in the operating section of the statement of cash flows and the principal payments for the lease liability will be reported in the financing section of the statement of cash flows.

Operating leases

Eastern Action will record a right-of-use asset and lease liability for the present value of payments to be paid over the lease term. Interest expense and the amortization of the right-of-use asset together as one lease expense, allocated over the term of the lease on a straight-line basis, or other rational basis, if more representative of the benefits received from the leased asset. All cash payments will be reported in the operating section of the statement of cash flows.

Eastern Action will also maintain a control list of all operating and capital leases. This list will include all relevant lease terms, including a schedule of future annual lease payments obligations, and will be reconciled to the general ledger on an annual basis.

Also see the CAPITAL ASSET section of this manual.

Changes in Lease Terms

As described in earlier policies, leasehold improvements are amortized as determined in the DEPRECIATION AND USEFUL LIVES section of this manual. If the lease term is changed prior to the expiration of the initial lease term, Eastern Action will revise amortization to reflect this change, as necessary.

NET ASSETS

Classification of Net Assets

Net assets of the Agency will be classified based upon the existence or absence of donor-imposed restrictions as follows:

Net Assets with Donor Restrictions – The net assets of the Agency that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants) that is specific in nature and may be set aside for programs, investment, contingencies, purchase, special projects, or other uses.

Net Assets without Donor Restrictions – The net assets of the Agency that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Composition of Net Assets

Net asset composition of the Agency's endowment funds and board designated funds will be disclosed as follows, when applicable:

Board Designated Net Assets – Net assets without donor restrictions subject to self-imposed limits by action of the Board of Directors. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. The Board of Directors may delegate designation decisions to the Chief Executive Officer and/or Controller. Such designations are considered to be included in board-designated net assets. This includes board-designated endowment funds.

Board Designated Endowment – Net assets without donor restrictions subject to self-imposed limits by action of the Board of Directors to be invested for a long, but not necessarily a specified, period of time to provide investment revenue to the Agency.

Donor Restricted Endowment – Funds subject to trust law or donor-imposed restrictions requiring the investment of the gift in perpetuity or for a specified term, the amount of which includes the original donor-restricted gift and any gains or net appreciation of the fund not considered to be available for expenditure.

Underwater Endowment Fund – A donor-restricted endowment fund for which the fair value of the fund at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions. The amount of these net assets will include original donor restricted gift and accumulated losses. See the CONTRIBUTIONS ACCOUNTING and INVESTMENT sections elsewhere in this manual for related policies on Endowment Funds.

Donor-imposed restrictions are stipulations by the donor that may be temporary in nature (e.g., stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment). Other donors impose restrictions that are perpetual in nature (e.g., stipulating that resources be maintained in perpetuity). Laws may extend the limits in investment

returns from those resources and to other enhancements or diminishments of those resources. Thus, those laws extend donor-imposed restrictions.

Also see RELEASE OF DONOR RESTRICTION in CAPITAL ASSET section elsewhere in this manual.

Also see REVENUE RECOGNITION and CLASSIFICATION OF REVENUE sections of this manual.

Reclassification of Net Assets

The Agency will report in its statement of activities a reclassification of net assets from "with donor-imposed restriction" to "without donor-imposed restriction" if any of the following events occur:

1. Fulfillment of the purpose for which the net assets were restricted (e.g., spending restricted funds for the stipulated purpose)
2. Expiration of time restrictions imposed by donors
3. Death of an annuity beneficiary
4. Withdrawal by the donor (or by a court) of a time or purpose restriction

If a donor stipulates multiple restrictions (such as a purpose and a time restriction), reclassifications of net assets will be reported only upon the satisfaction of the final remaining restriction.

Also see CLASSIFICATION OF REVENUE section elsewhere in this manual.

If the Agency accepts and receives a restricted contribution from a donor who further stipulates that the Agency set aside a portion of its net assets without donor-imposed restrictions for that same purpose, the Agency will report in its statement of activities a reclassification of net assets from without donor-imposed restriction to with donor-imposed restriction, based on the specific nature of the restriction. (See the GIFT ACCEPTANCE section for determining whether to accept a gift that requires reclassification of net assets.)

Disclosures

The Agency will disclose in a footnote to the financial statements the different types of donor-imposed restrictions and board designations associated with the Agency's net assets as of the end of each fiscal year.

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Agency

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the Agency. Financial statements may reflect year-to-year historical comparisons or current year budget-to-actual comparisons.

The basic financial statements that are maintained on an organization-wide basis and prepared for the annual financial statement audit will include:

1. **Statement of Financial Position** – Reflects assets, liabilities, and net assets of the Agency and classifies assets and liabilities as current or noncurrent/long-term and net assets in two groups (net assets without donor restrictions and net assets with donor restrictions).
2. **Statement of Activities** – Presents support, revenues, expenses, and other changes in net assets of the Agency, by net asset group (net assets without donor restrictions and net assets with donor restrictions), including reclassifications between net asset group.
3. **Statement of Cash Flows** – Reports the cash inflows and outflows of the Agency in three categories: operating activities, investing activities, and financing activities.
4. **Statement of Functional Expenses (Reporting of Expenses by Nature and Function)** – Presents the expenses of the Agency in a natural or objective format (i.e. salaries, rent, utilities) and by function (i.e., which program or supporting service was served).

In accordance with Standards of Financial Management Systems, Eastern Action will prepare accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of *2 CFR Parts 200.328, Financial Reporting, and 200.329, Monitoring and Reporting Program Performance*, and/or the award.

Frequency of Preparation

An objective of the Finance Department is to prepare accurate financial statements in accordance with generally accepted accounting principles (GAAP) and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies will apply:

Monthly Statements

A standard set of financial statements described in the preceding section will be produced on a monthly basis by the 15th of each month. The standard set of financial statements described in the preceding section will be supplemented by the following schedules:

1. Individual statements of activities on a departmental and functional basis (and/or program/grant basis)
2. Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts for each program and funding source
3. In accordance with Standards for Financial Management Systems, information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources will be prepared (2 CFR Part 200.301, Performance Measurement)

The monthly set of financial statements will be prepared on the accrual method of accounting, including all receivables and payables.

Also see INVESTMENTS section of this manual.

Review and Distribution

All financial statements and supporting schedules will be reviewed and approved by the Controller prior to being issued by the Finance Department.

After approval by the Controller, a complete set of monthly financial statements, including the supplemental schedules described above, will be distributed to the following individuals:

- Board Treasurer and all members of the Finance Committee
- Chief Executive Officer
- Program Manager and other employees with budget-monitoring responsibilities

Financial statements may include an additional supplemental schedule prepared or compiled by the Controller. The purpose of this schedule is to provide explanations for material budget variances in accordance with Eastern Action's budget monitoring policies described later in this manual (under the FINANCIAL MANAGEMENT POLICIES section).

Bi-Monthly Distribution

On a bi-monthly basis, the Board of Directors will be provided with summary program and/or grant financial information.

Annual Financial Statements

On an annual basis, the Agency will prepare, under the direction of the Controller, a complete set of GAAP financial statements, including footnotes addressing all disclosures required by GAAP. These financial statements will be presented to Eastern Action's independent auditors at the beginning of their annual audit as the draft statements from which they will conduct their audit.

A formal presentation of the Agency's annual audited financial statements will be provided by the independent auditor to the full Board of Directors at an Agency Board Meeting or presented in another manner as agreed upon and indicated in the audit engagement letter. See separate policies regarding the annual audit under FINANCIAL MANAGEMENT POLICIES.

Required Disclosures

See Disclosure information throughout this manual to determine information Eastern Action will include in its financial statements.

GOVERNMENT RETURNS

Overview

To legitimately conduct business, Eastern Action must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state, and local jurisdictions. Filing requirements of Eastern Action include, but are not limited to, filing annual information returns with IRS, state charitable organization registration, annual reports for corporations, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

Filing of Returns

The Controller will be responsible for identifying all filing requirements and ensuring that Eastern Action is in compliance with all such requirements. The Agency will file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns.

Filings made by Eastern Action include, but are not limited to, the following returns:

1. **Form 990** – Annual information return of tax-exempt organizations, filed with IRS. Form 990 for Eastern Action is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868.
2. **Form 990-T** – Annual tax return to report Eastern Action's unrelated trade or business activities (if any), filed with IRS. Form 990-T is due on the fifteenth day of the fifth month following year-end. An automatic 6-month extension of time to file Form 990-T may be obtained by filing Form 8868. (as of June 2021, there is no UBI)
3. **Form 5500** – Annual return for Eastern Action's employee benefit plans. Form 5500 is due on the last day of the seventh month after the end of the plan year, but a 2½-month extension of time to file may be requested using Form 5558. The plan year ends on December 31.
4. **W-2s and 1099s** – Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to the federal government by February 28. Form 1099-NEC is required if the organization has provided more than \$600 in compensation to an independent contractor during the calendar year.
5. **Form 941** – Quarterly payroll tax return filed with IRS to report wages paid to employees and federal payroll taxes. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.
6. SUTA and WV income tax withholding.

Eastern Action's fiscal and tax year-end is March 31. All annual tax and information returns of Eastern Action (Form 990, Form 990-T) are filed on the accrual basis of reporting.

Federal and all applicable state payroll tax returns are prepared by the Agency's Controller and designated Finance Department staff.

Eastern Action complies with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each Eastern Action employee.

Also see PAYROLL AND RELATED POLICIES section of this manual.

Review of Form 990 by Board of Directors

A draft of Eastern Action's annual Form 990 information return will be reviewed and approved by the Board of Directors prior to being filed with the Internal Revenue Service. This review and approval will be documented by recording the review and approval of the Board members in the meeting minutes. A completed copy of the Form 990 will be provided to all members of the governing body before filing the form.

Public Access to Information Returns

Eastern Action is subject to federal requirements to make the following forms "widely available" to all members of the general public. To comply with this requirement, Eastern Action will make the following publicly available, in addition to any other information deemed appropriate by the Board of Directors:

1. The three most recent annual information returns (Form 990 and Form 990-T, if applicable) excluding the list of significant donors (Schedule B) that is attached to the Form 990 but including the accompanying Schedule A.
2. Eastern Action's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

Eastern Action will comply with the federal requirements to make its forms widely available for no charge by posting all required forms on the Agency's website and referring all requesters to this website within seven-(7) days of receipt of any request. In addition to making its returns widely available on its website, Eastern Action will also permit visual inspections of its returns to anyone personally appearing at the Agency's headquarter office during normal working hours and making such a request.

OTHER TAX CONSIDERATIONS

State and Local Property, Sales, Use & Income Taxes

Eastern Action will monitor state and local tax laws in locations where the Agency conducts business to ensure that it is complying with all applicable tax laws. Entities that qualify as tax-exempt charitable entities under Section 501(c)(3) of the Internal Revenue Code for income tax purposes may need to apply separately for exemptions from state and local property and/or sales tax in the various locations where they conduct business. State and local tax rules vary widely from state to state.

State Charity Registrations

Various states may require Eastern Action to register with them for two primary reasons: if the Agency has an office, programs or owns real estate in that state, and/or if they raise funds in the state.

Eastern Action may be required to register and file annual reports with other states if it conducts charitable solicitations within those states. States regulate fundraising through charitable solicitation laws and state reporting can involve two components – registration and an annual financial report.

Eastern Action's internet fundraising efforts could be considered charitable solicitations in various other states. Eastern Action will examine the reach of its internet fundraising efforts and register to solicit funds in all applicable states. Some factors Eastern Action will consider in determining whether internet fundraising efforts require registration in specific states are whether the campaigns specifically target individuals in a certain state and whether Eastern Action repeatedly receives contributions from a state on an ongoing or substantial basis.

Eastern Action will comply with all state requirements.

TRANSACTIONS WITH INTERESTED PERSONS AND RELATED PARTIES

Definitions

An **interested person** for the purposes of disclosure is a disqualified person. A disqualified person is a person who is in a position to exercise substantial influence over the affairs of the Agency. This person does not have to actually exercise substantial influence, just be in the position to do so.

A **related party** is an entity that can exercise control or significantly influence over management or the Agency to the extent one of the entities may be prevented from pursuing its own interests. This can be any party the Agency deals with that can exercise that control.

Identification of Interested Persons or Related Parties

In connection with complying with disclosure requirements in the financial statements and the Form 990 information return, the Agency will identify interested persons and related parties as the following:

1. Current officers, directors, trustees, and key employees (Individuals required to be listed on the Form 990)
2. Former officers, directors, trustees, and key employees (within the last five-(5) years)
3. Substantial contributors (a person required to be listed in the Form 990)
4. The creator or founder of the Agency (including the sponsoring organizations of a Voluntary Employees' Beneficiary Association (VEBA)).
5. West Virginia Development Office, West Virginia Community Action Partnership, West Virginia Department of Health and Human Resources, and Workforce West Virginia,
6. Family members of any individual listed in item #1, #2, #3, #4, or #5 defined as spouses, ancestors, brothers, sisters, children, grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.
7. Domestic partner and parents thereof, including domestic partners of any individual in item #6
8. Any individual related by blood or affinity whose close association with an individual in item #1, #2, #3, #4, #5, or #6 is the equivalent of a family relationship
9. A 35% controlled entity of any of the persons listed in item #1, #2, #3, #4, or #5
10. A donor or donor advisor to a donor-advised fund
11. An investment advisor of a sponsoring organization
12. An employee (or child of an employee) of a substantial contributor or of a 35% controlled entity, but only if the employee received a grant or assistance by the direction or advice of the contributor or designee of the controlled entity.
13. Separate entities that solicit funds in the name of the Agency and substantially all of the funds solicited are intended for the use of the Agency
14. Brother-sister organizations and certain national, state, and local affiliates
15. Entities whose officers or directors are also members of the organization's governing board

Record of Transactions with Interested Persons and Related-Parties

The Agency will maintain a record of all transactions and balances with interested persons and related parties for each fiscal year for purposes of evaluation to determine if transactions should be disclosed in the financial statements and on the Form 990. This record will be reviewed and approved by the Controller and provided to the independent financial statement auditor and Form 990 preparer.

UNRELATED BUSINESS ACTIVITIES

Identification and Classification

Eastern Action properly identifies and classifies revenue-producing activities that are unrelated to the Agency's tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations. Such revenue accounts will be segregated in separate accounts in the general ledger in order to facilitate tracking and accumulation of unrelated trade or business activities. Eastern Action currently has no unrelated business activities. (June 2021)

Unrelated business income is income from an unrelated trade or business that is regularly carried on and not substantially related to the Agency's exempt purpose. Examples include:

- Advertising revenue
- Certain corporate sponsorship activities
- Revenue from investments in other entities

Allocation of Expenses to Unrelated Activities

In addition to segregating revenue associated with activities that are unrelated to Eastern Action's exempt purpose, the Agency's general ledger will also provide accounts for expenses associated with each such unrelated activity. These expenses will be offset against unrelated business revenue in arriving at unrelated business taxable income. Expenses that will be offset against gross unrelated business income will be limited to those expenses directly associated with the production of such revenue, including reasonable allocation of indirect or shared or joint costs that benefit each activity, in accordance with expense allocation policies described elsewhere in this manual.

Each unrelated trade or business, less its specific expenses, will be tracked separately and not offset against other unrelated business activities.

Reporting

Eastern Action will file IRS Form 990-T to report taxable income from unrelated trade or business activities. Form 990-T is subject to public access and disclosure requirements. Please see the PUBLIC ACCESS TO INFORMATION RETURNS section of this manual.

Eastern Action will also report taxable income from unrelated trade or business activities that are subject to state or local income or franchise taxes on the appropriate return.

Also see GOVERNMENT RETURNS section elsewhere in this manual.

JOINT VENTURES

Eastern Action will evaluate and negotiate potential participation in joint ventures under Federal tax law to ensure that any proposed venture safeguards the Agency's tax-exempt status. For the purposes of this policy, a joint venture is any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment or exempt purpose activity.

In order to adequately safeguard its tax-exempt status, Eastern Action will negotiate transactions and arrangements so that it has sufficient control over the venture to ensure that the activity furthers the exempt purpose of the Agency and that all agreements be on terms that are arm's length or more favorable to the Agency. Eastern Action will also require that the venture give priority to exempt purposes over maximizing profits and that the venture not engage in activities that would jeopardize the Agency's exempt status.

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview of Budgeting

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial terms. A budget should be designed and prepared to direct the most efficient and prudent use of the Agency's resources. A budget is a management commitment of a plan for present and future organizational activities that will help the Agency achieve its short-term and long-term goals and the strategic objectives determined by the Board of Directors. It provides an opportunity to examine the composition and viability of the Agency's programs and activities simultaneously in light of the available resources.

Budgets are also prepared for funding sources, and each grant manager must be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in budget line items. Eastern Action will document and follow all such requirements.

Preparation and Adoption

Eastern Action will prepare an annual budget on the accrual basis of accounting. The Controller gathers proposed Agency-wide budget information from all Program Managers and others with budgetary responsibilities and compiles it to prepare the first draft of the budget. Budgets proposed and submitted by each department should be accompanied by a narrative explanation of the sources and uses of funds and explain all material fluctuations in budgeted amounts from prior years.

After appropriate revisions and a compilation of all department budgets by the Controller, a draft of the agency-wide budget, as well as individual department budgets, is presented to the Chief Executive Officer for discussion, revision, and initial approval.

The revised draft is then submitted to the Finance Committee, and finally to the entire Board of Directors for adoption.

It is the policy of Eastern Action to adopt a final budget at least 30 days before the beginning of the Agency's fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the Finance Department to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper classification of activities and reporting comparisons of budget versus actual once the fiscal year commences.

Budgets for programs whose grant years are different from the Agency's fiscal year will be prepared in accordance with awarding agency requirements and will also be included in the Agency-wide budget.

Monitoring Performance

Eastern Action monitors its financial performance by comparing and analyzing actual results with budgeted results. This function will be accomplished in conjunction with the FINANCIAL STATEMENT policies and procedures stated elsewhere in this manual.

In accordance with Standards for Financial Management Systems, the Agency will provide budget to actual reports for its federal awards. On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts will be produced by the Finance Department and distributed to each employee with budgetary responsibilities. These individuals will be responsible for responding with a written explanation of all budget variances in excess of ten percent on a quarterly basis.

In addition, Department Directors will submit monthly performance (non-financial) reports to the Chief Executive Officer, the Controller, and the Board of Directors.

Budget and Program Revisions

Eastern Action will request prior approval from federal awarding agencies for any of the following program or budget revisions (*2 CFR Part 200.308*):

1. Change in the scope or objective of the federally funded project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (Project Director, etc.) specified in the application or award document.
3. Disengagement for more than three months, or a 25% reduction in time devoted to the project, by the approved Project Director or principal investigator.
4. The inclusion, unless waived by the federal awarding agency, of costs that require prior written approval in accordance with 2 CFR Part 200.407 Prior Written Approval.
5. The transfer of funds allotted for participant support costs to other categories of expense.
6. Unless described in the application and funded in the approved awards, the subaward, transfer, or contracting out of any work under an award. (However, this provision does not apply to purchases of supplies, materials, equipment, or general support services.)
7. Changes in the amount of the approved cost-sharing or matching provided by the Agency.
8. The need for additional federal funding.

Budget Modifications

After a budget has been approved by the Board of Directors and adopted by the Agency, reclassifications of budgeted expense amounts of less than \$5,000 within a single department may be made by the Program Manager, with approval from the Controller. Reclassifications of budgeted expense amounts across departments of greater than \$5,000 but less than \$10,000 may be made only with approval of the Chief Executive Officer.

Reclassifications in excess of the preceding thresholds and any budget modification resulting in an increase in budgeted expenses or decrease in budgeted revenues will be made only with approval of the full Board of Directors.

OPERATING RESERVES

Purpose

Eastern Action has established an Operating Reserve fund to provide an internal resource of funds to assist the Agency during periods of an unexpected loss of funding, uninsured losses, or unexpected increase in expenses. These reserves may not be used to replace a permanent loss of funding or eliminate an ongoing budget gap. Also see CASH ACCOUNTS section of this manual.

Establishment and Calculation

The Operating Reserve Fund will be unrestricted, Board designated funds, set aside by action of the Board of Directors. The target minimum amount to be designated as Operating Reserves will be equal to a three month's average of monthly operating expenses consisting of recurring predictable expenses, such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, non-federal share (in-kind), capital purchases, one-time purchases, pass-through payments, and other non-cash expenses are not included in the calculation. Calculation of the average monthly amount will be completed each year after the approval of the annual budget.

Also see ENDOWMENT INVESTMENT OBJECTIVE section of this manual.

Funding of Reserves

Eastern Action will fund its Operating Reserves with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific revenue source be set aside for Operating Reserves (i.e. one-time gifts, bequests, special grants, and/or special funding appeals).

Use of Reserves

The Chief Executive Officer will identify the need for accessing the reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this policy. Identification of need will include an analysis of the reason for the shortfall, the availability of other sources of funds before the use of the reserves, and evaluation of the time period that the funds will be required and replenished.

The Chief Executive Officer will submit a request to use Operating Reserves to the Finance Committee, including the analysis and determination of the use of funds and plans for replenishment. The Finance Committee will approve or modify the request and authorize transfer from the fund.

The goal of the Agency is to replenish the Operating Reserve funds within six months to restore the fund to the target minimum. Requests that include plans to replenish exceeding six months will be scrutinized more carefully.

Reporting and Monitoring

The Chief Executive Officer is responsible for ensuring the Operating Reserves fund is maintained and used only as described in this policy. The Chief Executive Officer will be responsible for maintaining

records of the use of these funds and the plan for replenishment. Monthly reporting will be provided to the Board of Directors of progress to restore the fund to the target minimum amount.

ANNUAL AUDIT

Arranging for the Annual Audit

Eastern Action will arrange for an annual audit of the Agency's financial statements to be conducted by an independent financial statement auditor. The independent financial statement auditor selected by the Board of Directors will be required to communicate directly with the Agency's Finance Committee upon the completion of their audit. In addition, members of the Finance Committee and Executive Committee are authorized to initiate communication directly with the independent financial statement auditor.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent financial statement auditor at an Agency Board Meeting, after the financial statements have been reviewed and approved by the Finance Committee.

Auditor Independence

Eastern Action may from time to time request the independent financial statement auditor provide services outside the scope of the annual audit and Form 990 preparation. In connection with these non-audit services, it is imperative that the independent auditor remain independent in fact and in appearance in order to continue serving the Agency as its auditor.

Generally, in order to remain independent with respect to the audit, the Agency's auditors should not provide non-audit services that involve performing management functions or making management decisions nor should they provide non-audit services in situations where the non-audit services are significant/material to the subject matter of the audits (or where they would be auditing their own work in connection with the annual audit).

Therefore, it is the Agency's policy to evaluate any non-audit service requested from the independent auditor for possible impairments to the financial statement auditor's independence, and to not permit the performance of any services that would impair independence. This evaluation will be performed by the Controller, who may consult the independent auditor or other external sources in making this determination.

In addition, for each non-audit service that is to be provided by the Agency's independent financial statement auditor, the Agency will:

1. Designate a management level individual to be responsible and accountable for overseeing the non-audit service (to be determined by the Chief Executive Officer).
2. Establish and monitor performance of the non-audit service to ensure that it meets management's objectives (to be performed by the person designated in step 1).
3. Make any decisions that involve management functions related to the non-audit service and accept full responsibility for such decisions.
4. Evaluate the adequacy of the services performed and findings that result.

How Often to Review the Selection of the Auditor

Eastern Action will review the selection of its independent auditor in the following circumstances:

1. Any time there is dissatisfaction with the service of the current independent financial statement auditor;
2. When a fresh perspective and new ideas are desired; or
3. Every 5 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years, but simply to reevaluate the selection).

Audit Request for Proposal

Request for Proposals (RFP) to conduct the Agency's independent financial statement audit will be prepared and issued by the Finance Committee no later than six months prior to the end of the fiscal-year. (See FINANCE COMMITTEE'S ROLE IN AND FREQUENCY OF SELECTION OF AUDITORS section of this manual for term.)

The RFP will include the following, at a minimum:

1. Summary of each funding source and its audit requirements (regulation references);
2. Expected timing of fieldwork;
3. Expectations for interaction with the Audit Committee and presentation of the report and any finding to the Board of Directors, upon completion of the audit; and
4. Deadlines for completion of the audit and filing of applicable reports to reporting entities.

Selecting an Independent Financial Statement Auditor

The selection of an independent financial statement auditor to conduct the annual audit is a task that should be taken very seriously. In accordance with the Agency's PURCHASING POLICIES AND PROCEDURES section of this manual, the following factors will be considered and evaluated by Eastern Action in selecting an independent financial statement auditor:

1. The firm's reputation in the nonprofit community.
2. The depth of the firm's understanding of and experience with grant-funded organizations and federal reporting requirements under 2 CFR Part 200.
3. The firm's demonstrated ability to provide the services requested in a timely manner.
4. The ability of firm personnel to communicate with Agency personnel in a professional and congenial manner.
5. The responsiveness to the request for proposal
6. The availability of staff with professional qualifications and technical abilities
7. The results of peer and external quality control reviews
8. Price.

The following information should be included in the written Request for Proposal (RFP) to be sent to prospective audit firms:

1. Period of services required
2. Complete description of the services requested (audit, management letter, tax returns, etc.)
3. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
4. Organization chart

5. Chart of account information
6. Financial information about the Organization
7. Copy of prior year reports (financial statements, management letters, etc.)
8. Identification of need to perform audit in accordance with 2 CFR Part 200, Subpart F, and the appropriate OMB Compliance Supplements
9. Other information considered appropriate
10. Description of proposal and format requirements
11. Due date of proposals
12. Overview of selection process (i.e., whether finalists will be interviewed, when a decision will be made, etc.)
13. Identification of criteria for selection
14. Other information deemed appropriate or important by Eastern Action

Minimum proposal requirements from prospective independent financial statement auditor will be:

1. Firm background
2. Biographical information (resumes) of key audit team members who will serve Eastern Action
3. Client references
4. Information about the audit firm's capabilities
5. Audit firm's approach to performing an audit
6. Copy of the audit firm's most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available from the audit firm
8. Expected timing and completion of the audit
9. Expected timing of delivery of reports
10. Cost estimate including estimated number of hours
11. Other information as appropriate

Copies of all proposals will be forwarded to each member of the Finance Committee. After the Finance Committee reviews the field of prospective auditors, final interviews of each firm are conducted by the Finance Committee and the Board of Directors, who makes the final selection for approval.

Preparing for the Annual Audit

Eastern Action will be actively involved in planning for and assisting with the Agency's independent financial statement audit in order to ensure smooth and timely completion. In that regard, the Finance Department will provide assistance to the independent financial statement auditors in the following areas:

Planning

The Controller is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. The Controller will review the list of information requested by the auditors and assign responsibility for each item to the appropriate staff. The Controller will then schedule and direct status meetings in the weeks leading up to the audit in order to review the progress of staff in preparing for the audit.

The Controller will arrange and coordinate any and all meetings, interviews, telephone discussions, and conference calls requested by the independent financial statement auditor with Eastern Action Board

members, Finance Committee members, or employees to facilitate the audit work. Prior to any such meetings or discussions, the Controller will inform each Agency participant of the nature of the discussion or meeting and what, if any, preparations they should do prior to the meeting. The Controller will communicate to each Eastern Action participant in such meetings or discussions the importance of being open, honest, and frank with the independent financial statement auditors with respect to all questions asked.

Involvement

Agency staff will do as much work as possible in order to assist the independent financial statement auditors and, therefore, reduce the cost of the audit.

Interim Procedures

To facilitate the timely completion of the annual financial statement audit, the independent financial statement auditors may perform selected audit procedures prior to the Agency's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to fiscal year-end is reduced. Agency staff will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, Eastern Action will make every effort to provide schedules, documents, and information requested by the auditors in a timely manner.

Concluding the Audit

Upon receipt of a draft of the independently audited financial statements from the auditor, the Controller will perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors.
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of Eastern Action.
3. Review each footnote for accuracy and completeness.

Any questions or errors noted as part of this review will be communicated to the independent financial statement auditor in a timely manner and resolved to the satisfaction of the Controller.

It will also be the responsibility of the Controller to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent financial statement auditor.

In addition, the Federal Audit Clearinghouse form (data collection form) will be completed and a copy submitted to the Finance Committee prior to its due date.

Audit Adjustments

It is the policy of Eastern Action to review all adjustments prepared by the independent financial statement auditor in connection with the annual audit, and, if in concurrence, record them in the general ledger. If Eastern Action does not agree with the adjustments, it will immediately communicate its disagreement with the independent financial statement auditor prior to the finalization and filing of the audited financial statements.

The Agency may also receive a list of unadjusted differences (or passed audit adjustments) from the independent financial statement auditor in connection with the audit. If the Agency receives such a list, it will be the responsibility of the Controller to review them and determine whether or not to record them in the period under audit. Any adjustments made to the financial information being audited must be immediately communicated to the independent financial statement auditor prior to the finalization and filing of the audited financial statements.

Internal Control Deficiencies Noted During the Audit

In accordance with generally accepted auditing standards, at the conclusion of the audit the Agency's independent financial statement auditors may provide a written communication of internal control deficiencies noted in connection with their audit. Not all deficiencies in internal control are required to be reported by the auditor. Only the following two types of deficiencies are required to be communicated:

1. **Material weakness** – A material weakness is a deficiency, or 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.
2. **Significant deficiency** – A significant deficiency is a deficiency, or 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.

The Agency's independent financial statement auditors are required to provide written communication to the Board of Directors of all significant deficiencies and material weaknesses (i.e., only those control deficiencies that rise to the level of materiality at which they qualify under the definitions provided above, in the opinion of the financial statement auditor).

It is the Agency's policy that all internal control deficiencies that are communicated by the financial statement auditor in writing will be formally addressed by the Board of Directors, the Chief Executive Officer, and the Controller. The Chief Executive Officer and the Controller will prepare a written response, which will include a corrective action plan, to each internal control finding and such response will be presented to the Board of Directors for its review and approval.

Board of Directors Communications with the Auditors

In accordance with generally accepted auditing standards, in connection with and at the conclusion of each annual financial statement audit, the auditors are required to make certain communications directly to the Board of Directors. The Controller will facilitate all of these communications, arranging for face-to-face meetings, telephone or conference calls, or delivery of electronic or paper documents between the financial statement auditor and Board of Directors members.

Some of the communications that Eastern Action's financial statement auditors may have with the Agency's Board of Directors include:

1. Planning discussions prior to commencing the audit, such as by inquiring of Finance Committee members their perception of where the risk of material misstatements in the Agency's financial statements may be greatest, the various risks of fraud, and other inquiries.

2. Planning stage communications informing the Board of Directors of the planned scope and nature of certain audit procedures that the auditors plan to perform, to aid in the Board of Directors members having a thorough understanding of the financial statement audit.
3. Internal control deficiencies noted during the financial statement audit, communicated in writing at the conclusion of the audit.
4. Any material fraud detected by the financial statement auditor, or any fraud, regardless of materiality, involving senior management, noted at any time during the audit.
5. Significant problems or other issues that arose during the financial statement audit (e.g., disagreements with management and certain other items that the auditors may be required to report to the Board of Directors).
6. Audit adjustments made by the financial statement auditors as a result of their audit.
7. Certain audit differences noted by the financial statement auditors that they deemed not material enough to warrant making an adjustment for.

Board of Directors members should be aware of these communications and engage in active discussions with the financial statement auditors whenever it is considered appropriate in the fulfillment of these or their other duties.

Also see BOARD OF DIRECTORS AUDIT RESPONSIBILITIES section of this manual.

INSURANCE

Overview of Insurance

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of Eastern Action.

Eastern Action maintains adequate insurance against general liability, as well as coverage for buildings, contents, computers, equipment, machinery, and other items of value.

Insurance Definitions

Cyber Insurance

Assists in protecting from expenses or business losses incurred in the event of a data breach, hacking, or other similar events that are not covered by other policies.

Directors and Officers (D&O)

Indemnifies directors and officers for damages and defense costs from lawsuits alleging various wrongful acts. Depending on coverage elected, D&O may cover directors, officers, employees, staff, volunteers, and committee members against employment practices, defense expenses outside limits of liability, prior acts, or other acts.

Fidelity Bond

Offers protection to the employer against monetary or physical losses caused by an employee's fraudulent or dishonest actions.

General Liability

A broad policy that protects the agency from claims from damage or injury related to bodily injury, property damage, operations, independent contractors, or others. This type of coverage may include directors, officers, and employee general liability insurance, buildings, contents, computers, boilers, and machinery.

Umbrella

Additional liability coverage to protect against significant risk of loss for claims that exceed the limits of a primary insurance policy.

Workers' Compensation and Employer's Liability

Workers' compensation provides monetary benefit to workers injured in the course of employment. Employers' liability protects employers from financial loss if a worker's job-related injury or illness is not covered by workers' compensation.

Coverage Guidelines

As a guideline, Eastern Action will arrange for the following types and levels of insurance as a minimum:

Type of Coverage	Amount of Coverage
General Liability	\$1,000,000
Umbrella Liability	\$1,000,000
Vehicles for Employees, Volunteers, or Escorts	\$1,000,000
Employee dishonesty/bonding	\$150,000
Fire and Water Damage	Coverage for all items with acquisition cost greater than \$1,000
Directors and Officers	\$1,000,000 (with an appropriate deductible level)
Theft	Coverage for all items with acquisition cost greater than \$1,000
Workers' Compensation	\$1,000,000

Guide One Commercial Liability, Auto Liability, Vehicle Liability
Brick Street Workers Compensation

Eastern Action will maintain a detailed listing of all insurance policies in effect. This listing will include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid and check numbers

Contractors

Contractors are required to comply with applicable federal and state workers' compensation and occupational disease statutes. If occupational diseases are not compensated under those statutes, they will be covered under the employer's liability insurance policy, except when contract operations are so commingled that it would not be practical to require this coverage.

Fidelity Bonds

For all personnel handling cash or preparing or signing checks, Eastern Action will obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the Agency will determine the dollar limit of this coverage.

RECORD RETENTION

Record Retention Policy

See separate Record Retention Policy in Appendix 2.

Attachment W

Conflict of Interest Statement

**REGION VII WORKFORCE DEVELOPMENT BOARD (WDB) &
LOCAL ELECTED OFFICIALS (LEOS)**

CONFLICT OF INTEREST STATEMENT

No member, employee or agent of the Region VII Workforce Development Board and Local Elected Officials Board shall:

- A. cast a vote on the provision of service under the Workforce Innovation and Opportunity Act by that member, by any member of his or her family, or by any organization of which that member or any member of his or her family is an officer, owner, or employee, or
- B. vote on any matter which would provide direct financial benefit to that member, or
- C. participate in the award or administration of any grant or contract that is funded through the Workforce Innovation and Opportunity Act, where he or she knows that any of the following has a financial interest in the person or organization what will receive or has received the grant or contract;
 - (1) the member, employee, or agent;
 - (2) any family member of the member, employee, or agent;
 - (3) any partner of the member, employee, or agent;
 - (4) any person or organization that employs, or is about to employ, any person described in (1), (2) or (3).

Where there is a conflict of interest or an appearance of a conflict of interest on the part of a member, such member shall disclose the material facts as to his or her interest or benefit from the proposed WDB or LEO action, and, in the event the measure requires approval by the WDB or LEO, the proposed action may then be approved upon the affirmative vote of a majority of the disinterested members present, even though the disinterested members present may be less than a quorum. Such interested members may be counted in determining the presence of a quorum at the meeting at which the issue is considered. The interested member shall refrain from discussing with or attempting to persuade other members prior to the vote on the proposed action.

No member, officer, employee or agent of the WDB or LEO shall: (1) solicit or accept gratuities, favors, or anything of monetary value from contractors or suppliers or potential contractors or suppliers; (2) solicit, accept or agree to accept any benefits for exercising Workforce Innovation and Opportunity Act authority and performing their duties; (3) provide information relevant to any Request for Proposal (RFP) issued by the WDB; and (4) perform their duties in a manner contrary to the rules of the State of West Virginia Ethics Commission.

For purposes of this policy, family is defined as: parent, grandparent, spouse, ancestor, descendant, sibling and the spouse or child of any of the foregoing (including "step" relationships).

MEMBER

DATE

Attachment X

West Virginia Occupational Projections Statewide 2016-2026

<http://lmi.workforcewv.org/LTprojections/LTOccupationalProjections.html>

Attachment Y

Region VII Demand Occupation Listing 2016-2026

<http://lmi.workforcewv.org/LTprojections/LTDemandOocs.html>

Attachment Z

West Virginia Demand Occupation Listing 2016-2026

<http://lmi.workforcewv.org/LTprojections/LTDemandOces.html>

Attachment AA

**West Virginia Occupational Projections
Workforce Development Area 7 2016-2026**

<http://lmi.workforcewv.org/LTprojections/LTOccupationalProjections.html>