

# **Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

Legal Aid of Arkansas

Financial Statements

December 31, 2019 and 2018

Recipient #604020

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# **Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report**

Board of Directors  
Legal Aid of Arkansas  
Jonesboro, Arkansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Legal Aid of Arkansas (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 judgment, 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 positions of Legal Aid of Arkansas as of December 31, 2019 and 2018, 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.

## Other matters

### *Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying supplementary information on pages 13 through 26 are presented for purposes of additional analysis, and are also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 15, 2020, on our consideration of Legal Aid of Arkansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Legal Aid of Arkansas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Legal Aid of Arkansas's internal control over financial reporting and compliance.

*Yoakum, Lovell & Co., Pllc*  
Certified Public Accountants

Benton, Arkansas  
April 15, 2020

Legal Aid of Arkansas  
Statements of Financial Position  
December 31, 2019 and 2018

| <b>Assets</b>                     | <u>2019</u>               | <u>2018</u>               |
|-----------------------------------|---------------------------|---------------------------|
| Current Assets                    |                           |                           |
| Cash                              | \$1,248,986               | \$1,499,822               |
| Client Trust Deposits             | 8,112                     | 5,524                     |
| Grants and Contracts Receivable   | 173,041                   | 103,169                   |
| Prepaid Expenses                  | 62,652                    | 34,613                    |
| Total Current Assets              | <u>1,492,791</u>          | <u>1,643,128</u>          |
| Property and Equipment, Net       | <u>271,807</u>            | <u>262,404</u>            |
| Total Assets                      | <u><u>\$1,764,598</u></u> | <u><u>\$1,905,532</u></u> |
| <b>Liabilities and Net Assets</b> |                           |                           |
| Current Liabilities               |                           |                           |
| Accounts Payable                  | \$ 16,332                 | \$ 15,192                 |
| Accrued Expenses                  | 123,301                   | 82,670                    |
| Accrued Leave                     | 92,186                    | 84,047                    |
| Client Deposits Held in Trust     | 8,112                     | 5,524                     |
| Deferred Support                  | 110,557                   | 197,575                   |
| Current Portion of Long-Term Debt | 22,930                    | 16,575                    |
| Total Current Liabilities         | <u>373,418</u>            | <u>401,583</u>            |
| Long-Term Debt                    | <u>26,157</u>             | <u>156,737</u>            |
| Total Liabilities                 | <u>399,575</u>            | <u>558,320</u>            |
| Net Assets                        |                           |                           |
| Without Donor Restrictions        |                           |                           |
| Arkansas Filing Fees              | 331,446                   | 400,814                   |
| Donations                         | 766,035                   | 734,298                   |
| Property                          | 184,343                   | 64,620                    |
| Total Without Donor Restrictions  | <u>1,281,824</u>          | <u>1,199,732</u>          |
| With Donor Restrictions           |                           |                           |
| LSC Basic Field                   | 31,113                    | 119,883                   |
| National Health Law Program       |                           | 3,125                     |
| Arkansas Access to Justice        | 13,709                    |                           |
| Property                          | 38,377                    | 24,472                    |
| Total With Donor Restrictions     | <u>83,199</u>             | <u>147,480</u>            |
| Total Net Assets                  | <u>1,365,023</u>          | <u>1,347,212</u>          |
| Total Liabilities and Net Assets  | <u><u>\$1,764,598</u></u> | <u><u>\$1,905,532</u></u> |

The accompanying notes are an integral part of these financial statements.

Legal Aid of Arkansas  
Statement of Activities  
For the Year Ended December 31, 2019

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total                     |
|---|----------------------------------|-------------------------------|---------------------------|
| Support                                 |                                  |                               |                           |
| Grants and Contracts                    | \$                               | \$2,986,567                   | \$2,986,567               |
| Contributions                           | 112,236                          |                               | 112,236                   |
| Other Support                           | 184,452                          | 24,500                        | 208,952                   |
| Donated Services                        |                                  | 582,820                       | 582,820                   |
| Miscellaneous                           |                                  | 57,534                        | 57,534                    |
| Interest                                |                                  | 26,533                        | 26,533                    |
| Net Assets Released from<br>Restriction | 3,742,235                        | (3,742,235)                   |                           |
| Total Support                           | <u>4,038,923</u>                 | <u>(64,281)</u>               | <u>3,974,642</u>          |
| Expenses                                |                                  |                               |                           |
| Program Services                        | 3,629,120                        |                               | 3,629,120                 |
| Supporting Services                     |                                  |                               |                           |
| Management and General                  | 327,711                          |                               | 327,711                   |
| Total Expenses                          | <u>3,956,831</u>                 |                               | <u>3,956,831</u>          |
| Change in Net Assets                    | 82,092                           | (64,281)                      | 17,811                    |
| Net Assets at Beginning of Year         | <u>1,199,732</u>                 | <u>147,480</u>                | <u>1,347,212</u>          |
| Net Assets at End of Year               | <u><u>\$1,281,824</u></u>        | <u><u>\$ 83,199</u></u>       | <u><u>\$1,365,023</u></u> |

The accompanying notes are an integral part of these financial statements.

Legal Aid of Arkansas  
Statement of Activities  
For the Year Ended December 31, 2018

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total                     |
|---|----------------------------------|-------------------------------|---------------------------|
| Support                                 |                                  |                               |                           |
| Grants and Contracts                    | \$                               | \$2,688,002                   | \$2,688,002               |
| Contributions                           | 136,072                          |                               | 136,072                   |
| Other Support                           | 250,214                          | 3,700                         | 253,914                   |
| Donated Services                        |                                  | 487,999                       | 487,999                   |
| Miscellaneous                           |                                  | 54,742                        | 54,742                    |
| Interest                                |                                  | 13,344                        | 13,344                    |
| Net Assets Released from<br>Restriction | 3,191,984                        | (3,191,984)                   |                           |
| Total Support                           | <u>3,578,270</u>                 | <u>55,803</u>                 | <u>3,634,073</u>          |
| Expenses                                |                                  |                               |                           |
| Program Services                        | 3,082,093                        |                               | 3,082,093                 |
| Supporting Services                     |                                  |                               |                           |
| Management and General                  | 282,492                          |                               | 282,492                   |
| Total Expenses                          | <u>3,364,585</u>                 |                               | <u>3,364,585</u>          |
| Change in Net Assets                    | 213,685                          | 55,803                        | 269,488                   |
| Net Assets at Beginning of Year         | <u>986,047</u>                   | <u>91,677</u>                 | <u>1,077,724</u>          |
| Net Assets at End of Year               | <u><u>\$1,199,732</u></u>        | <u><u>\$ 147,480</u></u>      | <u><u>\$1,347,212</u></u> |

The accompanying notes are an integral part of these financial statements.

Legal Aid of Arkansas  
Statements of Functional Expenses  
For the Years Ended December 31, 2019 and 2018

|                          | 2019                |                        |                    | 2018                |                        |                    |
|--------------------------|---------------------|------------------------|--------------------|---------------------|------------------------|--------------------|
|                          | Program<br>Services | Supporting<br>Services | Total              | Program<br>Services | Supporting<br>Services | Total              |
| Expenses                 |                     |                        |                    |                     |                        |                    |
| Salaries                 | \$2,180,651         | \$ 237,970             | \$2,418,621        | \$1,864,239         | \$ 193,555             | \$2,057,794        |
| Fringe Benefits          | 398,960             | 25,344                 | 424,304            | 335,269             | 20,614                 | 355,883            |
| Professional Dues        | 9,499               | 7,049                  | 16,548             | 15,832              | 920                    | 16,752             |
| Audit                    | 15,000              |                        | 15,000             | 15,000              |                        | 15,000             |
| Insurance                | 18,438              | 11,850                 | 30,288             | 16,437              | 8,341                  | 24,778             |
| Contract Services        | 23,369              |                        | 23,369             | 10,917              |                        | 10,917             |
| Training and Travel      | 63,953              | 9,125                  | 73,078             | 45,770              | 12,912                 | 58,682             |
| Local Mileage            | 76,783              | 10,670                 | 87,453             | 68,822              | 9,749                  | 78,571             |
| Utilities and Janitorial | 70,931              | 4,716                  | 75,647             | 50,017              | 1,621                  | 51,638             |
| Office Supplies          | 61,286              | 14,532                 | 75,818             | 49,322              | 15,700                 | 65,022             |
| Postage                  | 13,773              | 56                     | 13,829             | 13,674              | 15                     | 13,689             |
| Telecommunications       | 50,846              | 4,937                  | 55,783             | 36,340              |                        | 49,441             |
| Library                  | 17,586              |                        | 17,586             | 16,781              |                        | 16,781             |
| Repairs and Maintenance  | 14,617              | 674                    | 15,291             | 19,156              |                        | 19,156             |
| Litigation               | 9,241               |                        | 9,241              | 6,881               |                        | 6,881              |
| Advertising              | 783                 | 788                    | 1,571              | 2,205               | 5,964                  | 8,169              |
| Miscellaneous            |                     |                        |                    | 3,085               |                        | 3,085              |
| Interest Expense         | 5,238               |                        | 5,238              | 9,415               |                        | 9,415              |
| Donated Services         | 582,820             |                        | 582,820            | 487,999             |                        | 487,999            |
| Depreciation             | 15,346              |                        | 15,346             | 14,932              |                        | 14,932             |
| Total Expenses           | <u>\$3,629,120</u>  | <u>\$ 327,711</u>      | <u>\$3,956,831</u> | <u>\$3,082,093</u>  | <u>\$ 282,492</u>      | <u>\$3,364,585</u> |

The accompanying notes are an integral part of these financial statements.



Legal Aid of Arkansas  
Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018

|  | <u>2019</u>               | <u>2018</u>               |
|--|---------------------------|---------------------------|
| Cash Flows from Operating Activities             |                           |                           |
| Changes in Net Assets                            | \$ 17,811                 | \$ 269,488                |
| Items Not Requiring Cash:                        |                           |                           |
| Depreciation Expense                             | 15,346                    | 14,932                    |
| (Increase) Decrease In:                          |                           |                           |
| Grants and Contracts Receivable                  | (69,872)                  | (58,723)                  |
| Prepaid Expenses and Other Assets                | (28,039)                  | 642                       |
| Increase (Decrease) In:                          |                           |                           |
| Accounts Payable                                 | 1,140                     | (2,462)                   |
| Accrued Expenses                                 | 40,631                    | 15,977                    |
| Accrued Leave                                    | 8,139                     | 8,507                     |
| Deferred Support                                 | (87,018)                  | 10,146                    |
| Net Cash Provided (Used) by Operating Activities | <u>(101,862)</u>          | <u>258,507</u>            |
| Cash Flows from Investing Activities             |                           |                           |
| Purchases of Property and Equipment              | <u>(24,749)</u>           |                           |
| Net Cash Used by Investing Activities            | <u>(24,749)</u>           |                           |
| Cash Flows from Financing Activities             |                           |                           |
| Payments on Long-Term Debt                       | <u>(124,225)</u>          | <u>(17,521)</u>           |
| Net Cash Used by Financing Activities            | <u>(124,225)</u>          | <u>(17,521)</u>           |
| Net Increase (Decrease) in Cash                  | (250,836)                 | 240,986                   |
| Cash at Beginning of Year                        | <u>1,499,822</u>          | <u>1,258,836</u>          |
| Cash at End of Year                              | <u><u>\$1,248,986</u></u> | <u><u>\$1,499,822</u></u> |

The accompanying notes are an integral part of these financial statements.

Legal Aid of Arkansas  
Notes to Financial Statements

**Note 1: Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Without Donor Restrictions– Those resources over which the Organization has discretionary control.

With Donor Restrictions - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time or those resources subject to a donor imposed restriction that requires they be maintained permanently by the Organization.

**Note 2: Summary of Significant Accounting Policies**

A. **Operations** – Legal Aid of Arkansas is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings to persons who are financially unable to afford legal assistance in northern Arkansas.

B. **Grants and Contract Support** – The Organization recognizes grant funds from Legal Services Corporation (LSC) and various other organizations as support on a straight-line basis over the contract period, and any remaining unused grant funds at year end are carried in the net assets. Grants and contracts whose contract period extend beyond the end of the year are recorded as deferred revenue. In accordance with LSC policy, the Organization may use unspent LSC funds in future periods as long as expenses incurred are in compliance with the specified terms of the LSC grant. In exchange for the grants and contracts, the Organization provides legal assistances for eligible clients.

LSC may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of noncompliance by the Organization with the terms of the grant. In addition, if the Organization terminates its LSC grant activities, all unexpended funds are to be returned to LSC. Other support is provided by donations and interest income.

C. **Donated Services** – Donated services represent services rendered by various attorneys and volunteers in northern Arkansas and office space made available at one location at no charge to Legal Aid of Arkansas. The value of the donated services is based upon the fee normally charged by the professional rendering the services and fair rental value of the office space. Donated services are recognized both as support and costs in the accompanying financial statements and, therefore, do not add to the net assets.

D. **Cash and Cash Equivalents** – For the purposes of reporting cash flows, cash and cash equivalents include all cash on hand, deposited in financial institutions, or deposited in certificates of deposit. All of the available cash is readily accessible to cover any expenses during the next fiscal year.

E. **Property and Equipment** - Property acquired with LSC funds is considered to be owned by Legal Aid of Arkansas while used in the program or in future authorized programs. However, Legal Services Corporation retains a reversionary interest in the property as well as determination of use of any proceeds from the sale of those assets.

The Organization follows the practice of capitalizing at cost all expenditures for property in excess of \$5,000 with a useful life of at least one year. Depreciation is computed on a straight-line basis over the estimated useful life.

The following useful lives have been assigned to the property and equipment:

|                         |              |
|-------------------------|--------------|
| Building                | 30 years     |
| Furniture and Equipment | 5 - 10 years |
| Leasehold Improvements  | 5 - 10 years |

Legal Aid of Arkansas  
Notes to Financial Statements

**Note 2: Summary of Significant Accounting Policies (cont'd)**

F. **Deferred Revenue** – Funds received under exchange transactions for future use are deferred and recognized over the period to which the revenue relates.

**Note 3: Income Taxes**

Legal Aid of Arkansas is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provisions have been made. The organization annually files the form 990 tax return with the IRS. The tax years 2016, 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they are filed.

**Note 4: Commitments**

Legal Aid of Arkansas has entered into the following non-cancelable leases for building space:

| <u>Location</u> | <u>Term</u>             | <u>Annual Amount</u> |
|-----------------|-------------------------|----------------------|
| Harrison        | Ends September 30, 2021 | \$8,700              |
| Helena          | Month-to-month          | \$7,200              |
| West Memphis    | Month-to-month          | \$7,200              |
| Rogers          | Ends August 31, 2024    | \$11,476             |
| Little Rock     | Ends May 31, 2022       | \$14,400             |

Rental expenses for the years ended December 31, 2019 and 2018, were \$49,526 and \$23,373, respectively. Future minimum lease payments under operating leases that have remaining terms as of December 31, 2019, are \$41,967 for 2020, \$39,022 for 2021, \$24,001 for 2022, \$11,476 for 2023 and \$7,651 for 2024. This includes the lease for two copiers.

**Note 5: Defined Contribution Plan**

The Organization adopted a 403(b) thrift plan beginning in 2009, covering all employees. Previously, the organization had a saving incentive match plan for employees (simple) covering full-time employees who earned over \$5,000. The Organization's contributions to the plan are determined annually by the Board of Directors. The rate of matching contributions was 5% for 2019 and 2018. Total contributions by the Organization in 2019 and 2018 were \$78,662 and \$56,326, respectively.

**Note 6: Client Deposits Held in Trust**

Client funds are maintained by Legal Aid of Arkansas in a separate bank account. These funds are required to pay for court costs and other expenses incurred while representing Legal Aid of Arkansas's clients.

**Note 7: Property and Equipment**

The following is a summary of property and equipment at December 31:

|                                | <u>2019</u>       | <u>2018</u>       |
|--------------------------------|-------------------|-------------------|
| Land                           | \$ 8,000          | \$ 8,000          |
| Buildings                      | 443,269           | 443,269           |
| Furniture and Equipment        | 122,202           | 122,202           |
| Leasehold Improvements         | <u>108,497</u>    | <u>83,748</u>     |
| Total Property and Equipment   | 681,968           | 657,219           |
| Less: Accumulated Depreciation | <u>(410,161)</u>  | <u>(394,815)</u>  |
| Property and Equipment, Net    | <u>\$ 271,807</u> | <u>\$ 262,404</u> |

**Note 8: Private Attorney Involvement**

The private attorney involvement exceeded 12 1/2% requirement set forth by Legal Services Corporation in 2019 and 2018.

Legal Aid of Arkansas  
Notes to Financial Statements

**Note 9: Long-Term Debt**

|   | <u>2019</u>      | <u>2018</u>       |
|---|------------------|-------------------|
| 5.0% note payable, payable in monthly payments of \$2,072, principal and interest through May 2022, at which time the remaining balance will be due, secured by real estate | \$ 49,087        | \$ 173,312        |
| Less: Current Portion   | <u>22,930</u>    | <u>16,575</u>     |
| Total Long-Term Debt  | <u>\$ 26,157</u> | <u>\$ 156,737</u> |

The future scheduled maturities of long-term debt are as follows for the year ended December 31:

|      |                  |
|------|------------------|
| 2020 | \$ 22,930        |
| 2021 | 24,104           |
| 2022 | <u>2,053</u>     |
|      | <u>\$ 49,087</u> |

Interest paid for the year ended December 31, 2019 and 2018, was \$5,239 and \$9,415, respectively.

**Note 10: Concentration of Funding**

Approximately 46% and 50% of the organization's funding is provided from grants from Legal Services Corporation for both years ended December 31, 2019 and 2018, respectively.

**Note 11: Contingencies**

During 2014, Newport Economic Development Commission (NEDC) agreed to pay \$13,800 for roof repairs to a building owned by Legal Aid of Arkansas that is located in Newport, Arkansas. The agreement with NEDC created a mortgage on the property for \$13,800 that will be forgiven annually at 10% through 2024. NEDC will only collect the mortgage if the property is sold by Legal Aid of Arkansas before the end of the ten years.

**Note 12: Net Assets With Donor Restrictions**

As discussed in Note 1, the funds received by certain funding sources are recognized when received, but will only be released from restriction upon meeting the stipulations by that funding source. Net assets with donor restrictions from property and equipment represent the net book value of the property and equipment that was purchased with funds that restrict the use of those assets to certain programs. The following is a schedule of net assets that remained temporarily restricted as of December 31:

|  | <u>2019</u>      | <u>2018</u>       |
|--|------------------|-------------------|
| LSC – Basic Field                        | \$ 31,113        | \$ 119,883        |
| National Health Law Program              |                  | 3,125             |
| Arkansas Access to Justice               | 13,709           |                   |
| Property                                 | <u>38,377</u>    | <u>24,472</u>     |
| Total Net Assets With Donor Restrictions | <u>\$ 83,199</u> | <u>\$ 147,480</u> |

Legal Aid of Arkansas  
Notes to Financial Statements

**Note 13: Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 14: Subsequent Events**

Subsequent events were evaluated through April 15, 2020, which is the date the financial statements were available to be issued.

Subsequent to the end of the year, but prior to the issuance of the financial statements, the Organization received a Payroll Protection Program loan, a provision of the CARES Act, of approximately \$520,000. If the loan is used for payroll costs and certain overhead expenses, it can be entirely forgiven. If the Organization does not spend all of this loan on those expenses, the remaining amount is considered to be a loan and has a maturity date of two years at 1% interest rate.

**Note 15: Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include utilities and janitorial, which are allocated on a square footage basis, as well as personnel costs, office expenses, training and travel, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

**Note 16: Reclassification**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Legal Aid of Arkansas  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019

| Federal Grantor, Pass-Through<br>Grantor and Program Title  | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|---|---------------------------|-------------------------|
| Legal Services Corporation - Basic Field  | 09.604020                 | \$1,566,797             |
| Legal Services Corporation - Pro Bono Innovation  | 09.604020                 | 48,262                  |
| Legal Services Corporation - Disaster Funds   | 09.604020                 | 32,200                  |
|   |                           | <u>1,647,259</u>        |
| U.S. Department of Justice  |                           |                         |
| Pass-Through Program from Arkansas Department of Finance and<br>Administration (Office of Inter-Governmental Services) - VOCA | 16.575                    | 240,467                 |
| Pass-Through Program from Equal Justice Works:<br>Crime Victim Assistance/Discretionary Grants                                | 16.582                    | 54,520                  |
| Total U.S. Department of Justice  |                           | <u>294,987</u>          |
| U.S. Department of the Treasury   |                           |                         |
| Low Income Taxpayer Clinic Grant  | 21.008                    | 64,000                  |
| U.S. Department of Health and Human Services  |                           |                         |
| Rural Health Care Services Outreach - Opioids   | 93.912                    | 76,248                  |
| U.S. Department of Health and Human Services  |                           |                         |
| Pass-Through Program from Arkansas Department of Human Services:  |                           |                         |
| Title IIIB (White River Area Agency on Aging)   | 93.044                    | 2,781                   |
| Title IIIB (Northwest Arkansas Area Agency on Aging)  | 93.044                    | 9,488                   |
| Title IIIB (East Arkansas Area Agency on Aging)   | 93.044                    | 35,000                  |
|   |                           | <u>47,269</u>           |
| Total U.S. Department of Health and Human Services  |                           | <u>123,517</u>          |
| U.S. Department of Housing and Urban Development (HUD)  |                           |                         |
| Education and Outreach Initiatives  | 14.416                    | 175,398                 |
| Total Expenditures of Federal Awards  |                           | <u>\$2,305,161</u>      |

Note 1: Basis of Presentation - The schedule of expenditures of federal awards (the schedule) includes the federal award activity of Legal Aid of Arkansas (LAA) under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost, Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of LAA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of LAA.

Note 2: Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rates - LAA has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Legal Aid of Arkansas  
Statement of Activities by Funding Source - Without Donor Restrictions  
For the Year Ended December 31, 2019

|                                 | Arkansas<br>Filing<br>Fees | Donations  | Property   | Total       |
|---------------------------------|----------------------------|------------|------------|-------------|
| Support                         |                            |            |            |             |
| Cash Donations                  | \$                         | \$ 112,236 | \$         | \$ 112,236  |
| Other Support                   | 184,452                    |            |            | 184,452     |
| Total Support                   | 184,452                    | 112,236    |            | 296,688     |
| Expenses                        |                            |            |            |             |
| Personnel                       |                            |            |            |             |
| Salaries                        | 73,670                     | 21,749     |            | 95,419      |
| Fringe Benefits                 | 30,285                     | 3,271      |            | 33,556      |
| Other                           |                            |            |            |             |
| Professional Dues               | 8,590                      |            |            | 8,590       |
| Insurance                       |                            | 3,279      |            | 3,279       |
| Contract Services               |                            | 3,840      |            | 3,840       |
| Training and Travel             | 2,872                      | 210        |            | 3,082       |
| Local Mileage                   | 5,093                      | 14,093     |            | 19,186      |
| Utilities and Janitorial        |                            | 21,153     |            | 21,153      |
| Office Supplies                 | 345                        | 1,559      |            | 1,904       |
| Postage                         |                            | 804        |            | 804         |
| Telecommunications              |                            | 2,227      |            | 2,227       |
| Library                         |                            | 489        |            | 489         |
| Repairs and Maintenance         |                            | 1,211      |            | 1,211       |
| Litigation                      |                            | 3,894      |            | 3,894       |
| Advertising                     |                            | 101        |            | 101         |
| Interest                        | 2,619                      | 2,619      |            | 5,238       |
| Depreciation                    |                            |            | 10,623     | 10,623      |
| Total Expenses                  | 123,474                    | 80,499     | 10,623     | 214,596     |
| Support over (under) Expenses   | 60,978                     | 31,737     | (10,623)   | 82,092      |
| Payments on Long-Term Debt      | (124,225)                  |            | 124,225    |             |
| Acquisition of Property         | (6,121)                    |            | 6,121      |             |
| Change in Net Assets            | (69,368)                   | 31,737     | 119,723    | 82,092      |
| Net Assets at Beginning of Year | 400,814                    | 734,298    | 64,620     | 1,199,732   |
| Net Assets at End of Year       | \$ 331,446                 | \$ 766,035 | \$ 184,343 | \$1,281,824 |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions  
For the Year Ended December 31, 2019

|                                 | LSC<br>Basic<br>Field | LSC<br>Pro Bono<br>Innovation | LSC<br>Disaster<br>Funds | Medical<br>Legal<br>Partnership |
|---------------------------------|-----------------------|-------------------------------|--------------------------|---------------------------------|
| Support                         |                       |                               |                          |                                 |
| Grants and Contracts            | \$1,478,027           | \$ 48,262                     | \$ 32,200                | \$ 171,661                      |
| Donated Services                | 582,820               |                               |                          |                                 |
| Attorney Fees                   | 4,300                 |                               |                          |                                 |
| Miscellaneous                   |                       |                               |                          |                                 |
| Other Support                   |                       |                               |                          |                                 |
| Interest Income                 | 12,321                |                               |                          |                                 |
| Total Support                   | <u>2,077,468</u>      | <u>48,262</u>                 | <u>32,200</u>            | <u>171,661</u>                  |
| Expenses                        |                       |                               |                          |                                 |
| Personnel                       |                       |                               |                          |                                 |
| Salaries                        | 1,010,078             | 38,112                        | 27,357                   | 138,458                         |
| Fringe Benefits                 | 202,190               | 7,259                         | 4,843                    | 24,511                          |
| Other                           |                       |                               |                          |                                 |
| Professional Dues               | 7,958                 |                               |                          |                                 |
| Audit                           | 15,000                |                               |                          |                                 |
| Insurance                       | 27,009                |                               |                          |                                 |
| Contract Services               | 16,306                |                               |                          |                                 |
| Training and Travel             | 50,109                | 1,464                         |                          | 1,785                           |
| Local Mileage                   | 37,567                | 606                           |                          | 3,861                           |
| Rent, Utilities and Janitorial  | 44,494                |                               |                          |                                 |
| Office Supplies                 | 59,454                | 782                           |                          | 538                             |
| Postage                         | 12,148                |                               |                          |                                 |
| Telecommunications              | 49,650                | 39                            |                          | 1,245                           |
| Library                         | 16,645                |                               |                          |                                 |
| Repairs and Maintenance         | 13,558                |                               |                          |                                 |
| Litigation                      | 1,204                 |                               |                          | 1,213                           |
| Advertising                     | 1,420                 |                               |                          | 50                              |
| Donated Services                | 582,820               |                               |                          |                                 |
| Depreciation                    |                       |                               |                          |                                 |
| Total Expenses                  | <u>2,147,610</u>      | <u>48,262</u>                 | <u>32,200</u>            | <u>171,661</u>                  |
| Support over (under) Expenses   | (70,142)              |                               |                          |                                 |
| Acquisition of Property         | <u>(18,628)</u>       |                               |                          |                                 |
| Changes in Net Assets           | (88,770)              |                               |                          |                                 |
| Net Assets at Beginning of Year | <u>119,883</u>        |                               |                          |                                 |
| Net Assets at End of Year       | <u>\$ 31,113</u>      | <u>\$</u>                     | <u>\$</u>                | <u>\$</u>                       |



Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions (cont'd)  
For the Year Ended December 31, 2019

|                                 | Equal<br>Justice<br>Works -<br>CVJC | Area<br>Agencies<br>on Aging | IRS-LITC      | Arkansas Access<br>to Justice<br>Foundation<br>Fair Housing |
|---------------------------------|-------------------------------------|------------------------------|---------------|---|
| Support                         |                                     |                              |               |   |
| Grants and Contracts            | \$ 54,520                           | \$ 47,269                    | \$ 64,000     | \$ 145,207  |
| Donated Services                |                                     |                              |               |   |
| Attorney Fees                   |                                     | 500                          |               |   |
| Miscellaneous                   |                                     |                              |               |   |
| Other Support                   |                                     |                              |               |   |
| Interest Income                 |                                     |                              |               |   |
| Total Support                   | <u>54,520</u>                       | <u>47,769</u>                | <u>64,000</u> | <u>145,207</u>  |
| Expenses                        |                                     |                              |               |   |
| Personnel                       |                                     |                              |               |   |
| Salaries                        | 45,420                              | 40,585                       | 64,000        | 97,060  |
| Fringe Benefits                 | 6,042                               | 7,184                        |               | 21,916  |
| Other                           |                                     |                              |               |   |
| Professional Dues               |                                     |                              |               |   |
| Audit                           |                                     |                              |               |   |
| Insurance                       |                                     |                              |               |   |
| Contract Services               |                                     |                              |               |   |
| Training and Travel             | 1,838                               |                              |               | 264   |
| Local Mileage                   | 1,154                               |                              |               | 4,798   |
| Utilities and Janitorial        |                                     |                              |               | 2,400   |
| Office Supplies                 | 66                                  |                              |               | 4,787   |
| Postage                         |                                     |                              |               |   |
| Telecommunications              |                                     |                              |               | 78  |
| Library                         |                                     |                              |               |   |
| Repairs and Maintenance         |                                     |                              |               |   |
| Litigation                      |                                     |                              |               | 195   |
| Advertising                     |                                     |                              |               |   |
| Donated Services                |                                     |                              |               |   |
| Depreciation                    |                                     |                              |               |   |
| Total Expenses                  | <u>54,520</u>                       | <u>47,769</u>                | <u>64,000</u> | <u>131,498</u>  |
| Changes in Net Assets           |                                     |                              |               | 13,709  |
| Net Assets at Beginning of Year |                                     |                              |               |   |
| Net Assets at End of Year       | <u>\$</u>                           | <u>\$</u>                    | <u>\$</u>     | <u>\$ 13,709</u>  |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions (cont'd)  
For the Year Ended December 31, 2019

|                                 | United Way of                     |                                   |                        |               |
|---------------------------------|-----------------------------------|-----------------------------------|------------------------|---------------|
|                                 | Northwest<br>Arkansas<br>Counties | Northeast<br>Arkansas<br>Counties | Greater<br>Blytheville | Mid-<br>South |
| Support                         |                                   |                                   |                        |               |
| Grants and Contracts            | \$ 63,218                         | \$ 13,125                         | \$ 3,000               | \$ 4,890      |
| Donated Services                |                                   |                                   |                        |               |
| Attorney Fees                   | 300                               |                                   |                        |               |
| Miscellaneous                   |                                   |                                   |                        |               |
| Other Support                   | 3,000                             |                                   |                        |               |
| Interest Income                 |                                   |                                   |                        |               |
| Total Support                   | <u>66,518</u>                     | <u>13,125</u>                     | <u>3,000</u>           | <u>4,890</u>  |
| Expenses                        |                                   |                                   |                        |               |
| Personnel                       |                                   |                                   |                        |               |
| Salaries                        | 56,968                            | 11,151                            | 2,549                  | 4,155         |
| Fringe Benefits                 | 9,550                             | 1,974                             | 451                    | 735           |
| Other                           |                                   |                                   |                        |               |
| Professional Dues               |                                   |                                   |                        |               |
| Audit                           |                                   |                                   |                        |               |
| Insurance                       |                                   |                                   |                        |               |
| Contract Services               |                                   |                                   |                        |               |
| Training and Travel             |                                   |                                   |                        |               |
| Local Mileage                   |                                   |                                   |                        |               |
| Utilities and Janitorial        |                                   |                                   |                        |               |
| Office Supplies                 |                                   |                                   |                        |               |
| Postage                         |                                   |                                   |                        |               |
| Telecommunications              |                                   |                                   |                        |               |
| Library                         |                                   |                                   |                        |               |
| Repairs and Maintenance         |                                   |                                   |                        |               |
| Litigation                      |                                   |                                   |                        |               |
| Advertising                     |                                   |                                   |                        |               |
| Donated Services                |                                   |                                   |                        |               |
| Depreciation                    |                                   |                                   |                        |               |
| Total Expenses                  | <u>66,518</u>                     | <u>13,125</u>                     | <u>3,000</u>           | <u>4,890</u>  |
| Changes in Net Assets           |                                   |                                   |                        |               |
| Net Assets at Beginning of Year |                                   |                                   |                        |               |
| Net Assets at End of Year       | <u>\$</u>                         | <u>\$</u>                         | <u>\$</u>              | <u>\$</u>     |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions (cont'd)  
For the Year Ended December 31, 2019

|                                 | HUD/<br>Fair<br>Housing | VOCA           | IOLTA          | National<br>Health Law<br>Program |
|---------------------------------|-------------------------|----------------|----------------|-----------------------------------|
| Support                         |                         |                |                |                                   |
| Grants and Contracts            | \$ 175,398              | \$ 240,467     | \$ 331,575     | \$ 37,500                         |
| Donated Services                |                         |                |                |                                   |
| Attorney Fees                   | 2,000                   |                |                |                                   |
| Miscellaneous                   | 1,148                   |                |                |                                   |
| Other Support                   |                         |                |                |                                   |
| Interest Income                 |                         |                |                |                                   |
| Total Support                   | <u>178,546</u>          | <u>240,467</u> | <u>331,575</u> | <u>37,500</u>                     |
| Expenses                        |                         |                |                |                                   |
| Personnel                       |                         |                |                |                                   |
| Salaries                        | 124,872                 | 232,399        | 274,425        | 31,330                            |
| Fringe Benefits                 | 21,144                  | 8,068          | 48,562         | 5,640                             |
| Other                           |                         |                |                |                                   |
| Professional Dues               |                         |                |                |                                   |
| Audit                           |                         |                |                |                                   |
| Insurance                       |                         |                |                |                                   |
| Contract Services               | 3,223                   |                |                |                                   |
| Training and Travel             | 4,480                   |                | 3,767          | 1,846                             |
| Local Mileage                   | 6,317                   |                | 1,168          | 1,809                             |
| Utilities and Janitorial        | 7,600                   |                |                |                                   |
| Office Supplies                 | 6,340                   |                | 1,530          |                                   |
| Postage                         | 696                     |                | 181            |                                   |
| Telecommunications              | 1,829                   |                | 278            |                                   |
| Library                         | 452                     |                |                |                                   |
| Repairs and Maintenance         | 522                     |                |                |                                   |
| Litigation                      | 1,071                   |                | 1,664          |                                   |
| Advertising                     |                         |                |                |                                   |
| Donated Services                |                         |                |                |                                   |
| Depreciation                    |                         |                |                |                                   |
| Total Expenses                  | <u>178,546</u>          | <u>240,467</u> | <u>331,575</u> | <u>40,625</u>                     |
| Changes in Net Assets           |                         |                |                | (3,125)                           |
| Net Assets at Beginning of Year |                         |                |                | <u>3,125</u>                      |
| Net Assets at End of Year       | <u>\$</u>               | <u>\$</u>      | <u>\$</u>      | <u>\$</u>                         |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions (cont'd)  
For the Year Ended December 31, 2019

|                                 | Rural<br>Communities<br>Opioid | Other         | Property         | Total            |
|---------------------------------|--------------------------------|---------------|------------------|------------------|
| Support                         |                                |               |                  |                  |
| Grants and Contracts            | \$ 76,248                      | \$            | \$               | \$2,986,567      |
| Donated Services                |                                |               |                  | 582,820          |
| Attorney Fees                   |                                |               |                  | 7,100            |
| Miscellaneous                   |                                | 56,386        |                  | 57,534           |
| Other Support                   |                                | 14,400        |                  | 17,400           |
| Interest Income                 |                                | 14,212        |                  | 26,533           |
| Total Support                   | <u>76,248</u>                  | <u>84,998</u> |                  | <u>3,677,954</u> |
| Expenses                        |                                |               |                  |                  |
| Personnel                       |                                |               |                  |                  |
| Salaries                        | 52,069                         | 72,214        |                  | 2,323,202        |
| Fringe Benefits                 | 7,895                          | 12,784        |                  | 390,748          |
| Other                           |                                |               |                  |                  |
| Professional Dues               |                                |               |                  | 7,958            |
| Audit                           |                                |               |                  | 15,000           |
| Insurance                       |                                |               |                  | 27,009           |
| Contract Services               |                                |               |                  | 19,529           |
| Training and Travel             | 4,443                          |               |                  | 69,996           |
| Local Mileage                   | 10,987                         |               |                  | 68,267           |
| Utilities and Janitorial        |                                |               |                  | 54,494           |
| Office Supplies                 | 417                            |               |                  | 73,914           |
| Postage                         |                                |               |                  | 13,025           |
| Telecommunications              | 437                            |               |                  | 53,556           |
| Library                         |                                |               |                  | 17,097           |
| Repairs and Maintenance         |                                |               |                  | 14,080           |
| Litigation                      |                                |               |                  | 5,347            |
| Advertising                     |                                |               |                  | 1,470            |
| Donated Services                |                                |               |                  | 582,820          |
| Depreciation                    |                                |               | 4,723            | 4,723            |
| Total Expenses                  | <u>76,248</u>                  | <u>84,998</u> | <u>4,723</u>     | <u>3,742,235</u> |
| Support over (under) Expenses   |                                |               | (4,723)          | (64,281)         |
| Acquisition of Property         |                                |               | 18,628           |                  |
| Changes in Net Assets           |                                |               | 13,905           | (64,281)         |
| Net Assets at Beginning of Year |                                |               | 24,472           | 147,480          |
| Net Assets at End of Year       | <u>\$</u>                      | <u>\$</u>     | <u>\$ 38,377</u> | <u>\$ 83,199</u> |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - Without Donor Restrictions  
For the Year Ended December 31, 2018

|                                 | Arkansas<br>Filing<br>Fees | Donations  | Property  | Total       |
|---------------------------------|----------------------------|------------|-----------|-------------|
| Support                         |                            |            |           |             |
| Cash Donations                  | \$                         | \$ 136,072 | \$        | \$ 136,072  |
| Other Support                   | 250,214                    |            |           | 250,214     |
| Total Support                   | 250,214                    | 136,072    |           | 386,286     |
| Expenses                        |                            |            |           |             |
| Personnel                       |                            |            |           |             |
| Salaries                        | 79,172                     |            |           | 79,172      |
| Fringe Benefits                 | 34,161                     |            |           | 34,161      |
| Other                           |                            |            |           |             |
| Professional Dues               | 6,666                      |            |           | 6,666       |
| Training and Travel             | 6,218                      |            |           | 6,218       |
| Local Mileage                   | 4,555                      |            |           | 4,555       |
| Rent, Utilities and Janitorial  |                            | 3,898      |           | 3,898       |
| Office Supplies                 | 5,630                      | 2,251      |           | 7,881       |
| Postage                         |                            | 426        |           | 426         |
| Telecommunications              |                            | 401        |           | 401         |
| Repairs and Maintenance         |                            | 5,005      |           | 5,005       |
| Advertising                     |                            | 1,503      |           | 1,503       |
| Miscellaneous                   |                            | 3,085      |           | 3,085       |
| Interest                        | 4,708                      | 4,707      |           | 9,415       |
| Depreciation                    |                            |            | 10,215    | 10,215      |
| Total Expenses                  | 141,110                    | 21,276     | 10,215    | 172,601     |
| Support over (under) Expenses   | 109,104                    | 114,796    | (10,215)  | 213,685     |
| Payments on Long-Term Debt      | (17,521)                   |            | 17,521    |             |
| Change in Net Assets            | 91,583                     | 114,796    | 7,306     | 213,685     |
| Net Assets at Beginning of Year | 309,231                    | 619,502    | 57,314    | 986,047     |
| Net Assets at End of Year       | \$ 400,814                 | \$ 734,298 | \$ 64,620 | \$1,199,732 |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions  
For the Year Ended December 31, 2018

|                                 | LSC<br>Basic<br>Field | VOCA           | HUD/<br>Fair Housing | Medical<br>Legal<br>Partnership |
|---------------------------------|-----------------------|----------------|----------------------|---------------------------------|
| Support                         |                       |                |                      |                                 |
| Grants and Contracts            | \$1,557,645           | \$ 149,056     | \$ 84,769            | \$ 190,249                      |
| Donated Services                | 487,999               |                |                      |                                 |
| Attorney Fees                   |                       | 1,500          |                      |                                 |
| Miscellaneous                   |                       |                |                      |                                 |
| Interest Income                 | 6,606                 |                |                      |                                 |
| Total Support                   | <u>2,052,250</u>      | <u>150,556</u> | <u>84,769</u>        | <u>190,249</u>                  |
| Expenses                        |                       |                |                      |                                 |
| Personnel                       |                       |                |                      |                                 |
| Salaries                        | 1,012,821             | 115,805        | 66,983               | 153,847                         |
| Fringe Benefits                 | 162,815               | 21,186         | 13,561               | 27,228                          |
| Other                           |                       |                |                      |                                 |
| Professional Dues               | 9,745                 |                |                      |                                 |
| Audit                           | 15,000                |                |                      |                                 |
| Insurance                       | 24,778                |                |                      |                                 |
| Contract Services               | 7,347                 |                |                      |                                 |
| Training and Travel             | 36,567                | 701            | 4,225                | 2,946                           |
| Local Mileage                   | 42,123                | 10,654         |                      | 3,295                           |
| Utilities and Janitorial        | 46,940                |                |                      |                                 |
| Office Supplies                 | 45,810                | 1,833          |                      | 2,421                           |
| Postage                         | 12,865                |                |                      |                                 |
| Telecommunications              | 49,040                |                |                      |                                 |
| Library                         | 14,397                |                |                      |                                 |
| Repairs and Maintenance         | 14,151                |                |                      |                                 |
| Litigation                      | 5,829                 | 377            |                      | 462                             |
| Advertising                     | 6,616                 |                |                      | 50                              |
| Donated Services                | 487,999               |                |                      |                                 |
| Depreciation                    |                       |                |                      |                                 |
| Total Expenses                  | <u>1,994,843</u>      | <u>150,556</u> | <u>84,769</u>        | <u>190,249</u>                  |
| Support over (under) Expenses   | 57,407                |                |                      |                                 |
| Acquisition of Property         |                       |                |                      |                                 |
| Changes in Net Assets           | 57,407                |                |                      |                                 |
| Net Assets at Beginning of Year | <u>62,476</u>         |                |                      |                                 |
| Net Assets at End of Year       | <u>\$ 119,883</u>     | <u>\$</u>      | <u>\$</u>            | <u>\$</u>                       |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions (cont'd)  
For the Year Ended December 31, 2018

|                                 | Equal<br>Justice<br>Works -<br>CVJC | Area<br>Agencies<br>on Aging | IRS-LITC      | Arkansas Access<br>to Justice<br>Foundation<br>Fair Housing |
|---------------------------------|-------------------------------------|------------------------------|---------------|---|
| Support                         |                                     |                              |               |   |
| Grants and Contracts            | \$ 31,085                           | \$ 47,944                    | \$ 60,000     | \$ 85,521   |
| Donated Services                |                                     |                              |               |   |
| Attorney Fees                   |                                     |                              |               |   |
| Miscellaneous                   |                                     |                              |               |   |
| Interest Income                 |                                     |                              |               |   |
| Total Support                   | <u>31,085</u>                       | <u>47,944</u>                | <u>60,000</u> | <u>85,521</u>   |
| Expenses                        |                                     |                              |               |   |
| Personnel                       |                                     |                              |               |   |
| Salaries                        | 26,092                              | 40,733                       | 60,000        | 53,589  |
| Fringe Benefits                 | 3,627                               | 7,211                        |               | 10,792  |
| Other                           |                                     |                              |               |   |
| Professional Dues               |                                     |                              |               |   |
| Audit                           |                                     |                              |               |   |
| Insurance                       |                                     |                              |               |   |
| Contract Services               |                                     |                              |               | 3,015   |
| Training and Travel             |                                     |                              |               | 2,889   |
| Local Mileage                   | 1,016                               |                              |               | 7,375   |
| Utilities and Janitorial        |                                     |                              |               | 800   |
| Office Supplies                 | 350                                 |                              |               | 5,476   |
| Postage                         |                                     |                              |               | 101   |
| Telecommunications              |                                     |                              |               |   |
| Library                         |                                     |                              |               | 1,484   |
| Repairs and Maintenance         |                                     |                              |               |   |
| Litigation                      |                                     |                              |               |   |
| Advertising                     |                                     |                              |               |   |
| Donated Services                |                                     |                              |               |   |
| Depreciation                    |                                     |                              |               |   |
| Total Expenses                  | <u>31,085</u>                       | <u>47,944</u>                | <u>60,000</u> | <u>85,521</u>   |
| Changes in Net Assets           |                                     |                              |               |   |
| Net Assets at Beginning of Year |                                     |                              |               |   |
| Net Assets at End of Year       | <u>\$</u>                           | <u>\$</u>                    | <u>\$</u>     | <u>\$</u>   |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions (cont'd)  
For the Year Ended December 31, 2018

|                                 | United Way of                     |                                   |                        |               |
|---------------------------------|-----------------------------------|-----------------------------------|------------------------|---------------|
|                                 | Northwest<br>Arkansas<br>Counties | Northeast<br>Arkansas<br>Counties | Greater<br>Blytheville | Mid-<br>South |
| Support                         |                                   |                                   |                        |               |
| Grants and Contracts            | \$ 78,811                         | \$ 15,909                         | \$ 3,000               | \$ 4,005      |
| Donated Services                |                                   |                                   |                        |               |
| Attorney Fees                   |                                   |                                   |                        |               |
| Miscellaneous                   |                                   |                                   |                        |               |
| Interest Income                 |                                   |                                   |                        |               |
| Total Support                   | <u>78,811</u>                     | <u>15,909</u>                     | <u>3,000</u>           | <u>4,005</u>  |
| Expenses                        |                                   |                                   |                        |               |
| Personnel                       |                                   |                                   |                        |               |
| Salaries                        | 66,961                            | 13,516                            | 2,549                  | 3,403         |
| Fringe Benefits                 | 11,850                            | 2,393                             | 451                    | 602           |
| Other                           |                                   |                                   |                        |               |
| Professional Dues               |                                   |                                   |                        |               |
| Audit                           |                                   |                                   |                        |               |
| Insurance                       |                                   |                                   |                        |               |
| Contract Services               |                                   |                                   |                        |               |
| Training and Travel             |                                   |                                   |                        |               |
| Local Mileage                   |                                   |                                   |                        |               |
| Utilities and Janitorial        |                                   |                                   |                        |               |
| Office Supplies                 |                                   |                                   |                        |               |
| Postage                         |                                   |                                   |                        |               |
| Telecommunications              |                                   |                                   |                        |               |
| Library                         |                                   |                                   |                        |               |
| Repairs and Maintenance         |                                   |                                   |                        |               |
| Litigation                      |                                   |                                   |                        |               |
| Advertising                     |                                   |                                   |                        |               |
| Donated Services                |                                   |                                   |                        |               |
| Depreciation                    |                                   |                                   |                        |               |
| Total Expenses                  | <u>78,811</u>                     | <u>15,909</u>                     | <u>3,000</u>           | <u>4,005</u>  |
| Changes in Net Assets           |                                   |                                   |                        |               |
| Net Assets at Beginning of Year |                                   |                                   |                        |               |
| Net Assets at End of Year       | <u>\$</u>                         | <u>\$</u>                         | <u>\$</u>              | <u>\$</u>     |



Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions (cont'd)  
For the Year Ended December 31, 2018

|                                 | United Way of          |                 |                | Equal<br>Justice<br>Works-<br>Americorps |
|---------------------------------|------------------------|-----------------|----------------|--|
|                                 | Independence<br>County | Boone<br>County | IOLTA          |  |
| Support                         |                        |                 |                |  |
| Grants and Contracts            | \$ 3,000               | \$ 2,500        | \$ 282,729     | \$ 19,046                                |
| Donated Services                |                        |                 |                |  |
| Attorney Fees                   |                        |                 | 2,200          |  |
| Miscellaneous                   |                        |                 |                | 5,000                                    |
| Interest Income                 |                        |                 |                |  |
| Total Support                   | <u>3,000</u>           | <u>2,500</u>    | <u>284,929</u> | <u>24,046</u>                            |
| Expenses                        |                        |                 |                |  |
| Personnel                       |                        |                 |                |  |
| Salaries                        | 2,549                  | 2,124           | 231,770        | 24,058                                   |
| Fringe Benefits                 | 451                    | 376             | 41,030         |  |
| Other                           |                        |                 |                |  |
| Professional Dues               |                        |                 | 341            |  |
| Audit                           |                        |                 |                |  |
| Insurance                       |                        |                 |                |  |
| Contract Services               |                        |                 | 555            |  |
| Training and Travel             |                        |                 | 4,313          |  |
| Local Mileage                   |                        |                 | 5,587          |  |
| Utilities and Janitorial        |                        |                 |                |  |
| Office Supplies                 |                        |                 | 233            |  |
| Postage                         |                        |                 |                |  |
| Telecommunications              |                        |                 |                |  |
| Library                         |                        |                 | 900            |  |
| Repairs and Maintenance         |                        |                 |                |  |
| Litigation                      |                        |                 | 200            |  |
| Advertising                     |                        |                 |                |  |
| Donated Services                |                        |                 |                |  |
| Depreciation                    |                        |                 |                |  |
| Total Expenses                  | <u>3,000</u>           | <u>2,500</u>    | <u>284,929</u> | <u>24,058</u>                            |
| Changes in Net Assets           |                        |                 |                | (12)                                     |
| Net Assets at Beginning of Year |                        |                 |                | 12                                       |
| Net Assets at End of Year       | <u>\$</u>              | <u>\$</u>       | <u>\$</u>      | <u>\$</u>                                |

Legal Aid of Arkansas  
Statement of Activities by Funding Source - With Donor Restrictions (cont'd)  
For the Year Ended December 31, 2018

|                                 | National<br>Health Law<br>Program | Other         | Property         | Total             |
|---------------------------------|-----------------------------------|---------------|------------------|-------------------|
| Support                         |                                   |               |                  |                   |
| Grants and Contracts            | \$ 58,333                         | \$ 14,400     | \$               | \$2,688,002       |
| Donated Services                |                                   |               |                  | 487,999           |
| Attorney Fees                   |                                   |               |                  | 3,700             |
| Miscellaneous                   |                                   | 49,742        |                  | 54,742            |
| Interest Income                 |                                   | 6,738         |                  | 13,344            |
| Total Support                   | <u>58,333</u>                     | <u>70,880</u> |                  | <u>3,247,787</u>  |
| Expenses                        |                                   |               |                  |                   |
| Personnel                       |                                   |               |                  |                   |
| Salaries                        | 41,602                            | 60,220        |                  | 1,978,622         |
| Fringe Benefits                 | 7,489                             | 10,660        |                  | 321,722           |
| Other                           |                                   |               |                  |                   |
| Professional Dues               |                                   |               |                  | 10,086            |
| Audit                           |                                   |               |                  | 15,000            |
| Insurance                       |                                   |               |                  | 24,778            |
| Contract Services               |                                   |               |                  | 10,917            |
| Training and Travel             | 823                               |               |                  | 52,464            |
| Local Mileage                   | 3,966                             |               |                  | 74,016            |
| Utilities and Janitorial        |                                   |               |                  | 47,740            |
| Office Supplies                 | 1,018                             |               |                  | 57,141            |
| Postage                         | 297                               |               |                  | 13,263            |
| Telecommunications              |                                   |               |                  | 49,040            |
| Library                         |                                   |               |                  | 16,781            |
| Repairs and Maintenance         |                                   |               |                  | 14,151            |
| Litigation                      | 13                                |               |                  | 6,881             |
| Advertising                     |                                   |               |                  | 6,666             |
| Donated Services                |                                   |               |                  | 487,999           |
| Depreciation                    |                                   |               | 4,717            | 4,717             |
| Total Expenses                  | <u>55,208</u>                     | <u>70,880</u> | <u>4,717</u>     | <u>3,191,984</u>  |
| Support over (under) Expenses   | 3,125                             |               | (4,717)          | 55,803            |
| Acquisition of Property         |                                   |               |                  |                   |
| Changes in Net Assets           | 3,125                             |               | (4,717)          | 55,803            |
| Net Assets at Beginning of Year |                                   |               | 29,189           | 91,677            |
| Net Assets at End of Year       | <u>\$ 3,125</u>                   | <u>\$</u>     | <u>\$ 24,472</u> | <u>\$ 147,480</u> |

Legal Aid of Arkansas  
Statements of Private Attorney Involvement  
For the Years Ended December 31, 2019 and 2018

|                               | <u>2019</u>    | <u>2018</u>    |
|-------------------------------|----------------|----------------|
| Support                       |                |                |
| Grants and Contracts          | \$ 190,399     | \$ 194,720     |
| Donated Services              | <u>582,820</u> | <u>487,999</u> |
| Total Support                 | <u>773,219</u> | <u>682,719</u> |
| Expenses                      |                |                |
| Personnel                     |                |                |
| Salaries                      | 130,495        | 131,118        |
| Fringe Benefits               | 21,918         | 22,010         |
| Other                         |                |                |
| Professional Dues             | 480            | 270            |
| Insurance                     | 758            | 656            |
| Contracts                     |                | 60             |
| Training and Travel           |                | 3,475          |
| Local Mileage                 | 17,185         | 14,499         |
| Space Rent                    | 2,538          | 1,446          |
| Office Supplies               | 8,153          | 8,962          |
| Postage                       | 714            | 887            |
| Telecommunications            | 3,353          | 3,058          |
| Library                       | 908            | 1,038          |
| Repairs and Maintenance       | 2,139          | 2,933          |
| Litigation                    | 1,078          | 2,116          |
| Advertising                   | 680            | 505            |
| Miscellaneous                 |                | 1,687          |
| Donated Services              | <u>582,820</u> | <u>487,999</u> |
| Total Expenses                | <u>773,219</u> | <u>682,719</u> |
| Support over (under) Expenses | <u>\$</u>      | <u>\$</u>      |

# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Legal Aid of Arkansas  
Jonesboro, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Legal Aid of Arkansas (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and related notes to the financial statements, and have issued our report thereon dated April 15, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Legal Aid of Arkansas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Legal Aid of Arkansas's internal control. Accordingly, we do not express an opinion on the effectiveness of the Legal Aid of Arkansas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and other matters

As part of obtaining reasonable assurance about whether Legal Aid of Arkansas's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Yoakum, Lovell & Co., P.C.*  
Certified Public Accountants

Benton, Arkansas  
April 15, 2020

# **Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
Legal Aid of Arkansas  
Jonesboro, Arkansas

### **Report on Compliance for Each Major Federal Program**

We have audited Legal Aid of Arkansas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Legal Aid of Arkansas's major federal programs for the year ended December 31, 2019. Legal Aid of Arkansas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Legal Aid of Arkansas's major federal programs based on our audit of the types of compliance requirement referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Legal Services Corporation Office of Inspector General's *Audit Guide for Recipients and Auditors* (November 1996) and *2016 Compliance Supplement for Audits of LSC Recipients*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Legal Aid of Arkansas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Legal Aid of Arkansas's compliance.

## Opinion on Each Major Federal Program

In our opinion, Legal Aid of Arkansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

## Report on Internal Control over Compliance

Management of Legal Aid of Arkansas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Legal Aid of Arkansas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Legal Aid of Arkansas's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Yokum, Lovell & Co., PLLC*  
Certified Public Accountants

Benton, Arkansas  
April 15, 2020

Legal Aid of Arkansas  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2019

There were no prior year audit findings.



Legal Aid of Arkansas  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2019

A. Summary of Audit Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Legal Aid of Arkansas.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Legal Aid of Arkansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The independent auditors' report on compliance for the major federal award program expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in Part C. of this schedule.
7. The federal award program tested as a major program was the Legal Services Corporation (CFDA #09.604020).
8. The threshold for distinguishing type A and B programs was \$750,000.
9. Legal Aid of Arkansas was determined to be a high-risk auditee.

B. Findings - Financial Statements Audit

None Noted

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None Noted