

West Virginia Bar Foundation, Inc.

**Independent Auditors' Report
and
Financial Statements**

June 30, 2020

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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Charleston, WV
November 12, 2020

West Virginia Bar Foundation, Inc.

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

**June 30, 2020, with Comparative Totals
as of June 30, 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 16,331	\$ 4,034
Investments	787,030	687,757
Note receivable	<u>28,924</u>	<u>49,634</u>
Total Assets	<u>\$832,285</u>	<u>\$741,425</u>
Liabilities and Net Assets		
Accrued payroll and other liabilities	\$ -0-	\$ 307
Total Liabilities	<u>-0-</u>	<u>307</u>
Net Assets		
Without donor restrictions	807,285	741,118
With donor restrictions	<u>25,000</u>	<u>-0-</u>
Total Net Assets	<u>832,285</u>	<u>741,118</u>
Total Liabilities and Net Assets	<u>\$832,285</u>	<u>\$741,425</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, 2020, with Comparative Totals
for the Year Ended June 30, 2019**

	<u>2020</u>			<u>2019</u> <u>Total</u>
	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>With</u> <u>Donor</u> <u>Restrictions</u>	<u>Total</u>	
Revenues Collected				
Lawyer Leadership Institute	\$ 10,000	\$ -0-	\$ 10,000	\$ 13,748
Contributions	68,014	-0-	68,014	32,391
Fellows dinner and program	36,920	-0-	36,920	51,272
Interest and dividends	22,119	-0-	22,119	22,388
Unrealized gain (loss) on investments	19,775	-0-	19,775	25,880
Realized gain (loss) on investments	(14,045)	-0-	(14,045)	19,859
Lunch and Laughs	9,882	-0-	9,882	11,700
Pandemic Grant	<u>-0-</u>	<u>25,000</u>	<u>25,000</u>	<u>-0-</u>
Total Revenues Collected	<u>152,665</u>	<u>25,000</u>	<u>177,665</u>	<u>177,238</u>
Expenses and Losses				
Grants awarded	38,788	-0-	38,788	39,838
Salaries and payroll taxes	14,517	-0-	14,517	15,745
Office supplies and expense	3,634	-0-	3,634	4,698
Fellows dinner and program	-0-	-0-	-0-	14,877
Lawyer Leadership Institute	-0-	-0-	-0-	6,696
Professional services	4,340	-0-	4,340	4,235
Insurance	2,172	-0-	2,172	2,182
Lunch and Laughs	8,740	-0-	8,740	11,871
Travel and meetings	3,737	-0-	3,737	4,680
Dues and fees	10,570	-0-	10,570	9,480
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>484</u>
Total Expenses and Losses	<u>86,498</u>	<u>-0-</u>	<u>86,498</u>	<u>114,786</u>
Change in Net Assets	66,167	25,000	91,167	62,452
Net Assets, Beginning of Year	<u>741,118</u>	<u>-0-</u>	<u>741,118</u>	<u>678,666</u>
Net Assets, End of Year	<u>\$807,285</u>	<u>\$25,000</u>	<u>\$832,285</u>	<u>\$741,118</u>

See notes to financial statements.

West Virginia Bar Foundation, Inc.
Statement of Cash Flows – Modified Cash Basis
For the Year Ended June 30, 2020, with Comparative Totals
for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 91,167	\$ 62,452
Adjustments to Reconcile Change in Net Assets To Net Cash Provided By Operating Activities:		
Unrealized (gain) loss on investments	(19,775)	(25,880)
Decrease in accrued payroll and other liabilities	<u>(307)</u>	<u>-0-</u>
Net Cash Provided By Operating Activities	<u>71,085</u>	<u>36,572</u>
Cash Flows From Investing Activities		
Purchase of investments	(184,454)	(319,064)
Proceeds from sale of investments	<u>104,956</u>	<u>273,605</u>
Net Cash Used In Investing Activities	<u>(79,498)</u>	<u>(45,459)</u>
Cash Flows From Financing Activities		
Principal payments received on notes receivable	<u>20,710</u>	<u>10,366</u>
Net Cash Provided by Financing Activities	<u>20,710</u>	<u>10,366</u>
Net Increase in Cash	12,297	1,479
Cash, Beginning of Year	<u>4,034</u>	<u>2,555</u>
Cash, End of Year	<u>\$ 16,331</u>	<u>\$ 4,034</u>

See notes to financial statements.

West Virginia Bar Foundation, Inc.

Notes to Financial Statements

June 30, 2020, with Comparative Totals
as of June 30, 2019

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 and Expenses – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

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 net assets with donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the Organization have been summarized on a neutral classification basis.

Classes of Net Assets – The financial statements report amounts by class of net assets.

Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, donor-advised funds, or invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. During the year ended June 30, 2020, the Organization received a \$25,000 grant to assist WVU Law Students with emergency funding related to the Pandemic. These funds were not expended and are restricted for that purpose at June 30, 2020.

West Virginia Bar Foundation, Inc.

Notes to Financial Statements

June 30, 2020, with Comparative Totals
as of June 30, 2019

Note A – Summary of Significant Accounting Policies (Continued)

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, 2020, the tax years that remain subject to examination by taxing authorities begin with fiscal year 2018. Tax returns for fiscal years ending June 30, 2018, 2019 and 2020 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

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, 2019, from which the summarized information was derived.

Note B – Investments

The Foundation's investments at June 30, 2020 are reported on the basis of quoted market prices and consist primarily of cash, stocks, and bonds. The breakdown of funds by investment type at June 30, 2020 is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash	\$ 91,709	\$ 91,709	\$ -0-
Government Securities	145,374	155,227	9,853
Preferred and Common Stocks	<u>449,822</u>	<u>540,094</u>	<u>90,272</u>
	<u>\$686,905</u>	<u>\$787,030</u>	<u>\$100,125</u>

West Virginia Bar Foundation, Inc.

Notes to Financial Statements

**June 30, 2020, with Comparative Totals
as of June 30, 2019**

Note B – Investments (Continued)

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The Organization's investments are all Level 1, which consists of unadjusted quoted prices in active markets for identical assets and have the highest priority.

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 - 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, 2020, approximately \$195,000 has been contributed to the Justice Fund Campaign. Contributions totaling \$60,000 were received during the year and are recorded as revenues in the accompanying Statement of Support, Revenue, and Expenses.

An anonymous donor has pledged to have contributions made to the Organization in monthly payments of \$5,000 per month for 40 consecutive months, which accumulates to a total of \$200,000, commencing on July 1, 2019. These contributions will be deposited into the Organization's investment accounts and it is anticipated that earnings in those accounts, in addition to this contribution, will generate enough income to increase the total in the Justice Fund investments to \$1,000,000 by or before these 40 months elapse. Once the \$1,000,000 goal is reached, the Organization can grant funds from the Justice Fund as long as the balance in those accounts maintains a minimum level of at least \$1,000,000. In addition, once the \$1,000,000 is reached, 5% of the amount in the Justice Fund (or \$50,000) will be the maximum amount that is able to be used for grants from the Fund.

Note E – Note Receivable

During the year ended June 30, 2018, the Organization advanced \$60,000 to the West Virginia Bar Association and signed a promissory note. Terms of the note required interest only payments on a quarterly basis thru January, 2019 at a rate of 5%, and then principal and interest payments for 43 months thru July, 2022, at which time the remaining balance will be paid in full. At June 30, 2020, the balance of the note receivable was \$28,924.

West Virginia Bar Foundation, Inc.

Notes to Financial Statements

June 30, 2020, with Comparative Totals
as of June 30, 2019

Note F – Liquidity and Availability of Financial Assets

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because they have been set aside for a specific program.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$ 16,331	\$ 4,034
Investments	787,030	687,757
Note receivable	<u>28,924</u>	<u>49,634</u>
Financial assets, at year-end	832,285	741,425
Less those unavailable for general expenditure within one year, due to:		
Investments held by others inherently not convertible within one year	(154,643)	(156,015)
Notes receivable collectible beyond one year	<u>(11,884)</u>	<u>(33,424)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 665,758</u>	<u>\$ 551,986</u>

Note G – Date of Management Evaluation

Subsequent events were evaluated through November 12, 2020 which is the date the financial statements were available to be issued and the following item was noted.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Future potential impacts may include impairment of our ability to obtain contributions and other fundraising revenues. The future effects of these issues are unknown.