

# PHILANTHROPY WEST VIRGINIA

**Financial Report**  
**December 31, 2019**



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## INDEPENDENT AUDITOR'S REPORT

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, (Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 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 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 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 statements referred to above present fairly, in all material respects, the financial position of Philanthropy West Virginia as of December 31, 2019 and 2018, and the results of its operations and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Arnett Carbis Toothman LLP*

Bridgeport, West Virginia  
September 17, 2020

PHILANTHROPY WEST VIRGINIA

STATEMENT OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 294,459	\$ 295,003
Certificates of deposit	-	60,000
Accounts receivable	27,875	26,356
Prepaid expenses	3,135	6,140
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 325,469</b>	<b>\$ 387,499</b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 12,619	\$ 7,106
Accrued expenses	6,934	10,400
Deferred revenue	13,200	1,500
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>32,753</b>	<b>19,006</b>
NET ASSETS		
Without donor restrictions	267,489	281,733
With donor restrictions	25,227	86,760
	<hr/>	<hr/>
<b>Total net assets</b>	<b>292,716</b>	<b>368,493</b>
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<b>Total liabilities and net assets</b>	<b>\$ 325,469</b>	<b>\$ 387,499</b>

See Notes to Financial Statements

PHILANTHROPY WEST VIRGINIA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Private foundation grants	\$ 191,667	\$ 80,227	\$ 271,894
Workshop sponsors and registration fees	70,990	-	70,990
Annual membership dues	56,600	-	56,600
USDA RCDI - WVNPA Involvement	30,933	-	30,933
Interest income	2,899	-	2,899
Contract services income	7,292	-	7,292
Net assets released from restrictions	141,760	(141,760)	-
<b>Total revenue and other support</b>	<b>502,141</b>	<b>(61,533)</b>	<b>440,608</b>
<b>PROGRAM EXPENSES</b>			
Philanthropy WV	406,430	-	406,430
<b>Total program expenses</b>	<b>406,430</b>	<b>-</b>	<b>406,430</b>
Management and general	92,057	-	92,057
Fundraising	17,898	-	17,898
<b>Total expenses</b>	<b>516,385</b>	<b>-</b>	<b>516,385</b>
<b>Change in net assets</b>	<b>(14,244)</b>	<b>(61,533)</b>	<b>(75,777)</b>
Net assets: Beginning	281,733	86,760	368,493
Ending	\$ 267,489	\$ 25,227	\$ 292,716

See Notes to Financial Statements

**PHILANTHROPY WEST VIRGINIA**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year Ended December 31, 2018

	Without Donor Unrestricted	With Donor Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Private foundation grants	\$ 279,924	\$ 86,760	\$ 366,684
Workshop sponsors and registration fees	60,894	-	60,894
Annual membership dues	57,750	-	57,750
WV Nonprofit Association dues and program income	18,308	-	18,308
Interest income	1,458	-	1,458
Contract services income	18,205	-	18,205
Net assets released from restrictions	150,000	(150,000)	-
<b>Total revenue and other support</b>	<b>586,539</b>	<b>(63,240)</b>	<b>523,299</b>
<b>PROGRAM EXPENSES</b>			
Philanthropy WV	344,333	-	344,333
WV Nonprofit Association	37,678	-	37,678
<b>Total program expenses</b>	<b>382,011</b>	<b>-</b>	<b>382,011</b>
Management and general	74,413	-	74,413
Fundraising	9,804	-	9,804
<b>Total expenses</b>	<b>466,228</b>	<b>-</b>	<b>466,228</b>
<b>Change in net assets</b>	<b>120,311</b>	<b>(63,240)</b>	<b>57,071</b>
Net assets:			
Beginning	299,483	150,000	449,483
Net asset transfer to WVNPA	(138,061)	-	(138,061)
Ending	\$ 281,733	\$ 86,760	\$ 368,493

See Notes to Financial Statements

PHILANTHROPY WEST VIRGINIA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	Program Expenses	Management and General	Fundraising Expense	Total Expenses
EXPENSES				
Contracted services	\$ 261,520	\$ 69,739	\$ 17,435	\$ 348,694
Grantmaker programs	69,094	-	-	69,094
Conference and meeting	31,222	-	-	31,222
Professional fees	-	20,593	-	20,593
Outreach and marketing	15,165	-	-	15,165
Travel	8,108	-	-	8,108
Occupancy	6,858	144	217	7,219
Telephone	4,562	96	144	4,802
Memberships and registrations	4,203	-	-	4,203
Insurance	3,238	68	102	3,408
Office expense	675	552	-	1,227
Information technology	-	865	-	865
Other	1,785	-	-	1,785
<b>Total expenses</b>	<b>\$ 406,430</b>	<b>\$ 92,057</b>	<b>\$ 17,898</b>	<b>\$ 516,385</b>

See Notes to Financial Statements

PHILANTHROPY WEST VIRGINIA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	Program Expenses	Nonprofit Association	Total Program	Management and General	Fundraising Expense	Total Expenses
<b>EXPENSES</b>						
Contracted services	\$ 178,459	\$ 27,987	\$ 206,446	\$ 50,872	\$ 9,450	\$ 266,768
Grantmaker programs	35,638	-	35,638	-	-	35,638
Conference and meeting	39,249	-	39,249	-	-	39,249
Professional fees	-	-	-	16,657	-	16,657
Outreach and marketing	36,316	409	36,725	-	-	36,725
Travel	15,294	929	16,223	-	-	16,223
Occupancy	5,914	-	5,914	125	187	6,226
Telephone	2,309	-	2,309	49	73	2,431
Memberships and registrations	3,765	2,800	6,565	-	-	6,565
Insurance	2,984	-	2,984	63	94	3,141
Office expense	1,275	1,053	2,328	1,813	-	4,141
Information technology	-	-	-	3,160	-	3,160
Planning and program development	18,786	750	19,536	1,630	-	21,166
Fiscal agent fees	-	3,750	3,750	-	-	3,750
Research	3,530	-	3,530	-	-	3,530
Other	814	-	814	44	-	858
<b>Total expenses</b>	<b>\$ 344,333</b>	<b>\$ 37,678</b>	<b>\$ 382,011</b>	<b>\$ 74,413</b>	<b>\$ 9,804</b>	<b>\$ 466,228</b>

See Notes to Financial Statements



**PHILANTHROPY WEST VIRGINIA**

**STATEMENTS OF CASH FLOWS**

**Years Ended December 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (75,777)	\$ 57,071
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Accounts receivable	(1,519)	(307)
Prepaid expenses	3,005	(3,262)
Increase (decrease) in liabilities:		
Accounts payable	5,513	599
Accrued expenses	(3,466)	2,019
Deferred revenue	11,700	(11,283)
	<u>(60,544)</u>	<u>44,837</u>
<b>Net cash provided by (used in) operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Transfer of net assets to WVNPA program	-	(138,061)
Change in certificates of deposit	60,000	60,000
	<u>60,000</u>	<u>(78,061)</u>
<b>Net cash provided by (used in) investing activities</b>		
	<u>60,000</u>	<u>(78,061)</u>
<b>Net (decrease) in cash</b>	<b>(544)</b>	<b>(33,224)</b>
Cash:		
Beginning	<u>295,003</u>	<u>328,227</u>
Ending	<u>\$ 294,459</u>	<u>\$ 295,003</u>

*See Notes to Financial Statements*

## PHILANTHROPY WEST VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Organization and Summary of Significant Accounting Policies**

Philanthropy West Virginia (Organization) is 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 purposes 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.

A summary of the Organization's significant accounting policies follows:

**Basis of financial reporting:** These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America, whereby revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

**Management's estimates:** The preparation of financial statements in accordance 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 dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

**Deposit risk:** In the normal course of business, the Organization may have deposits with local financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses in such accounts.

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

**Net assets:** Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restrictions result in contributions, grants and other inflows of assets whose use by the Organization is limited by donor or grantor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, from other asset enhancements and diminishments subject to the same kind of stipulations, or from reclassifications to or from other classes of net assets as a consequence of donor or grantor imposed stipulations their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

## PHILANTHROPY WEST VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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**Economic dependency:** Philanthropy West Virginia generates a substantial portion of its revenue from the Steeley 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. The Organization received funding from one major donor totaling 20% of income in 2019 and 2018.

**Functional expense allocation:** The program activities of the Organization and the administrative and general costs have been summarized on a functional basis on the statements of functional expenses for the years ended December 31, 2019 and 2018. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated between program activities and administrative and general costs.

**Income taxes:** The Organization is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes. Accordingly, no provision for income taxes has been provided.

The Organization follows guidance for accounting for uncertainty in income taxes recognized in the Organization's financial statements that prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold had been met.

Generally, the tax returns for the years ended December 31, 2016, and thereafter remain subject to examination by the federal and state taxing authorities.

**Advertising:** Advertising costs are expensed as incurred; such costs aggregated \$15,165 during 2019, and \$36,725 during 2018.

**Subsequent events:** The Organization's management has evaluated events that occurred through September 17, 2020, the date the financial statements were available to be issued, for potential recognition or disclosure.

#### Note 2. Recent Accounting Pronouncements

**Revenue Recognition:** In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP. This ASU attempts to remove inconsistencies and weaknesses in the current revenue recognition requirements, provides a more robust framework for addressing issues, improves comparability across entities and industries, provides more useful information to the users of the financial statements, and simplifies the preparation of financial statements by consolidating the number of requirements required to be referenced. Early adoption is not permitted. The guidance permits the use of either a retrospective or modified retrospective (cumulative effect) transition method. The Organization will adopt this guidance for the year ending December 31, 2020. The Organization evaluated the adoption of the guidance and does not currently believe it will have a material impact on its financial statements.

**Leases:** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases*, and makes other conforming amendments to U.S. GAAP. This ASU requires, among other changes to the lease accounting guidance, lessees to recognize most leases on the balance sheet via a right-of-use asset and lease liability, and additional qualitative and quantitative disclosures. In addition, the updated guidance requires that lessors separate lease and non-lease components in a contract in accordance with the new revenue guidance in ASU 2014-09. Transition guidance is provided within the ASU and generally requires a retrospective approach. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2022 financial statements.

## PHILANTHROPY WEST VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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**Not-for-Profit Entities:** In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations (NFPs) and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. The new ASU does not apply to transfers of assets from governments to businesses. The Organization has adopted this guidance for the year ended December 2019, financial statements. The adoption of this guidance did not have a material impact on the Organization's financial statements.

#### **Note 3. 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 4. Operating Lease**

The Organization has an operating lease for office space and pays \$578 per month. The Organization incurred \$7,219 and \$6,225 of rent expense for the years ended December 31, 2019 and 2018, respectively. The lease was renewed as of March 1, 2019, at which point, rent increased to \$606 per month.

#### **Note 5. Net assets with Donor Restrictions**

Net assets with donor restrictions were released for the following purposes as of December 31:

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2018 Grantmakers Programming	<u>\$ 141,760</u>
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Net assets with donor restrictions consisted of the following as of December 31:

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Grantmakers Programming	<u>\$ 25,227</u>
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# PHILANTHROPY WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Liquidity and Availability

As of December 31, 2019, the Organization has working capital of approximately \$293,000. Financial assets available for general expenditure within one year of the statement of financial position consist of the following as of December 31, 2019:

	2019	2018
Cash	\$ 294,459	\$ 295,003
Accounts receivable	27,875	26,356
	<u>\$ 322,334</u>	<u>\$ 321,359</u>

The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$82,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### Note 7. Commitments and Contingencies

**Laws and regulations:** The not-for-profit industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government program participation requirements, fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by not-for-profit organizations. Violations of these laws and regulations could result in imposition of significant fines and penalties.

Management believes that the Organization is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

### Note 8. Subsequent Event

In March 2020, the World Health Organization recognized the novel strain of Coronavirus, COVID-19, as a pandemic. This Coronavirus outbreak has severely restricted the level of economic activity around the world.

The pandemic has significantly impacted both the world and U.S economies. During March 2020, many state and local governments, in addition to the federal government, have reacted to the public health crisis, creating significant uncertainties in the U.S. economy. In response to this Coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. In certain geographic regions in which the Organization operates, temporary closures of businesses have been ordered or suggested and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses. Given the uncertainty regarding the spread of COVID-19, the related financial impact on the Organization's results of operations, financial position, and liquidity or capital resources cannot be reasonably estimated at this time.

## **PHILANTHROPY WEST VIRGINIA**

### **NOTES TO FINANCIAL STATEMENTS**

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On April 20, 2020 the Company obtained a loan under the Paycheck Protection Program (PPP) in the amount of \$47,400 from United Bank pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The proceeds from the loan must be spent on qualifying expenses as allowed under the CARES Act.

The allowable costs under the PPP include covered payroll costs, mortgage interest on real or personal property, rental obligations on real or personal property, and covered utility costs. The Organization intends to use the loan proceeds in accordance with the requirements of the PPP. Once the Organization has expended all of their PPP loan proceeds, the Organization may apply for forgiveness from the bank.