

PHILANTHROPY WEST VIRGINIA

FINANCIAL REPORT

DECEMBER 31, 2016

DRAFT

## CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

DRAFT

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Philanthropy West Virginia  
Morgantown, West Virginia

### **Report on the Financial Statement**

We have audited the accompanying financial statements of Philanthropy West Virginia, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Philanthropy West Virginia as of December 31, 2016, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Arnett Corbin Tothman LLP*

Bridgeport, West Virginia  
March 21, 2017

DRAFT

**PHILANTHROPY WEST VIRGINIA  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents in bank, unrestricted	\$ 317,121
Cash and cash equivalents in bank, restricted	195,000
Accounts receivable	14,286
Prepaid expenses	<u>11,621</u>
Total current assets	<u>538,028</u>
TOTAL ASSETS	<u>\$ 538,028</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 12,848
Deferred revenue	<u>51,938</u>
Total current liabilities	<u>64,786</u>
<b>NET ASSETS</b>	
Unrestricted	\$ 278,242
Temporarily restricted	<u>195,000</u>
Total net assets	<u>473,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 538,028</u>

DRAFT

See Notes to Financial Statements

**PHILANTHROPY WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>INCOME AND OTHER SUPPORT</b>				
Private Foundation Grants	\$ 74,775	\$ 195,000	\$ -	\$ 269,775
Workshops Sponsors and Registration Fees	52,004	-	-	52,004
Annual Membership Dues	46,628	-	-	46,628
WV Nonprofit Association Dues and Program Income	84,191	-	-	84,191
Interest income	1,022	-	-	1,022
Contract Services Income	7,314	-	-	7,314
Net assets released from restrictions	103,500	(103,500)	-	-
<b>Total income and other support</b>	<b>369,434</b>	<b>91,500</b>	<b>-</b>	<b>460,934</b>
<b>EXPENSES</b>				
Grantmakers program expenses	264,538	-	-	264,538
WV Nonprofit Association expenses	165,567	-	-	165,567
<b>Total program expenses</b>	<b>430,105</b>	<b>-</b>	<b>-</b>	<b>430,105</b>
Management and general expenses	22,040	-	-	22,040
<b>Total expenses</b>	<b>452,145</b>	<b>-</b>	<b>-</b>	<b>452,145</b>
Change in net assets	(82,711)	91,500	-	8,789
Net assets beginning of the year	360,953	103,500	-	464,453
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 278,242</b>	<b>\$ 195,000</b>	<b>\$ -</b>	<b>\$ 473,242</b>

See Notes to Financial Statements

**PHILANTHROPY WEST VIRGINIA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2016**

EXPENSES	Grantmakers Program Expenses	WV Nonprofit Association	Total Program	Management and General	Fundraising Expense	Total Expenses
Contracted services	\$ 181,222	\$ 93,428	\$ 274,650	-	-	\$ 274,650
Outreach and marketing	2,413	4,853	7,266	-	-	7,266
Grantmaker programs	11,933	-	11,933	-	-	11,933
Conference and meeting expense	34,874	14,204	49,078	-	-	49,078
Office expense	670	3,189	3,859	-	-	3,859
Travel	8,132	8,852	16,984	-	-	16,984
Information Technology	-	-	-	2,534	-	2,534
Occupancy	5,550	-	5,550	-	-	5,550
Telephone	1,148	-	1,148	287	-	1,435
Supplies	-	-	-	726	-	726
Professional fees	-	-	-	15,845	-	15,845
Fiscal agent fees	-	15,000	15,000	-	-	15,000
Insurance	-	-	-	2,278	-	2,278
Membership and registrations	3,169	6,081	9,250	-	-	9,250
Research	6,000	-	6,000	-	-	6,000
Bad debt	6,395	-	6,395	-	-	6,395
Other	3,032	19,960	22,992	370	-	23,362
<b>TOTAL EXPENSES</b>	<b>\$ 264,538</b>	<b>\$ 165,567</b>	<b>\$ 430,105</b>	<b>\$ 22,040</b>	<b>\$ -</b>	<b>\$ 452,145</b>

See Notes to Financial Statements

**PHILANTHROPY WEST VIRGINIA  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Total change in net assets	\$	8,789
Adjustments to reconcile total change in net assets to net cash provided by operating activities:		
(Increase) in accounts receivable		(3,753)
(Increase) in prepaid expenses		(8,556)
Increase in accounts payable		6,540
Increase in deferred revenue		49,086
Net cash provided by operating activities		<u>52,106</u>

Net increase in cash and cash equivalents 52,106

Cash and cash equivalents

Beginning	<u>460,015</u>
Ending	<u>\$ 512,121</u>

DRAFT

See Notes to Financial Statements



**PHILANTHROPY WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENT**

---

**NOTE 1. DESCRIPTION OF ORGANIZATION**

Philanthropy West Virginia (Organization) was incorporated in 1993 as a nonprofit organization under Internal Revenue Code Section 501(c)(3) and was originally known as West Virginia Grantmakers' Association, Inc. The purposes of the Association are the cultural, charitable and educational ones of promoting and disseminating research into and study of the problems of charitable organizations, foundations and charitable trusts; of promoting the growth and effective operation of charitable organizations, foundations and charitable trusts; of stimulating planning for efficient operation, financial management and grantmaking by private foundations, other charities, and other charitable grantmaking organizations; and of providing for the dissemination of knowledge and exchange of information, ideas and procedures among charitable organizations, foundations, charitable trusts and charitable grantmaking organizations, all to the end of benefiting and promoting charity.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Cash:** Philanthropy West Virginia maintains cash in demand deposit accounts with federally insured banks. The balances in these accounts occasionally exceed federally insured limits. In management's opinion, the amounts in excess of FDIC limits do not pose significant risk to the Organization. Cash and cash equivalents include all short-term deposits with an initial maturity of 90 days or less.

**Accounts Receivable:** Trade receivables are carried at cost less an allowance for doubtful accounts, if an allowance is deemed necessary. The Company does not accrue finance or interest charges. On a periodic basis, the Company evaluates its trade receivables and determines the necessity of an allowance for losses, based on history of collections and current conditions. A trade receivable is written off when it is determined that all collection efforts have been exhausted.

**PHILANTHROPY WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENT**

---

**Basis of Financial Reporting:** The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

**Net Asset Classification:** Net assets and changes therein are classified and reported as follows:

**Unrestricted net assets** – net assets that are not subject to donor/grantor–imposed stipulations.

**Temporarily restricted net assets** – net assets subject to donor/grantor–imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

**Permanently restricted net assets** – net assets subject to donor/grantor–imposed stipulations that the assets are to be maintained permanently by the Organization.

**Temporarily Restricted Net Assets and Donor-Restricted Contributions:** Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Grant revenues, which are expended under terms of the grant agreement in the year of receipt, are reported as unrestricted income and other support in the statement of activities.

Use of unexpended grant funds is limited under the terms of the grant agreements; unexpended funds on hand are reported as temporarily restricted net assets. Grant funds released from restrictions in subsequent years are reported in unrestricted revenue in the statement of activities and changes in net assets. Contributions of cash and other assets are presented as temporarily restricted 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution, grant or award is received, Philanthropy West Virginia reports the support as unrestricted. As of December 31, 2016, temporarily restricted net assets were \$195,000.

**Permanently Restricted Net Assets:** Permanently restricted net assets represent funds held and only the income from the investments will be provided to Philanthropy West Virginia for its use in the future. The permanently restricted net assets are reported as restricted assets in the statement of financial position. As of December 31, 2016, there were no permanently restricted monies.

**Economic Dependency:** Philanthropy West Virginia generates a substantial portion of its revenue from the Claude Worthington Benedum Foundation and various other grants. Changes in the amounts of grant funding could, therefore, significantly influence Philanthropy West Virginia's ability to provide services. Without this funding, Philanthropy West Virginia could not achieve its objectives.

**PHILANTHROPY WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENT**

---

**Income Taxes:** The Organization has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Sec. 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to section 501(a) of that code.

**Fair Value of Financial Instruments:** The fair value of cash and cash equivalents approximates their carrying values due to the short-term maturities of these financial instruments.

**Advertising:** Advertising costs are expensed as incurred; such costs aggregated \$7,267 during 2016.

**NOTE 3. UNCERTAIN TAX POSITIONS**

Accounting Standards prescribe a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Company does not believe its financial statements include any uncertain tax positions. The Company's federal return of Organizations Exempt from Income Taxes for tax years ending December 31, 2013, 2014, and 2015 (filed) and December 31, 2016, (unfiled) remain subject to examination by the Internal Revenue Service.

**NOTE 4. RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions; and natural disasters. The Organization manages these risks of loss through the purchase of various insurance policies.

**NOTE 5. OPERATING LEASE**

The Organization had an operating lease of \$480 per month. \$5,300 of rent expense was incurred in 2016. The lease ends March 1, 2017, at which point, rent will increase to \$500 per month.

**NOTE 6. SUBSEQUENT EVENTS**

The Organization's management has evaluated events subsequent from December 31, 2016 through March 21, 2017, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization's results going forward.

**NOTE 7. ECONOMIC DEPENDENCY**

The Organization received income from one major donor in 2016, totaling 28% of income.