

**West Virginia Bar Foundation, Inc.**

**Financial Statements**

**June 30, 2024**

# West Virginia Bar Foundation, Inc.

## Table of Contents

|   | <u>Page</u> |
|---|-------------|
| <b>Independent Auditor's Report .....</b>                                   | <b>1-3</b>  |
| <b>Financial Statements</b>   |             |
| Statement of Assets, Liabilities and Net Assets – Modified Cash Basis ..... | 4           |
| Statement of Support, Revenue and Expenses – Modified Cash Basis .....      | 5           |
| Statement of Functional Expenses – Modified Cash Basis .....                | 6           |
| Statement of Cash Flows – Modified Cash Basis .....                         | 7           |
| Notes to Financial Statements .....   | 8-12        |

## **Independent Auditor's Report**

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

### **Opinion**

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, 2024, and the related statements of support, revenue, and expenses—modified cash basis, functional expenses – modified cash basis, and cash flows—modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of West Virginia Bar Foundation, Inc. as of June 30, 2024, 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 for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Virginia Bar Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for 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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Virginia Bar Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Virginia Bar Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

**Report on Summarized Comparative Information**

We have previously audited West Virginia Bar Foundation, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Charleston, WV  
December 3, 2024

**West Virginia Bar Foundation, Inc.**  
**Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis**

**June 30, 2024, with Comparative Totals  
as of June 30, 2023**

|   | <b>2024</b>         | <b>2023</b>         |
|---|---------------------|---------------------|
| <b>Assets</b>                               |                     |                     |
| Cash  | \$ 69,361           | \$ 60,477           |
| Investments                                 | 1,511,421           | 1,473,996           |
| <b>Total Assets</b>                         | <b>1,580,782</b>    | <b>1,534,473</b>    |
| <br><b>Liabilities and Net Assets</b>       |                     |                     |
| <br><b>Net Assets</b>                       |                     |                     |
| With donor restrictions                     | 838,674             | 801,249             |
| Without donor restrictions                  |                     |                     |
| Undesignated                                | 69,361              | 60,477              |
| Board designated                            | 672,747             | 672,747             |
| Total without donor restrictions            | 742,108             | 733,224             |
| <b>Total Net Assets</b>                     | <b>1,580,782</b>    | <b>1,534,473</b>    |
| <br><b>Total Liabilities and Net Assets</b> | <b>\$ 1,580,782</b> | <b>\$ 1,534,473</b> |

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, 2024, with Comparative Totals  
for the Year Ended June 30, 2023**

|                                      | <b>2024</b>                               |  |                     | <b>2023<br/>Total</b> |
|--------------------------------------|---|--|---------------------|-----------------------|
|                                      | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b>        |                       |
| <b>Revenues Collected</b>            |   |  |                     |                       |
| Lawyer Leadership Institute          | \$ 3,850                                  | \$ -                                   | \$ 3,850            | \$ 15,950             |
| Contributions                        | 37,263                                    | -                                      | 37,263              | 523,375               |
| Fellows dinner and program           | 61,010                                    | -                                      | 61,010              | 54,308                |
| Investment income, net               | -   | 112,425                                | 112,425             | 44,832                |
| Non-investment interest              | 2,443                                     | -                                      | 2,443               | 448                   |
| Lunch and Laughs                     | 12,950                                    | -                                      | 12,950              | 18,000                |
| Miscellaneous                        | 3,500                                     | -                                      | 3,500               | 4                     |
| Net assets released from restriction | 75,000                                    | (75,000)                               | -                   | -                     |
| <b>Total Revenues Collected</b>      | <u>196,016</u>                            | <u>37,425</u>                          | <u>233,441</u>      | <u>656,917</u>        |
| <b>Expenses and Losses</b>           |   |  |                     |                       |
| Program services                     | 173,282                                   | -                                      | 173,282             | 127,022               |
| Management and general               | 13,850                                    | -                                      | 13,850              | 10,239                |
| <b>Total Expenses and Losses</b>     | <u>187,132</u>                            | <u>-</u>                               | <u>187,132</u>      | <u>137,261</u>        |
| <b>Changes in Net Assets</b>         | 8,884                                     | 37,425                                 | 46,309              | 519,656               |
| <b>Net Assets, Beginning of Year</b> | <u>733,224</u>                            | <u>801,249</u>                         | <u>1,534,473</u>    | <u>1,014,817</u>      |
| <b>Net Assets, End of Year</b>       | <u>\$ 742,108</u>                         | <u>\$ 838,674</u>                      | <u>\$ 1,580,782</u> | <u>\$ 1,534,473</u>   |

See notes to financial statements.

**West Virginia Bar Foundation, Inc.**  
**Statement of Functional Expenses – Modified Cash Basis**

**For the Year Ended June 30, 2024, with Comparative Totals  
for the Year Ended June 30, 2023**

|                             | <b>Program<br/>Services</b> | <b>Management<br/>and General</b> | <b>Total<br/>Expenses</b> | <b>2023<br/>Expenses</b> |
|-----------------------------|-----------------------------|-----------------------------------|---------------------------|--------------------------|
| Grants awarded              | \$ 75,086                   | \$ -                              | \$ 75,086                 | \$ 46,668                |
| Office supplies and expense | 11,020                      | 2,755                             | 13,775                    | 2,506                    |
| Fellows dinner and program  | 24,232                      | -                                 | 24,232                    | 16,731                   |
| Lawyer Leadership Institute | 10,220                      | -                                 | 10,220                    | 10,981                   |
| Professional services       | 38,008                      | 9,502                             | 47,510                    | 44,342                   |
| Insurance                   | 1,716                       | 429                               | 2,145                     | 2,121                    |
| Lunch and laughs            | 8,343                       | -                                 | 8,343                     | 11,680                   |
| Travel and meetings         | 3,855                       | 964                               | 4,819                     | 697                      |
| Dues and fees               | 802                         | 200                               | 1,002                     | 1,385                    |
| Miscellaneous expense       | -                           | -                                 | -                         | 151                      |
|                             | <u>\$ 173,282</u>           | <u>\$ 13,850</u>                  | <u>\$ 187,132</u>         | <u>\$ 137,262</u>        |

See notes to financial statements.



**West Virginia Bar Foundation, Inc.**  
**Statement of Cash Flows – Modified Cash Basis**

**For the Year Ended June 30, 2024, with Comparative Totals  
for the Year Ended June 30, 2023**

|  | <b>2024</b>      | <b>2023</b>      |
|--|------------------|------------------|
| <b>Cash Flows from Operating Activities</b>  |                  |                  |
| Change in Net Assets   | \$ 46,309        | \$ 519,656       |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided by Operating Activities: |                  |                  |
| Unrealized (gain) loss on investments  | (47,066)         | 23,652           |
| Increase (decrease) in funds held for others   | -                | (1,060)          |
| <b>Net Cash Provided by Operating Activities</b>   | <b>(757)</b>     | <b>542,248</b>   |
| <b>Cash Flows from Investing Activities</b>  |                  |                  |
| Purchase of Investments  | (682,689)        | (732,050)        |
| Proceeds from Sale of Investments  | 692,330          | 213,566          |
| Principal payments received on notes receivable  | -                | -                |
| <b>Net Cash Used in Investing Activities</b>   | <b>9,641</b>     | <b>(518,484)</b> |
| <b>Net Cash Provided by Financing Activities</b>   | <b>-</b>         | <b>-</b>         |
| <b>Net Increase (Decrease) in Cash</b>   | <b>8,884</b>     | <b>23,764</b>    |
| <b>Cash, Beginning of Year</b>   | <b>60,477</b>    | <b>36,713</b>    |
| <b>Cash, End of Year</b>   | <b>\$ 69,361</b> | <b>\$ 60,477</b> |

See notes to financial statements.

# West Virginia Bar Foundation, Inc.

## Notes to Financial Statements

June 30, 2024, with Comparative Totals  
as of June 30, 2023

### 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 Foundation's primary revenue sources are through contributions and various fundraising events.

Basis of Accounting - The financial statements of the Foundation 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 recognizing investments at fair value.

Revenue Recognition – The Foundation 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 Foundation'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.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Support, Revenue and Expenses – Modified Cash basis and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

## **West Virginia Bar Foundation, Inc.**

### **Notes to Financial Statements**

**June 30, 2024, with Comparative Totals  
as of June 30, 2023**

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

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

Investments – The Foundation reports investments in equity securities with readily determinable fair values at their fair values in the Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Support, Revenue and Expenses – Modified Cash Basis.

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 Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation 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, 2024, the tax years that remain subject to examination by taxing authorities begin with fiscal year 2022. Tax returns for fiscal years ending June 30, 2022, 2023 and 2024 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 Foundation's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**West Virginia Bar Foundation, Inc.**  
**Notes to Financial Statements**

**June 30, 2024, with Comparative Totals**  
**as of June 30, 2023**

**Note B – Investments**

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Foundation has made a modification to the cash basis of accounting to include the investments at fair value. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

The Foundation's investments at June 30, 2024 and 2023 are reported on the basis of quoted market prices. All investments are deemed to be level 1. The breakdown of funds by investment type at June 30, 2024 and 2023 are as follows:

|                            | <u>2024</u>         | <u>2023</u>       |
|----------------------------|---------------------|-------------------|
| Cash                       | \$ 83,560           | \$ 36,551         |
| Government Securities      | 263,394             | 127,472           |
| Preferred and Common Stock | 1,164,467           | 691,247           |
| Mutual Funds               | -                   | 123,894           |
|                            | <u>\$ 1,511,421</u> | <u>\$ 979,164</u> |

**Note C – Concentration of Credit Risk**

The Foundation 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 Foundation's activities, and its ability to continue as a going concern.

## **West Virginia Bar Foundation, Inc.**

### **Notes to Financial Statements**

**June 30, 2024, with Comparative Totals  
as of June 30, 2023**

#### **Note D – Endowment Fund**

The Foundation's endowment consists of one individual fund (the Justice Fund) established to provide scholarships and funding for other program expenses. Its endowment includes board designated and donor-restricted funds. As required by the modified cash basis of accounting, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Investment Return Objectives, Risk Parameters and Strategies.* The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund investment assets, allocation between asset classes and strategies management uses to prevent exposing the fund to unacceptable levels of risk.

*Spending Policy.* The Organization has a policy of appropriating for distribution each year the greater of 5% of the balance in the fund at the end of the preceding year, as demonstrated by the audited financial statements of the Organization, or \$75,000, for expenditures. In establishing this policy, the Organization considered the long-term expected return on its investment assets and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow over time. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

**West Virginia Bar Foundation, Inc.**  
**Notes to Financial Statements**

**June 30, 2024, with Comparative Totals  
as of June 30, 2023**

**Note D – Endowment Fund (Continued)**

Changes in endowment net assets as of June 30, 2024 are as follows:

|                               | <b>Board<br/>Designated<br/>Net Assets</b> | <b>Net Assets<br/>with Donor<br/>Restrictions</b> | <b>Total</b>        |
|-------------------------------|--|---|---------------------|
| Opening Balance               | \$ 672,747                                 | \$ 801,249  | \$ 1,473,996        |
| Contributions                 | -  | -   | -                   |
| Withdrawals                   | -  | (75,000)  | (75,000)            |
| Investment income/(loss), net | -  | 112,425   | 112,425             |
| Ending Balance                | <u>\$ 672,747</u>                          | <u>\$ 838,674</u>                                 | <u>\$ 1,511,421</u> |

Changes in endowment net assets as of June 30, 2023 are as follows:

|                               | <b>Board<br/>Designated<br/>Net Assets</b> | <b>Net Assets<br/>with Donor<br/>Restrictions</b> | <b>Total</b>        |
|-------------------------------|--|---|---------------------|
| Opening Balance               | \$ 672,747                                 | \$ 306,417  | \$ 979,164          |
| Contributions                 | -  | 500,000   | 500,000             |
| Withdrawals                   | -  | (50,000)  | (50,000)            |
| Investment income/(loss), net | -  | 44,832  | 44,832              |
| Ending Balance                | <u>\$ 672,747</u>                          | <u>\$ 801,249</u>                                 | <u>\$ 1,473,996</u> |

## West Virginia Bar Foundation, Inc.

### Notes to Financial Statements

June 30, 2024, with Comparative Totals  
as of June 30, 2023

#### Note E – Liquidity and Availability of Financial Assets

The following table reflects the Foundation's financial assets as of June 30, 2024 and 2023, 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>2024</u>       | <u>2023</u>       |
|--|-------------------|-------------------|
| Financial Assets:  |                   |                   |
| Cash   | \$ 69,361         | \$ 60,477         |
| Investments  | 1,511,421         | 1,473,996         |
| Financial assets, at year-end  | <u>1,580,782</u>  | <u>1,534,473</u>  |
| Less those unavailable for general expenditure within<br>one year, due to:               |                   |                   |
| Investments held by others inherently not convertible<br>within one year                 | (263,394)         | (127,472)         |
| Net assets with donor restrictions   | <u>(838,674)</u>  | <u>(801,249)</u>  |
| Financial assets available to meet cash needs for general<br>expenditure within one year | <u>\$ 478,714</u> | <u>\$ 605,752</u> |

#### Note F – Date of Management Evaluation

Subsequent events were evaluated through December 3, 2024, which is the date the financial statements were available to be issued.