

West Virginia Bar Foundation, Inc.

**Independent Auditors' Report
and
Financial Statements**

June 30, 2016

West Virginia Bar Foundation, Inc.

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Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

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, 2016, and the related statements 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 modified cash basis of accounting as described in Note A; this includes determining that the modified 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, 2016, and its support, revenue, and expenses for the year then ended in accordance with the modified cash 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 this matter.

Report on Summarized Comparative Information

We have previously audited the West Virginia Bar Foundation, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Charleston, WV
November 8, 2016

West Virginia Bar Foundation, Inc.

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

**June 30, 2016, with Comparative Totals
as of June 30, 2015**

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 11,184	\$ 31,522
Investments	<u>641,178</u>	<u>611,352</u>
Total Assets	<u>\$652,362</u>	<u>\$642,874</u>
Liabilities and Net Assets		
Accrued payroll and other liabilities	<u>\$ 58</u>	<u>\$ 307</u>
Total Liabilities	<u>58</u>	<u>307</u>
Net Assets		
Unrestricted	<u>652,304</u>	<u>642,567</u>
Total Net Assets	<u>652,304</u>	<u>642,567</u>
Total Liabilities and Net Assets	<u>\$652,362</u>	<u>\$642,874</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, 2016, with Comparative Totals
for the Year Ended June 30, 2015**

	<u>2016</u>			<u>2015</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
Revenues Collected				
Membership Fees	\$ 1,800	\$ -0-	\$ 1,800	\$ 1,097
ALPS Lawyer Leadership Institute	4,990	-0-	4,990	4,940
Contributions	7,876	-0-	7,876	53,787
Fellows dinner and program	60,629	-0-	60,629	63,530
Interest and dividends	18,619	-0-	18,619	17,072
Unrealized gain (loss) on investments	15,036	-0-	15,036	6,473
Realized gain (loss) on investments	(511)	-0-	(511)	4,708
Lunch and Laughs	<u>17,518</u>	<u>-0-</u>	<u>17,518</u>	<u>22,630</u>
Total Revenues Collected	<u>125,957</u>	<u>-0-</u>	<u>125,957</u>	<u>174,237</u>
Expenses and Losses				
Grants awarded	43,404	-0-	43,404	26,688
Salaries and payroll taxes	15,392	-0-	15,392	15,079
Office supplies and expense	3,594	-0-	3,594	3,755
Fellows dinner and program	16,984	-0-	16,984	17,196
ALPS Lawyer Leadership Institute	4,648	-0-	4,648	5,795
Professional services	4,364	-0-	4,364	4,100
Insurance	2,135	-0-	2,135	2,185
Lunch and Laughs	12,018	-0-	12,018	14,392
Travel and meetings	4,759	-0-	4,759	4,654
Dues and fees	8,433	-0-	8,433	8,169
Miscellaneous	<u>489</u>	<u>-0-</u>	<u>489</u>	<u>1,710</u>
Total Expenses and Losses	<u>116,220</u>	<u>-0-</u>	<u>116,220</u>	<u>103,723</u>
Change in Net Assets	9,737	-0-	9,737	70,514
Net Assets, Beginning of Year	<u>642,567</u>	<u>-0-</u>	<u>642,567</u>	<u>572,053</u>
Net Assets, End of Year	<u>\$652,304</u>	<u>\$ -0-</u>	<u>\$652,304</u>	<u>\$642,567</u>

See notes to financial statements.

West Virginia Bar Foundation, Inc.

Statement of Cash Flows – Modified Cash Basis

**For the Year Ended June 30, 2016, with Comparative Totals
for the Year Ended June 30, 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 9,737	\$ 70,514
Adjustments to Reconcile Change in Net Assets To Net Cash (Used In) Provided By Operating Activities:		
Unrealized (gain) loss on investments	(15,036)	(6,473)
(Decrease) increase in accrued payroll and other liabilities	<u>(249)</u>	<u>-0-</u>
Net Cash (Used In) Provided By Operating Activities	<u>(5,548)</u>	<u>64,041</u>
Cash Flows From Investing Activities		
Purchase of investments	(246,364)	(395,608)
Proceeds from sale of investments	<u>231,574</u>	<u>329,447</u>
Net Cash Used In Investing Activities	<u>(14,790)</u>	<u>(66,161)</u>
Cash Flow From Financing Activities	<u>-0-</u>	<u>-0-</u>
Net Decrease in Cash	(20,338)	(2,120)
Cash, Beginning of Year	<u>31,522</u>	<u>33,642</u>
Cash, End of Year	<u>\$ 11,184</u>	<u>\$ 31,522</u>

See notes to financial statements.

West Virginia Bar Foundation, Inc.

Notes to Financial Statements

**June 30, 2016, with Comparative Totals
as of June 30, 2015**

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 are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had no temporarily or permanently restricted net assets at June 30, 2016 and 2015. 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, 2016, the tax years that remain subject to examination by taxing authorities begin with fiscal year 2013. Tax returns for fiscal years ending June 30, 2013, 2014 and 2015 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, 2016, with Comparative Totals
as of June 30, 2015

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 the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, 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, 2016 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, 2016 is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash	\$ 31,621	\$ 31,621	\$ -0-
Government Securities	300,081	309,148	9,067
Preferred and Common Stocks	260,315	300,409	40,094
	<u>\$592,017</u>	<u>\$641,178</u>	<u>\$49,161</u>

The investment accounts were established during the year ended June 30, 2014 primarily from proceeds received from the sale of various properties owned by the Organization.

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.

West Virginia Bar Foundation, Inc.

Notes to Financial Statements

**June 30, 2016, with Comparative Totals
as of June 30, 2015**

Note D - Investment Fund Fundraising Campaign

The Organization has set a financial goal to increase its investment accounts to \$1,000,000 by accepting pledges that can be paid over time (up to three years). As of June 30, 2016, approximately \$84,000 has been contributed to the Justice Fund Campaign. Contributions totaling \$4,172 were received during the year and are recorded as revenues in the accompanying Statement of Support, Revenue, and Expenses.

Note E – Date of Management Evaluation

Subsequent events were evaluated through November 8, 2016 which is the date the financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.