

Volunteer Lawyers for the Poor Foundation

**Financial Statements
December 31, 2022 and 2021, and
Independent Accountants' Compilation Report**

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION
December 31, 2022 and 2021

Contents

	<u>Page(s)</u>
Independent Accountants' Compilation Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 9

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, 2022 and 2021, 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.



July 13, 2023
Cincinnati, Ohio

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statements of Financial Position
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 298,390	\$ 295,419
Contributions receivable	500	2,275
Prepaid expenses and other	<u>175</u>	<u>3,427</u>
Total assets	<u><u>\$ 299,065</u></u>	<u><u>\$ 301,121</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 71,698	\$ 67,394
Net assets without donor restrictions	<u>227,367</u>	<u>233,727</u>
Total liabilities and net assets	<u><u>\$ 299,065</u></u>	<u><u>\$ 301,121</u></u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Statements of Activities
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and other support		
In-kind services	\$ 857,589	\$ 855,139
Contributions		
Individuals	53,816	46,786
Firms	66,050	61,850
Other organizations	5,501	8,001
	<u>982,956</u>	<u>971,776</u>
Total revenue, gains and other support		
	<u>982,956</u>	<u>971,776</u>
Expenses		
Legal services	920,371	912,956
Management and general	42,291	46,686
Fundraising	26,654	9,773
	<u>989,316</u>	<u>969,415</u>
Total expenses		
	<u>989,316</u>	<u>969,415</u>
Change in net assets	(6,360)	2,361
Net assets without donor restrictions, beginning of year	<u>233,727</u>	<u>\$231,366</u>
Net assets without donor restrictions, end of year	<u>\$ 227,367</u>	<u>\$ 233,727</u>

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

**Statement of Functional Expenses
Year Ended December 31, 2022**

	<u>Legal Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Monetary expenses				
Professional fees	\$ 49,889	\$ 24,902	\$ 4,980	\$ 79,771
Attorney fees	8,213	-	-	8,213
Client case cost	4,655	-	-	4,655
Office supplies	2,128	1,472	3,339	6,939
Insurance	6,892	-	-	6,892
Special events	-	-	16,394	16,394
Other	3,714	3,208	1,941	8,863
	<u>75,491</u>	<u>29,582</u>	<u>26,654</u>	<u>131,727</u>
Total monetary expenses				
	<u>75,491</u>	<u>29,582</u>	<u>26,654</u>	<u>131,727</u>
In-kind expenses				
Donated attorney services	554,784	-	-	554,784
Salaries	212,130	9,291	-	221,421
Health and retirement benefits	62,385	2,735	-	65,120
Payroll taxes	15,581	683	-	16,264
Other	-	-	-	-
	<u>844,880</u>	<u>12,709</u>	<u>-</u>	<u>857,589</u>
Total in-kind expenses				
	<u>844,880</u>	<u>12,709</u>	<u>-</u>	<u>857,589</u>
Total				
	<u>\$ 920,371</u>	<u>\$ 42,291</u>	<u>\$ 26,654</u>	<u>\$ 989,316</u>

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
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				
	<u>\$ 912,956</u>	<u>\$ 46,686</u>	<u>\$ 9,773</u>	<u>\$ 969,415</u>
Total				

See accompanying notes and independent accountants' compilation report

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (6,360)	\$ 2,361
Item not requiring (providing) operating activities cash flow:		
Changes in:		
Contributions receivable	1,775	2,275
Prepaid expenses and other	3,252	(22)
Accounts payable	<u>4,304</u>	<u>4,077</u>
Net cash provided by operating activities	<u>2,971</u>	<u>8,691</u>
Net change in cash and cash equivalents	2,971	8,691
Cash and cash equivalents, beginning of year	<u>295,419</u>	<u>286,728</u>
Cash and cash equivalents, end of year	<u><u>\$ 298,390</u></u>	<u><u>\$ 295,419</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, 2022 and 2021, 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.

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.

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.

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Notes to Financial Statements (Continued)

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

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.

Effect of Adopting New Accounting Standards

During 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which 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. The Organization adoption the ASU using the retrospective approach as of January 1, 2022. The most significant impact of adoption of ASU 2020-07 is expanded disclosures for contributed nonfinancial assets.

Subsequent Event Evaluation

The Organization has evaluated subsequent events subsequent to the statement of financial position date through July 13, 2023, which is the date the financial statements were available to be issued.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 298,390	\$ 295,419
Contributions receivable	<u>500</u>	<u>2,275</u>
	<u>\$ 298,890</u>	<u>\$ 297,694</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.

VOLUNTEER LAWYERS FOR THE POOR FOUNDATION

Notes to Financial Statements (Continued)

NOTE 3 CONTRIBUTED NONFINANCIAL ASSETS

The Organization receives nonfinancial contributions that are recognized within revenues and expenses on the statement of activities. Contributed nonfinancial assets include contributed attorney time, administrative services and other non-reimbursed expenses related to operations, as disclosed in the statement of functional expenses. Contributed financial assets do not have donor-imposed restrictions and are primarily used in the Organization's programs. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

The fair value of contributed attorney time donated by lawyers on a volunteer or reduced fee basis is estimated at the standard hourly rates for attorneys in the Organization's practice area. Donated hours by lawyers approximated 3,773 hours and 3,729 hours for 2022 and 2021, respectively, and are valued at an hourly rate of approximately \$150 for 2022 and 2021. Donated services from attorneys are recorded at the time cases are closed and hours are reported by donating attorneys.

The fair value of contributed administrative services and non-reimbursed expenses provided to the Organization by the Legal Aid Society of Cincinnati (Society) are estimated at the cost to the Legal Aid Society. Donated administrative services and non-reimbursed expenses are recorded at the time the services were performed or in which the expenses were incurred. Total services and expenses provided by the Society were approximately \$302,804 and \$310,972 in December 31, 2022 and 2021, respectively.