

Volunteer Lawyers for the Poor Foundation

**Financial Statements
December 31, 2017 and 2016, and
Independent Accountants' Compilation Report**

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION
December 31, 2017 and 2016

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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, 2017 and 2016, 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.

April 13, 2018
Cincinnati, Ohio

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Financial Position
December 31, 2017 and 2016**

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|--------------------------|--------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 293,574 | \$ 288,545 |
| Contributions receivable | 500 | 8,000 |
| Prepaid expenses and other | <u>1,266</u> | <u>1,988</u> |
| Total assets | <u><u>\$ 295,340</u></u> | <u><u>\$ 298,533</u></u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 47,933 | \$ 36,341 |
| Unrestricted net assets | <u>247,407</u> | <u>262,192</u> |
| Total liabilities and net assets | <u><u>\$ 295,340</u></u> | <u><u>\$ 298,533</u></u> |

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Activities
Years Ended December 31, 2017 and 2016**

| | <u>2017</u> | <u>2016</u> |
|---|--------------------------|--------------------------|
| Unrestricted revenue and other support | | |
| In-kind services | \$ 1,327,706 | \$ 1,502,845 |
| Contributions | | |
| Individuals | 55,700 | 41,007 |
| Firms | 58,900 | 68,121 |
| Other organizations | 11,003 | 13,661 |
| | <u>1,453,309</u> | <u>1,625,634</u> |
| | | |
| Expenses | | |
| Legal services | 1,388,830 | 1,565,655 |
| Management and general | 59,409 | 56,750 |
| Fundraising | 19,855 | 7,385 |
| | <u>1,468,094</u> | <u>1,629,790</u> |
| | | |
| Change in unrestricted net assets | (14,785) | (4,156) |
| | | |
| Unrestricted net assets, beginning of year | <u>262,192</u> | <u>266,348</u> |
| | | |
| Unrestricted net assets, end of year | <u><u>\$ 247,407</u></u> | <u><u>\$ 262,192</u></u> |

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Statement of Functional Expenses Year Ended December 31, 2017

| | <u>Legal Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------|----------------------------|-----------------------------------|-------------------------|----------------------------|
| Monetary expenses | | | | |
| Professional fees | \$ 41,263 | \$ 25,200 | \$ 5,000 | \$ 71,463 |
| Attorney fees | 26,751 | - | - | 26,751 |
| Client case cost | 14,879 | - | - | 14,879 |
| Office supplies | 4,996 | 302 | 6,823 | 12,121 |
| Insurance | 1,086 | - | - | 1,086 |
| Other | 2,770 | 3,286 | 8,032 | 14,088 |
| | <u>91,745</u> | <u>28,788</u> | <u>19,855</u> | <u>140,388</u> |
| Total monetary expenses | | | | |
| In-kind expenses | | | | |
| Donated attorney services | 1,025,341 | - | - | 1,025,341 |
| Salaries | 190,900 | 21,911 | - | 212,811 |
| Health and retirement benefits | 56,776 | 6,519 | - | 63,295 |
| Payroll taxes | 14,603 | 1,677 | - | 16,280 |
| Professional fees | 4,990 | - | - | 4,990 |
| Other | 4,475 | 514 | - | 4,989 |
| | <u>1,297,085</u> | <u>30,621</u> | <u>-</u> | <u>1,327,706</u> |
| Total in-kind expenses | | | | |
| Total | <u><u>\$ 1,388,830</u></u> | <u><u>\$ 59,409</u></u> | <u><u>\$ 19,855</u></u> | <u><u>\$ 1,468,094</u></u> |

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 |
| 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 | | | | |
| 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 |
| Payroll taxes | 10,819 | 2,756 | - | 13,575 |
| Professional fees | | 2,127 | - | 2,127 |
| 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 | | | | |
| Total | <u>\$ 1,565,655</u> | <u>\$ 56,750</u> | <u>\$ 7,385</u> | <u>\$ 1,629,790</u> |

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (14,785) | \$ (4,156) |
| Item not requiring (providing) operating activities cash flow: | | |
| Changes in: | | |
| Contributions receivable | 7,500 | (5,750) |
| Prepaid expenses and other | 722 | (571) |
| Accounts payable | 11,592 | (8,485) |
| | <u>5,029</u> | <u>(18,962)</u> |
| Net cash provided by operating activities | <u>5,029</u> | <u>(18,962)</u> |
| Net change in cash and cash equivalents | 5,029 | (18,962) |
| Cash and cash equivalents, beginning of year | <u>288,545</u> | <u>307,507</u> |
| Cash and cash equivalents, end of year | <u>\$ 293,574</u> | <u>\$ 288,545</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, 2017 and 2016, 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 April 13, 2018 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 \$302,000 and \$336,000 in 2017 and 2016, 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 7,719 hours and 8,804 hours for 2017 and 2016, respectively and are valued at approximately \$135 per hour.