

West Virginia Senior Legal Aid, Inc.

**Independent Auditors' Report
and
Financial Statements**

September 30, 2012

West Virginia Senior Legal Aid, Inc.

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-8
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9-10

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report

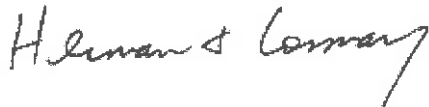
To the Board of Directors
West Virginia Senior Legal Aid, Inc.
Morgantown, West Virginia

We have audited the accompanying statement of financial position of West Virginia Senior Legal Aid, Inc. (a nonprofit organization) as of September 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from West Virginia Senior Legal Aid, Inc.'s 2011 financial statements and, in our report dated March 13, 2012, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Virginia Senior Legal Aid, Inc. as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2013, on our consideration of West Virginia Senior Legal Aid, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Charleston, West Virginia
February 15, 2013

West Virginia Senior Legal Aid, Inc.

Statement of Financial Position

**September 30, 2012, with Comparative Totals
as of September 30, 2011**

	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$104,629	\$110,451
Grants receivable	25,528	21,405
Deposits and prepaid expenses	<u>6,465</u>	<u>6,901</u>
Total Assets	<u>\$136,622</u>	<u>\$138,757</u>
Liabilities and Net Assets		
Accounts payable	\$ 207	\$ 888
Accrued payroll taxes and withholdings	591	728
Accrued vacation payable	7,728	7,494
Grant funds received in advance	<u>-0-</u>	<u>9,817</u>
Total Liabilities	<u>8,526</u>	<u>18,927</u>
Net Assets		
Unrestricted	<u>128,096</u>	<u>119,830</u>
Total Net Assets	<u>128,096</u>	<u>119,830</u>
Total Liabilities and Net Assets	<u>\$136,622</u>	<u>\$138,757</u>

See independent auditors' report and notes to financial statements.

West Virginia Senior Legal Aid, Inc.

Statement of Activities

For the Year Ended September 30, 2012, with Comparative Totals
for the Year Ended September 30, 2011

	2012			2011 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues, Gains, and Other Support				
Grants				
Title IIIB	\$ -0-	\$ 103,261	\$103,261	\$103,261
Administration on Aging – Stimulus Funding	-0-	79,863	79,863	84,804
West Virginia Fund for Law in the Public				
Interest, Inc.	-0-	4,050	4,050	4,050
City of Morgantown	-0-	9,817	9,817	1,576
Interest on Lawyers Trust Account	11,706	-0-	11,706	14,978
Ombudsman – Legal Aid of WV, Inc.	-0-	3,000	3,000	-0-
WV State Bar	1,809	-0-	1,809	-0-
Title V program contributions	-0-	-0-	-0-	330
Other contributions	4,985	-0-	4,985	1,230
Other program revenues	576	-0-	576	1,407
In-kind contributions	28,875	-0-	28,875	28,890
Rental income	4,329	-0-	4,329	2,700
Interest income	57	-0-	57	124
Net assets released from restrictions				
Satisfaction of grant activities	199,991	(199,991)	-0-	-0-
Total Revenues, Gains and Other Support	<u>252,328</u>	<u>-0-</u>	<u>252,328</u>	<u>243,350</u>
Expenses and Losses				
Grants				
Title IIIB	103,261	-0-	103,261	103,261
Administration on Aging – Stimulus Funding	79,863	-0-	79,863	84,804
West Virginia Fund for Law in the Public				
Interest, Inc.	4,050	-0-	4,050	4,050
City of Morgantown	14,443	-0-	14,443	1,576
In-kind contributions	28,875	-0-	28,875	28,890
Other program services	9,875	-0-	9,875	12,988
Management and general	3,695	-0-	3,695	3,317
Total Expenses and Losses	<u>244,062</u>	<u>-0-</u>	<u>244,062</u>	<u>238,886</u>
Change in Net Assets	8,266	-0-	8,266	4,464
Net Assets, Beginning of Year	<u>119,830</u>	<u>-0-</u>	<u>119,830</u>	<u>115,366</u>
Net Assets, End of Year	<u>\$128,096</u>	<u>\$ -0-</u>	<u>\$ 128,096</u>	<u>\$119,830</u>

See independent auditors' report and notes to financial statements.

West Virginia Senior Legal Aid, Inc.

Statement of Cash Flows

**For the Year Ended September 30, 2012, with Comparative Totals
for the Year Ended September 30, 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 8,266	\$ 4,464
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
(Increase) decrease in grants receivable	(4,123)	3,049
Decrease in deposits and prepaid expenses	436	4,333
Decrease in accounts payable	(681)	(921)
(Decrease) increase in accrued payroll taxes and withholdings	(137)	633
Increase (decrease) in accrued vacation payable	234	(2,571)
(Decrease) increase in grant funds received in advance	<u>(9,817)</u>	<u>9,817</u>
Net Cash (Used In) Provided By Operating Activities	<u>(5,822)</u>	<u>18,804</u>
Cash Flows From Investing Activities	<u>-0-</u>	<u>-0-</u>
Cash Flows From Financing Activities	<u>-0-</u>	<u>-0-</u>
Net Increase in Cash	(5,822)	18,804
Cash, Beginning of Year	<u>110,451</u>	<u>91,647</u>
Cash, End of Year	<u>\$104,629</u>	<u>\$110,451</u>

See independent auditors' report and notes to financial statements.

West Virginia Senior Legal Aid, Inc.

Notes to Financial Statements

**September 30, 2012, with Comparative Totals
as of September 30, 2011**

Note A – Description of Organization and Significant Accounting Policies

Organization – West Virginia Senior Legal Aid, Inc. (the Organization) was incorporated under the laws of the State of West Virginia on August 7, 1969, under the name “North Central West Virginia Legal Aid Society”. On November 22, 1999, the Organization changed its name to West Virginia Senior Legal Aid, Inc. The Organization is located in Morgantown, West Virginia, and its primary purpose is to provide free civil legal services and counsel to Senior West Virginians age 60 and older. The major sources of support are grants from federal and state agencies, primarily the U.S. Department of Health and Human Services and the Department of Health and Human Services for Administration on Aging that was funded by the American Recovery Act.

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 period are reported 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.

Use of 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.

Basis of Accounting – The Organization prepares its financial statements on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Office Furniture & Equipment – The majority of the furniture and equipment items owned by the Organization were purchased with grant revenues received and are utilized to perform the grants intended activities. These items are not the property of the Organization and are expensed in the accompanying financial statements. The Organization maintains the proper records which detail the assets owned, as required by its funding sources. Accordingly, there are no property and equipment items listed as assets in the accompanying statement of financial position.

West Virginia Senior Legal Aid, Inc.

Notes to Financial Statements

September 30, 2012, with Comparative Totals
as of September 30, 2011

Note A – Description of Organization and Significant Accounting Policies (Continued)

Income Taxes – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(c)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

Policy of Cash Equivalents – For purpose of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk – The Organization receives a significant portion of its revenues from grant programs. A material reduction in the level of support would have a significant impact on the Organization's programs and activities, and its ability to continue as a going concern.

Grants Receivable – Grants receivable are stated at the amount management expects to collect from outstanding balances. It is the Organization's policy to charge off uncollectible grants receivable when management determines the receivable will not be collected. All grants receivable that were recorded at September 30, 2012 were collected.

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 September 30, 2011, from which the summarized information was derived.

Note B – Operating Leases

The Organization rents its office on a month-to-month basis for which there is no minimum rental commitment. Total rent expense under this agreement was \$19,644 and \$19,614 for the years ended September 30, 2012 and 2011, respectively. Additionally, during the years ended September 30, 2012 and 2011, the Organization subleased a portion of this space and received \$4,329 and \$2,700, respectively in rental income.

West Virginia Senior Legal Aid, Inc.

Notes to Financial Statements

September 30, 2012, with Comparative Totals as of
September 30, 2011

Note C – Net Assets Released From Restrictions

Net assets were released from grant restrictions by incurring expenses satisfying the restricted purpose for the years ended September 30, 2012 and 2011 as follows:

	<u>2012</u>	<u>2011</u>
Grants		
Title IIIB		
Federal	\$ 75,000	\$ 75,000
State	28,261	28,261
Administration on Aging – Stimulus Funding	79,863	84,804
West Virginia Fund for Law in the Public Interest, Inc.	4,050	4,050
City of Morgantown	9,817	1,576
Total grants released from restrictions	<u>196,991</u>	<u>193,691</u>
Program activities		
Ombudsmen – Legal Aid of WV, Inc.	3,000	-0-
Title V program contributions	-0-	330
Total program activities released from restrictions	<u>3,000</u>	<u>330</u>
	<u>\$199,991</u>	<u>\$194,021</u>

Note D – In-Kind Revenue and Expenses

During the years ended September 30, 2012 and 2011, the Organization received donations of private attorney fees to assist in carrying out its programs. These items were valued utilizing current service rates. During the years ended September 30, 2012 and 2011, the Organization received contributions totaling \$28,875 and \$28,890, respectively, related to these services.

Note E – Cash in Excess of Federally Insured Limits

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on its cash.

West Virginia Senior Legal Aid, Inc.

Notes to Financial Statements

**September 30, 2012 with Comparative Totals as of
September 30, 2011**

Note F – Program and Other Expenditures

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General operating expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Expenditures for the years ended September 30, 2012 and 2011 were as follows:

	<u>2012</u>			
	<u>Grant and Program Activities</u>	<u>Management and General</u>	<u>Total</u>	<u>2011 Total</u>
Salaries and wages	\$114,644	\$ -0-	\$114,644	\$130,147
Payroll taxes and benefits	31,544	221	31,765	25,343
Telephone	2,000	3,324	5,324	5,462
Office supplies and postage	4,975	20	4,995	3,060
Library	1,200	-0-	1,200	1,131
Contractual services	23,908	-0-	23,908	11,498
Rent	19,644	-0-	19,644	19,614
Insurance	5,392	-0-	5,392	5,743
Travel	6,739	-0-	6,739	4,674
Parking	-0-	-0-	-0-	1,680
Dues and fees	1,322	130	1,452	1,429
In-kind attorney fees	28,875	-0-	28,875	28,890
Utilities	124	-0-	124	215
	<u>\$240,367</u>	<u>\$3,695</u>	<u>\$244,062</u>	<u>\$238,886</u>

Note G – Subsequent Events

Subsequent events were evaluated through February 15, 2013, which is the date the financial statements were available to be issued.

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
West Virginia Senior Legal Aid, Inc.
Morgantown, West Virginia

We have audited the financial statements of West Virginia Senior Legal Aid, Inc. (a nonprofit organization), as of and for the year ended September 30, 2012, and have issued our report thereon dated February 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of West Virginia Senior Legal Aid, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered West Virginia Senior Legal Aid, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Virginia Senior Legal Aid, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

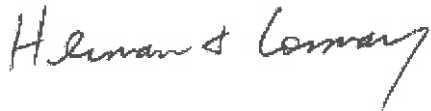
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Virginia Senior Legal Aid, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Charleston, West Virginia
February 15, 2013