

**West Virginia Senior Legal Aid, Inc.**

**Independent Auditors' Report  
and  
Financial Statements**

**September 30, 2010**

# West Virginia Senior Legal Aid, Inc.

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# Herman & Cormany

## Certified Public Accountants, A.C.

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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, 2010, 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 2009 financial statements and, in our report dated February 8, 2010, 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, 2010, 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 April 27, 2011, 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  
April 27, 2011

**West Virginia Senior Legal Aid, Inc.**

**Statement of Financial Position**

**September 30, 2010, with Comparative Totals  
as of September 30, 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash	\$ 91,647	\$ 87,381
Grants receivable	24,454	24,424
Deposits and prepaid expenses	<u>11,234</u>	<u>7,435</u>
<b>Total Assets</b>	<u>\$127,335</u>	<u>\$119,240</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 1,809	\$ 1,000
Accrued payroll taxes and withholdings	95	598
Accrued payroll	3,994	2,195
Accrued vacation payable	<u>6,071</u>	<u>5,221</u>
<b>Total Liabilities</b>	<u>11,969</u>	<u>9,014</u>
<b>Net Assets</b>		
Unrestricted	<u>115,366</u>	<u>110,226</u>
<b>Total Net Assets</b>	<u>115,366</u>	<u>110,226</u>
<b>Total Liabilities and Net Assets</b>	<u>\$127,335</u>	<u>\$119,240</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, 2010, with Comparative Totals  
for the Year Ended September 30, 2009

	2010			2009 Total
	Unrestricted	Temporarily Restricted	Total	
<b>Revenues, Gains, and Other Support</b>				
Grants				
Title IIIB	\$ -0-	\$103,261	\$103,261	\$103,261
Administration on Aging – Stimulus Funding	-0-	19,144	19,144	-0-
West Virginia Fund for Law in the Public				
Interest, Inc.	-0-	4,050	4,050	4,050
City of Morgantown	-0-	15,262	15,262	1,951
Interest on Lawyers Trust Account	11,688	-0-	11,688	19,216
Ombudsman – Legal Aid of WV, Inc.	-0-	7,500	7,500	10,000
WV State Bar	3,619	-0-	3,619	-0-
WVU Student Bar Association	-0-	-0-	-0-	1,476
Title V program contributions	-0-	660	660	935
Other contributions	250	-0-	250	815
Other program revenues	1,950	-0-	1,950	342
In-kind contributions	53,430	-0-	53,430	76,882
Rental income	2,700	-0-	2,700	2,700
Miscellaneous	-0-	-0-	-0-	408
Interest income	344	-0-	344	453
Net assets released from restrictions				
Satisfaction of grant activities	149,877	(149,877)	-0-	-0-
<b>Total Revenues, Gains and Other Support</b>	<u>223,858</u>	<u>-0-</u>	<u>223,858</u>	<u>222,489</u>
<b>Expenses and Losses</b>				
Grants				
Title IIIB	103,261	-0-	103,261	103,261
Administration on Aging – Stimulus Funding	19,144	-0-	19,144	-0-
West Virginia Fund for Law in the Public				
Interest, Inc.	4,050	-0-	4,050	4,050
City of Morgantown	15,262	-0-	15,262	1,951
In-kind contributions	53,430	-0-	53,430	76,882
Other program services	12,883	-0-	12,883	35,748
Management and general	10,688	-0-	10,688	9,083
<b>Total Expenses and Losses</b>	<u>218,718</u>	<u>-0-</u>	<u>218,718</u>	<u>230,975</u>
<b>Change in Net Assets</b>	5,140	-0-	5,140	(8,486)
<b>Net Assets, Beginning of Year</b>	<u>110,226</u>	<u>-0-</u>	<u>110,226</u>	<u>118,712</u>
<b>Net Assets, End of Year</b>	<u>\$115,366</u>	<u>\$ -0-</u>	<u>\$115,366</u>	<u>\$110,226</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, 2010, with Comparative Totals  
for the Year Ended September 30, 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 5,140	\$ (8,486)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase in grants receivable	(30)	(24,424)
Increase in deposits and prepaid expenses	(3,799)	(346)
Increase (decrease) in accounts payable	809	(200)
(Decrease) increase in accrued payroll taxes and withholdings	(503)	534
Increase in accrued payroll and vacation payable	<u>2,649</u>	<u>254</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>4,266</u>	<u>(32,668)</u>
<b>Cash Flows From Investing Activities</b>	<u>-0-</u>	<u>-0-</u>
<b>Cash Flows From Financing Activities</b>	<u>-0-</u>	<u>-0-</u>
<b>Net Increase (Decrease) in Cash</b>	4,266	(32,668)
<b>Cash, Beginning of Year</b>	<u>87,381</u>	<u>120,049</u>
<b>Cash, End of Year</b>	<u>\$91,647</u>	<u>\$ 87,381</u>

See independent auditors' report and notes to financial statements.

# West Virginia Senior Legal Aid, Inc.

## Notes to Financial Statements

September 30, 2010, with Comparative Totals  
as of September 30, 2009

### **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 year ended September 30, 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, 2010, with Comparative Totals  
as of September 30, 2009

### **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, 2010 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, 2009, from which the summarized information was derived.

### **Note B – Certificates of Deposit**

Certificates of deposit totaling \$35,558 and \$35,266 are included in cash in the accompanying financial statements as of September 30, 2010 and 2009, respectively. The certificate bears interest at .499% and .996% at September 30, 2010 and 2009, respectively and matures at various dates through December 2010, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

### **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 \$19,584 and \$17,883 for the years ended September 30, 2010 and 2009, respectively. Additionally, during the years ended September 30, 2010 and 2009, 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, 2010

### 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, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Grants		
Title IIIB		
Federal	\$ 75,000	\$ 75,000
State	28,261	28,261
Administration on Aging – Stimulus Funding	19,144	-0-
West Virginia Fund for Law in the Public Interest, Inc.	4,050	4,050
City of Morgantown	<u>15,262</u>	<u>1,951</u>
Total grants released from restrictions	<u>141,717</u>	<u>109,262</u>
Program activities		
Ombudsmen – Legal Aid of WV, Inc.	7,500	10,000
Title V program contributions	<u>660</u>	<u>935</u>
Total program activities released from restrictions	<u>8,160</u>	<u>10,935</u>
	<u>\$149,877</u>	<u>\$120,197</u>

### Note E – In-Kind Revenue and Expenses

During the years ended September 30, 2010 and 2009, 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, 2010 and 2009, the Organization received contributions totaling \$53,430 and \$76,882, 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, 2010

### 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, 2010 and 2009 were as follows:

	<u>2010</u>			<u>2009</u>
	<u>Grant and Program Activities</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
Salaries and wages	\$ 87,407	\$ -0-	\$ 87,407	\$ 79,557
Payroll taxes and benefits	19,006	-0-	19,006	18,700
Telephone	5,346	-0-	5,346	5,564
Office supplies and postage	8,765	1,236	10,001	9,301
Library	544	-0-	544	802
Contractual services	6,320	7,734	14,054	12,530
Rent	19,584	-0-	19,584	17,883
Insurance	4,606	-0-	4,606	4,566
Travel	2,194	-0-	2,194	2,559
Parking	-0-	1,545	1,545	1,260
Dues and fees	804	-0-	804	1,197
In-kind attorney fees	53,430	-0-	53,430	76,882
Utilities	<u>24</u>	<u>173</u>	<u>197</u>	<u>174</u>
Change in net assets	<u>\$208,030</u>	<u>\$10,688</u>	<u>\$218,718</u>	<u>\$230,975</u>

### Note H – Subsequent Events

Subsequent events were evaluated through April 27, 2011, which is the date the financial statements were available to be issued.

# Herman & Cormany

## Certified Public Accountants, A.C.

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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, 2010, and have issued our report thereon dated April 27, 2011. 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  
April 27, 2011