

**West Virginia Bar Foundation, Inc.**

**Independent Auditors' Report  
and  
Financial Statements**

**June 30, 2014**

# West Virginia Bar Foundation, Inc.

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## **Independent Auditors' Report**

To the Board of Directors  
West Virginia Bar Foundation, Inc.

We have audited the accompanying financial statements of West Virginia Bar Foundation, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2014, and the related statement of support, revenue, and expenses – modified cash basis and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors  
West Virginia Bar Foundation, Inc.  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respect, the assets, liabilities, and net assets of West Virginia Bar Foundation, Inc. as of June 30, 2014, and its support, revenue, and expenses for the year then ended, in accordance with the basis of accounting as described in Note A.

### **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Report on Summarized Comparative Information**

We have previously audited the West Virginia Bar Foundation, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Charleston, WV  
November 13, 2014

**West Virginia Bar Foundation, Inc.**

**Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis**

**June 30, 2014, with Comparative Totals  
as of June 30, 2013**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash	\$ 33,642	\$ 39,919
Investments	<u>538,718</u>	<u>504,056</u>
<b>Total Assets</b>	<u>\$572,360</u>	<u>\$543,975</u>
<b>Liabilities and Net Assets</b>		
Accrued payroll and other liabilities	\$ 307	\$ 356
<b>Total Liabilities</b>	<u>307</u>	<u>356</u>
<b>Net Assets</b>		
Unrestricted	<u>572,053</u>	<u>543,619</u>
<b>Total Net Assets</b>	<u>572,053</u>	<u>543,619</u>
<b>Total Liabilities and Net Assets</b>	<u>\$572,360</u>	<u>\$543,975</u>

See notes to financial statements.

**West Virginia Bar Foundation, Inc.**

**Statement of Support, Revenue and Expenses – Modified Cash Basis**

**For the Year Ended June 30, 2014, with Comparative Totals  
for the Year Ended June 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Revenues Collected</b>				
Membership Fees	\$ 2,050	\$ -0-	\$ 2,050	\$ 2,049
ALPS Lawyer Leadership Institute	4,980	-0-	4,980	5,988
Contributions	4,883	-0-	4,883	23,711
Fellows dinner and program	57,361	-0-	57,361	57,806
Interest and dividends	14,565	-0-	14,565	10,033
Unrealized gain (loss) on investments	22,047	-0-	22,047	(12,947)
Realized gain (loss) on investments	3,700	-0-	3,700	(10,658)
Lunch and Laughs	<u>29,420</u>	<u>-0-</u>	<u>29,420</u>	<u>18,680</u>
<b>Total Revenues Collected</b>	<u>139,006</u>	<u>-0-</u>	<u>139,006</u>	<u>94,662</u>
<b>Expenses and Losses</b>				
Grants awarded	27,129	-0-	27,129	25,158
Salaries and payroll taxes	15,088	-0-	15,088	15,070
Office supplies and expense	3,858	-0-	3,858	4,541
Interest	-0-	-0-	-0-	2,852
Fellows dinner and program	22,582	-0-	22,582	18,501
ALPS Lawyer Leadership Institute	5,027	-0-	5,027	6,617
Professional services	4,100	-0-	4,100	4,230
Insurance	2,265	-0-	2,265	2,292
Lunch and Laughs	18,643	-0-	18,643	12,662
Travel and meetings	5,467	-0-	5,467	5,191
Dues and fees	6,413	-0-	6,413	4,164
Loss on sale of building	-0-	-0-	-0-	122,758
Loan prepayment penalty	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>11,571</u>
<b>Total Expenses and Losses</b>	<u>110,572</u>	<u>-0-</u>	<u>110,572</u>	<u>235,607</u>
<b>Change in Net Assets</b>	28,434	-0-	28,434	(140,945)
<b>Net Assets, Beginning of Year</b>	<u>543,619</u>	<u>-0-</u>	<u>543,619</u>	<u>684,564</u>
<b>Net Assets, End of Year</b>	<u>\$572,053</u>	<u>\$ -0-</u>	<u>\$572,053</u>	<u>\$ 543,619</u>

See notes to financial statements.

**West Virginia Bar Foundation, Inc.**

**Statement of Cash Flows – Modified Cash Basis**

**For the Year Ended June 30, 2014, with Comparative Totals  
for the Year Ended June 30, 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 28,434	\$(140,945)
Adjustments to Reconcile Change in Net Assets To Net Cash (Used In) Provided By Operating Activities:		
Loss on sale of building	-0-	122,758
Unrealized (gain) loss on investments	(22,047)	12,947
(Decrease) increase in accrued payroll and other liabilities	(49)	14
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>6,338</u>	<u>(5,226)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of land and buildings	-0-	295,613
Purchase of investments	(267,262)	(731,723)
Proceeds from sale of investments	<u>254,647</u>	<u>227,724</u>
<b>Net Cash Used In Investing Activities</b>	<u>(12,615)</u>	<u>(208,386)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on long-term debt	-0-	(261,418)
<b>Net Cash Used in Financing Activities</b>	<u>-0-</u>	<u>(261,418)</u>
<b>Net Decrease in Cash</b>	(6,277)	(475,030)
<b>Cash, Beginning of Year</b>	<u>39,919</u>	<u>514,949</u>
<b>Cash, End of Year</b>	<u>\$ 33,642</u>	<u>\$ 39,919</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	<u>\$ -0-</u>	<u>\$ 1,352</u>

See notes to financial statements.

# West Virginia Bar Foundation, Inc.

## Notes to Financial Statements

June 30, 2014, with Comparative Totals  
as of June 30, 2013

### **Note A – Summary of Significant Accounting Policies**

**Organization** - The West Virginia Bar Foundation, Inc. was formed in 1988 to promote the administration of justice, the continuing education of the practicing lawyer, and the introduction of the law school graduate to the practice of law. Additionally, it supports organizations established to provide legal services through staff attorneys or unpaid volunteers to persons who find it difficult to obtain such services through normal channels. The Organization's primary revenue sources are through contributions and various fundraising events.

**Basis of Accounting** - The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Modifications to the cash basis of accounting include the recording of liabilities for accrued payroll taxes and withholdings and recognizing investments at fair value.

**Revenue Recognition** - All contributions and grants are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor or grantor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

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

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

**Income Tax Status** - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

As of June 30, 2014, the tax years that remain subject to examination by taxing authorities begin with fiscal year 2011. Tax returns for fiscal years ending June 30, 2011, 2012 and 2013 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.



# West Virginia Bar Foundation, Inc.

## Notes to Financial Statements

June 30, 2014, with Comparative Totals  
as of June 30, 2013

### Note A – Summary of Significant Accounting Policies (Continued)

Comparative Totals - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Classification of Support - The Organization reports contributions and other revenues as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor or earnings restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statement of Support, Revenue and Expense as net assets released from restrictions.

### Note B – Investments

The Foundation's investments at June 30, 2014 are reported on the basis of quoted market prices (all Level 1 measurements) and consist primarily of cash, stocks, and bonds. The breakdown of funds by investment type at June 30, 2014 is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash	\$ 27,307	\$ 27,307	\$ -0-
Government Securities	292,077	292,035	(42)
Preferred and Common Stocks	197,287	219,376	22,089
	<u>\$516,671</u>	<u>\$538,718</u>	<u>\$22,047</u>

The investment accounts were established during the year ended June 30, 2013 primarily from proceeds received from the sale of various properties owned by the Organization over the last two fiscal years.

### Note C – Concentration of Credit Risk

The Organization receives a significant portion of its revenues from contributions and fundraising activities. A material reduction in these sources of income would have a significant impact on the Organization's activities, and its ability to continue as a going concern.

### Note D – Date of Management Evaluation

Subsequent events were evaluated through October 24, 2014 which is the date the financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.