

Volunteer Lawyers for the Poor Foundation

**Financial Statements
December 31, 2021 and 2020, and
Independent Accountants' Compilation Report**

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION
December 31, 2021 and 2020

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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, 2021 and 2020, 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.

August 3, 2022
Cincinnati, Ohio

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Statements of Financial Position December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 295,419	\$ 286,728
Contributions receivable	2,275	4,550
Prepaid expenses and other	<u>3,427</u>	<u>3,405</u>
Total assets	<u>\$ 301,121</u>	<u>\$ 294,683</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 67,394	\$ 63,317
Net assets without donor restrictions	<u>233,727</u>	<u>231,366</u>
Total liabilities and net assets	<u>\$ 301,121</u>	<u>\$ 294,683</u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Activities
Years Ended December 31, 2021 and 2020**

	2021	2020
Revenue and other support		
In-kind services	\$ 855,139	\$ 1,321,670
Contributions		
Individuals	46,786	47,093
Firms	61,850	59,950
Other organizations	8,001	7,502
Total revenue, gains and other support	971,776	1,436,215
Expenses		
Legal services	912,956	1,364,514
Management and general	46,686	39,791
Fundraising	9,773	12,078
Total expenses	969,415	1,416,383
Change in net assets	2,361	19,832
Net assets without donor restrictions, beginning of year	231,366	211,534
Net assets without donor restrictions, end of year	\$ 233,727	\$ 231,366

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statement of Functional Expenses
Year Ended December 31, 2021**

	<u>Legal Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Monetary expenses				
Professional fees	\$ 40,000	\$ 24,700	\$ 5,000	\$ 69,700
Attorney fees	20,066	-	-	20,066
Client case cost	9,400	-	-	9,400
Office supplies	3,314	67	1,681	5,062
Insurance	3,864	-	-	3,864
Recruiting	-	-	-	-
Other	990	2,102	3,092	6,184
	<u>77,634</u>	<u>26,869</u>	<u>9,773</u>	<u>114,276</u>
Total monetary expenses				
In-kind expenses				
Donated attorney services	544,167	-	-	544,167
Salaries	212,151	10,980	-	223,131
Health and retirement benefits	62,775	3,248	-	66,023
Payroll taxes	16,229	840	-	17,069
Other	-	4,749	-	4,749
	<u>835,322</u>	<u>19,817</u>	<u>-</u>	<u>855,139</u>
Total in-kind expenses				
Total	<u>\$ 912,956</u>	<u>\$ 46,686</u>	<u>\$ 9,773</u>	<u>\$ 969,415</u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statement of Functional Expenses
Year Ended December 31, 2020**

	<u>Legal Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Monetary expenses				
Professional fees	\$ 38,686	\$ 24,200	\$ 5,000	\$ 67,886
Attorney fees	9,246	-	-	9,246
Client case cost	2,634	-	-	2,634
Office supplies	2,973	62	4,753	7,788
Insurance	2,288	-	-	2,288
Recruiting	-	250	-	250
Other	453	1,843	2,325	4,621
	<u>56,280</u>	<u>26,355</u>	<u>12,078</u>	<u>94,713</u>
Total monetary expenses				
In-kind expenses				
Donated attorney services	980,223	-	-	980,223
Salaries	224,765	5,953	-	230,718
Health and retirement benefits	88,377	2,341	-	90,718
Payroll taxes	14,869	394	-	15,263
Other	-	4,748	-	4,748
	<u>1,308,234</u>	<u>13,436</u>	<u>-</u>	<u>1,321,670</u>
Total in-kind expenses				
Total	<u>\$ 1,364,514</u>	<u>\$ 39,791</u>	<u>\$ 12,078</u>	<u>\$ 1,416,383</u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Cash Flows
Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,361	\$ 19,832
Item not requiring (providing) operating activities cash flow:		
Changes in:		
Contributions receivable	2,275	(2,125)
Prepaid expenses and other	(22)	(1,790)
Accounts payable	<u>4,077</u>	<u>(4,067)</u>
Net cash provided by operating activities	<u>8,691</u>	<u>11,850</u>
Net change in cash and cash equivalents	8,691	11,850
Cash and cash equivalents, beginning of year	<u>286,728</u>	<u>274,878</u>
Cash and cash equivalents, end of year	<u><u>\$ 295,419</u></u>	<u><u>\$ 286,728</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 two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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, 2021 and 2020, 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 support without donor restrictions 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 revenue and net assets without donor restrictions.

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Notes to Financial Statements (Continued)

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

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.

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. The most significant allocations are salaries and related expenses, which were allocated based upon time spent by personnel.

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.

Recently Issued Accounting Standards

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. This standard will be effective for the Organization's year ending December 31, 2022.

Subsequent Event Evaluation

The Organization has evaluated subsequent events subsequent to the statement of financial position date through August 3, 2022, which is the date the financial statements were available to be issued.

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Notes to Financial Statements (Continued)

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 295,419	\$ 286,728
Contributions receivable	<u>2,275</u>	<u>4,550</u>
	<u>\$ 297,694</u>	<u>\$ 291,278</u>

As part of the Organization's liquidity management, it maintains financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 3 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 \$310,972 and \$341,447 in 2021 and 2020, 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 been required to pay for additional outside services. Donated hours by lawyers approximated 3,729 hours and 6,641 hours for 2021 and 2020, and are valued at approximately \$150 for both 2021 and 2020.

NOTE 4 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

The COVID-19 pandemic remains a rapidly evolving situation. The extend of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates. The exact financial impact of the COVID-19 disruption cannot be reasonably estimated at this time.