

West Virginia Senior Legal Aid, Inc.

**Independent Auditors' Report
and
Financial Statements**

September 30, 2011

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

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, 2011, 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 2010 financial statements and, in our report dated April 27, 2011, 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, 2011, 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 March 13, 2012, 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 the 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
March 13, 2012

West Virginia Senior Legal Aid, Inc.

Statement of Financial Position

**September 30, 2011, with Comparative Totals
as of September 30, 2010**

	<u>2011</u>	<u>2010</u>
Assets		
Cash	\$110,451	\$ 91,647
Grants receivable	21,405	24,454
Deposits and prepaid expenses	<u>6,901</u>	<u>11,234</u>
Total Assets	<u>\$138,757</u>	<u>\$127,335</u>
Liabilities and Net Assets		
Accounts payable	\$ 888	\$ 1,809
Accrued payroll taxes and withholdings	728	95
Accrued payroll	-0-	3,994
Accrued vacation payable	7,494	6,071
Grant funds received in advance	<u>9,817</u>	<u>-0-</u>
Total Liabilities	<u>18,927</u>	<u>11,969</u>
Net Assets		
Unrestricted	<u>119,830</u>	<u>115,366</u>
Total Net Assets	<u>119,830</u>	<u>115,366</u>
Total Liabilities and Net Assets	<u>\$138,757</u>	<u>\$127,335</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, 2011, with Comparative Totals
for the Year Ended September 30, 2010**

	2011			2010 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-	84,804	84,804	19,144
West Virginia Fund for Law in the Public				
Interest, Inc.	-0-	4,050	4,050	4,050
City of Morgantown	-0-	1,576	1,576	15,262
Interest on Lawyers Trust Account	14,978	-0-	14,978	11,688
Ombudsman – Legal Aid of WV, Inc.	-0-	-0-	-0-	7,500
WV State Bar	-0-	-0-	-0-	3,619
Title V program contributions	-0-	330	330	660
Other contributions	1,230	-0-	1,230	250
Other program revenues	1,407	-0-	1,407	1,950
In-kind contributions	28,890	-0-	28,890	53,430
Rental income	2,700	-0-	2,700	2,700
Miscellaneous	-0-	-0-	-0-	-0-
Interest income	124	-0-	124	344
Net assets released from restrictions				
Satisfaction of grant activities	194,021	(194,021)	-0-	-0-
Total Revenues, Gains and Other Support	<u>243,350</u>	<u>-0-</u>	<u>243,350</u>	<u>223,858</u>
Expenses and Losses				
Grants				
Title IIIB	103,261	-0-	103,261	103,261
Administration on Aging – Stimulus Funding	84,804	-0-	84,804	19,144
West Virginia Fund for Law in the Public				
Interest, Inc.	4,050	-0-	4,050	4,050
City of Morgantown	1,576	-0-	1,576	15,262
In-kind contributions	28,890	-0-	28,890	53,430
Other program services	12,988	-0-	12,988	12,883
Management and general	3,317	-0-	3,317	10,688
Total Expenses and Losses	<u>238,886</u>	<u>-0-</u>	<u>238,886</u>	<u>218,718</u>
Change in Net Assets	4,464	-0-	4,464	5,140
Net Assets, Beginning of Year	<u>115,366</u>	<u>-0-</u>	<u>115,366</u>	<u>110,226</u>
Net Assets, End of Year	<u>\$119,830</u>	<u>\$ -0-</u>	<u>\$119,830</u>	<u>\$115,366</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, 2011, with Comparative Totals
for the Year Ended September 30, 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 4,464	\$ 5,140
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in grants receivable	3,049	(30)
Decrease (increase) in deposits and prepaid expenses	4,333	(3,799)
(Decrease) increase in accounts payable	(921)	809
Increase (decrease) in accrued payroll taxes and withholdings	633	(503)
(Decrease) increase in accrued payroll and vacation payable	(2,571)	2,649
Increase in grant funds received in advance	9,817	-0-
Net Cash Provided By (Used In) Operating Activities	<u>18,804</u>	<u>4,266</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	18,804	4,266
Cash, Beginning of Year	<u>91,647</u>	<u>87,381</u>
Cash, End of Year	<u>\$110,451</u>	<u>\$91,647</u>

See independent auditors' report and notes to financial statements.

West Virginia Senior Legal Aid, Inc.

Notes to Financial Statements

September 30, 2011, with Comparative Totals
as of September 30, 2010

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. During the years ended September 30, 2011 and 2010, the Organization received funding from 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, 2011, with Comparative Totals
as of September 30, 2010

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, 2011 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, 2010, from which the summarized information was derived.

Note B – Certificates of Deposit

Certificates of deposit totaling \$35,558 were included in cash in the accompanying financial statements as of September 30, 2010. The certificate accrued interest at .499% at September 30, 2011. The certificate matured in April, 2011 and was cashed in at its value of \$35,622 and was deposited into the Organization's operational checking account.

Note C – 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 \$19,614 and \$19,584 for the years ended September 30, 2011 and 2010, respectively. Additionally, during the years ended September 30, 2011 and 2010, the Organization subleased a portion of this space and received \$2,700 for each year in rental income.

West Virginia Senior Legal Aid, Inc.

Notes to Financial Statements

September 30, 2011

Note D – 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, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Grants		
Title IIIB		
Federal	\$ 75,000	\$ 75,000
State	28,261	28,261
Administration on Aging – Stimulus Funding	84,804	19,144
West Virginia Fund for Law in the Public Interest, Inc.	4,050	4,050
City of Morgantown	<u>1,576</u>	<u>15,262</u>
Total grants released from restrictions	<u>193,691</u>	<u>141,717</u>
Program activities		
Ombudsmen – Legal Aid of WV, Inc.	-0-	7,500
Title V program contributions	<u>330</u>	<u>660</u>
Total program activities released from restrictions	<u>330</u>	<u>8,160</u>
	<u>\$194,021</u>	<u>\$149,877</u>

Note E – In-Kind Revenue and Expenses

During the years ended September 30, 2011 and 2010, 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, 2011 and 2010, the Organization received contributions totaling \$28,890 and \$53,430, respectively, related to these services.

Note F – 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, 2011

Note G – 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, 2011 and 2010 were as follows:

	<u>2011</u>			<u>2010</u>
	<u>Grant and Program Activities</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
Salaries and wages	\$128,685	\$1,462	\$130,147	\$ 87,407
Payroll taxes and benefits	25,059	284	25,343	19,006
Telephone	5,462	-0-	5,462	5,346
Office supplies and postage	2,904	156	3,060	10,001
Library	1,131	-0-	1,131	544
Contractual services	10,498	1,000	11,498	14,054
Rent	19,614	-0-	19,614	19,584
Insurance	5,397	346	5,743	4,606
Travel	4,674	-0-	4,674	2,194
Parking	1,680	-0-	1,680	1,545
Dues and fees	1,429	-0-	1,429	804
In-kind attorney fees	28,890	-0-	28,890	53,430
Utilities	<u>146</u>	<u>-0-</u>	<u>215</u>	<u>197</u>
Change in net assets	<u>\$235,569</u>	<u>\$3,317</u>	<u>\$238,886</u>	<u>\$218,718</u>

Note H – Subsequent Events

Subsequent events were evaluated through March 13, 2012, which is the date the financial statements were available to be issued.

**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, 2011, and have issued our report thereon dated March 13, 2012. 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

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
March 13, 2012