

West Virginia Senior Legal Aid, Inc.

**Independent Auditors' Report
and
Financial Statements**

September 30, 2009

West Virginia Senior Legal Aid, Inc.

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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, 2009, 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 the Organization's 2008 financial statements and, in our report dated March 18, 2009, 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, 2009, 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 8, 2010, 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
February 8, 2010

West Virginia Senior Legal Aid, Inc.

Statement of Financial Position

**September 30, 2009, with Comparative Totals
as of September 30, 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Cash	\$ 87,381	\$120,049
Grants receivable	24,424	-0-
Deposits and prepaid expenses	<u>7,435</u>	<u>7,089</u>
Total Assets	<u>\$119,240</u>	<u>\$127,138</u>
Liabilities and Net Assets		
Accounts payable	\$ 1,000	\$ 1,200
Accrued payroll taxes and withholdings	598	458
Accrued payroll	2,195	1,801
Accrued vacation payable	5,221	4,967
Grant funds received in advance	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>9,014</u>	<u>8,426</u>
Net Assets		
Unrestricted	<u>110,226</u>	<u>118,712</u>
Total Net Assets	<u>110,226</u>	<u>118,712</u>
Total Liabilities and Net Assets	<u>\$119,240</u>	<u>\$127,138</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, 2009, with Comparative Totals
for the Year Ended September 30, 2008**

	2009			2008 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues, Gains, and Other Support				
Grants				
Title IIIB	\$ -0-	\$ 103,261	\$103,261	\$108,420
West Virginia Fund for Law in the Public Interest, Inc.	-0-	4,050	4,050	4,050
City of Morgantown	-0-	1,951	1,951	-0-
Interest on Lawyers Trust Account	19,216	-0-	19,216	20,881
Ombudsman – Legal Aid of WV, Inc.	-0-	10,000	10,000	17,500
WV State Bar	-0-	-0-	-0-	11,051
WVU Student Bar Association	1,476	-0-	1,476	2,663
Title V program contributions	-0-	935	935	275
Other contributions	815	-0-	815	70
Other program revenues	342	-0-	342	999
In-kind contributions	76,882	-0-	76,882	33,378
Rental income	2,700	-0-	2,700	2,925
Miscellaneous	408	-0-	408	125
Interest income	453	-0-	453	812
Net assets released from restrictions				
Satisfaction of grant activities	<u>120,197</u>	<u>(120,197)</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues, Gains and Other Support	<u>222,489</u>	<u>-0-</u>	<u>222,489</u>	<u>203,149</u>
Expenses and Losses				
Grants				
Title IIIB	103,261	-0-	103,261	108,420
West Virginia Fund for Law in the Public Interest, Inc.	4,050	-0-	4,050	4,050
City of Morgantown	1,951	-0-	1,951	-0-
In-kind contributions	76,882	-0-	76,882	33,378
Other program services	35,748	-0-	35,748	19,103
Management and general	<u>9,083</u>	<u>-0-</u>	<u>9,083</u>	<u>12,717</u>
Total Expenses and Losses	<u>230,975</u>	<u>-0-</u>	<u>230,975</u>	<u>177,668</u>
Change in Net Assets	(8,486)	-0-	(8,486)	25,481
Net Assets, Beginning of Year	<u>118,712</u>	<u>-0-</u>	<u>118,712</u>	<u>93,231</u>
Net Assets, End of Year	\$ <u>110,226</u>	\$ <u>-0-</u>	\$ <u>110,226</u>	\$ <u>118,712</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, 2009, with Comparative Totals
for the Year Ended September 30, 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Change in net assets	\$(8,486)	\$ 25,481
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Decrease (increase) in grants receivable	(24,424)	11,412
Increase in deposits and prepaid expenses	(346)	(730)
(Decrease) increase in accounts payable	(200)	(5,415)
Increase (decrease) in accrued payroll taxes and withholdings	534	478
Increase in accrued vacation payable	254	86
(Decrease) increase in grant funds received in advance	<u>-0-</u>	<u>(4,659)</u>
Net Cash (Used In) Provided By Operating Activities	<u>(32,668)</u>	<u>26,653</u>
Cash Flows From Investing Activities	<u>-0-</u>	<u>-0-</u>
Cash Flows From Financing Activities	<u>-0-</u>	<u>-0-</u>
Net (Decrease) Increase in Cash	(32,668)	26,653
Cash, Beginning of Year	<u>120,049</u>	<u>93,396</u>
Cash, End of Year	<u>\$ 87,381</u>	<u>\$120,049</u>

See independent auditors' report and notes to financial statements.

West Virginia Senior Legal Aid, Inc.

Notes to Financial Statements

**September 30, 2009, with Comparative Totals
as of September 30, 2008**

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.

Classification of Support – The Organization 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 restrictions expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

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.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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, 2009, with Comparative Totals
as of September 30, 2008

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 and Interest on Lawyers Trust Account funds. 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, 2008 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, 2008, from which the summarized information was derived.

Note B – Certificates of Deposit

Certificates of deposit totaling \$35,266 and \$34,882 are included in cash in the accompanying financial statements as of September 30, 2009 and 2008, respectively. The certificate bears interest at .996% and 1.735% at September 30, 2009 and 2008, respectively and matures at various dates through December 2009, 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 \$17,883 and \$17,528 for the years ended September 30, 2009 and 2008, respectively. Additionally, during the years ended September 30, 2009 and 2008, the Organization subleased a portion of this space and received \$2,700 and \$2,925, respectively, in rental income.

West Virginia Senior Legal Aid, Inc.

Notes to Financial Statements

September 30, 2009

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, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Grants		
Title IIIB		
Federal	\$ 75,000	\$ 75,000
State	28,261	33,420
West Virginia Fund for Law in the Public Interest, Inc.	4,050	4,050
City of Morgantown	<u>1,951</u>	<u>-0-</u>
Total grants released from restrictions	<u>109,262</u>	<u>112,470</u>
Program activities		
Ombudsmen – Legal Aid of WV, Inc.	10,000	17,500
Title V program contributions	<u>935</u>	<u>275</u>
Total program activities released from restrictions	<u>10,935</u>	<u>17,775</u>
	<u>\$120,197</u>	<u>\$130,245</u>

Note E – In-Kind Revenue and Expenses

During the years ended September 30, 2009 and 2008, 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, 2009 and 2008, the Organization received contributions totaling \$76,882 and \$33,378, 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, 2009

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, 2009 and 2008 were as follows:

	<u>2009</u>			<u>2008</u>
	<u>Grant and Program Activities</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
Salaries and wages	\$ 79,557	\$ -0-	\$ 79,557	\$ 76,210
Payroll taxes and benefits	18,700	-0-	18,700	17,089
Telephone	5,564	-0-	5,564	5,817
Office supplies and postage	8,563	738	9,301	5,327
Library	802	-0-	802	534
Contractual services	5,619	6,911	12,530	11,997
Rent	17,883	-0-	17,883	17,502
Insurance	4,566	-0-	4,566	4,954
Travel	2,559	-0-	2,559	1,577
Parking	-0-	1,260	1,260	1,945
Dues and fees	1,197	-0-	1,197	1,338
In-kind attorney fees	76,882	-0-	76,882	33,378
Utilities	<u>-0-</u>	<u>174</u>	<u>174</u>	<u>-0-</u>
Change in net assets	<u>\$221,892</u>	<u>\$9,083</u>	<u>\$230,975</u>	<u>\$177,668</u>

**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, 2009, and have issued our report thereon dated February 8, 2010. 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 the 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 8, 2010