

PHILANTHROPY WEST VIRGINIA

Financial Report

December 31, 2014 and 2013



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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Philanthropy West Virginia
Morgantown, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Philanthropy West Virginia, which comprise the statements of financial position – cash basis as of December 31, 2014 and 2013, and the related statements of activities – cash basis, functional expenses – cash basis, and cash flows – cash basis for the years 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 the cash basis of accounting described in Note 2; this includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 purposes 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 statements referred to above present fairly, in all material respects, the financial position of Philanthropy West Virginia as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with the cash basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Arnett Carbis Toothman LLP

Bridgeport, West Virginia
April 2, 2015

PHILANTHROPY WEST VIRGINIA

STATEMENTS OF FINANCIAL POSITION - CASH BASIS
December 31, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents in bank, unrestricted	\$ 334,210	\$ 262,547
Cash and cash equivalents in bank, restricted	<u>170,000</u>	<u>130,948</u>
Total current assets	<u>504,210</u>	<u>393,495</u>
 TOTAL ASSETS	 <u>\$ 504,210</u>	 <u>\$ 393,495</u>
LIABILITIES AND NET ASSETS		
NET ASSETS		
Unrestricted	\$ 334,210	\$ 262,547
Temporarily restricted	<u>170,000</u>	<u>130,948</u>
Total net assets	<u>504,210</u>	<u>393,495</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 504,210</u>	 <u>\$ 393,495</u>

The Notes to Financial Statements are an integral part of these statements.

PHILANTHROPY WEST VIRGINIA

STATEMENT OF ACTIVITIES - CASH BASIS
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
INCOME AND OTHER SUPPORT				
Private Foundation Grants	\$ 77,400	\$ 170,000	\$ -	\$ 247,400
Workshops Sponsors and Registration Fees	37,357	-	-	37,357
Annual Membership Dues	22,050	-	-	22,050
WV Nonprofit Association Dues and Program Income	81,886	-	-	81,886
Interest income	1,143	-	-	1,143
Contract Services Income	64,508	-	-	64,508
Net assets released from restrictions	130,948	(130,948)	-	-
Total income and other support	<u>415,292</u>	<u>39,052</u>	<u>-</u>	<u>454,344</u>
EXPENSES				
Grantmakers program expenses	207,302	-	-	207,302
WV Nonprofit Association expenses	126,238	-	-	126,238
Total program expenses	<u>333,540</u>	<u>-</u>	<u>-</u>	<u>333,540</u>
Management and general expenses	10,089	-	-	10,089
Total expenses	<u>343,629</u>	<u>-</u>	<u>-</u>	<u>343,629</u>
Change in net assets	71,663	39,052	-	110,715
Net assets beginning of the year	<u>262,547</u>	<u>130,948</u>	<u>-</u>	<u>393,495</u>
NET ASSETS AT END OF YEAR	<u>\$ 334,210</u>	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ 504,210</u>

The Notes to Financial Statements are an integral part of these statements.

PHILANTHROPY WEST VIRGINIA

STATEMENT OF ACTIVITIES - CASH BASIS
Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
INCOME AND OTHER SUPPORT				
Private Foundation Grants	\$ 189,555	\$ 52,860	\$ -	\$ 242,415
Workshops Sponsors and Registration Fees	28,535	-	-	28,535
Annual Membership Dues	21,400	-	-	21,400
WV Nonprofit Association Dues and Program Income	32,680	-	-	32,680
Interest income	1,370	-	-	1,370
Contract Services Income	24,298	-	-	24,298
Total income and other support	<u>297,838</u>	<u>52,860</u>	<u>-</u>	<u>350,698</u>
EXPENSES				
Grantmakers program expenses	152,609	-	-	152,609
WV Nonprofit Association expenses	106,361	-	-	106,361
Total program expenses	<u>258,970</u>	<u>-</u>	<u>-</u>	<u>258,970</u>
Management and general expenses	10,393	-	-	10,393
Total expenses	<u>269,363</u>	<u>-</u>	<u>-</u>	<u>269,363</u>
Change in net assets	28,475	52,860	-	81,335
Net assets beginning of the year	<u>234,072</u>	<u>78,088</u>	<u>-</u>	<u>312,160</u>
NET ASSETS AT END OF YEAR	<u>\$ 262,547</u>	<u>\$ 130,948</u>	<u>\$ -</u>	<u>\$ 393,495</u>

The Notes to Financial Statements are an integral part of these statements.

PHILANTHROPY WEST VIRGINIA

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
Year Ended December 31, 2014

	Grantmakers Program Expenses	WV Nonprofit Association	Total Program	Management and General	Fundraising Expense	Total Expenses
EXPENSES						
Contracted services	\$ 128,457	\$ 78,079	\$ 206,536	\$ -	\$ -	\$ 206,536
Outreach and marketing	5,311	3,376	8,687	-	-	8,687
Grantmaker programs	9,089	-	9,089	-	-	9,089
Conference and meeting expense	26,724	627	27,351	-	-	27,351
Office expense	1,544	2,680	4,224	-	-	4,224
Travel	8,479	8,833	17,312	-	-	17,312
Information Technology	-	-	-	1,360	-	1,360
Occupancy	3,000	-	3,000	-	-	3,000
Telephone	1,224	-	1,224	306	-	1,530
Supplies	-	-	-	1,078	-	1,078
Professional fees	-	-	-	4,965	-	4,965
Fiscal agent fees	-	12,000	12,000	-	-	12,000
Insurance	-	-	-	2,027	-	2,027
Membership and registrations	2,130	2,575	4,705	-	-	4,705
Research	20,439	-	20,439	-	-	20,439
Other	905	18,068	18,973	353	-	19,326
TOTAL EXPENSES	\$ 207,302	\$ 126,238	\$ 333,540	\$ 10,089	\$ -	\$ 343,629

The Notes to Financial Statements are an integral part of these statements.

PHILANTHROPY WEST VIRGINIA

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
Year Ended December 31, 2013

	Grantmakers Program Expenses	WV Nonprofit Association	Total Program	Management and General	Fundraising Expense	Total Expenses
EXPENSES						
Contracted services	\$ 118,977	\$ 61,702	\$ 180,679	\$ -	\$ -	\$ 180,679
Outreach and marketing	5,885	5,207	11,092	-	-	11,092
Grantmaker programs	956	-	956	-	-	956
Conference and meeting expense	12,418	12,607	25,025	-	-	25,025
Office expense	524	2,210	2,734	-	-	2,734
Travel	7,471	5,729	13,200	-	-	13,200
Information Technology	-	-	-	1,569	-	1,569
Occupancy	2,250	-	2,250	-	-	2,250
Telephone	1,209	-	1,209	302	-	1,511
Web design	-	-	-	1,223	-	1,223
Professional fees	-	-	-	5,163	-	5,163
Fiscal agent fees	-	12,000	12,000	-	-	12,000
Insurance	-	-	-	1,935	-	1,935
Membership and registrations	2,103	2,029	4,132	-	-	4,132
Other	816	4,877	5,693	201	-	5,894
TOTAL EXPENSES	\$ 152,609	\$ 106,361	\$ 258,970	\$ 10,393	\$ -	\$ 269,363

The Notes to Financial Statements are an integral part of these statements.

PHILANTHROPY WEST VIRGINIA

STATEMENTS OF CASH FLOWS - CASH BASIS

Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from membership dues & grants	\$ 388,693	\$ 325,030
Cash received from interest and other income	65,651	25,668
Cash disbursed for program expenses	(333,540)	(258,970)
Cash disbursed for administrative expenses	<u>(10,089)</u>	<u>(10,393)</u>
Net cash provided by operating activities	<u>110,715</u>	<u>81,335</u>
Net increase in cash and cash equivalents	110,715	81,335
Cash and cash equivalents		
Beginning	<u>393,495</u>	<u>312,160</u>
Ending	<u>\$ 504,210</u>	<u>\$ 393,495</u>

The Notes to Financial Statements are an integral part of these statements.

NOTE 1. DESCRIPTION OF ORGANIZATION

Philanthropy West Virginia 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.

Basis of Financial Reporting

The financial statements have been prepared on the cash basis of accounting. Revenue is recognized when received rather than when earned. Expenses are recognized when paid rather than when the obligation is 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.

NOTES TO FINANCIAL STATEMENT (CONTINUED)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statements 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 statements 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, 2014 and 2013, temporarily restricted net assets were \$170,000 and \$130,948, respectively.

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 statements of financial position. As of December 31, 2014 and 2013, 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.

NOTES TO FINANCIAL STATEMENT (CONTINUED)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company 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.

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, 2011, 2012 and 2013 (filed) and December 31, 2014 (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. SUBSEQUENT EVENTS

The Organization's management has evaluated events subsequent from December 31, 2014 through April 2, 2015, 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.

