

Volunteer Lawyers for the Poor Foundation

**Financial Statements
December 31, 2016 and 2015, and
Independent Accountants' Compilation Report**

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION
December 31, 2016 and 2015

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Independent Accountants' Compilation Report

To the Board of Trustees
Volunteer Lawyers for the Poor Foundation
Cincinnati, Ohio

Management is responsible for the accompanying financial statements of Volunteer Lawyers for the Poor Foundation (nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United State of America. We have performed the compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Barnes, Dennig & Co., Ltd.

July 27, 2017
Cincinnati, Ohio

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Financial Position
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 288,545	\$ 307,507
Contributions receivable	8,000	2,250
Prepaid expenses and other	<u>1,988</u>	<u>1,417</u>
Total assets	<u><u>\$ 298,533</u></u>	<u><u>\$ 311,174</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 36,341	\$ 44,826
Unrestricted net assets	<u>262,192</u>	<u>266,348</u>
Total liabilities and net assets	<u><u>\$ 298,533</u></u>	<u><u>\$ 311,174</u></u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Activities
Years Ended December 31, 2016 and 2015**

	2016	2015
Unrestricted revenue and other support		
In-kind services	\$ 1,502,845	\$ 1,692,694
Contributions		
Individuals	41,007	46,115
Firms	68,121	61,900
Other organizations	13,661	6,501
Total revenue, gains and other support	1,625,634	1,807,210
Expenses		
Legal services	1,565,655	1,741,457
Management and general	56,750	42,945
Fundraising	7,385	9,609
Total expenses	1,629,790	1,794,011
Change in unrestricted net assets	(4,156)	13,199
Unrestricted net assets, beginning of year	266,348	253,149
Unrestricted net assets, end of year	\$ 262,192	\$ 266,348

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statement of Functional Expenses
Year Ended December 31, 2016**

	<u>Legal Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Monetary expenses				
Professional fees	\$ 40,351	\$ 25,000	\$ 5,000	\$ 70,351
Attorney fees	32,511	-	-	32,511
Client case cost	4,126	-	-	4,126
Office supplies	4,262	2,593	635	7,490
Insurance	1,086	-	-	1,086
Recruiting	-	-	-	-
Other	6,993	2,638	1,750	11,381
	<u>89,329</u>	<u>30,231</u>	<u>7,385</u>	<u>126,945</u>
Total monetary expenses				
	<u>89,329</u>	<u>30,231</u>	<u>7,385</u>	<u>126,945</u>
In-kind expenses				
Donated attorney services	1,166,762	-	-	1,166,762
Salaries	217,837	15,765	-	233,602
Health and retirement benefits	76,159	5,360	-	81,519
Professional fees	-	2,127	-	2,127
Payroll taxes	10,819	2,756	-	13,575
Other	4,749	511	-	5,260
	<u>1,476,326</u>	<u>26,519</u>	<u>-</u>	<u>1,502,845</u>
Total in-kind expenses				
	<u>1,476,326</u>	<u>26,519</u>	<u>-</u>	<u>1,502,845</u>
Total				
	<u><u>\$ 1,565,655</u></u>	<u><u>\$ 56,750</u></u>	<u><u>\$ 7,385</u></u>	<u><u>\$ 1,629,790</u></u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statement of Functional Expenses
Year Ended December 31, 2015**

	<u>Legal Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Monetary expenses				
Professional fees	\$ 31,759	\$ 24,800	\$ 5,000	\$ 61,559
Attorney fees	16,401	-	-	16,401
Client case cost	4,711	-	-	4,711
Office supplies	6,402	760	1,505	8,667
Insurance	1,086	-	-	1,086
Recruiting	-	139	-	139
Other	1,208	4,442	3,104	8,754
	<u>61,567</u>	<u>30,141</u>	<u>9,609</u>	<u>101,317</u>
Total monetary expenses				
In-kind expenses				
Donated attorney services	1,396,914	-	-	1,396,914
Salaries	204,495	9,535	-	214,030
Health and retirement benefits	58,049	2,539	-	60,588
Payroll taxes	15,684	730	-	16,414
Other	4,748	-	-	4,748
	<u>1,679,890</u>	<u>12,804</u>	<u>-</u>	<u>1,692,694</u>
Total in-kind expenses				
	<u>1,679,890</u>	<u>12,804</u>	<u>-</u>	<u>1,692,694</u>
Total	<u>\$ 1,741,457</u>	<u>\$ 42,945</u>	<u>\$ 9,609</u>	<u>\$ 1,794,011</u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Cash Flows
Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (4,156)	\$ 13,199
Item not requiring (providing) operating activities cash flow:		
Changes in:		
Contributions receivable	(5,750)	9,625
Prepaid expenses and other	(571)	253
Accounts payable	(8,485)	3,708
	<u>(18,962)</u>	<u>26,785</u>
Net cash provided by operating activities	<u>(18,962)</u>	<u>26,785</u>
Net change in cash and cash equivalents	(18,962)	26,785
Cash and cash equivalents, beginning of year	<u>307,507</u>	<u>280,722</u>
Cash and cash equivalents, end of year	<u><u>\$ 288,545</u></u>	<u><u>\$ 307,507</u></u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Volunteer Lawyers for the Poor Foundation (Organization) is a not-for-profit organization whose mission and principal activities are to recruit and maintain lawyers to serve the residents of Southwest Ohio who require legal services and whose income is determined to be inadequate to pay for such services. The Organization's principal sources of revenue consist of donations and contributed services and facilities in the Southwestern Ohio area.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restriction which do not expire.

Cash and Cash Equivalents

The Organization considers bank deposits and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2016 and 2015, cash equivalents consisted primarily of money market accounts. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

In-Kind Services

In addition to receiving cash contributions, the Organization receives in-kind contributions of attorney time, administrative services and other non-reimbursed expenses related to operations. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense as reported on the financial statements and to record contribution revenue in a like amount. Donated services from attorneys are recorded at the time cases are closed and hours are reported by donating attorneys.

Contributions

The Organization records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertain Tax Positions

The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of supporting the legal services program and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general, and fundraising categories based upon specific identification and other allocation methods.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Event Evaluation

The Organization has evaluated subsequent events subsequent to the statement of financial position date through July 27, 2017, which is the date the financial statements were available to be issued.

NOTE 2 IN-KIND SERVICES AND FACILITIES

The Legal Aid Society of Cincinnati (Society) provides the Organization with personnel to perform administrative functions and certain other non-reimbursed expenses. These services and expenses are valued at the cost to the Legal Aid Society and are included in the financial statements for the year the services were performed or in which the expenses incurred. Total services and expenses provided by the Society were approximately \$336,000 and \$287,000 in 2016 and 2015, respectively.

The value of the legal services donated by lawyers on a volunteer or reduced fee basis has been included as contributed services at rates estimated to be what the Organization would have required to pay for additional outside services. Donated hours by lawyers approximated 8,804 hours and 10,478 hours for 2016 and 2015, respectively and are valued at approximately \$135 per hour.