

West Virginia Bar Foundation, Inc.

Financial Statements

June 30, 2023

West Virginia Bar Foundation, Inc.

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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, 2023, 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, 2023, 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.

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

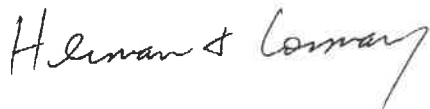
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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.
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Report on Summarized Comparative Information

We have previously audited West Virginia Bar Foundation, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Charleston, WV
December 7, 2023

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

June 30, 2023, with Comparative Totals
as of June 30, 2022

	2023	2022
Assets		
Cash	\$ 60,477	\$ 36,713
Investments	1,473,996	979,164
Total Assets	\$ 1,534,473	\$ 1,015,877
 Liabilities and Net Assets		
Funds held for others	\$ -	\$ 1,060
Total Liabilities	-	1,060
 Net Assets		
With donor restrictions	801,249	306,417
Without donor restrictions		
Undesignated	60,477	35,653
Board designated	672,747	672,747
Total without donor restrictions	733,224	708,400
Total Net Assets	1,534,473	1,014,817
 Total Liabilities and Net Assets	\$ 1,534,473	\$ 1,015,877

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, 2023, with Comparative Totals
for the Year Ended June 30, 2022**

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues Collected				
Lawyer Leadership Institute	\$ 15,950	\$ -	\$ 15,950	\$ 15,500
Contributions	23,375	500,000	523,375	10,025
Fellows dinner and program	54,308	-	54,308	63,786
Investment income, net	-	44,832	44,832	(80,271)
Non-investment interest	448	-	448	748
Lunch and Laughs	18,000	-	18,000	-
Miscellaneous	4	-	4	4,705
Net assets released from restriction	50,000	(50,000)	-	-
Total Revenues Collected	<u>162,085</u>	<u>494,832</u>	<u>656,917</u>	<u>14,493</u>
Expenses and Losses				
Program services	127,022	-	127,022	122,756
Management and general	10,239	-	10,239	7,248
Total Expenses and Losses	<u>137,261</u>	<u>-</u>	<u>137,261</u>	<u>130,004</u>
Changes in Net Assets	24,824	494,832	519,656	(115,511)
Net Assets, Beginning of Year	<u>708,400</u>	<u>306,417</u>	<u>1,014,817</u>	<u>1,130,328</u>
Net Assets, End of Year	<u>\$ 733,224</u>	<u>\$ 801,249</u>	<u>\$ 1,534,473</u>	<u>\$ 1,014,817</u>

See notes to financial statements.

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

**For the Year Ended June 30, 2023, with Comparative Totals
for the Year Ended June 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>	<u>2022 Expenses</u>
Grants awarded	\$ 46,668	\$ -	\$ 46,668	\$ 45,500
Salaries and payroll taxes	-	-	-	16,311
Office supplies and expense	2,005	501	2,506	5,451
Fellows dinner and program	16,731	-	16,731	37,629
Lawyer Leadership Institute	10,981	-	10,981	10,630
Professional services	35,474	8,868	44,342	6,215
Insurance	1,697	424	2,121	3,531
Lunch and laughs	11,680	-	11,680	-
Travel and meetings	558	139	697	2,626
Dues and fees	1,108	277	1,385	704
Miscellaneous expense	120	30	150	1,407
	<u>\$ 127,022</u>	<u>\$ 10,239</u>	<u>\$ 137,261</u>	<u>\$ 130,004</u>

See notes to financial statements.

West Virginia Bar Foundation, Inc.
Statement of Cash Flows – Modified Cash Basis
For the Year Ended June 30, 2023, with Comparative Totals
for the Year Ended June 30, 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 519,656	\$ (115,511)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (gain) loss on investments	23,652	132,340
Increase (decrease) in funds held for others	(1,060)	1,060
Net Cash Provided by Operating Activities	542,248	17,889
Cash Flows from Investing Activities		
Purchase of Investments	(732,050)	(343,952)
Proceeds from Sale of Investments	213,566	336,984
Principal payments received on notes receivable	-	9,884
Net Cash Used in Investing Activities	(518,484)	2,916
Net Cash Provided by Financing Activities	-	-
Net Increase (Decrease) in Cash	23,764	20,805
Cash, Beginning of Year	36,713	15,908
Cash, End of Year	\$ 60,477	\$ 36,713

See notes to financial statements.

West Virginia Bar Foundation, Inc.
Notes to Financial Statements

June 30, 2023, with Comparative Totals
as of June 30, 2022

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, 2023, with Comparative Totals
as of June 30, 2022

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, 2023, the tax years that remain subject to examination by taxing authorities begin with fiscal year 2021. Tax returns for fiscal years ending June 30, 2021, 2022 and 2023 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, 2022, from which the summarized information was derived.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

West Virginia Bar Foundation, Inc.
Notes to Financial Statements

June 30, 2023, with Comparative Totals
as of June 30, 2022

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, 2023 and 2022 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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 261,160	\$ 36,551
Government Securities	242,467	127,472
Preferred and Common Stock	829,008	691,247
Mutual Funds	141,361	123,894
	<u>\$ 1,473,996</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, 2023, with Comparative Totals
as of June 30, 2022

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, 2023, with Comparative Totals
as of June 30, 2022

Note D – Endowment Fund (Continued)

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

	Board Designated Net Assets	Net Assets with Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>	<u> </u>
Ending Balance	<u>\$ 672,747</u>	<u>\$ 801,249</u>	<u>\$ 1,473,996</u>

Changes in endowment net assets as of June 30, 2022 are as follows:

	Board Designated Net Assets	Net Assets with Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Opening Balance	\$ 672,747	\$ 431,789	\$ 1,104,536
Contributions	-	4,899	4,899
Withdrawals	-	(50,000)	(50,000)
Investment income/(loss), net	-	(80,271)	(80,271)
	<u> </u>	<u> </u>	<u> </u>
Ending Balance	<u>\$ 672,747</u>	<u>\$ 306,417</u>	<u>\$ 979,164</u>

West Virginia Bar Foundation, Inc.
Notes to Financial Statements

**June 30, 2023, with Comparative Totals
as of June 30, 2022**

Note E – Liquidity and Availability of Financial Assets

The following table reflects the Foundation’s financial assets as of June 30, 2023 and 2022, 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.

	2023	2022
Financial Assets:		
Cash	\$ 60,477	\$ 36,713
Investments	1,473,996	979,164
Financial assets, at year-end	1,534,473	1,015,877
Less those unavailable for general expenditure within one year, due to:		
Investments held by others inherently not convertible within one year	(242,467)	(127,472)
Net assets with donor restrictions	(801,249)	(306,417)
Financial assets available to meet cash needs for general expenditure within one year	\$ 490,757	\$ 581,988

Note F – Date of Management Evaluation

Subsequent events were evaluated through December 7, 2023, which is the date the financial statements were available to be issued.